FINANCIAL STATEMENTS

The Directors present their annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2007 and the balance sheet of the Company as at 31 December 2007.

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 2007	At 31 December 2007	At 21 January 2008	At 1 January 2007	At 31 December 2007	At 21 January 2008
Interest in the Company						
(a) Ordinary shares						
Lim Jit Poh	190,000	190,000	190,000	-	-	-
Heng Chye Kiou	-	-	-	820,000	1,280,000	1,280,000
Ho Kah Leong	13,000	13,000	13,000	-	-	-
Ong Chow Hong @ Ong Chaw Ping	78,000	78,000	78,000	-	-	-
Ong Teong Wan	40,000	40,000	40,000	-	-	-
Sim Cheok Lim	80,000	80,000	80,000	-	-	-
(b) Options to subscribe for ordinary shares						
Kua Hong Pak	54,000	54,000	54,000	-	-	-
Heng Chye Kiou	460,000	80,000	80,000	-	-	-
Ho Kah Leong	26,000	26,000	26,000	-	-	-
Ong Chow Hong @ Ong Chaw Ping	45,000	45,000	45,000	-	-	-

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of Directors and companies in which interests are held	Shareholdings registered in the name of Director			Shareholdings in which Directors are deemed to have an interest		
	At 1 January 2007	At 31 December 2007	At 21 January 2008	At 1 January 2007	At 31 December 2007	At 21 January 2008
Interest in related company, SBS Transit Ltd						
(a) Ordinary shares						
Lim Jit Poh	50,000	200,000	200,000	-	-	-
Kua Hong Pak	150,000	-	-	-	-	-
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	250,000	200,000	200,000	-	-	-
Kua Hong Pak	270,000	360,000	360,000	-	-	-
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	2,824,530	2,824,530	-	-	-
Heng Chye Kiou	4,586	4,586	4,586	-	-	-
Ho Kah Leong	83,540	83,540	83,540	-	-	-
Ong Chow Hong @ Ong Chaw Ping	84,055	84,055	84,055	-	-	-
Teo Geok Har, Nancy	-	10,000	10,000	-	-	-
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	600,000	800,000	800,000	-	-	-
Kua Hong Pak	3,600,000	3,600,000	3,600,000	-	-	-
Heng Chye Kiou	530,000	630,000	630,000	-	-	-
Teo Geok Har, Nancy	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.

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 2007	Granted	Exercised	Lapsed	Outstanding at 31 December 2007	Subscription price per share	Expiry dates
1 June 2001	28,000	-	-	-	28,000	$0.570	30 May 2011
26 September 2001	24,000	-	-	-	24,000	$0.423	25 September 2011
6 April 2002	142,000	-	108,000	-	34,000	$0.628	5 April 2012
7 October 2002	52,000	-	-	-	52,000	$0.600	6 October 2012
27 June 2003	46,000	-	-	-	46,000	$0.760	26 June 2008
27 June 2003	177,000	-	150,000	-	27,000	$0.760	26 June 2013
20 December 2003	33,000	-	-	-	33,000	$0.865	19 December 2008
20 December 2003	176,000	-	150,000	-	26,000	$0.865	19 December 2013
23 August 2004	23,000	-	-	-	23,000	$0.953	22 August 2009
23 August 2004	155,000	-	97,000	15,000	43,000	$0.953	22 August 2014
24 February 2005	23,000	-	-	-	23,000	$0.998	23 February 2010
24 February 2005	155,000	-	97,000	15,000	43,000	$0.998	23 February 2015
21 November 2005	540,000	-	424,000	30,000	86,000	$0.933	20 November 2015
7 July 2006	544,000	-	400,000	30,000	114,000	$1.000	6 July 2016
20 June 2007	-	600,000	-	-	600,000	$1.657	19 June 2017
	2,118,000	600,000	1,426,000	90,000	1,202,000		

5 SHARE OPTIONS (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 2007 were as follows:

Director	Number of options to subscribe for ordinary shares			
	Granted during the year ended 31 December 2007	Aggregate options granted since the commencement to 31 December 2007	Aggregate options exercised/ lapsed since the commencement to 31 December 2007	Aggregate options outstanding at 31 December 2007
Lim Jit Poh	-	160,000	160,000	-
Kua Hong Pak	-	54,000	-	54,000
Heng Chye Kiou	80,000	1,060,000	980,000	80,000
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

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, 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 2008

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 2007, 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 35 to 67.

Directors' Responsibility
The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. 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 2007 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

KEE CHENG KONG, MICHAEL
Partner
Appointed on 9 November 2007

Singapore
12 February 2008

BALANCE SHEETS
31 December 2007

	Note	The Group 2007 $'000	The Group 2006 $'000	The Company 2007 $'000	The Company 2006 $'000
ASSETS					
Current assets					
Cash and bank balances	5	14,015	13,710	11,567	11,531
Trade receivables	6	8,763	7,264	934	1,063
Other receivables and prepayments	7	597	555	269	882
Inventories		41	2	-	-
Total current assets		23,416	21,531	12,770	13,476
Non-current assets					
Subsidiaries	8	-	-	26,196	26,196
Staff loans	9	42	17	-	-
Club memberships	10	315	315	315	315
Vehicles, premises and equipment	11	43,098	45,533	28,102	29,402
Goodwill	12	11,325	11,325	-	-
Total non-current assets		54,780	57,190	54,613	55,913
Total assets		78,196	78,721	67,383	69,389
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	13	3,093	2,600	390	358
Other payables	14	10,742	8,212	19,743	16,701
Income tax payable		3,479	3,428	1,437	1,639
Total current liabilities		17,314	14,240	21,570	18,698
Non-current liability					
Deferred tax liabilities	15	928	989	-	20
Capital, reserves and minority interests					
Share capital	16	29,874	28,552	29,874	28,552
Capital reserves	17	3,088	3,099	3,098	3,106
Accumulated profits		25,194	29,911	12,841	19,013
Equity attributable to shareholders of the Company		58,156	61,562	45,813	50,671
Minority interests		1,798	1,930	-	-
Total equity		59,954	63,492	45,813	50,671
Total liabilities and equity		78,196	78,721	67,383	69,389

See accompanying notes to the financial statements.

	Note	2007 $'000	2006 $'000
Turnover	18	63,121	55,504
Other operating income	19	1,626	1,433
Revenue		64,747	56,937
Staff costs	20	(29,263)	(26,312)
Depreciation expense		(4,673)	(4,237)
Repair and maintenance		(1,189)	(941)
Materials and consumables		(2,200)	(1,863)
Payments for contract services		(4,038)	(3,405)
Premise costs		(2,310)	(2,247)
Insurance		(154)	(159)
Other operating expenses		(4,158)	(4,421)
Total operating expenses		(47,985)	(43,585)
Operating profit		16,762	13,352
Interest income		258	230
Profit before taxation		17,020	13,582
Taxation	21	(3,212)	(3,295)
Profit after taxation	22	13,808	10,287
Attributable to:			
Shareholders of the Company		13,500	10,295
Minority interests		308	(8)
		13,808	10,287
Earnings per share (in cents):			
Basic	23	15.93	12.30
Diluted	23	15.87	12.25

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

year ended 31 December 2007

	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 2006	20,805	10,304	26,822	57,931	2,158	60,089
Exchange differences arising on translation of foreign operations (Note 17)	-	(5)	-	(5)	-	(5)
Net expense 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
Adjustment arising from abolition of par value of shares (Note 16)	7,200	(7,200)	-	-	-	-
Exercise of share options (Note 17)	547	(16)	-	531	-	531
Recognition of share-based payments	-	16	-	16	-	16
Dividend paid (Note 29)	-	-	(7,206)	(7,206)	(220)	(7,426)
Balance at 31 December 2006	28,552	3,099	29,911	61,562	1,930	63,492
Balance at 1 January 2007	28,552	3,099	29,911	61,562	1,930	63,492
Exchange differences arising on translation of foreign operations (Note 17)	-	(3)	-	(3)	-	(3)
Net expense recognised directly in equity	-	(3)	-	(3)	-	(3)
Profit after taxation	-	-	13,500	13,500	308	13,808
Total recognised income and expense for the year	-	(3)	13,500	13,497	308	13,805
Exercise of share options (Note 17)	1,322	(27)	-	1,295	-	1,295
Recognition of share-based payments	-	19	-	19	-	19
Dividend paid (Note 29)	-	-	(18,217)	(18,217)	(440)	(18,657)
Balance at 31 December 2007	29,874	3,088	25,194	58,156	1,798	59,954

See accompanying notes to the financial statements.

	2007 $'000	2006 $'000
Operating activities		
Profit before taxation	17,020	13,582
Adjustments for:		
Depreciation expense	4,673	4,237
Interest income	(258)	(230)
Loss on disposal of vehicles, premises and equipment	18	37
Share-based payment expense	19	16
(Write-back) Allowance for doubtful trade receivables	(161)	364
Impairment loss on goodwill	-	64
Operating cash flows before movements in working capital	21,311	18,070
Trade receivables	(1,338)	(244)
Other receivables and prepayments	(65)	128
Inventories	(39)	1
Trade payables	493	473
Other payables	2,530	899
Cash generated from operations	22,892	19,327
Income tax paid	(3,222)	(2,874)
Net cash from operating activities	19,670	16,453
Investing activities		
Purchase of vehicles, premises and equipment (Note 11)	(2,372)	(5,604)
Proceeds from disposal of vehicles, premises and equipment	116	4
Interest received	256	230
Net cash used in investing activities	(2,000)	(5,370)
Financing activities		
Proceeds from exercise of share options	1,295	531
Payment to minority interest	(440)	(220)
Dividend paid (Note 29)	(18,217)	(7,206)
Net cash used in financing activities	(17,362)	(6,895)
Net effect of exchange rate changes in consolidating subsidiaries	(3)	(4)
Net increase in cash and cash equivalents	305	4,184
Cash and cash equivalents at beginning of year	13,710	9,526
Cash and cash equivalents at end of year (Note 5)	14,015	13,710

See accompanying notes to the financial statements.

1 GENERAL

The Company (Registration No. 198100320K) is incorporated in 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 2007 and the balance sheet of the Company as at 31 December 2007 were authorised for issue by the Board of Directors on 12 February 2008.

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, Cap. 50, and Singapore Financial Reporting Standards ("FRSs").

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below and in the notes to the financial statements.

FRS 107 – *Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures*

The Group has adopted FRS 107 with effect from annual periods beginning on or after 1 January 2007. The new Standard has resulted in an expansion of the disclosures in these financial statements regarding the Group's financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital (see Note 28) as required by the amendments to FRS 1 which are effective from annual periods beginning on or after 1 January 2007.

The Directors have considered and anticipated that the adoption of the FRSs and INT FRSs and amendments to FRSs that were in issue but not yet effective will not have a material impact on the financial statements of the Group and of the Company in the period of their initial application.

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 are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Business Combinations* 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.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

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 provision for impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Provision for impairment of receivables
Trade and other receivables are assessed for indicators of provision for impairment at each balance sheet date. Receivables are reduced by the provision for impairment 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 reduced by the provision for impairment. 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. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 provision for impairment.

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 available for use. The capital work-in-progress are carried at cost, less any recognised provision for impairment.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

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 (where expected to be significant) 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.

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 provision for impairment.

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 provision for impairment 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. A provision for impairment 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.

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 of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the provision for impairment (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 a 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. A provision for impairment is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the provision for impairment is treated as a revaluation decrease.

Where a provision for impairment 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 provision for impairment been recognised for the asset (cash-generating unit) in prior years. A reversal of a provision for impairment 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 provision for impairment is treated as a revaluation increase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 issue equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 20. 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 the number of equity instruments that will eventually vest.

The policy described above is applied to all equity-settled share-based payments that were granted after 22 November 2002 that vested after 1 January 2005. No amounts has been recognised in the financial statements in respect of other equity-settled share-based payments.

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.

Rendering of services

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

Dividend income

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.

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 based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. No provision for impairment has been recognised during the year (2006 : $64,000). The carrying amount of goodwill at the balance sheet date and impairment are disclosed in Note 12.

Allowance for doubtful trade receivables

The Group makes allowances for doubtful receivables based on an assessment of the recoverability of trade receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the receivables. The identification of doubtful receivables requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of the trade receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amount of trade receivables as at 31 December 2007 is disclosed in Note 6.

4 HOLDING COMPANY AND RELATED COMPANY/PARTY TRANSACTIONS

The Company's immediate holding company is Comfort Group Ltd, incorporated in Singapore. The Company's ultimate holding company is ComfortDelGro Corporation Limited, incorporated in 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.

Significant intercompany transactions are as follows:

	The Group	
	2007 $'000	2006 $'000
Inspection fee income charged to related companies	(1,527)	(1,402)
Diesel outlet (variable rental) income charged to related company	(414)	(746)
Rental income charged to related company	(287)	(263)
Assessment fee charged to related company	(249)	(327)
Other fees charged to related companies	(32)	(72)
Testing fee income charged to related company	(40)	(63)
Corporate service charges paid to ultimate holding company	289	280
Other charges paid to ultimate holding company	23	20
Other charges paid to related companies	87	61
Advertisement fees paid to related company	-	13
Rental expense paid to related companies	105	121

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	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Cash and bank balances	1,649	1,772	87	501
Fixed deposits with financial institutions	12,366	11,938	11,480	11,030
Total	14,015	13,710	11,567	11,531

Fixed deposits bear interest at an effective interest rate of 1.88% to 3.88% (2006 : 2.75% to 3.88%) per annum and for a weighted average tenure of approximately 30 days (2006 : 25 days).

6 TRADE RECEIVABLES

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Outside parties	8,820	6,975	377	436
Allowance for doubtful trade receivables	(352)	(523)	-	(3)
Allowance for discount allowed	(201)	(91)	-	-
Net	8,267	6,361	377	433
Minority shareholders of a subsidiary	138	419	-	-
Allowance for doubtful trade receivables	-	(39)	-	-
Net	138	380	-	-
Related companies (Note 4)	358	523	557	630
Total	8,763	7,264	934	1,063

The average credit period on sale of goods and provision of services is 30 days (2006 : 30 days).

An allowance has been made for estimated irrecoverable amounts from the provision of services to third parties of $352,000 (2006 : $562,000). This allowance has been determined by reference to past default experience.

Before accepting any new corporate customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Approximately 80% (2006 : 82%) of the trade receivables are neither past due nor impaired. Included in the Group's trade receivable balance are debtors with a carrying amount of $1,487,000 (2006 : $884,000) which are past due at the reporting date for which the Group has not provided an allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. On the average, these trade receivables are past due for 33 days (2006 : 35 days).

Movement in the allowance for doubtful debts

	The Group	
	2007 $'000	2006 $'000
Balance at beginning of the year	562	215
Amounts written off during the year	(49)	(17)
(Write-back) Allowance for doubtful trade receivables recognised in profit or loss	(161)	364
Balance at end of the year	352	562

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	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
UAE Dirham	38	-	-	-
Malaysian ringgit	-	36	-	-
United States dollars	188	138	-	-

7 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Receivables from:				
Staff loans – current portion (Note 9)	17	13	-	1
Subsidiaries (Note 8)	-	-	166	800
Other receivables	211	201	38	34
Interest receivable	11	9	-	-
Recoverable on disposal of associate	-	190	-	-
Deposits	278	91	8	14
Prepayments	80	51	57	33
Total	597	555	269	882

The staff loans are unsecured, bear interest at 2% (2006 : 2%) per annum and are repayable on a monthly basis.

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Chinese Renminbi	-	190	-	-

8 SUBSIDIARIES

	The Company	
	2007 $'000	2006 $'000
Unquoted equity shares, at cost	26,196	26,196

Details of subsidiaries at 31 December 2007 are as follows:

Name of entity	Principal activity	Country of incorporation/ operation	Group's effective interest		Cost of investment	
			2007 %	2006 %	**2007 $'000**	2006 $'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

8 SUBSIDIARIES (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operation	Group's effective interest 2007 %	Group's effective interest 2006 %	Cost of investment 2007 $'000	Cost of investment 2006 $'000
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 STAFF LOANS

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Staff loans	59	30	-	1
Less: Current portion (Note 7)	(17)	(13)	-	(1)
	42	17	-	-

10 CLUB MEMBERSHIPS

	The Group and The Company	
	2007 $'000	2006 $'000
Transferable club memberships, at cost	451	451
Less: Provision for impairment	(136)	(136)
	315	315
Provision for impairment:		
At beginning and end of year	136	136

No additional provision for impairment has been recognised during the year.

11 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 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
Additions	347	-	234	1,187	217	121	266	2,372
Disposals	(37)	-	(176)	(665)	(135)	(215)	-	(1,228)
Reclassifications	23	-	-	416	-	-	(439)	-
Exchange differences	-	-	-	1	-	-	-	1
At 31 December 2007	47,093	7,300	1,668	21,827	678	2,288	-	80,854
Comprising:								
At cost	47,093	-	1,668	21,827	678	2,288	-	73,554
At valuation	-	7,300	-	-	-	-	-	7,300
Total	47,093	7,300	1,668	21,827	678	2,288	-	80,854
Accumulated depreciation:								
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
Depreciation	1,969	161	125	2,067	126	225	-	4,673
Disposals	(22)	-	(160)	(569)	(135)	(208)	-	(1,094)
Exchange differences	-	-	-	-	-	1	-	1
At 31 December 2007	17,840	2,044	1,313	14,355	238	1,966	-	37,756
Carrying amounts:								
At 31 December 2007	29,253	5,256	355	7,472	440	322	-	43,098
At 31 December 2006	30,867	5,417	262	8,031	349	434	173	45,533

11 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 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
Additions	306	-	31	-	-	1	-	338
Disposals	-	-	(8)	-	-	(77)	-	(85)
Reclassifications	23	-	-	-	-	-	(23)	-
At 31 December 2007	37,011	7,300	1,075	151	109	474	-	46,120
Comprising:								
At cost	37,011	-	1,075	151	109	474	-	38,820
At valuation	-	7,300	-	-	-	-	-	7,300
Total	37,011	7,300	1,075	151	109	474	-	46,120
Accumulated depreciation:								
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
Depreciation	1,400	161	28	6	5	32	-	1,632
Disposals	-	-	(9)	-	-	(70)	-	(79)
At 31 December 2007	14,250	2,044	1,025	146	107	446	-	18,018
Carrying amounts:								
At 31 December 2007	22,761	5,256	50	5	2	28	-	28,102
At 31 December 2006	23,832	5,417	46	11	7	66	23	29,402

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	
	2007 $'000	2006 $'000
Leasehold land	221	294

11 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	9,829.7 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 51 months	Inspection services

12 GOODWILL

	The Group	
	2007 $'000	2006 $'000
Cost:		
At beginning and end of year	11,389	11,389
Impairment:		
At beginning of year	64	-
During the year	-	64
At end of year	64	64
Carrying amount:		
At end of year	11,325	11,325

No provision for impairment has been recognised during the year (2006 : $64,000). In 2006, the impairment loss on goodwill had been included in the line item under 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, the carrying amount of goodwill had been allocated as follows :

	The Group	
	2007 $'000	2006 $'000
Test and inspection services	9,268	9,268
Vehicle assessment	-	64
Vehicle inspection business	2,057	2,057
	11,325	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 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 profit margins during the period.

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 6.1% (2006 : 5.1%) per annum. 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 5.46% (2006 : 6.64%) per annum (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 had ceased operations in January 2007.

13 TRADE PAYABLES

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Outside parties	2,945	2,495	255	272
Related companies (Note 4)	148	105	135	86
Total	3,093	2,600	390	358

The average credit period on purchases of goods and services is 30 or 60 days (2006 : 30 or 60 days).

14 OTHER PAYABLES

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Subsidiaries (Note 8)	-	-	18,565	15,560
Related companies (Note 4)	75	75	-	-
Accruals	7,907	6,017	314	336
Others	2,133	1,533	525	521
Deposits received from customers	627	587	339	284
Total	10,742	8,212	19,743	16,701

The payable to subsidiaries comprising funds under central pooling is unsecured, bears interest at 2.16% to 3.26% (2006 : 2.68% to 3.43%) per annum and is repayable on demand. The payable to wholly owned subsidiaries is unsecured, interest-free and repayable on demand.

15 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group and Company, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation $'000	Provisions $'000	Total $'000
Group			
At 1 January 2006	1,113	(104)	1,009
(Credit) Charge to profit or loss for the year (Note 21)	(27)	7	(20)
At 31 December 2006	1,086	(97)	989
Charge (Credit) to profit or loss for the year (Note 21)	82	(44)	38
Effect of change in tax rate (Note 21)	(109)	10	(99)
At 31 December 2007	1,059	(131)	928
Company			
At 1 January 2006	94	-	94
Credit to profit or loss for the year	(23)	(51)	(74)
At 31 December 2006	71	(51)	20
(Credit) Charge to profit or loss for the year	(19)	1	(18)
Effect of change in tax rate	(7)	5	(2)
At 31 December 2007	45	(45)	-

16 SHARE CAPITAL

	The Group and The Company			
	2007	2006	**2007**	2006
	Number of ordinary shares		**$'000**	$'000
Issued and paid up:				
At beginning of year	83,881,000	83,219,000	28,552	20,805
Transfer from share premium account (Note 17)	-	-	-	7,200
Exercise of share options	1,426,000	662,000	1,322	547
At end of year	85,307,000	83,881,000	29,874	28,552

Fully paid ordinary shares, carry one vote per share and carry a right to dividends.

As a result of the Companies (Amendment) Act 2005 which became effective 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.

Share options over ordinary shares granted under the employee share option plan:

As at 31 December 2007, employees held options over 1,202,000 ordinary shares (of which 600,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
28,000	30 May 2011
24,000	25 September 2011
34,000	5 April 2012
52,000	6 October 2012
46,000	26 June 2008
27,000	26 June 2013
33,000	19 December 2008
26,000	19 December 2013
23,000	22 August 2009
43,000	22 August 2014
23,000	23 February 2010
43,000	23 February 2015
86,000	20 November 2015
114,000	6 July 2016
600,000	19 June 2017
1,202,000	

16 SHARE CAPITAL (CONT'D)

As at 31 December 2006, employees held options over 2,118,000 ordinary shares (of which 544,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
28,000	30 May 2011
24,000	25 September 2011
142,000	5 April 2012
52,000	6 October 2012
46,000	26 June 2008
177,000	26 June 2013
33,000	19 December 2008
176,000	19 December 2013
23,000	22 August 2009
155,000	22 August 2014
23,000	23 February 2010
155,000	23 February 2015
540,000	20 November 2015
544,000	6 July 2016
2,118,000	

Share options granted under the employees share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in Note 20(d) to the financial statements.

17 CAPITAL RESERVES

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Share premium:				
At beginning of year	-	7,200	-	7,200
Transfer to share capital account (Note 16)	-	(7,200)	-	(7,200)
At end of year	-	-	-	-
Currency translation reserve:				
At beginning of year	(7)	(2)	-	-
Arising during the year	(3)	(5)	-	-
At end of year	(10)	(7)	-	-
Share option reserve:				
At beginning of year	33	33	33	33
Recognition of share-based payments	19	16	19	16
Exercise of share options	(27)	(16)	(27)	(16)
At end of year	25	33	25	33
Revaluation reserve:				
At beginning and end of year	3,073	3,073	3,073	3,073
Net	3,088	3,099	3,098	3,106

The revaluation reserve relates to valuation of leasehold land (Note 11).

The share option reserve arises on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is set out in Notes 16 and 20(d).

18 TURNOVER

Turnover comprises the following amounts:

	The Group	
	2007 **$'000**	2006 $'000
Vehicle inspection business	20,276	17,116
Other related business	2,934	3,406
Vehicle assessment	2,577	2,981
Test and inspection services	37,334	32,001
	63,121	55,504

19 OTHER OPERATING INCOME

	The Group	
	2007 **$'000**	2006 $'000
Rental income	1,491	1,302
Others	135	131
	1,626	1,433

20 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:

Remuneration band	The Group			
	Salary %	Bonus %	Others %	Total compensation %
2007				
$250,000 to $499,999				
Heng Chye Kiou	51	38	11	100
2006				
$250,000 to $499,999				
Heng Chye Kiou	52	37	11	100

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

20 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 %
2007				
$250,000 to $499,999				
No. of executives : 1	51	35	14	100
Below $250,000				
No. of executives : 4	62	29	9	100
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

	The Group	
	2007 **$'000**	2006 $'000
c) Cost of defined contribution plans (included in staff costs)	2,807	2,328

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.

20 STAFF COSTS (CONT'D)

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

	The Group and The Company			
	2007		2006	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	2,118,000	0.8932	2,236,000	0.8398
Granted during the year	600,000	1.6570	544,000	1.0000
Lapsed during the year	(90,000)	0.9695	-	-
Exercised during the year	(1,426,000)	0.9091	(662,000)	0.8007
Outstanding at the end of the year	1,202,000	1.2499	2,118,000	0.8932
Exercisable at the end of the year	602,000	0.8442	1,574,000	0.8563

The weighted average share price at the date of exercise for share options exercised during the year was $1.6596 (2006 : $1.1006). The options outstanding at the end of the year have an average remaining contractual life of 8 years (2006 : 7.95 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 2007, options were granted on 20 June. The estimated fair value of the options granted on this date was $0.0488. In 2006, options were granted on 7 July. The estimated fair value of the options granted on this date was $0.0105.

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:

	2007	2006
Weighted average share price ($)	1.6800	1.0000
Weighted average exercise price ($)	1.657	1.0000
Expected volatility (%)	14.16	10.00
Expected life (years)	3	5
Risk free rate (%)	2.51	3.403
Expected dividend yield (%)	8.7	8.5

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years (2006 : 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.

The Group and the Company recognised total expenses of $19,000 (2006 : $16,000) related to equity-settled share-based payment transactions during the year.

21 TAXATION

	The Group	
	2007 **$'000**	2006 $'000
Taxation charge in respect of profit for the financial year:		
Current taxation		
Singapore	3,403	3,112
Foreign	42	28
Deferred tax (Note 15)	(61)	(20)
Adjustment in respect of (over) under provision in prior years:		
Current taxation	(172)	175
	3,212	3,295

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 18% (2006 : 20%) to profit before taxation as a result of the following differences:

	The Group	
	2007 **$'000**	2006 $'000
Profit before taxation	17,020	13,582
Taxation at the domestic income tax rate of 18% (2006 : 20%)	3,064	2,716
Non-allowable items	546	401
Tax-exempt income	(110)	(42)
(Over) Under provision in prior years	(172)	175
Effect of change in tax rate	(99)	-
Deferred tax (utilised) benefit not recognised	(17)	45
	3,212	3,295

Taxation for overseas subsidiary is calculated at the rates prevailing in the relevant jurisdictions.

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

	2007 **$'000**	2006 $'000
Amount in beginning of year	225	-
Adjustment to prior year	(97)	-
Amount in current year	-	225
Amount utilised in current year	(118)	-
Amount at end of year	10	225
Deferred tax benefit on above unrecorded	2	45

21 TAXATION (CONT'D)

The Group has temporary differences from capital allowances available for offsetting against future taxable income as follows:

	The Group	
	2007 $'000	2006 $'000
Amount at beginning of year	-	-
Adjustment to prior year	10	-
Amount in current year	22	-
Amount at end of year	32	-
Deferred tax benefit on above not recorded	6	-

The realisation of future income tax benefits from tax loss carryforwards and temporary differences from capital allowances 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.

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	
	2007 $'000	2006 $'000
Proposed Directors' fees	202	188
Foreign currency exchange adjustment loss	5	8
Impairment loss on goodwill	-	64
Loss on disposal of vehicles, premises and equipment	18	37
(Write-back) Allowance for doubtful trade receivables	(161)	364
Bad debts written off	15	1
Audit fees:		
Auditors of the Company		
– Current	66	64
– Overprovision in prior years	(2)	-
Other auditors	2	2
Non-audit fees:		
Auditors of the Company		
– Current	22	22
– Underprovision in prior year	-	1

23 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:

	2007	2006
Profit attributable to shareholders of the Company ($'000)	13,500	10,295
Weighted average number of ordinary shares in issue (thousands)	84,761	83,698
Basic earnings per share (in cents)	15.93	12.30

23 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 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.

	2007	2006
Profit attributable to shareholders of the Company ($'000)	13,500	10,295
Weighted average number of ordinary shares in issue (thousands)	84,761	83,698
Adjustments for share options (thousands)	295	368
Weighted average number of ordinary shares for the purpose of diluted earnings per share (thousands)	85,056	84,066
Diluted earnings per share (in cents)	15.87	12.25

24 BUSINESS SEGMENTS INFORMATION

Business segments

For management purposes, the Group is currently organised into five operating divisions – vehicle inspection business, vehicle assessment, test and inspection services, rental income and other related business.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. These transfers are eliminated on consolidation.

24 BUSINESS SEGMENTS INFORMATION (CONT'D)

(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							
2007							
REVENUE							
External sales	20,276	2,579	37,405	1,491	2,996	-	64,747
Inter-segment sales	1	-	103	5,837	723	(6,664)	-
Total	20,277	2,579	37,508	7,328	3,719	(6,664)	64,747
RESULT							
Segment result	5,834	(30)	4,722	4,404	1,832	-	16,762
Interest income							258
Profit before taxation							17,020
Taxation							(3,212)
Profit after taxation							13,808
Minority interests							(308)
Profit attributable to shareholders of the Company							13,500
OTHER INFORMATION							
Additions to vehicles, premises and equipment	468	16	1,550	-	338	-	2,372
Depreciation expense	1,361	82	1,598	-	1,632	-	4,673
BALANCE SHEET							
ASSETS							
Segment assets	8,399	689	17,168	-	40,300	-	66,556
Goodwill	2,057	-	9,268	-	-	-	11,325
Unallocated corporate assets							315
Consolidated total assets							78,196
LIABILITIES							
Segment liabilities	2,372	141	9,677	-	1,645	-	13,835
Unallocated corporate liabilities							4,407
Consolidated total liabilities							18,242

24 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							
2006							
REVENUE							
External sales	17,133	2,981	32,070	1,302	3,451	-	56,937
Inter-segment sales	-	-	126	4,967	612	(5,705)	-
Total	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

(b) Geographical Segments
The Group operates predominantly in Singapore, as such, there is no secondary reporting format.

25 CONTINGENT LIABILITIES

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Bankers' guarantees (unsecured)	54	24	-	-

26 CAPITAL EXPENDITURE COMMITMENTS

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Expenditure contracted for:				
Vehicles, premises and equipment	864	335	19	4

27 OPERATING LEASE ARRANGEMENTS

The Group and the Company as lessee

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Minimum lease payments under operating leases recognised as an expense in the year	1,184	1,239	769	789

(a) At the balance sheet date, the Group and the Company have commitments in respect of non-cancellable operating leases amounting to $1,235,451 (2006 : $1,182,312) per annum before rental rebates for the Group and $777,502 (2006 : $765,346) 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% (2006 : 5.5%) of the immediate preceding years' annual rent.

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Within one year	157	121	-	-
In the second to fifth year inclusive	272	132	-	-
Total	429	253	-	-

27 OPERATING LEASE ARRANGEMENTS (CONT'D)

The Group and the Company as lessor

The Group and the Company rent out its lettable space in Singapore. Rental income earned by the Group and the Company during the year were $1,491,000 (2006 : $1,302,000) and $7,243,000 (2006 : $6,236,000) 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	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Within one year	1,306	1,214	1,732	1,149
In the second to fifth year inclusive	800	1,215	802	1,105
Total	2,106	2,429	2,534	2,254

28 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

Financial risk management of the group

The Group recognises that management of financial risk is an important aspect in its drive towards creating shareholders' value. It is the Group's policy not to participate in speculative financial instruments. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

Foreign exchange risk

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

Interest rate risk

As the Group has no interest-bearing borrowings, it has no material exposure to interest rate risk.

Credit risk

The Group has policies in place to ensure that customers are of adequate financial standing and have appropriate credit history. In its management of credit risk, the Group practices credit review and sets counterparty credit limits. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the large, diversified and unrelated customer base.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk.

Liquidity risk

The Group regularly reviews its liquidity reserves comprising free cashflows from its operations and undrawn credit facilities with banks. It ensures that there is sufficient credit lines available to support its liquidity needs.

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 approximate the respective fair values due to the relatively short-term maturity of these financial instruments.

Capital risk management policies and objectives

The Group's capital management objectives are to safeguard its ability to continue as a going concern and to maximise shareholder value. Management monitors the gross and net gearing of the Group and its implication on weighted average cost of capital in deciding the optimal capital structure. The objectives and policies determine the Group's decisions on the amount of dividend payment to shareholder as well as the sources of capital, be it equity or debt.

29 DIVIDENDS

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

	2007 $'000	2006 $'000
Final dividend less tax in respect of the previous financial year:		
– 5.65 cents (2006 : 4.75 cents) per ordinary share less tax at 18% (2006 : 20%)	3,915	3,182
Special dividend less tax in respect of the previous financial year:		
– 5 cents (2006 : 2 cents) per ordinary share less tax at 18% (2006 : 20%)	3,465	1,340
Interim dividend less tax in respect of the current financial year:		
– 3 cents (2006 : 2 cents) per ordinary share less tax at 18% (2006 : 20%)	2,097	1,342
Special dividend less tax in respect of the current financial year:		
– 12.5 cents (2006 : 2 cents) per ordinary share less tax at 18% (2006 : 20%)	8,740	1,342
Total	18,217	7,206

(b) Subsequent to the balance sheet date, the Directors of the Company recommended that a tax-exempt (one-tier) final dividend be paid at 2.75 cents per ordinary share totalling $2,346,000 for the financial year just ended.

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.

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 35 to 67 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 2007 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 2008