Financial State

ments

The Directors present their annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2006 and the balance sheet of the Company as at 31 December 2006.

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 below.

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 2006	At 31 December 2006	At 21 January 2007	At 1 January 2006	At 31 December 2006	At 21 January 2007
Interest in the Company						
(a) Ordinary shares						
Lim Jit Poh	30,000	190,000	190,000	-	-	-
Heng Chye Kiou	531,000	-	-	149,000	820,000	820,000
Ho Kah Leong	13,000	13,000	13,000	-	-	-
Ong Chow Hong @ Ong Chaw Ping	78,000	78,000	78,000	-	-	-
Ong Teong Wan	30,000	40,000	40,000	-	-	-
Sim Cheok Lim	70,000	80,000	80,000	-	-	-

	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 2006	At 31 December 2006	At 21 January 2007	At 1 January 2006	At 31 December 2006	At 21 January 2007
Interest in the Company						
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	160,000	-	-	-	-	-
Kua Hong Pak	54,000	54,000	54,000	-	-	-
Heng Chye Kiou	520,000	460,000	460,000	-	-	-
Ho Kah Leong	26,000	26,000	26,000	-	-	-
Ong Chow Hong @ Ong Chaw Ping	45,000	45,000	45,000	-	-	-
Ong Teong Wan	62,000	-	-	-	-	-
Sim Cheok Lim	10,000	-	-	-	-	-
Teo Geok Har, Nancy	80,000	-	-	-	-	-
Interest in related company, SBS Transit Ltd						
(a) Ordinary shares						
Lim Jit Poh	-	50,000	50,000	-	-	-
Kua Hong Pak	150,000	150,000	150,000	-	-	-
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	200,000	250,000	250,000	-	-	-
Kua Hong Pak	180,000	270,000	270,000	-	-	-

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 2006	At 31 December 2006	At 21 January 2007	At 1 January 2006	At 31 December 2006	At 21 January 2007
Interest in ultimate holding company, ComfortDelGro Corporation Limited						
(a) Ordinary shares						
Lim Jit Poh	44,425	44,425	44,425	-	-	-
Kua Hong Pak	1,624,530	1,624,530	1,624,530	-	-	-
Heng Chye Kiou	4,586	4,586	4,586		-	-
Ho Kah Leong	143,540	83,540	83,540	-	-	-
Ong Chow Hong @ Ong Chaw Ping	84,055	84,055	84,055	-	-	-
Ong Teong Wan	15,000	-	-	-	-	-
Teo Geok Har, Nancy	6,540	540	540	-	-	-
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	400,000	600,000	600,000	-	-	-
Kua Hong Pak	2,400,000	3,600,000	3,600,000	-	-	-
Heng Chye Kiou	410,000	530,000	530,000	-	-	-
Teo Geok Har, Nancy	400,000	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, Cap. 50, 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 capacities 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 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 comprising Messrs Ong Teong Wan, Ho Kah Leong and Lim Jit Poh.

The 2001 VICOM Share Option Scheme ("The 2001 Scheme") (CONT'D)

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 Rule 11 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.

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

	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES					
Dates of grant	Outstanding at 1 January 2006	Granted	Exercised	Outstanding at 31 December 2006	Subscription price per share	Expiry dates
1 June 2001	60,000	-	60,000	-	$0.570	30 May 2006
1 June 2001	44,000	-	16,000	28,000	$0.570	30 May 2011
26 September 2001	30,000	-	30,000	-	$0.423	25 September 2006
26 September 2001	34,000	-	10,000	24,000	$0.423	25 September 2011
6 April 2002	40,000	-	40,000	-	$0.628	5 April 2007
6 April 2002	158,000	-	16,000	142,000	$0.628	5 April 2012
7 October 2002	43,000	-	43,000	-	$0.600	6 October 2007
7 October 2002	77,000	-	25,000	52,000	$0.600	6 October 2012
27 June 2003	89,000	-	43,000	46,000	$0.760	26 June 2008
27 June 2003	191,000	-	14,000	177,000	$0.760	26 June 2013
20 December 2003	76,000	-	43,000	33,000	$0.865	19 December 2008
20 December 2003	188,000	-	12,000	176,000	$0.865	19 December 2013
23 August 2004	49,500	-	26,500	23,000	$0.953	22 August 2009
23 August 2004	271,500	-	116,500	155,000	$0.953	22 August 2014
24 February 2005	49,500	-	26,500	23,000	$0.998	23 February 2010
24 February 2005	295,500	-	140,500	155,000	$0.998	23 February 2015
21 November 2005	540,000	-	-	540,000	$0.933	20 November 2015
7 July 2006	-	544,000	-	544,000	$1.000	6 July 2016
	2,236,000	544,000	662,000	2,118,000		

5 SHARE OPTIONS (CONT'D)

The 2001 VICOM Share Option Scheme ("The 2001 Scheme") (CONT'D)

(i) Details of the options granted to Directors during the financial year and since the commencement of The 2001 Scheme up to 31 December 2006 were as follows:

	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES			
Director	Granted during the year ended 31 December 2006	Aggregate options granted since the commencement to 31 December 2006	Aggregate options exercised/ lapsed since the commencement to 31 December 2006	Aggregate options outstanding at 31 December 2006
Lim Jit Poh	-	160,000	160,000	-
Kua Hong Pak	-	54,000	-	54,000
Heng Chye Kiou	80,000	980,000	520,000	460,000
Ho Kah Leong	-	39,000	13,000	26,000
Ong Chow Hong @ Ong Chaw Ping	-	108,000	63,000	45,000
Ong Teong Wan	-	92,000	92,000	-
Sim Cheok Lim	-	80,000	80,000	-
Teo Geok Har, Nancy	-	80,000	80,000	-

(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, all of whom are independent:

Sim Cheok Lim *(Chairman)*
Ong Teong Wan
Teo Geok Har, Nancy *(Ms Teo is considered as independent as from 1 January 2007)*

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 confirmed that the auditors are independent.

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

The Audit Committee has recommended to the Board of 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
12 February 2007

We have audited the accompanying financial statements of VICOM Ltd (the Company) and its subsidiaries (the Group) which comprise the balance sheets of the Group and the Company as at 31 December 2006, the profit and loss statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 79.

Directors' Responsibility

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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 2006 and of the results, changes in equity and cash flows of the Group for the 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
12 February 2007

Balance Sheets

31 December 2006

	Note	THE GROUP		THE COMPANY	
		2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
ASSETS					
Current assets					
Cash and bank balances	5	**13,710**	9,526	**11,531**	7,635
Trade receivables	6	**7,264**	7,384	**1,063**	855
Other receivables and prepayments	7	**555**	218	**882**	300
Inventories		**2**	3	**-**	-
Total current assets		**21,531**	17,131	**13,476**	8,790
Non-current assets					
Subsidiaries	8	**-**	-	**26,196**	26,196
Associates	9	**-**	454	**-**	-
Staff loans	10	**17**	28	**-**	-
Club memberships	11	**315**	315	**315**	315
Vehicles, premises and equipment	12	**45,533**	44,208	**29,402**	30,328
Goodwill	13	**11,325**	11,389	**-**	-
Total non-current assets		**57,190**	56,394	**55,913**	56,839
Total assets		**78,721**	73,525	**69,389**	65,629
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	14	**2,600**	2,127	**358**	396
Other payables	15	**8,212**	7,313	**16,701**	16,061
Income tax payable		**3,428**	2,987	**1,639**	1,489
Total current liabilities		**14,240**	12,427	**18,698**	17,946
Non-current liability					
Deferred tax liabilities	16	**989**	1,009	**20**	94
Capital, reserves and minority interests					
Share capital	17	**28,552**	20,805	**28,552**	20,805
Capital reserves	18	**3,099**	10,304	**3,106**	10,306
Accumulated profits		**29,911**	26,822	**19,013**	16,478
Equity attributable to shareholders of the Company		**61,562**	57,931	**50,671**	47,589
Minority interests		**1,930**	2,158	**-**	-
Total equity		**63,492**	60,089	**50,671**	47,589
Total liabilities and equity		**78,721**	73,525	**69,389**	65,629

See accompanying notes to the financial statements.

Consolidated Profit and Loss Statement

year ended 31 December 2006

	Note	**2006 $'000**	2005 $'000
Turnover	19	**55,504**	49,192
Other operating income	20	**1,433**	987
Revenue		**56,937**	50,179
Staff costs	21	**(26,312)**	(23,667)
Depreciation expense		**(4,237)**	(4,192)
Repair and maintenance		**(941)**	(793)
Materials and consumables		**(1,863)**	(1,379)
Payments for contract services		**(3,405)**	(2,789)
Premise costs		**(2,247)**	(2,167)
Insurance		**(159)**	(164)
Other operating expenses		**(4,421)**	(3,684)
Total operating expenses		**(43,585)**	(38,835)
Operating profit		**13,352**	11,344
Net income from other investments	23	**-**	12
Interest income		**230**	74
Finance cost	24	**-**	(21)
Share of profit in associate		**-**	156
Profit before taxation		**13,582**	11,565
Taxation	25	**(3,295)**	(2,627)
Profit after taxation	22	**10,287**	8,938
Attributable to:			
Shareholders of the Company		**10,295**	8,658
Minority interests		**(8)**	280
		10,287	8,938
Earnings per share (in cents):			
Basic	26	**12.30**	10.41
Diluted	26	**12.25**	10.37

See accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity

year ended 31 December 2006

	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 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 (Note 18)	-	1	-	1	-	1
Net expense recognised directly in equity	-	1	-	1	-	1
Profit after taxation	-	-	8,658	8,658	280	8,938
Total recognised income and expense for the year	-	1	8,658	8,659	280	8,939
Exercise of share options (Note 17, 18)	86	125	-	211	-	211
Recognition of share-based payments	-	26	-	26	-	26
Payment of dividends (Note 33)	-	-	(3,828)	(3,828)	(385)	(4,213)
Acquisition of subsidiary	-	-	-	-	1,115	1,115
Balance at 31 December 2005	20,805	10,304	26,822	57,931	2,158	60,089
Balance at 1 January 2006	20,805	10,304	26,822	57,931	2,158	60,089
Exchange differences arising on translation of foreign operations (Note 18)	-	(5)	-	(5)	-	(5)
Net income recognised directly in equity	-	(5)	-	(5)	-	(5)
Profit after taxation	-	-	10,295	10,295	(8)	10,287
Total recognised income and expense for the year	-	(5)	10,295	10,290	(8)	10,282
Transfer from share premium account (Note 17, 18)	7,200	(7,200)	-	-	-	-
Exercise of share options (Note 17, 18)	547	(16)	-	531	-	531
Recognition of share-based payments	-	16	-	16	-	16
Payment of dividends (Note 33)	-	-	(7,206)	(7,206)	(220)	(7,426)
Balance at 31 December 2006	28,552	3,099	29,911	61,562	1,930	63,492

See accompanying notes to the financial statements.

Consolidated
Cash Flow Statement
year ended 31 December 2006

	2006 $'000	2005 $'000
Operating activities		
Profit before taxation	**13,582**	11,565
Adjustments for:		
Depreciation expense	**4,237**	4,192
Interest expense	**-**	21
Interest income	**(230)**	(74)
Loss (Gain) on disposal of vehicles, premises and equipment	**37**	(3)
Share-based payment expense	**16**	26
Impairment loss on goodwill	**64**	-
Impairment loss on club memberships	**-**	18
Writeback for diminution in investment in an associate	**-**	(12)
Share of profit in associate	**-**	(156)
Operating cash flows before movements in working capital	**17,706**	15,577
Trade receivables	**120**	688
Other receivables and prepayments	**128**	652
Inventories	**1**	-
Trade payables	**473**	19
Other payables	**899**	(792)
Cash generated from operations	**19,327**	16,144
Interest paid	**-**	(21)
Income tax paid	**(2,874)**	(3,121)
Net cash from operating activities	**16,453**	13,002
Investing activities		
Proceeds from disposal of vehicles, premises and equipment	**4**	10
Purchase of vehicles, premises and equipment (Note 12)	**(5,604)**	(2,306)
Acquisition of subsidiary, net of cash acquired (Note 27)	**-**	(2,639)
Interest received	**230**	74
Additional consideration paid for investment in a subsidiary	**-**	(264)
Net cash used in investing activities	**(5,370)**	(5,125)
Financing activities		
Proceeds from share issue	**531**	211
Dividends paid to minority interests	**(220)**	(385)
Bank loan repaid	**-**	(2,417)
Dividends paid	**(7,206)**	(3,828)
Net cash used in financing activities	**(6,895)**	(6,419)
Net effect of exchange rate changes in consolidating subsidiaries	**(4)**	-
Net increase in cash and cash equivalents	**4,184**	1,458
Cash and cash equivalents at beginning of year	**9,526**	8,068
Cash and cash equivalents at end of year (Note 5)	**13,710**	9,526

See accompanying notes to the financial statements.

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 2006 and the balance sheet of the Company as at 31 December 2006 were authorised for issue by the Board of Directors on 12 February 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, 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 2006. The adoption of these new/revised FRSs and INT FRSs has no material effect on the amounts reported for the current or prior years.

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

FRS 107	–	Financial Instruments: Disclosures
INT FRS 108	–	Scope of FRS 102: Share-based Payment
INT FRS 109	–	Reassessment of Embedded Derivatives
INT FRS 110	–	Interim Financial Reporting and Impairment

Amendments to FRS 1 Presentation of Financial Statements on capital disclosures.

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

The Directors anticipate that the adoption of the above FRSs, INT FRSs and amendments to FRSs will have no material impact on the financial statements of the Group and the Company in the period of their initial adoption, other than the application of FRS 107 which may change the disclosures presently made in relation to the Company and Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 off 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.

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 its share of those 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.

Financial Assets

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "Receivables". Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of receivables

Trade and other receivables are assessed for indicators of impairment at each balance sheet date. Receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the receivables, the estimated future cash flows of the receivables have been impacted. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective rate.

The carrying amount of the trade receivables is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or 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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

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. In the event that lease incentives are received to enter into operating lease, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase and those costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. 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 – 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 land was revalued based on valuation by an external independent valuer. That leasehold land 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 land and the valuation was carried out for the purpose of updating the book value of the leasehold land 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.

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.

Depreciation is charged so as to write off the cost or valuation of the assets, other than capital work-in-progress, 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 estimated useful lives, residual values and depreciation method are reviewed each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of vehicles, premises and equipment is determined as the difference between the sale proceed and the carrying amount of the asset and is recognised in the profit and loss statement.

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.

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, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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 as described under "Associates" above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 estimates 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 (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.

When an impairment loss subsequently reverses, the carrying amount of the asset (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 (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 (legal or constructive) as a result of a past event and it is probable that the Group and the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the 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

These comprise the following:

(i) Retirement Benefits – The Company and some of the subsidiaries participate in defined contribution retirement benefit plan (Central Provident Fund for Singapore-incorporated subsidiaries and Employees Provident Fund for Malaysia-incorporated subsidiary). Payments made to the plan are charged as an expense as they fall due.

(ii) Employee Leave Entitlement – 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 Directors' 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 basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

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

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 (and tax laws) that have been enacted or substantively enacted in countries where the Company and 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and 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 retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation 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 and loss statement 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 application of 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 (apart from those involving estimations, which are dealt with below). The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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. Impairment loss of $64,000 (2005 : $Nil) has been recognised during the year. Details of the impairment loss calculation are disclosed in Note 13 to the financial statements.

4 HOLDING COMPANY AND RELATED COMPANY/PARTY 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 Group's transactions and arrangements and terms thereof are arranged by or between members of the ultimate holding company's group of companies. 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/PARTY TRANSACTIONS (CONT'D)

Significant intercompany transactions are as follows:

	THE GROUP	
	2006 $'000	2005 $'000
Inspection fee income charged to related companies	**(1,402)**	(1,320)
Diesel outlet (variable rental) income charged to related company	**(746)**	(660)
Rental income charged to related companies	**(263)**	(152)
Assessment fee and other service income charged to related companies	**(327)**	(346)
Other fees charged to related companies	**(72)**	(76)
Testing fee income charged to related companies	**(63)**	(43)
Corporate service charges paid to ultimate holding company	**280**	271
Other charges paid to ultimate holding company	**20**	25
Other charges paid to related companies	**61**	64
Advertisement fees paid to related company	**13**	18
Rental expense paid to related companies	**121**	87

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	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Cash and bank balances	**1,772**	1,421	**501**	205
Fixed deposits with financial institutions and unencumbered	**11,938**	8,105	**11,030**	7,430
Total	**13,710**	9,526	**11,531**	7,635

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 2.75% to 3.88% (2005: 2.7% to 3.7%) per annum and for a weighted average tenure of approximately 25 days (2005: 31 days).

5 CASH AND BANK BALANCES (CONT'D)

The Group and Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Malaysian ringgit	**990**	626	**-**	-

6 TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Outside parties	**6,975**	6,242	**436**	270
Allowance for doubtful trade receivables	**(523)**	(215)	**(3)**	-
Allowance for discount allowed	**(91)**	(89)	**-**	-
Net	**6,361**	5,938	**433**	270
Minority shareholders of a subsidiary	**419**	1,046	**-**	-
Allowance for doubtful trade receivables	**(39)**	-	**-**	-
Net	**380**	1,046	**-**	-
Related companies (Note 4)	**523**	400	**630**	585
Total	**7,264**	7,384	**1,063**	855

The average credit period on sale of goods and provision of services is 30 days (2005: 30 days).

An allowance has been made for estimated irrecoverable amounts from the sale of goods and provision of services to third parties of $562,000 (2005: $215,000). This allowance has been determined by reference to past default experience.

The Group and Company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Malaysian ringgit	**36**	-	**-**	-
United States dollars	**138**	109	**-**	-

7 OTHER RECEIVABLES AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Receivables from:				
Staff loans – current portion (Note 10)	**13**	34	**1**	20
Subsidiaries (Note 8)	**-**	-	**800**	201
Other receivables	**210**	71	**34**	36
Recoverable on disposal of associate (Note 9)	**190**	-	**-**	-
Deposits	**91**	60	**14**	10
Prepayments	**51**	53	**33**	33
Total	**555**	218	**882**	300

The staff loans are unsecured, bear interest at 2% (2005: 3%) per annum and are repayable on a monthly basis.

The Group and the Company's other receivables that are not denominated in the functional currency of the respective entities are as follows:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Chinese Renminbi	**190**	-	**-**	-

8 SUBSIDIARIES

	THE COMPANY	
	2006 $'000	2005 $'000
Unquoted equity shares, at cost	**26,196**	26,196

8 SUBSIDIARIES (CONT'D)

Details of subsidiaries at 31 December 2006 are as follows:

Name of entity	Principal activity	Country of incorporation/ operation	Group's effective interest 2006 %	Group's effective interest 2005 %	Cost of investment 2006 $'000	Cost of investment 2005 $'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	Vehicle inspection and other related activities	Singapore	**78**	78	**5,663**	5,663
Setsco Services Pte Ltd	Provision of testing, inspection and consultancy services	Singapore	**100**	100	**16,118**	16,118
Subsidiary of Setsco Services Pte Ltd						
Setsco Services (M) Sdn Bhd	Provision of testing, inspection and consultancy services	Malaysia	**100**	100	**-**	-
					26,196	26,196

* Cost of investment is $2

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.

9 ASSOCIATES

	THE GROUP 2006 $'000	THE GROUP 2005 $'000	THE COMPANY 2006 $'000	THE COMPANY 2005 $'000
Unquoted equity shares, at cost	**-**	753	**-**	-
Impairment loss	**-**	(299)	**-**	-
Net	**-**	454	**-**	-

9 ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of entity	Principal activity	Country of incorporation/ operation	Group's effective interest 2006 %	Group's effective interest 2005 %
Shanghai Jing Hong [1] Lan Xian Environmental Technology Pte Ltd	Vehicle inspection, emission and other vehicle and environmental related activities	China	**-**	24

[1] The investment has been withdrawn during the year.

10 STAFF LOANS

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Staff loans	**30**	62	**1**	20
Less: Current portion (Note 7)	**(13)**	(34)	**(1)**	(20)
	17	28	**-**	-

11 CLUB MEMBERSHIPS

	THE GROUP AND THE COMPANY	
	2006 $'000	2005 $'000
Transferable club memberships, at cost	**451**	451
Less: Impairment loss	**(136)**	(136)
	315	315
Impairment:		
At beginning of year	**136**	118
Amount in current year	**-**	18
At end of year	**136**	136

The impairment loss has been included in the line item under other operating expenses.

12 VEHICLES, PREMISES AND EQUIPMENT

	Leasehold buildings $'000	Leasehold land $'000	Furniture, fittings and equipment $'000	Workshop machinery, tools and equipment $'000	Motor vehicles $'000	Computers and automated equipment $'000	Capital work-in-progress $'000	Total $'000
Group								
Cost or valuation:								
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 1 January 2006	45,906	7,300	1,558	17,128	474	3,013	41	75,420
Additions	239	-	111	4,077	183	200	794	5,604
Disposals	(47)	-	(59)	(315)	(61)	(831)	-	(1,313)
Reclassifications	662	-	-	-	-	-	(662)	-
Exchange differences	-	-	-	(2)	-	-	-	(2)
At 31 December 2006	46,760	7,300	1,610	20,888	596	2,382	173	79,709
Comprising:								
At cost	46,760	-	1,610	20,888	596	2,382	173	72,409
At valuation	-	7,300	-	-	-	-	-	7,300
Total	46,760	7,300	1,610	20,888	596	2,382	173	79,709
Accumulated depreciation:								
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	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 1 January 2006	14,068	1,722	1,277	11,382	212	2,551	-	31,212
Depreciation	1,839	161	126	1,784	96	231	-	4,237
Disposals	(15)	-	(55)	(308)	(61)	(833)	-	(1,272)
Exchange differences	1	-	-	(1)	-	(1)	-	(1)
At 31 December 2006	15,893	1,883	1,348	12,857	247	1,948	-	34,176
Carrying amounts:								
At 31 December 2006	30,867	5,417	262	8,031	349	434	173	45,533
At 31 December 2005	31,838	5,578	281	5,746	262	462	41	44,208

12 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

	Leasehold buildings $'000	Leasehold land $'000	Furniture, fittings and equipment $'000	Workshop machinery, tools and equipment $'000	Motor vehicles $'000	Computers and automated equipment $'000	Capital work-in-progress $'000	Total $'000
Company								
Cost or valuation:								
At 1 January 2005	36,028	7,300	1,082	151	109	1,362	-	46,032
Additions	-	-	10	-	-	12	41	63
Disposals	-	-	(13)	-	-	(23)	-	(36)
At 1 January 2006	36,028	7,300	1,079	151	109	1,351	41	46,059
Additions	613	-	13	-	-	2	23	651
Disposals	-	-	(40)	-	-	(803)	-	(843)
Reclassifications	41	-	-	-	-	-	(41)	-
At 31 December 2006	36,682	7,300	1,052	151	109	550	23	45,867
Comprising:								
At cost	36,682	-	1,052	151	109	550	23	38,567
At valuation	-	7,300	-	-	-	-	-	7,300
Total	36,682	7,300	1,052	151	109	550	23	45,867
Accumulated depreciation:								
At 1 January 2005	10,242	1,561	936	112	81	1,182	-	14,114
Depreciation	1,310	161	68	15	13	85	-	1,652
Disposals	-	-	(13)	-	-	(22)	-	(35)
At 1 January 2006	11,552	1,722	991	127	94	1,245	-	15,731
Depreciation	1,298	161	54	13	8	41	-	1,575
Disposals	-	-	(39)	-	-	(802)	-	(841)
At 31 December 2006	12,850	1,883	1,006	140	102	484	-	16,465
Carrying amounts:								
At 31 December 2006	23,832	5,417	46	11	7	66	23	29,402
At 31 December 2005	24,476	5,578	88	24	15	106	41	30,328

If the leasehold land 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	
	2006 $'000	2005 $'000
Leasehold land	**294**	367

12 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

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 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%	No. 53 Pioneer Road Singapore 628505	9,190 sq metre	30 years from December 1994	Inspection services
JIC Inspection Services Pte Ltd	78%	No. 15 Ang Mo Kio Street 63 Singapore 569117	2,145 sq metre	3 years from 1 October 2003 and extended for a further 29 months	Inspection services

13 GOODWILL

	THE GROUP
	$'000
Cost:	
At 1 January 2005	10,072
Elimination of amortisation accumulated prior to adoption of FRS 103	(1,004)
Additional consideration paid for investment in a subsidiary	264
Arising on consolidation when an associate become a subsidiary during the year	1,258
Arising on acquisition of additional interest in a subsidiary previously accounted for as an associate	799
At 31 December 2005 and 2006	11,389
Impairment:	
Impairment loss recognised in the year 31 December 2006 and balance at 31 December 2006	64
Carrying amount:	
At 31 December 2006	11,325
At 31 December 2005	11,389

The impairment loss has been included in the line item other operating expenses.

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	THE GROUP	
	2006 $'000	2005 $'000
Test and inspection services	**9,268**	9,268
Vehicle assessment	**64**	64
Vehicle inspection business	**2,057**	2,057
	11,389	11,389

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

The recoverable amounts of the CGU 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 profit margins during the period.

13 GOODWILL (CONT'D)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following four years based on an estimated growth rate of 5.1%. The estimated growth rate is based on industry growth forecasts and does not exceed the average long-term growth rate for the relevant markets.

The discount rate applied to the forecast is assumed at 6.64% (which is also the Group's weighted average cost of capital).

The expected changes to profit margins are based on past performance and management's expectation of market development.

In 2006, goodwill arising from the acquisition of a business undertaking from a related company in December 2003 amounting to $64,000 was fully impaired and the business undertaking ceased operations in January 2007.

14 TRADE PAYABLES

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Outside parties	**2,495**	1,951	**272**	233
Related companies (Note 4)	**105**	176	**86**	163
Total	**2,600**	2,127	**358**	396

The average credit period on purchases of goods and services is 30 or 60 days (2005: 30 or 60 days).

The Group and Company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
United States dollars	**-**	152	**-**	-

15 OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Subsidiaries (Note 8)	**-**	-	**15,560**	14,975
Related companies (Note 4)	**75**	101	**-**	-
Accruals	**6,017**	4,698	**336**	322
Others	**1,533**	1,931	**521**	492
Deposits received from customers	**587**	583	**284**	272
Total	**8,212**	7,313	**16,701**	16,061

The payable to subsidiaries is unsecured, bears interest at 2.68% to 3.43% (2005: 1.21% to 3.06%) per annum and is repayable on demand. The payable to wholly owned subsidiaries in 2006 is unsecured, interest-free and repayable on demand (2005: 1.21% to 3.06%).

16 DEFERRED TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
At beginning of year	**1,009**	598	**94**	86
Arising from acquisition of subsidiary	**-**	284	**-**	-
Transfer (to) from profit and loss	**(20)**	127	**(74)**	8
At end of year	**989**	1,009	**20**	94
The balances in the accounts comprise the tax effects of:				
Deferred tax liabilities:				
Accelerated tax depreciation	**989**	1,009	**20**	94

17 SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2006 Number of ordinary shares	2005 Number of ordinary shares	**2006 $'000**	2005 $'000
Issued and paid up:				
At beginning of year	**83,219,000**	82,877,000	**20,805**	20,719
Transfer from share premium account (Note 18)	**-**	-	**7,200**	-
Exercise of share options	**662,000**	342,000	**547**	86
At end of year	**83,881,000**	83,219,000	**28,552**	20,805

Details of the 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 and in Note 21(d).

The Company has one class of ordinary shares which carries no rights to fixed income.

As a result of the Companies (Amendment) Act 2005 which came into effect on 30 January 2006, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account has been transferred to the Company's share capital account on the effective date.

18 CAPITAL RESERVES

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Share premium:				
At beginning of year	**7,200**	7,075	**7,200**	7,075
Arising during the year	**-**	125	**-**	125
Transfer to share capital account (Note 17)	**(7,200)**	-	**(7,200)**	-
At end of year	**-**	7,200	**-**	7,200
Currency translation reserve:				
At beginning of year	**(2)**	(3)	**-**	-
Arising during the year	**(5)**	1	**-**	-
At end of year	**(7)**	(2)	**-**	-
Share option reserve:				
At beginning of year	**33**	7	**33**	7
Recognition of share-based payments	**16**	26	**16**	26
Exercise of share options	**(16)**	-	**(16)**	-
At end of year	**33**	33	**33**	33
Revaluation reserve:				
At beginning and end of year	**3,073**	3,073	**3,073**	3,073
Net	**3,099**	10,304	**3,106**	10,306

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

19 TURNOVER

Turnover comprises the following amounts:

	THE GROUP	
	2006 $'000	2005 $'000
Vehicle inspection business	**17,116**	14,830
Other related business	**3,406**	2,613
Vehicle assessment	**2,981**	4,443
Test and inspection services	**32,001**	27,306
	55,504	49,192

20 OTHER OPERATING INCOME

	THE GROUP	
	2006 $'000	2005 $'000
Rental income	**1,302**	811
Management fee	**-**	54
Gain on disposal of equipment	**-**	3
Bad debts recovered	**-**	3
Others	**131**	116
	1,433	987

21 STAFF COSTS

a) Directors' remuneration (included in staff costs)

The remuneration of the Directors is determined by the Remuneration Committee having regard to the performance of the individual and the Group, as follows:

	THE GROUP			
Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2006				
$250,000 to $499,999				
Heng Chye Kiou	52	37	11	100
2005				
$250,000 to $499,999				
Heng Chye Kiou	44	45	11	100

The remuneration of all the other non-executive Directors is below $250,000 and comprised entirely of Directors' fees (Note 22).

21 STAFF COSTS (CONT'D)

b) Key executives' remuneration (included in staff costs)

The remuneration of the key executives is determined by the Remuneration Committee having regard to the performance of the individuals and the Group, as follows:

	THE GROUP			
Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2006				
$250,000 to $499,999 No. of executives: 1	50	32	18	100
Below $250,000 No. of executives: 4	65	26	9	100
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

	THE GROUP	
	2006 **$'000**	2005 $'000
c) Cost of defined contribution plans (included in staff costs)	**2,328**	2,222

The employees of the Company and some of the subsidiaries are members of defined contribution retirement scheme. The Company and these subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement scheme to fund the benefits. The only obligation of the Company and these subsidiaries with respect to the scheme is to make the specified contributions.

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.

21 STAFF COSTS (CONT'D)

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

	THE GROUP AND THE COMPANY			
	2006		2005	
	Number of share options	**Weighted average exercise price $**	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**2,236,000**	**0.8398**	1,693,000	0.7327
Granted during the year	**544,000**	**1.0000**	885,000	0.9565
Exercised during the year	**(662,000)**	**0.8007**	(342,000)	0.6163
Outstanding at the end of the year	**2,118,000**	**0.8932**	2,236,000	0.8398
Exercisable at the end of the year	**1,574,000**	**0.8563**	1,351,000	0.7622

The weighted average share price at the date of exercise for share options exercised during the year was $1.1006 (2005: $0.9732). The options outstanding at the end of the year have an average remaining contractual life of 7.95 years (2005: 7.4 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 2006, options were granted on 7 July. The estimated fair value of the options granted on this date was $0.0105. In 2005, options were granted on 24 February and 21 November. The estimated fair values of the options granted were $0.0323 and $0.0234 respectively.

From 2006 onwards, no options would be granted to non-executive Directors.

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

	2006	2005
Weighted average share price ($)	**1.0000**	0.9534
Weighted average exercise price ($)	**1.0000**	0.9565
Expected volatility (%)	**10.00**	10.73
Expected life (years)	**5**	5
Risk free rate (%)	**3.403**	2.85
Expected dividend yield (%)	**8.5**	6.0367

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 1 year (2005: 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.

22 PROFIT AFTER TAXATION

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	
	2006 **$'000**	2005 $'000
Depreciation expense	**4,237**	4,192
Proposed Directors' fees		
– Current	**188**	170
– (Over) Underprovision in prior year	**(3)**	23
Foreign currency exchange adjustment loss	**8**	4
Impairment of goodwill	**64**	-
Loss (Gain) on disposal of vehicles, premises and equipment	**37**	(3)
Bad debts recovered	**-**	(3)
Bad debts written off	**1**	38
Audit fees:		
Auditors of the Company	**64**	62
Other auditors	**2**	2
Non-audit fees:		
Auditors of the Company		
– current	**22**	21
– underprovision in prior year	**1**	-

23 NET INCOME FROM OTHER INVESTMENTS

	THE GROUP	
	2006 **$'000**	2005 $'000
Writeback for diminution in investment in an associate	**-**	12

24 FINANCE COST

	THE GROUP	
	2006 **$'000**	2005 $'000
Interest expense paid to outside parties	**-**	21

25 TAXATION

	THE GROUP	
	2006 $'000	2005 $'000
Taxation charge in respect of profit for the financial year:		
Current taxation		
Singapore	**3,112**	2,704
Foreign	**28**	27
Associate	**-**	44
Deferred tax (Note 16)	**(20)**	127
Adjustment in respect of under (over) provision in prior years:		
Current taxation	**175**	(275)
	3,295	2,627

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 20% (2005: 20%) to profit before taxation as a result of the following differences:

	THE GROUP	
	2006 $'000	2005 $'000
Profit before share of profits in associate and taxation	**13,582**	11,409
Taxation at the domestic income tax rate of 20% (2005: 20%)	**2,716**	2,282
Non-allowable items	**401**	629
Tax effect of share of associates' income tax	**-**	44
Tax exempt income	**(42)**	(53)
Under (Over) provision in prior years	**175**	(275)
Deferred tax benefit not recognised	**45**	-
	3,295	2,627

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

The Group has tax loss carryforwards available for offsetting against future taxable income as follows:

	2006 $'000	2005 $'000
Amount in current year and at end of year	**225**	-
Deferred tax benefit on above unrecorded	**45**	-

The realisation of future income tax benefits from tax loss carryforwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

No deferred tax asset has been recognised in the financial statements due to the unpredictability of future profit streams.

26 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's net profit attributable to shareholders of the Company for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2006	2005
Net profit attributable to shareholders of the Company ($'000)	**10,295**	8,658
Weighted average number of ordinary shares in issue (thousands)	**83,698**	83,191
Basic earnings per share (in cents)	**12.30**	10.41

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 and Directors. 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.

	2006	2005
Net profit attributable to shareholders of the Company ($'000)	**10,295**	8,658
Weighted average number of ordinary shares in issue (thousands)	**83,698**	83,191
Adjustments for share options (thousands)	**368**	268
Weighted average number of ordinary shares for the purpose of diluted earnings per share (thousands)	**84,066**	83,459
Diluted earnings per share (in cents)	**12.25**	10.37

27 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 had been accounted for by the purchase method of accounting.

In 2005, 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 at date of acquisition $'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 consideration, satisfied by cash	2,650	-	2,650
Cash and cash equivalent acquired	(11)	-	(11)
Net cash outflow arising on acquisition	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.

28 BUSINESS SEGMENTS INFORMATION

(a) Business Segments

	Vehicle inspection business $'000	Vehicle assessment $'000	Test and inspection services $'000	Rental income $'000	Other related business $'000	Elimination $'000	Total $'000
Group							
2006							
TURNOVER							
External sales	17,133	2,981	32,070	1,302	3,451	-	56,937
Inter-segment sales	-	-	126	4,967	612	(5,705)	-
Revenue	17,133	2,981	32,196	6,269	4,063	(5,705)	56,937
RESULT							
Segment result	4,512	(465)	3,819	3,432	2,054	-	13,352
Interest income							230
Profit before taxation							13,582
Taxation							(3,295)
Profit after taxation							10,287
Minority interests							8
Profit attributable to shareholders of the Company							10,295
OTHER INFORMATION							
Additions to vehicles, premises and equipment	2,418	5	2,530	-	651	-	5,604
Impairment loss on goodwill	-	64	-	-	-	-	64
Depreciation expense	1,259	125	1,278	-	1,575	-	4,237
BALANCE SHEET							
ASSETS							
Segment assets	9,004	960	15,181	-	41,936	-	67,081
Goodwill	2,057	-	9,268	-	-	-	11,325
Unallocated corporate assets							315
Consolidated total assets							78,721
LIABILITIES							
Segment liabilities	2,143	146	6,947	-	1,576	-	10,812
Unallocated corporate liabilities							4,417
Consolidated total liabilities							15,229

28 BUSINESS SEGMENTS 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
Group							
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 associate							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	2,057	-	264	-	-	-	2,321
Depreciation expense	1,146	132	1,262	-	1,652	-	4,192
Impairment loss on club memberships	-	-	-	-	18	-	18
BALANCE SHEET							
ASSETS							
Segment assets	7,722	1,864	13,269	-	38,512	-	61,367
Associates	-	-	-	-	454	-	454
Goodwill	2,057	64	9,268	-	-	-	11,389
Unallocated corporate assets							315
Consolidated total assets							73,525

28 BUSINESS SEGMENTS 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
LIABILITIES							
Segment liabilities	1,343	221	6,093	-	1,783	-	9,440
Unallocated corporate liabilities							3,996
Consolidated total liabilities							13,436

(b) Geographical Segments

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

29 CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Bankers' guarantees (unsecured)	**1,111**	1,450	**761**	799

30 CAPITAL EXPENDITURE COMMITMENTS

Capital commitments contracted for but not provided for in the financial statements:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Expenditure contracted for:				
Vehicles, premises and equipment	**335**	113	**4**	2

31 OPERATING LEASE ARRANGEMENTS

The Group and the Company as lessee

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Minimum lease payments under operating leases recognised as an expense in the year	**1,239**	1,342	**789**	944

31 OPERATING LEASE ARRANGEMENTS (CONT'D)

(a) At the balance sheet date, the Group and the Company have commitments in respect of non-cancellable operating leases amounting to $1,182,312 (2005: $1,239,788) per annum before rental rebates for the Group and $765,346 (2005: $911,563) 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% (2005: 5.5% or 7.6%) of the immediate preceding years' annual rent.

(b) At the balance sheet date, a subsidiary has commitments in respect of non-cancellable operating leases for the rental of office premises as follows:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Within one year	**13**	9	**-**	-
In the second to fifth year inclusive	**10**	-	**-**	-
Total	**23**	9	**-**	-

The Group and the Company as lessor

The Group and the Company rent out its lettable space in Singapore. Rental income earned during the year were $1,302,000 (2005: $811,000) and $6,236,000 (2005: $6,124,000) 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	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Within one year	**1,214**	1,065	**1,149**	1,065
In the second to fifth year inclusive	**1,215**	1,040	**1,105**	1,040
Total	**2,429**	2,105	**2,254**	2,105

32 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

FINANCIAL RISKS AND MANAGEMENT

The Group recognises that management of financial risk is an important aspect in its drive towards creating shareholders' value. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

Foreign exchange risk

The Group operates predominately in Singapore and therefore is not exposed to any significant foreign currency exchange risk.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing cash deposits.

32 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES (CONT'D)

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 have appropriate credit history.

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.

Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities and amounts payable approximate the respective fair values due to the relatively short-term maturity of these financial instruments.

33 DIVIDENDS

(a) During the financial year, the Company paid dividends as follows:

	2006 $'000	2005 $'000
Final dividend less tax in respect of the previous financial year:		
– 4.75 cents (2005: 4 cents) per ordinary share less tax at 20%	**3,182**	2,663
Special dividend less tax in respect of the previous financial year:		
– 2 cents (2005: Nil cents) per ordinary share less tax at 20%	**1,340**	-
Interim dividend less tax in respect of the current financial year:		
– 2 cents (2005: 1.75 cents) per ordinary share less tax at 20%	**1,342**	1,165
Special dividend less tax in respect of the current financial year:		
– 2 cents (2005: Nil cents) per ordinary share less tax at 20%	**1,342**	-
Total	**7,206**	3,828

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

(i) a final dividend be paid at 5.65 cents (2005: 4.75 cents) per ordinary share less tax totalling $3,792,000 (2005: $3,182,000) for the financial year just ended (2005: 31 December 2005); and

(ii) a special dividend be paid at 5 cents (2005: 2 cents) per ordinary share less tax totalling $3,355,000 (2005: $1,340,000) for the financial year just ended (2005: 31 December 2005).

The dividends are subject to approval by shareholders at the forthcoming Annual General Meeting and hence the proposed dividends have not been accrued as a liability for the current financial year.

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 43 to 79 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 2006 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date 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
12 February 2007