Financial Statements

Contents

Report Of The Directors

The Directors present their annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2011 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2011.

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)*
Goh Yeow Tin
Ho Kah Leong
Ong Teong Wan
Sim Cheok Lim
Teo Geok Har, Nancy

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraphs 3 and 5 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 and debentures of the Company and 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 Directors			Shareholdings in which Directors are deemed to have an interest		
Name of Directors and companies in which interests are held	**At 1 January 2011**	**At 31 December 2011**	**At 21 January 2012**	**At 1 January 2011**	**At 31 December 2011**	**At 21 January 2012**
Interest in the Company						
(a) Ordinary shares						
Lim Jit Poh	190,000	190,000	190,000	–	–	–
Kua Hong Pak	54,000	54,000	54,000	–	–	–
Heng Chye Kiou	210,000	490,000	490,000	1,280,000	1,280,000	1,280,000
Ho Kah Leong	39,000	39,000	39,000	–	–	–
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						
Heng Chye Kiou	280,000	–	–	–	–	–

Report Of The Directors

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 Directors			Shareholdings in which Directors are deemed to have an interest		
	At 1 January 2011	At 31 December 2011	At 21 January 2012	At 1 January 2011	At 31 December 2011	At 21 January 2012
Interest in related company, SBS Transit Ltd						
(a) Ordinary shares						
Lim Jit Poh	200,000	200,000	200,000	–	–	–
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	400,000	300,000	300,000	–	–	–
Kua Hong Pak	360,000	270,000	270,000	–	–	–
Interest in holding company, ComfortDelGro Corporation Limited						
(a) Ordinary shares						
Lim Jit Poh	844,425	1,044,425	1,044,425	–	–	–
Kua Hong Pak	2,824,530	2,824,530	2,824,530	–	–	–
Heng Chye Kiou	4,586	394,586	394,586	–	–	–
Ho Kah Leong	83,540	83,540	83,540	–	–	–
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	1,120,000	1,160,000	1,160,000	–	–	–
Kua Hong Pak	7,200,000	7,200,000	7,200,000	–	–	–
Heng Chye Kiou	1,100,000	960,000	960,000	–	–	–

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits 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.

Report Of The Directors

5 SHARE OPTIONS

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

The 2001 Scheme for a period of 10 years was approved by the shareholders of the Company at an Extraordinary General Meeting held on 27 April 2001. It expired on 26 April 2011 and hence no option has been granted since then. The existing options granted will continue to vest according to the terms and conditions of The 2001 Scheme and the respective grants. The 2001 Scheme is administered by the Remuneration Committee comprising Messrs Teo Geok Har, Nancy (appointed as Chairman on 1 January 2012), Ho Kah Leong, Lim Jit Poh and Sim Cheok Lim (appointed on 1 January 2012).

Statutory information regarding options granted 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 Remuneration 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					
Date of grant	**Outstanding at 1 January 2011**	**Exercised**	**Lapsed**	**Outstanding at 31 December 2011**	**Subscription price per share**	**Expiry date**
6 April 2002	18,000	18,000	–	–	$0.628	5 April 2012
7 October 2002	33,000	9,000	–	24,000	$0.600	6 October 2012
27 June 2003	12,000	–	–	12,000	$0.760	26 June 2013
19 December 2003	12,000	–	–	12,000	$0.865	18 December 2013
23 August 2004	8,000	–	–	8,000	$0.953	22 August 2014
24 February 2005	8,000	–	–	8,000	$0.998	23 February 2015
21 November 2005	16,000	–	–	16,000	$0.933	20 November 2015
7 July 2006	44,000	28,000	–	16,000	$1.000	6 July 2016
20 June 2007	350,000	328,000	–	22,000	$1.657	19 June 2017
25 June 2008	374,000	260,000	–	114,000	$1.840	24 June 2018
1 July 2009	612,000	568,000	–	44,000	$1.793	30 June 2019
13 July 2010	823,000	294,000	26,000	503,000	$2.680	12 July 2020
	2,310,000	1,505,000	26,000	779,000		

Report Of The Directors

5 SHARE OPTIONS (CONT'D)

(i) Details of the options granted to Directors since the commencement of The 2001 Scheme up to 31 December 2011 were as follows:

	Number of options to subscribe for ordinary shares		
Directors	**Aggregate options granted since the commencement to 31 December 2011**	**Aggregate options exercised/lapsed since the commencement to 31 December 2011**	**Aggregate options outstanding at 31 December 2011**
Lim Jit Poh	160,000	160,000	–
Kua Hong Pak	54,000	54,000	–
Heng Chye Kiou	1,470,000	1,470,000	–
Ho Kah Leong	39,000	39,000	–
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 four non-executive independent Directors:

Goh Yeow Tin *(Appointed as Chairman on 1 January 2012)*
Ho Kah Leong *(Appointed on 1 January 2012)*
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 external auditors, Deloitte & Touche LLP, including the scope of the non-audit services performed and confirmed that the auditors are independent.

Report Of The Directors

6 AUDIT COMMITTEE (CONT'D)

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 LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Heng Chye Kiou
Chief Executive Officer

Singapore
9 February 2012

Statement Of Directors

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 39 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 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company 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
9 February 2012

Independent Auditors' Report
to the Members of VICOM Ltd and its Subsidiaries

Report on the Financial Statements
We have audited the accompanying financial statements of VICOM Ltd (the Company) and its subsidiaries (the Group) which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the income statement, comprehensive income statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 79.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 about 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 of financial statements that give a true and fair view 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 Management, 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, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements
In our opinion, 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 LLP
Public Accountants and
Certified Public Accountants
Singapore

9 February 2012

Statements Of Financial Position
31 December 2011

	Note	The Group 2011 $'000	The Group 2010 $'000	The Company 2011 $'000	The Company 2010 $'000
ASSETS					
Current assets					
Cash and cash equivalents	5	55,010	49,083	52,377	46,987
Trade receivables	6	10,530	6,935	2,365	1,468
Other receivables and prepayments	7	905	1,498	450	887
Inventories		8	10	–	–
Total current assets		66,453	57,526	55,192	49,342
Non-current assets					
Subsidiaries	8	–	–	25,941	26,187
Associate	9	25	40	–	–
Other receivables and prepayments	7	297	103	–	–
Club memberships	10	315	315	315	315
Vehicles, premises and equipment	11	55,535	48,876	32,148	33,445
Goodwill	12	11,325	11,325	–	–
Total non-current assets		67,497	60,659	58,404	59,947
Total assets		133,950	118,185	113,596	109,289
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	13	20,801	18,745	37,363	41,086
Income tax payable		5,080	4,392	1,750	1,499
Total current liabilities		25,881	23,137	39,113	42,585
Non-current liability					
Deferred tax liabilities	14	1,582	1,728	350	375
Capital, reserves and non-controlling interests					
Share capital	15	34,397	31,355	34,397	31,355
Other reserves	16	3,206	3,284	3,206	3,284
Foreign currency translation reserve	8	(37)	(21)	–	–
Accumulated profits		67,891	57,372	36,530	31,690
Equity attributable to shareholders of the Company		105,457	91,990	74,133	66,329
Non-controlling interests		1,030	1,330	–	–
Total equity		106,487	93,320	74,133	66,329
Total liabilities and equity		133,950	118,185	113,596	109,289

See accompanying notes to the financial statements.

Group Income Statement
Year Ended 31 December 2011

	Note	The Group 2011 $'000	2010 $'000
Revenue	21	90,739	83,978
Staff costs	17	(39,763)	(36,039)
Depreciation expense	11	(5,241)	(5,388)
Repairs and maintenance		(1,572)	(1,440)
Materials and consumables		(2,709)	(2,723)
Contract services		(2,866)	(3,816)
Premises costs		(3,055)	(2,737)
Utilities and communication costs		(1,992)	(1,811)
Other operating expenses		(3,555)	(3,128)
Total operating expenses		(60,753)	(57,082)
Operating profit		29,986	26,896
Net income from investments		-	26
Interest income		166	162
Share of loss in associate		(15)	(10)
Profit before taxation		30,137	27,074
Taxation	18	(4,613)	(4,725)
Profit after taxation	19	25,524	22,349
Attributable to:			
Shareholders of the Company		25,100	22,165
Non-controlling interests		424	184
		25,524	22,349
Earnings per share (in cents):			
Basic	20	28.73	25.76
Diluted	20	28.65	25.59

See accompanying notes to the financial statements.

Group Comprehensive Income Statement
Year Ended 31 December 2011

	The Group	
	2011 $'000	**2010 $'000**
Profit after taxation	25,524	22,349
Exchange differences arising on translation of foreign operations	(16)	10
Other comprehensive (expense) income for the year	(16)	10
Total comprehensive income for the year	25,508	22,359
Total comprehensive income attributable to:		
Shareholders of the Company	25,084	22,175
Non-controlling interests	424	184
	25,508	22,359

See accompanying notes to the financial statements.

Statements Of Changes In Equity
Year Ended 31 December 2011

	The Group						
	Attributable to shareholders of the Company						
	Share capital $'000	Other reserves $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2010	**30,296**	**3,175**	**(31)**	**45,800**	**79,240**	**1,531**	**80,771**
Total comprehensive income for the year	–	–	10	22,165	22,175	184	22,359
Exercise of share options (Notes 15 and 16)	1,059	(31)	–	–	1,028	–	1,028
Recognition of share-based payments	–	140	–	–	140	–	140
Payment of dividends (Note 25)	–	–	–	(10,593)	(10,593)	–	(10,593)
Payment of dividends to non-controlling interests	–	–	–	–	–	(385)	(385)
Balance at 31 December 2010	**31,355**	**3,284**	**(21)**	**57,372**	**91,990**	**1,330**	**93,320**
Total comprehensive (expense) income for the year	–	–	(16)	25,100	25,084	424	25,508
Exercise of share options (Notes 15 and 16)	3,042	(170)	–	–	2,872	–	2,872
Recognition of share-based payments	–	92	–	–	92	–	92
Payment of dividends (Note 25)	–	–	–	(14,581)	(14,581)	–	(14,581)
Payments to non-controlling interests	–	–	–	–	–	(724)	(724)
Balance at 31 December 2011	**34,397**	**3,206**	**(37)**	**67,891**	**105,457**	**1,030**	**106,487**

See accompanying notes to the financial statements.

Statements Of Changes In Equity
Year Ended 31 December 2011

	The Company			
	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total equity $'000
Balance at 1 January 2010	**30,296**	**3,175**	**24,701**	**58,172**
Total comprehensive income for the year	–	–	17,582	17,582
Exercise of share options (Notes 15 and 16)	1,059	(31)	–	1,028
Recognition of share-based payments	–	140	–	140
Payment of dividends (Note 25)	–	–	(10,593)	(10,593)
Balance at 31 December 2010	**31,355**	**3,284**	**31,690**	**66,329**
Total comprehensive income for the year	–	–	19,421	19,421
Exercise of share options (Notes 15 and 16)	3,042	(170)	–	2,872
Recognition of share-based payments	–	92	–	92
Payment of dividends (Note 25)	–	–	(14,581)	(14,581)
Balance at 31 December 2011	**34,397**	**3,206**	**36,530**	**74,133**

See accompanying notes to the financial statements.

Group Cash Flow Statement
Year Ended 31 December 2011

	2011 $'000	2010 $'000
Operating activities		
Profit before taxation	30,137	27,074
Adjustments for:		
Depreciation expense	5,241	5,388
Interest income	(166)	(162)
(Gain) Loss on disposal of vehicles, premises and equipment	(11)	29
Share-based payment expense	92	140
Allowance (Write-back) for doubtful trade receivables	68	(20)
Bad debts written off	10	–
Share of loss in associate	15	10
Net income from investments	–	(26)
Operating cash flows before movements in working capital	35,386	32,433
Trade receivables	(3,673)	(362)
Other receivables and prepayments	608	(709)
Inventories	2	15
Trade and other payables	2,056	38
Cash generated from operations	34,379	31,415
Income tax paid	(4,071)	(3,906)
Net cash from operating activities	30,308	27,509
Investing activities		
Purchase of vehicles, premises and equipment	(12,155)	(11,092)
Funding from Land Transport Authority for Vehicle Emission Test Laboratory	–	98
Proceeds from disposal of vehicles, premises and equipment	65	20
Investment in associate	–	(50)
Interest received	151	167
Net cash used in investing activities	(11,939)	(10,857)
Financing activities		
Proceeds from exercise of share options	2,872	1,028
Payments to non-controlling interests	(724)	(385)
Dividends paid (Note 25)	(14,581)	(10,593)
Net cash used in financing activities	(12,433)	(9,950)
Net effect of exchange rate changes in consolidating subsidiaries	(9)	4
Net increase in cash and cash equivalents	5,927	6,706
Cash and cash equivalents at beginning of year	49,083	42,377
Cash and cash equivalents at end of year (Note 5)	55,010	49,083

See accompanying notes to the financial statements.

Notes To The Financial Statements
31 December 2011

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 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 companies in the Group include the provision of motor vehicle inspection services and provision of non-vehicle testing, inspection and consultancy services, as 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 2011 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2011 were authorised for issue by the Board of Directors on 9 February 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, 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 ("FRS").

ADOPTION OF REVISED FINANCIAL STANDARDS - In the current financial year, the Group has adopted all the revised FRSs that are relevant to its operations and effective for annual periods beginning on 1 January 2011.

The following are the revised FRSs that are relevant to the Group:

FRS 24 (Revised)	–	Related Party Disclosures
Improvements to FRS 1	–	Presentation of Financial Statements
Improvements to FRS 103	–	Business Combinations
Improvements to FRS 107	–	Financial Instruments: Disclosures

The adoption of these revised FRSs has no material effect on the amounts reported for the current or prior years.

NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED – The Group has not applied the following accounting standards that are relevant to the Group and have been issued as at the end of the reporting period but are not yet effective:

FRS 110	–	Consolidated Financial Statements
FRS 112	–	Disclosure of Interests in Other Entities
FRS 113	–	Fair Value Measurement
FRS 27 (Revised)	–	Separate Financial Statements
FRS 28 (Revised)	–	Investments in Associates and Joint Ventures
Amendments to FRS 1	–	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
Amendments to FRS 107	–	Financial Instruments: Disclosures (Transfers of Financial Assets)

These standards are not expected to have any material impact on the Group's financial statements when they are adopted.

Notes To The Financial Statements
31 December 2011

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.

Any changes in the Group's interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. The difference between the change in the carrying amounts of the non–controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity of the Company.

The results of subsidiaries acquired or divested during the year are included in the Group comprehensive income statement from the effective date of acquisition or up to the effective date of divestment, as appropriate.

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

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

Non–controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's entity therein. Non–controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the non–controlling interests' share of changes in equity since the date of the combination. Losses are attributed to non–controlling interests even if this results in the non–controlling interests having a deficit balance.

In the statement of financial position of the Company, investments in subsidiaries and associate are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – The acquisition of subsidiaries is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group to the former owners of the acquiree in exchange for control of the acquiree. 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 deferred tax assets or liabilities which are recognised and measured in accordance with FRS 12 Income Taxes. Acquisition–related costs are recognised in profit or loss as incurred.

The interest of the non–controlling shareholders in the acquiree is initially measured at the non–controlling interest'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 statement of financial position 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.

Notes To The Financial Statements
31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Trade and other 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 the end of each reporting period. 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 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.

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.

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, comprise of spare parts for the vehicle inspection equipment, are stated at cost. 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.

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

Notes To The Financial Statements
31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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. As the valuation was carried out for the purpose of updating the book value of the leasehold land at that time and was a one–off revaluation, the Group and the Company have opted for an exemption under FRS 16, Property, Plant and Equipment to further revalue its leasehold land. 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 projects in progress comprising development and construction costs incurred during the period of construction are carried at cost, less any recognised provision for impairment. Depreciation on these assets, on the same basis as other vehicles, premises and equipment, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of the assets, other than capital projects in progress, over their estimated useful lives, using the straight–line method, on the following bases:

Leasehold land and buildings	–	Over the remaining lease period
Furniture, fittings and equipment	–	5 years
Workshop machinery, tools and equipment	–	5 to 20 years
Motor vehicles	–	5 years
Computers and automated equipment	–	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

On disposal of an item of vehicles, premises and equipment, the difference between the sale proceeds and its carrying amount is recognised in profit or loss.

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 still in use are retained in the financial statements.

ASSOCIATE – An associate is an entity over which the Group does not have control but has met the requirements for equity accounting under FRS 28 Investments in Associates.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Group's statements of financial position 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.

Notes To The Financial Statements
31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 profit or loss.

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. 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 acquisition, the excess is recognised immediately in profit or loss.

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

IMPAIRMENT OF TANGIBLE ASSETS – At the end of each reporting period, 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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the provision for impairment is treated as a revaluation decrease.

Notes To The Financial Statements

31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 only to the extent 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 provision for impairment is recognised immediately in profit or loss.

PROVISIONS – Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, 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 present value of the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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 end of the reporting period.

(iii) Share-based Payments - Under The 2001 Scheme which has expired on 26 April 2011, the Company has issued equity-settled share-based payments to certain employees and Directors. 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 17. 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 with a corresponding adjustment against share option reserve, 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.

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

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group are deducted in reporting the related expense.

Notes To The Financial Statements
31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes.

Rendering of services

Revenue from motor vehicle inspection, evaluation and assessment services is recognised as and when services are rendered.

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

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.

Dividend income

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

INCOME TAX – Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised on 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 the end of each reporting period 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 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.

Notes To The Financial Statements
31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or 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 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 statement of financial position and statement of changes in equity 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 rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at rates prevailing at the end of each reporting period. 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 or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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 at the end of the reporting period. 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 recognised in other comprehensive income and accumulate in the Group's currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in the 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 required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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. Management is of the opinion that any instances of applications 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).

Notes To The Financial Statements
31 December 2011

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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 review of goodwill

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

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") 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. The carrying amount of goodwill at the end of the reporting period is disclosed in Note 12.

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 4 years based on an estimated growth rate of approximately 3% (2010 : 4%).

The discount rate applied to the forecast is assumed at 5.72% (2010 : 6.41%).

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

As at 31 December 2011 and 31 December 2010, any reasonably possible changes to the key assumptions applied are not likely to cause the recoverable amount to be below the carrying amount of the CGU.

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 amount 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 2011 is disclosed in Note 6.

Useful lives of vehicles, premises and equipment

As described in Note 2, the Group reviews the estimated useful lives of vehicles, premises and equipment at the end of each annual reporting period. During the financial year, Management determined that the estimated useful lives of vehicles, premises and equipment are appropriate and no material revision is required.

Notes To The Financial Statements
31 December 2011

4 HOLDING COMPANY AND RELATED COMPANY/PARTY TRANSACTION

The Company is a subsidiary of ComfortDelGro Corporation Limited, incorporated in the Republic of Singapore, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the 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 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 related company transactions are as follows:

	The Group	
	2011 $'000	2010 $'000
Inspection fee income charged to related companies	(1,822)	(1,799)
Diesel outlet (variable rental) income charged to related company	(404)	(407)
Rental income charged to related companies	(211)	(211)
Assessment fee charged to related companies	(209)	(188)
Other fees charged to related companies	(35)	(36)
Testing fee income charged to related companies	(62)	(60)
Corporate service charges paid to holding company	350	350
Other charges paid to holding company	29	45
Other charges paid to related companies	109	89
Rental expense paid to related companies	150	124

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 CASH EQUIVALENTS

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash and bank balances	3,080	1,705	447	347
Fixed deposits with financial institutions	51,930	47,378	51,930	46,640
Total	55,010	49,083	52,377	46,987

Fixed deposits are placed on a staggered basis based on the Group's cashflow projections, bear interest at effective interest rates of between 0.28% to 0.62% (2010 : 0.24% to 2.75%) per annum and for a weighted average tenure of approximately 152 days (2010 : 130 days). These deposits are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes To The Financial Statements
31 December 2011

6 TRADE RECEIVABLES

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Outside parties	10,523	6,734	816	525
Allowance for doubtful trade receivables	(169)	(130)	(5)	–
Allowance for discount allowed	(198)	(97)	–	–
Net	10,156	6,507	811	525
Non-controlling shareholders of a subsidiary	–	58	–	–
Holding company	1	1	–	–
Subsidiaries (Note 4)	–	–	1,391	824
Related companies	373	369	163	119
Total	10,530	6,935	2,365	1,468

The average credit period on sale of goods and provision of services is 30 days (2010 : 30 days).

An allowance has been made for estimated irrecoverable amounts from the provision of services to outside parties of $169,000 (2010 : $130,000). 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 66% (2010 : 75%) 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 $3,496,000 (2010 : $1,640,000) 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 49 days (2010 : 45 days). The Company does not hold any collateral over these balances. On the average, these trade receivables are past due for 70 days (2010 : 63 days).

Movement in the allowance for doubtful debts

	The Group	
	2011 $'000	2010 $'000
Balance at beginning of the year	130	175
Amounts written off during the year	(29)	(25)
Increase (Decrease) in allowance recognised in profit or loss	68	(20)
Balance at end of the year	169	130

Notes To The Financial Statements
31 December 2011

6 TRADE RECEIVABLES (CONT'D)

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

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Denominated in:				
United States Dollars	110	–	–	–

7 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Staff loans	7	13	–	–
Grant receivable	343	343	343	343
Other receivables	227	280	–	–
Net GST recoverable	–	469	–	469
Interest receivable	37	22	37	22
Deposits	481	246	14	13
Prepayments	107	228	56	40
Total	1,202	1,601	450	887
Less: Non-current portion				
Staff loans	–	(7)	–	–
Deposits	(297)	(96)	–	–
	(297)	(103)	–	–
Current portion	905	1,498	450	887

The staff loans are unsecured, bear interest at 2% (2010 : 2%) per annum and are repayable on a monthly basis.

Notes To The Financial Statements
31 December 2011

8 SUBSIDIARIES

	The Company	
	2011 $'000	2010 $'000
Unquoted equity shares, at cost	25,941	26,196
Less: Provision for impairment	–	(9)
	25,941	26,187

Movement in the provision for impairment

Balance at beginning of the year	9	–
(Decrease) Increase in allowance recognised in profit or loss	(9)	9
Balance at end of the year	–	9

Details of subsidiaries at 31 December 2011 are as follows:

Name of entity	Principal activity	Country of incorporation/ operation	Group's effective interest		Cost of investment	
			2011 %	2010 %	2011 $'000	2010 $'000
VICOM Inspection Centre Pte Ltd	Provision of vehicle inspection services	Singapore	100	100	4,160	4,160
VICOM Assessment Centre Pte Ltd	Dormant	Singapore	–	51	–	255
JIC Inspection Services Pte Ltd	Vehicle inspection and other related services	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
Subsidiaries of Setsco Services Pte Ltd						
Setsco Services (M) Sdn Bhd	Provision of testing, inspection and consultancy services	Malaysia	100	100	–	–
Setsco Consultancy International Pte Ltd	Provision of professional inspection and engineering services	Singapore	100	100	–	–
					25,941	26,196

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

Notes To The Financial Statements
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8 SUBSIDIARIES (CONT'D)

The Group is in compliance with Listing Rules 712 and 715 of The Singapore Exchange Securities Trading Limited as suitable auditing firms have been appointed to meet the Group's audit obligations. In accordance to Rule 716, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

9 ASSOCIATE

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Unquoted equity shares, at cost	50	50	–	–
Less: Share of post-acquisition reserves	(25)	(10)	–	–
Net	25	40	–	–

a) Details of the associate at 31 December 2011 is as follows:

Associate of Setsco Consultancy International Pte Ltd	Principal activity	Country of incorporation/ operations	Group's effective interest		Cost of investment	
			2011 %	**2010 %**	**2011 $'000**	**2010 $'000**
Setsco Middle East Laboratory LLC	Provision of testing, inspection, training, certification and consultancy services	Abu Dhabi, United Arab Emirates/Dormant	49	49	50	50

The associate was set up on 30 November 2010 and was dormant as at 31 December 2011 and 2010. The accounts have not been audited. The associate is insignificant.

b) Summarised financial information for the period ended 31 December 2011 in respect of the Group's associate is set out below:

	2011 $'000	**2010 $'000**
Total assets and net assets	46	77
Group's share of associate's net assets	23	38
Loss for the year	31	20
Group's share of associate's loss for the year	15	10

Notes To The Financial Statements
31 December 2011

10 CLUB MEMBERSHIPS

	The Group and The Company	
	2011 $'000	2010 $'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

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

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

Notes To The Financial Statements
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11 VEHICLES, PREMISES AND EQUIPMENT

	Leasehold buildings $'000	Leasehold land $'000
Group		
Cost or valuation:		
At 1 January 2010	47,920	7,300
Additions	141	–
Disposals	(76)	–
Transfers from capital projects in progress	129	–
Exchange differences	–	–
At 31 December 2010	48,114	7,300
Additions	1,058	213
Disposals	(3)	–
Transfers from capital projects in progress	8,283	7,300
Exchange differences	(1)	–
At 31 December 2011	57,451	14,813
Comprising:		
At cost	57,451	7,513
At valuation	–	7,300
Total	57,451	14,813
Accumulated depreciation:		
At 1 January 2010	21,653	2,366
Depreciation	1,835	161
Disposals	(75)	–
Exchange differences	–	–
At 31 December 2010	23,413	2,527
Depreciation	1,584	411
Disposals	(3)	–
Exchange differences	–	–
At 31 December 2011	24,994	2,938
Carrying amounts:		
At 31 December 2011	32,457	11,875
At 31 December 2010	24,701	4,773

Furniture, fittings and equipment $'000	Workshop machinery, tools and equipment $'000	Motor vehicles $'000	Computers and automated equipment $'000	Capital projects in progress $'000	Total $'000
1,634	29,460	1,346	2,295	–	89,955
113	1,594	137	147	8,878	11,010
(276)	(703)	(46)	(679)	–	(1,780)
5	629	–	–	(763)	–
–	8	3	1	–	12
1,476	30,988	1,440	1,764	8,115	99,197
85	1,770	281	96	8,458	11,961
(61)	(242)	(156)	(104)	–	(566)
602	290	–	41	(16,516)	–
–	(8)	(3)	(1)	–	(13)
2,102	32,798	1,562	1,796	57	110,579
2,102	32,798	1,562	1,796	57	103,279
–	–	–	–	–	7,300
2,102	32,798	1,562	1,796	57	110,579
1,304	18,592	589	2,154	–	46,658
138	2,894	246	114	–	5,388
(270)	(685)	(46)	(655)	–	(1,731)
–	4	2	–	–	6
1,172	20,805	791	1,613	–	50,321
154	2,714	234	144	–	5,241
(60)	(211)	(135)	(103)	–	(512)
–	(4)	(2)	–	–	(6)
1,266	23,304	888	1,654	–	55,044
836	9,494	674	142	57	55,535
304	10,183	649	151	8,115	48,876

Notes To The Financial Statements
31 December 2011

11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

	Leasehold buildings $'000	Leasehold land $'000
Company		
Cost or valuation:		
At 1 January 2010	37,724	7,300
Additions	109	–
Disposals	–	–
At 31 December 2010	37,833	7,300
Additions	163	213
Disposals	–	–
Transfer from capital projects in progress	–	7,300
At 31 December 2011	37,996	14,813
Comprising:		
At cost	37,996	7,513
At valuation	–	7,300
Total	37,996	14,813
Accumulated depreciation:		
At 1 January 2010	17,109	2,366
Depreciation	1,467	161
Disposals	–	–
At 31 December 2010	18,576	2,527
Depreciation	1,179	411
Disposals	–	–
At 31 December 2011	19,755	2,938
Carrying amounts:		
At 31 December 2011	18,241	11,875
At 31 December 2010	19,257	4,773

	Furniture, fittings and equipment $'000	Workshop machinery, tools and equipment $'000	Motor vehicles $'000	Computers and automated equipment $'000	Capital projects in progress $'000	Total $'000
	1,044	2,338	121	402	–	48,929
	6	6	–	5	7,300	7,426
	(16)	–	–	(27)	–	(43)
	1,034	2,344	121	380	7,300	56,312
	7	7	–	8	40	438
	(28)	–	(41)	(71)	–	(140)
	–	–	–	–	(7,300)	–
	1,013	2,351	80	317	40	56,610
	1,013	2,351	80	317	40	49,310
	–	–	–	–	–	7,300
	1,013	2,351	80	317	40	56,610
	998	165	110	389	–	21,137
	17	121	2	5	–	1,773
	(16)	–	–	(27)	–	(43)
	999	286	112	367	–	22,867
	15	123	2	5	–	1,735
	(28)	–	(41)	(71)	–	(140)
	986	409	73	301	–	24,462
	27	1,942	7	16	40	32,148
	35	2,058	9	13	7,300	33,445

Notes To The Financial Statements
31 December 2011

11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

A lump sum land premium of $7.3 million was transferred from capital projects in progress to leasehold land during the year. It was paid for the renewal of the lease for another 30 years which was capitalised from 1 January 2011.

Details of the Company's and the Group's 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	9,625.0 sq metre	30 years from October 1995 with option to renew another 30 years	Inspection, testing and assessment services
The Company	100%	No. 385 Sin Ming Drive Singapore 575718	10,852.6 sq metre	30 years from January 2011	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 services
The Company	100%	No. 501 Yishun Industrial Park A Singapore 768732	1,104.9 sq metre	24 years from July 1989 with option to renew another 30 years	Inspection 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	6,015.0 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 2009	Testing, inspection and consultancy services
Setsco Services (M) Sdn Bhd	100%	31 Jln Industri Mas 12 Taman Mas 47100 Puchong Selangor Darul Ehsan West Malaysia	791.5 sq metre	99 years from December 2009	Testing, inspection and consultancy services

Notes To The Financial Statements
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11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

Held by	Group's effective interest	Location	Approximate land area	Tenure	Usage
JIC Inspection Services Pte Ltd	78%	No. 53 Pioneer Road Singapore 628505	9,190.0 sq metre	30 years from December 1994	Inspection services
JIC Inspection Services Pte Ltd	78%	No. 15 Ang Mo Kio Street 63 Singapore 569117	2,145.0 sq metre	14 months from January 2012	Inspection services

12 GOODWILL

	The Group	
	2011 $'000	2010 $'000
Carrying amount:		
At beginning and end of year	11,325	11,325

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

	The Group	
	2011 $'000	2010 $'000
Test and inspection services	9,268	9,268
Vehicle inspection services	2,057	2,057
	11,325	11,325

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

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13 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Outside parties	2,972	2,862	713	531
Holding company (Note 4)	144	160	130	154
Subsidiaries (Note 4)	–	–	34,661	39,174
Related companies	43	55	4	4
Accruals	12,396	11,152	1,127	348
Deferred income	1,385	1,214	–	–
Deposits received from customers	2,564	1,865	408	404
Others	1,297	1,437	320	471
Total	20,801	18,745	37,363	41,086

The average credit period on purchases of goods and services is 30 or 60 days (2010 : 30 or 60 days).

Included in the payable to subsidiaries is an amount of $34,162,500 (2010 : $38,748,000) are funds held under central pooling which is unsecured and repayable on demand. Subsidiaries, except wholly-owned subsidiaries, receive interest at the rate of 0.28% to 0.34% (2010 : 0.24%) per annum.

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

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States Dollars	20	22	–	–
United Arab Emirates Dirham	–	16	–	–
Japanese Yen	15	30	–	–

14 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 2010	1,266	(98)	1,168
Charge to profit or loss for the year (Note 18)	547	13	560
At 31 December 2010	1,813	(85)	1,728
(Credit) Charge to profit or loss for the year (Note 18)	(193)	47	(146)
At 31 December 2011	1,620	(38)	1,582

Notes To The Financial Statements
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14 DEFERRED TAX LIABILITIES (CONT'D)

	Accelerated tax depreciation $'000	Provisions $'000	Total $'000
Company			
At 1 January 2010	160	–	160
Charge to profit or loss for the year	215	–	215
At 31 December 2010	375	–	375
Credit to profit or loss for the year	(25)	–	(25)
At 31 December 2011	350	–	350

15 SHARE CAPITAL

	The Group and The Company			
	2011	2010	2011	2010
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	86,358,000	85,663,500	31,355	30,296
Exercise of share options	1,505,000	694,500	3,042	1,059
At end of year	87,863,000	86,358,000	34,397	31,355

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

Share options

As at 31 December 2011, employees held options of 779,000 ordinary shares in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
24,000	6 October 2012
12,000	26 June 2013
12,000	18 December 2013
8,000	22 August 2014
8,000	23 February 2015
16,000	20 November 2015
16,000	6 July 2016
22,000	19 June 2017
114,000	24 June 2018
44,000	30 June 2019
503,000	12 July 2020
779,000	

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15 SHARE CAPITAL (CONT'D)

As at 31 December 2010, employees held options of 2,310,000 ordinary shares (of which 823,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
18,000	5 April 2012
33,000	6 October 2012
12,000	26 June 2013
12,000	18 December 2013
8,000	22 August 2014
8,000	23 February 2015
16,000	20 November 2015
44,000	6 July 2016
350,000	19 June 2017
374,000	24 June 2018
612,000	30 June 2019
823,000	12 July 2020
2,310,000	

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 17(e).

16 OTHER RESERVES

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Share option reserve:				
At beginning of year	211	102	211	102
Recognition of share-based payments	92	140	92	140
Exercise of share options	(170)	(31)	(170)	(31)
At end of year	133	211	133	211
Revaluation reserve:				
At beginning and end of year	3,073	3,073	3,073	3,073
Net	3,206	3,284	3,206	3,284

The revaluation reserve relates to valuation of leasehold land (Note 11), which is not available for distribution to the Company's shareholders.

The share option reserve arises from 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 15 and 17(e).

Notes To The Financial Statements
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17 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 %
2011				
$250,000 to $499,999				
Heng Chye Kiou	45	46	9	100
2010				
$250,000 to $499,999				
Heng Chye Kiou	45	46	9	100

The remuneration of all the other non-executive Directors is below $250,000 and comprised entirely of Directors' fees (Note 19).

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

The remuneration of the key executives (excluding Directors of the Group) 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 %
2011				
$250,000 to $499,999				
No. of executives : 2	52	37	11	100
Below $250,000				
No. of executives : 3	58	36	6	100
2010				
$250,000 to $499,999				
No. of executives : 2	52	37	11	100
Below $250,000				
No. of executives : 3	57	35	8	100

The Code of Corporate Governance recommends the disclosure of the remuneration of the Group's top five key executives. The Board had considered this matter carefully and has decided against such disclosure. Given the wage disparities in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure will outweigh the benefits.

Notes To The Financial Statements
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17 STAFF COSTS (CONT'D)

(c) The remuneration of the Directors and key executives comprises mainly of short term benefits amounting to $2,029,000 (2010 : $1,917,000).

(d)

	The Group	
	2011 $'000	2010 $'000
Cost of defined contribution plans (included in staff costs)	3,494	3,097

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

(e) Share-based Payments (included in staff costs)

Equity-settled share option scheme

The Company has a share option scheme for some employees and all Directors of the Company which expired on 26 April 2011 and hence no option has been granted since then. The existing options granted will continue to vest according to the terms and conditions of the scheme and the respective grants. The scheme is administered by the Remuneration Committee. Information on the share option scheme is disclosed in paragraph 5 to the Report of the Directors. 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 granted will lapse when the option holder ceases to be a full-time employee or a Director of the Group, subject to certain exceptions at the discretion of the Remuneration Committee.

	The Group and The Company			
	2011		2010	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	2,310,000	2.03	2,181,500	1.61
Granted during the year	–	–	823,000	2.68
Lapsed during the year	(26,000)	2.68	–	–
Exercised during the year	(1,505,000)	1.91	(694,500)	1.48
Outstanding at the end of the year	779,000	2.25	2,310,000	2.03
Exercisable at the end of the year	779,000	2.25	1,487,000	1.67

The weighted average share price at the date of exercise for share options exercised during the year was $3.18 (2010 : $2.72). The options outstanding at the end of the year have an average remaining contractual life of 7.4 years (2010 : 8.1 years).

Notes To The Financial Statements
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17 STAFF COSTS (CONT'D)

In 2010, options were granted on 13 July 2010. The estimated fair value of the options granted on that date was $0.24 each.

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

The fair values for share options granted in 2010 were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

Prevailing share price at date of grant ($)	2.77
Exercise price ($)	2.68
Expected volatility (%)	19.49
Expected life (years)	3.00
Risk free rate (%)	1.34
Expected dividend yield (%)	5.16

In 2010, expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years. 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.

In 2011, the Group recognised total expenses of $92,000 (2010 : $140,000) related to equity-settled share-based payment transactions.

18 TAXATION

	The Group	
	2011 $'000	**2010 $'000**
Taxation charge (credit) in respect of profit for the financial year:		
Current taxation		
Singapore	5,140	4,380
Foreign	35	23
Deferred tax (Note 14)	(188)	243
Adjustment in respect of (over) under provision in prior years:		
Current taxation	(416)	(238)
Deferred tax (Note 14)	42	317
	4,613	4,725

Notes To The Financial Statements
31 December 2011

18 TAXATION (CONT'D)

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2010 : 17%) to profit before taxation as a result of the following differences:

	The Group	
	2011 $'000	**2010 $'000**
Profit before taxation	30,137	27,074
Taxation at the domestic income tax rate of 17% (2010 : 17%)	5,123	4,603
Non-allowable items	387	328
Tax-exempt income	(105)	(104)
(Over) Under provision in prior years (net)	(374)	79
Tax benefits under Productivity and Innovation Credit Scheme	(415)	(242)
Effect of different tax rates of subsidiary operating in other jurisdiction	11	3
Deferred tax benefit (utilised) not recognised	(14)	58
	4,613	4,725

The Group no longer has the following tax losses carryforwards for offsetting against future taxable income as the subsidiary has applied to the Accounting & Corporate Regulatory Authority of Singapore to strike its name off the Register of Companies:

	2011 $'000	**2010 $'000**
Amount at beginning of year	520	252
Adjustment to prior year	–	(74)
(Adjusted) Amount in current year	(520)	342
Amount at end of year	–	520
Deferred tax benefit on above unrecorded	–	88

Notes To The Financial Statements
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19 PROFIT AFTER TAXATION

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

	The Group	
	2011 $'000	2010 $'000
Directors' fees	298	238
Foreign currency exchange adjustment loss (gain)	13	(7)
(Gain) Loss on disposal of vehicles, premises and equipment	(11)	29
Allowance (Write-back) for doubtful trade receivables	68	(20)
Bad debts written off	10	–
Government grants	–	(15)
Audit fees:		
Auditors of the Company		
– Current	62	69
– Overprovision in prior year	–	(1)
Other auditors	2	2
Non-audit fees:		
Auditors of the Company		
– Current	21	25
Other auditors	1	–

20 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:

	2011	2010
Profit attributable to shareholders of the Company ($'000)	25,100	22,165
Weighted average number of ordinary shares in issue (thousands)	87,365	86,060
Basic earnings per share (in cents)	28.73	25.76

Notes To The Financial Statements
31 December 2011

20 EARNINGS PER SHARE (CONT'D)

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from share options.

	2011	2010
Profit attributable to shareholders of the Company ($'000)	25,100	22,165
Weighted average number of ordinary shares in issue (thousands)	87,365	86,060
Adjustments for share options (thousands)	248	556
Weighted average number of ordinary shares for the purpose of diluted earnings per share (thousands)	87,613	86,616
Diluted earnings per share (in cents)	28.65	25.59

21 SEGMENT INFORMATION

The Group operates predominantly in Singapore.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is organised into vehicle inspection business, test and inspection services, and other related business. Other related business include vehicle assessment, commissions from road tax renewal and sale of mainly motor insurance policies, In-vehicle Unit (IU) services, Vehicle Inspection and Type Approval System (VITAS), car evaluation services, emission certification and testing, consultancy projects and rental income.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's income 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.

Notes To The Financial Statements
31 December 2011

21 SEGMENT INFORMATION (CONT'D)

	Vehicle inspection business $'000	Test and inspection services $'000	Other related business $'000	Elimination $'000	Total $'000
Group					
2011					
REVENUE					
External sales	28,230	55,074	7,435	–	90,739
Inter-segment sales	3	113	9,342	(9,458)	–
Total	28,233	55,187	16,777	(9,458)	90,739
RESULT					
Operating profit	10,618	10,585	8,783	–	29,986
Interest income					166
					30,152
Share of loss in associate					(15)
Profit before taxation					30,137
Taxation					(4,613)
Profit after taxation					25,524
Non-controlling interests					(424)
Profit attributable to shareholders of the Company					25,100
OTHER INFORMATION					
Additions to vehicles, premises and equipment	1,379	10,499	83	–	11,961
Depreciation expense	2,301	2,762	178	–	5,241
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Segment assets	49,093	51,445	21,772	–	122,310
Goodwill	2,057	9,268	–	–	11,325
Unallocated corporate assets					315
Consolidated total assets					133,950
LIABILITIES					
Segment liabilities	2,433	15,665	2,703	–	20,801
Unallocated corporate liabilities					6,662
Consolidated total liabilities					27,463

Notes To The Financial Statements
31 December 2011

21 SEGMENT INFORMATION (CONT'D)

	Vehicle inspection business $'000	Test and inspection services $'000	Other related business $'000	Elimination $'000	Total $'000
Group					
2010					
REVENUE					
External sales	25,517	51,295	7,166	–	83,978
Inter-segment sales	2	109	7,493	(7,604)	–
Total	25,519	51,404	14,659	(7,604)	83,978
RESULT					
Operating profit	9,544	9,830	7,522	–	26,896
Net income from investments					26
Interest income					162
					27,084
Share of loss in associate					(10)
Profit before taxation					27,074
Taxation					(4,725)
Profit after taxation					22,349
Non-controlling interests					(184)
Profit attributable to shareholders of the Company					22,165
OTHER INFORMATION					
Additions to vehicles, premises and equipment	8,071	2,672	267	–	11,010
Depreciation expense	2,396	2,771	221	–	5,388
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Segment assets	49,262	44,454	12,829	–	106,545
Goodwill	2,057	9,268	–	–	11,325
Unallocated corporate assets					315
Consolidated total assets					118,185
LIABILITIES					
Segment liabilities	2,714	13,986	2,045	–	18,745
Unallocated corporate liabilities					6,120
Consolidated total liabilities					24,865

Notes To The Financial Statements
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22 CAPITAL EXPENDITURE COMMITMENTS

The Group has the following capital commitments contracted but not provided for in the financial statements:

	The Group	
	2011 $'000	2010 $'000
Purchase of vehicles, premises and equipment	1,585	8,253

23 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	The Group	
	2011 $'000	2010 $'000
Minimum lease payments under operating leases recognised as an expense in the year	1,686	1,532

The annual rentals for certain premises are subject to review every year at a variable rate up to a maximum of 5.5% (2010 : 5.5%) of the immediate preceding years' annual rent. Leases are negotiated for an average term of 30 years and rentals are fixed for an average of a year.

At the end of the reporting period, the Group has commitments in respect of non-cancellable operating leases, at prevailing rental rates, as follows:

	The Group	
	2011 $'000	2010 $'000
Within one year	1,605	1,598
In the second to fifth year inclusive	5,192	4,949
After five years	17,953	18,346
	24,750	24,893

The Group as lessor

The Group rents out their lettable space in Singapore. Rental income earned by the Group during the year was $2,179,000 (2010 : $2,196,000).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	The Group	
	2011 $'000	2010 $'000
Within one year	1,629	1,164
In the second to fifth year inclusive	1,195	497
Total	2,824	1,661

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24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

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

Interest rate risk management
The Group's exposure to interest rate risks relate primarily to its fixed deposit placements with financial institutions. The Group's policy is to obtain the most favourable interest rate available without exposing itself to any unnecessary risk. Interest rate risk is managed by placing deposits on varying maturities and terms. Based on the current interest rate level, any future variations in interest rates are not expected to have significant impact on the Group's results.

Credit risk management
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 practises 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. Cash and deposits are kept with creditworthy financial institutions. There is no significant concentration of credit risk.

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

Liquidity risk management
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 capital structure of the Group consists of equity attributable to shareholders of the Company, comprising issued capital, reserves and retained earnings.

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. These objectives determine the Group's decisions on the amount of dividends to be paid to shareholders and the sources of capital to be raised, be it equity or debt. The Group's overall strategy remains unchanged from 2010.

Notes To The Financial Statements
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25 DIVIDENDS

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

	2011 $'000	2010 $'000
Final dividend in respect of the previous financial year:		
– 6.6 cents (2010 : 6.0 cents) per ordinary share tax-exempt one-tier	5,761	5,154
Special dividend in respect of the previous financial year:		
– 3.2 cents (2010 : Nil cents) per ordinary share tax-exempt one-tier	2,793	–
Interim dividend in respect of the current financial year:		
– 6.9 cents (2010 : 6.3 cents) per ordinary share tax-exempt one-tier	6,027	5,439
Total	14,581	10,593

(b) Subsequent to the end of the reporting period, the Directors of the Company recommended that:

(i) a tax-exempt one-tier final dividend of 7.5 cents per ordinary share totalling $6,590,000 be paid for the financial year ended 31 December 2011; and

(ii) a tax-exempt one-tier special dividend of 3.2 cents per ordinary share totalling $2,811,000 be paid for the financial year ended 31 December 2011.

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.