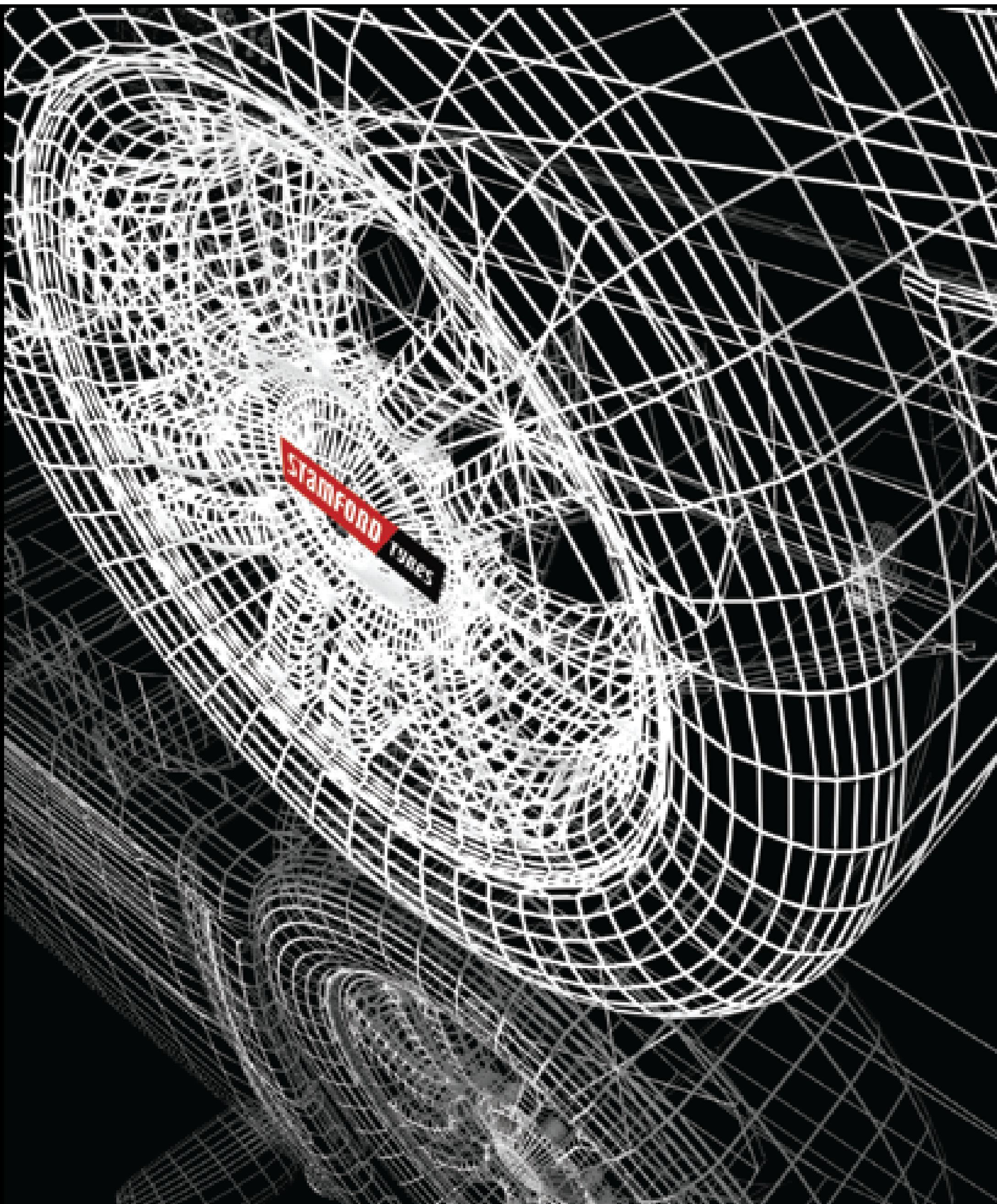
www.stamfordtyres.com

Driven

STAMFORD TYRES CORPORATION LIMITED

ANNUAL REPORT 2008



FULL SERVICE

Corporate Profile

Global tyre and wheel specialist Stamford Tyres has an international distribution network integrated with value-added services such as regional retail operations and tyre management services.

PERFORMANCE

President's Letter to Shareholders

Mr Wee is confident that the Group can weather what is ahead and face all the challenges in the industry.

MANOEUVERING OPERATIONS

Operations Review

Stamford Tyres achieved a healthy revenue growth of 10.8% from FY2007's $296.0 million to reach a new record level of $328.1 million in FY2008.

FALKEN ZIEX ZE912 CONQUERS ASIA • THAILAND WELCOMES CONTINENTAL 4X4 TYRES

www.stamfordtyres.com

STAMFORD TYRES

Driven

STAMFORD TYRES CORPORATION LIMITED

ANNUAL REPORT 2008

CONTENTS

FULL SERVICE

Corporate Profile

Established in the 1930s, Stamford Tyres is today a global tyre and wheel specialist. Our expertise lies in our international distribution competence, which we integrate with complementary value-added services such as regional retail operations and truck and off-the-road tyres with management services. Recently, we have further expanded into alloy wheel manufacturing and proprietary tyre brand outsource contract manufacturing.

The Group's international distribution network currently spans more than 10 countries in Asia Pacific, South Africa, Australia and USA. While our main business activities are in the distribution of major international tyre brands – Falken, Dunlop, Continental and Toyo Tires, we have also strengthened our product development capabilities and introduced innovative proprietary brands – Sumo Firenza tyres, Sumo Tire and SSW wheels, which are being sold globally.

We operate the most extensive retail network in Singapore with Mega Marts and Tyre Marts that offer a comprehensive range of tyres, wheels, batteries, car audio and auto accessories, as well as workshop and tyre services. We are also expanding our fully integrated concept in Malaysia.

ON THE COVER

Stamford Tyres Corporation Limited's Annual Report 2008 has as its theme, "Driven," which is all about directing the Group to growth, results and accomplishments. Armed with a proven business roadmap, Stamford Tyres steers its way to create value for its shareholders.

STAMFORD TYRES CORPORATION LIMITED
Company Registration No. 198904416M

DIRECTORS

Chairman
Chua Kim Yeow

Non-Executive Director
Dr Kwok Weng Fai

Executive Directors
President
Wee Kok Wah
Executive Vice President
Dawn Wee Wai Ying

Independent Directors
Tay Puan Siong
Sam Chong Keen
Goh Chee Wee
Michael David Nesbitt

AUDIT COMMITTEE
Chairman
Tay Puan Siong

Members
Chua Kim Yeow
Sam Chong Keen

REMUNERATION COMMITTEE
Chairman
Chua Kim Yeow

Members
Sam Chong Keen
Goh Chee Wee

NOMINATING COMMITTEE
Chairman
Sam Chong Keen

Members
Tay Puan Siong
Michael David Nesbitt

COMPANY SECRETARIES
Chuang Sheue Ling
Lo Swee Oi
(appointed on 30 August 2006)

REGISTERED OFFICE
19 Lok Yang Way
Singapore 628635
Telephone: (65) 6268 3111
Facsimile: (65) 6264 0148 / (65) 6264 4708
E-mail: stcl@stamfordtyres.com
Website: www.stamfordtyres.com

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street #08-01
Samsung Hub
Singapore 049483

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Audit Partner: Daniel Soh
(Since the financial year ended 30 April 2006)

PRINCIPAL BANKERS
United Overseas Bank Limited
Malayan Banking Berhad
Bangkok Bank Public Company Limited
TMB Bank Public Company Limited
BNP Paribas


SSW
PERFORMANCE WHEELS
S038 MESH
17x7.5 , 18x8, 18x9,
19x8.5, 19x9.5, 19x10.5
S057 II STING II
15x6.5, 16x7, 17x7
S069 DAZZLE
17x7, 18x7.5
THE CUTTING EDGE III
DRIVING LIMITS

PERFORMANCE

Letter to Shareholders

WEE KOK WAH, PRESIDENT

Dear Shareholders,

The last 12 months have been particularly challenging for Stamford Tyres. The global tyre industry was marked by spiraling material and distribution costs, tight supplies of tyres and a weak US currency. Taken together, this year's operating environment ensured that companies like ourselves who are both distributors and manufacturers of tyres and wheel products did not have an easy time.

We worked hard and drew on the experience we have gained over the last 70 years and managed to close FY2008 with higher revenue, a steady gross profit margin and stayed profitable.

For the year ended 30 April 2008, revenue was higher by 10.8% at S$328.1 million compared to the S$296.0 million we achieved for FY2007. Despite the pricing pressures we faced, gross profit margin for this year was relatively stable at 23.1% compared to 23.9% last year.

Our net profit after tax for this year is S$7.6 million, which is 34.3% lower than FY2007. Earnings per share are 3.29 cents.

REVENUE GROWTH FROM STRONG SALES ACROSS SOUTHEAST ASIA AND CHINA

In my letter to you in our 2007 Annual Report, Stamford Tyres was targetting a double-digit increase in revenue for this year. This we have managed to do. Our revenue, at S$328.1 million, is another high for us. The year-on-year growth of 10.8% was driven by strong sales of our Group's major brands in Southeast Asia and China – Falken, Dunlop and Continental – along with good customer demand for our proprietary Sumo Firenza passenger car and truck tyres in South Africa and Europe.

Southeast Asia led our revenue growth with sales of S$260.9 million for FY2008, higher by 9.7% from the S$237.8 million compared to the previous year. In this operating region, Malaysia and Thailand did particularly well. The Falken ZE912 high performance passenger car radial tyre that we launched across Asia in late 2007 proved very popular in these markets.

“WE WORKED HARD AND DREW ON THE EXPERIENCE WE HAVE GAINED OVER THE LAST 70 YEARS AND MANAGED TO CLOSE FY2008 WITH HIGHER REVENUE, A STEADY GROSS PROFIT MARGIN AND STAYED PROFITABLE.”

Revenue from Singapore remained a major contributor in this year but stayed relatively flat compared to the S$158.7 million in FY2007. Our Sumo Firenza ST08 performance tyre contributed to sales and helped improve revenue from our European markets.

Gross profit was up 7.0% to S$75.6 million while gross profit margin was 23.1%, slightly lower compared to the 23.9% in FY2007. This decline was due to higher buying costs of tyres and the US dollar weakening over the reporting period.

Through the year, we worked hard to control our costs as tightly as possible. However, our operating expenses grew by S$10.2 million to S$65.4 million. This 18.5% rise was largely due to a writedown of S$1.1 million in the inventory value of earthmover tyres and a S$1.7 million unrealised foreign exchange loss caused primarily by the translation of receivables denominated in the US dollar and the South African rand to Singapore dollar. Also, marketing and distribution costs were higher by S$2.9 million. Rentals were higher by S$0.9 million as we expanded our overseas distribution centres.

For FY2008, our operating expenses were 19.9% of sales compared to 18.6% in the prior year. At the bottom line, our net profit attributable to shareholders was S$7.6 million for FY2008, lower by 34.3% compared to FY2007.

OUTLOOK FOR FY2009

Few could have foreseen the volatility in the global business environment that have taken place between mid-2007 and mid-2008. I remember that even to the end of 2007, the markets were moderately optimistic. There was a hope of continued economic growth in the US and Asia due to 2008 being the year for both a US election and the Beijing Olympics.

Since then, we have seen oil prices climb to over US$140 bbl with volatilities of up to 20% within a month. The high oil price has in turn unleashed a spiral of inflation across the world not seen since the 1970s. There was a major earthquake in Sichuan, China. And through the last nine months, the sub-prime crisis caused turmoil in financial markets round the world.

I expect the rest of 2008 and 2009 to be marked by more turbulence before calm returns.

On the other hand, I am confident that Stamford Tyres can weather what is ahead. We have more than 70 years of business experience as a Group and we have seen many storms and managed to weather them.

Your company remains financially strong with competitive products such as our major brands – Falken, Dunlop and Continental – as well as solid proprietary products – Sumo Firenza, Sumo Tires and SSW Wheels. We are working in partnership with our major brands, in particular Falken, to expand in growing markets such as India, Thailand and Indonesia. The demand for tyres has remained strong in these countries even through the last 12 months.

We are in a good position to satisfy this demand with tyres such as Falken’s ZE912 and its follow-up models that will be introduced this year. Continental has introduced an ultra

STAMFORD TYRES CAN WEATHER WHAT IS AHEAD. WE HAVE MORE THAN 70 YEARS OF BUSINESS EXPERIENCE AS A GROUP AND WE HAVE SEEN MANY STORMS AND MANAGED TO WEATHER THEM.

"YOUR COMPANY REMAINS FINANCIALLY STRONG WITH COMPETITIVE PRODUCTS SUCH AS OUR MAJOR BRANDS – FALKEN, DUNLOP AND CONTINENTAL – AS WELL AS SOLID PROPRIETARY PRODUCTS – SUMO FIRENZA, SUMO TIRES AND SSW WHEELS."

high performance tyre which is being well received in Malaysia, Thailand and Indonesia. We also expect to tap demand outside Asia with our Sumo Firenza ST07 broad market tyre which we launched in the first quarter of 2008.

Our second SSW wheel manufacturing facility will be in production in the 3rd Quarter of 2008 – I am happy to inform you that in FY2008, our existing plant in Thailand returned a profit of S$1.0 million. We aim to build on this.

We will also focus on controlling costs and restructuring our overseas operations where necessary.

In this way, your management at Stamford Tyres aims to strengthen our market position and maintain our gross profit margin in FY2009.

DIVIDEND

Your Board is recommending a final dividend of 0.5 Singapore cents per share for this year to be approved by you, our shareholders, at our forthcoming AGM. Taking into account the Interim Dividend of 1.0 Singapore cent we paid out in December 2007, the total dividend for this year will be 1.5 Singapore cents (2007: 2.0 Singapore cents). If the proposed dividend is approved, we will have paid out 40% of our net profit for the year, amounting to S$3.0 million.

IN APPRECIATION

I would like to thank our customers, suppliers, bankers and business partners who have supported us through this year.

I also am grateful to the members of our Board who have guided me and the management team. Finally, my thanks go to you – our shareholders – of whom many are faithful co-owners and supported Stamford Tyres for many years. We are mindful of the trust you have placed in and we will work in the coming year to preserve and build on the wealth that you have in Stamford Tyres.

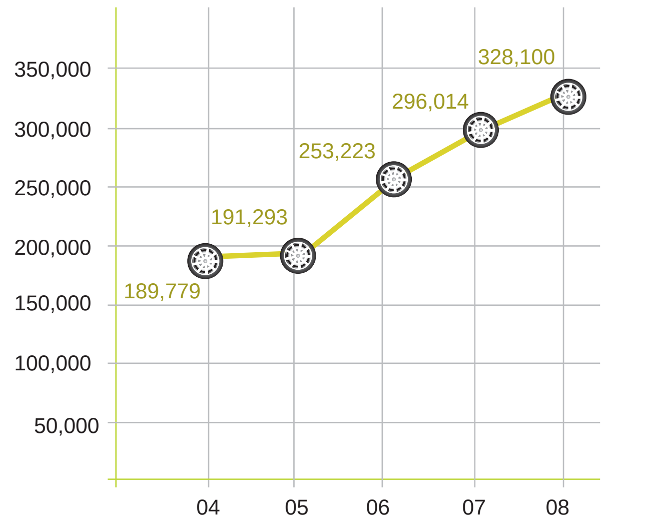
It will be a pleasure to meet you again at our annual general meeting which will be held on Wednesday, 20 August 2008.

Yours sincerely,

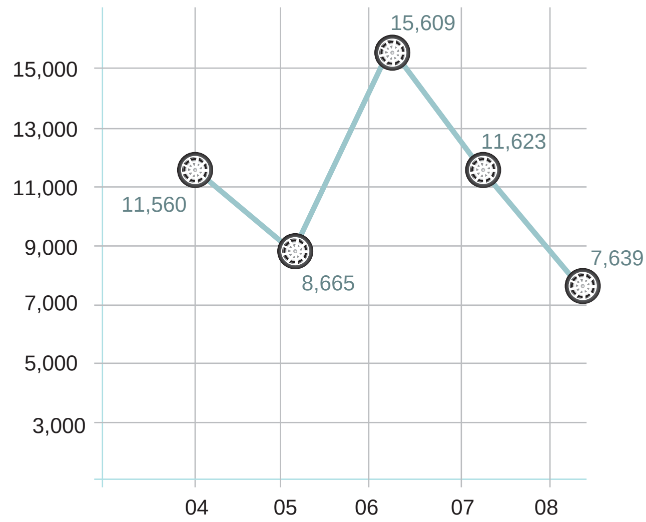
WEE KOK WAH
President
Stamford Tyres Corporation Limited

PERFORMANCE INDICATORS

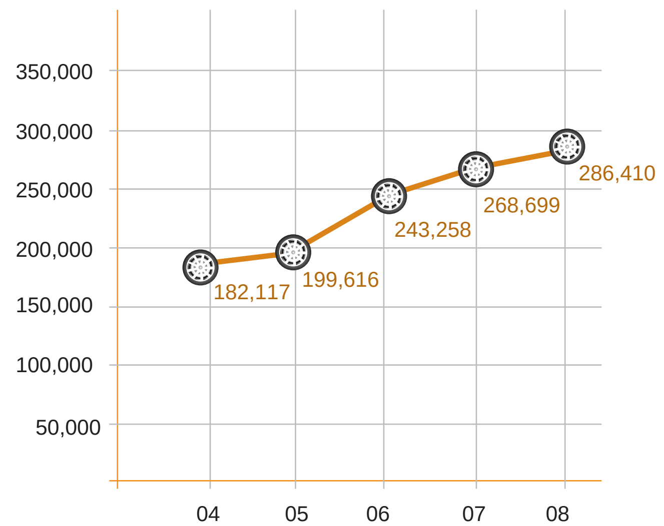
Financial Highlights



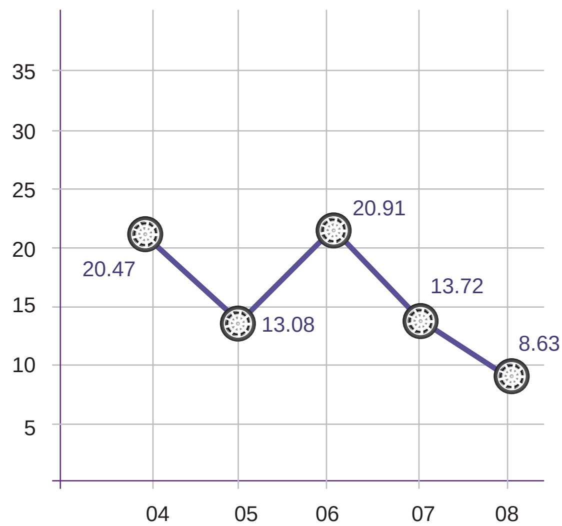
GROUP TURNOVER
(SS$'000)



PROFIT AFTER TAX
(S$'000)



TOTAL ASSETS
(S$'000)



RETURN ON
SHAREHOLDERS' EQUITY (%)

PRECISE STEERING

Board of Directors

MR CHUA KIM YEOW
Non-Executive Chairman

A well-respected individual and a trusted adviser to Stamford Tyres, Mr Chua Kim Yeow has been an integral member of the Stamford Tyres family since 1991 as the Chairman of the Board and Audit Committee until 1994. From then, he was the Chairman of the Stock Exchange of Singapore Limited (SGX) until January 2000, concurrently serving as an Adviser to the Board of Stamford Tyres. Upon his retirement from SGX in 2000, he was re-appointed as independent director and non-executive Chairman of Stamford Tyres until 28 September 2001. Henceforth from 9 January 2002, he was re-appointed and has assumed the role of independent director and non-executive Chairman. In addition, on 13 December 2002, he was appointed as a Member of the Audit Committee and Chairman of Remuneration Committee.

A Fellow Member of the Institute of Certified Public Accountants of Singapore, Mr Chua has previously held numerous key posts. He was the Accountant-General with the Ministry of Finance, a Board Member of the Monetary Authority of Singapore, President of the Development Bank of Singapore (now known as DBS Bank Ltd), Executive Chairman of the Post Office Savings Bank, and Chairman of the Securities Industry Council.

MR WEE KOK WAH
President

Behind Mr Wee's down-to-earth and personable nature is a remarkably astute business mind. Both a visionary leader and entrepreneur who some fondly say has "tyre dust" in his blood, Mr Wee has propelled Stamford Tyres forwards as its CEO since the 1970s. Mr Wee has steered Stamford Tyres to become a public listed company which its global stakeholders trust, rely on and wish to grow with in the future.

His passion for and dedication to the business shows clearly through his hands-on working style and strong leadership skills, endearing him to partners, colleagues and staff alike. Always one to actively seek out and identify business opportunities, Mr Wee never fails to deliver and maximise value for both the business and stakeholders. In 2004, the sharp-minded Stamford Tyres chief was nominated and selected as finalist for the Ernst & Young Entrepreneur of the Year under the category of Services and Business products.

Mr Wee holds a Bachelor of Social Science in Economics and Law from the then University of Singapore (now known as National University of Singapore).

MRS DAWN WEE WAI YING
Executive Vice President

Mrs Dawn Wee Wai Ying is a warm and sincere people-oriented person, well known in the business for being a resourceful and capable administrator. She has been on the Stamford Tyres Board since 1982, playing a key role in the Group's operations. She currently oversees the Group's supporting functions, effectively complementing its operating functions. A firm, fair and competent decision maker, she has been instrumental in the Group's decades of achievement.

Brimming with ideas, Mrs Wee leads and challenges her staff to think out-of-the-box, encouraging them to excel in all that they do, as well as inspiring them to become even more efficient and competitive.

Prior to joining Stamford Tyres, she worked as an officer in a major local bank for eight years. Mrs Wee holds a Bachelor of Social Science (Honours) in Economics from the then University of Singapore.

DR KWOK WENG FAI
Non-Executive Director

Dr Kwok Weng Fai has been a member of the Board since 1989 as one of its pioneering directors. Since then, he has lent his unwavering support and valuable advice to the

‹ FROM LEFT
MR CHUA KIM YEOW
MR WEE KOK WAH
MRS DAWN WEE WAI YING

FROM LEFT ›
DR KWOK WENG FAI
MR TAY PUAN SIONG, JP
MR SAM CHONG KEEN
MR GOH CHEE WEE
MR MICHAEL DAVID NESBITT

Group. A Colombo Plan Scholar, his qualifications include a Bachelor of Medicine and a Bachelor of Surgery from Sydney University. He was a medical practitioner in various government hospitals for eight years before setting up his own private medical practice. At present, he is the senior partner of a group medical practice.

MR TAY PUAN SIONG, JP
Independent Director

Mr Tay Puan Siong, JP has been an Independent Director of Stamford Tyres since 1994. He chairs the Audit Committee and is a member of the Nominating Committee. He is a Director of three other public companies, Superior Multi-Packaging Limited, GMG Global Limited and Times Publishing Limited. Mr Tay graduated from the University of Singapore with a Bachelor of Business Administration degree in 1971 and attended the Harvard Business School Program for Management Development in 1984. He is also a member of the Chartered Institute of Logistics and Transport. Previously, he was Executive Deputy Chairman of L&M Group Investments Ltd and Executive Vice President of Singapore Bus Service Ltd. Mr Tay is a Justice of the Peace.

MR SAM CHONG KEEN
Independent Director

Following his invaluable contributions while on the Board when Comfort Group Ltd was a substantial shareholder, Mr Sam was appointed as an Independent Director of Stamford Tyres in 1994. A member of the Audit Committee and Remuneration Committee, he is also Chairman of the Nominating Committee. Mr Sam, who is Group President of Jade Technologies Holdings Ltd, holds a Bachelor of Arts (Honours) from the University of Oxford and a Diploma from the Institute of Marketing, UK. He also has a wealth of management experience, having worked at senior positions in the Singapore Government Administration Service, National Trades Union Congress (NTUC), Intraco Ltd, Comfort Group Ltd, VICOM Ltd, Lion Asiapac Ltd, Lion Teck Chiang Ltd and Xpress Holdings Ltd. He was also the Political Secretary to the Minister for Education from 1988 to 1991. He served on various government boards and committees, including the Central Provident Fund Board and the National Co-operative Federation.

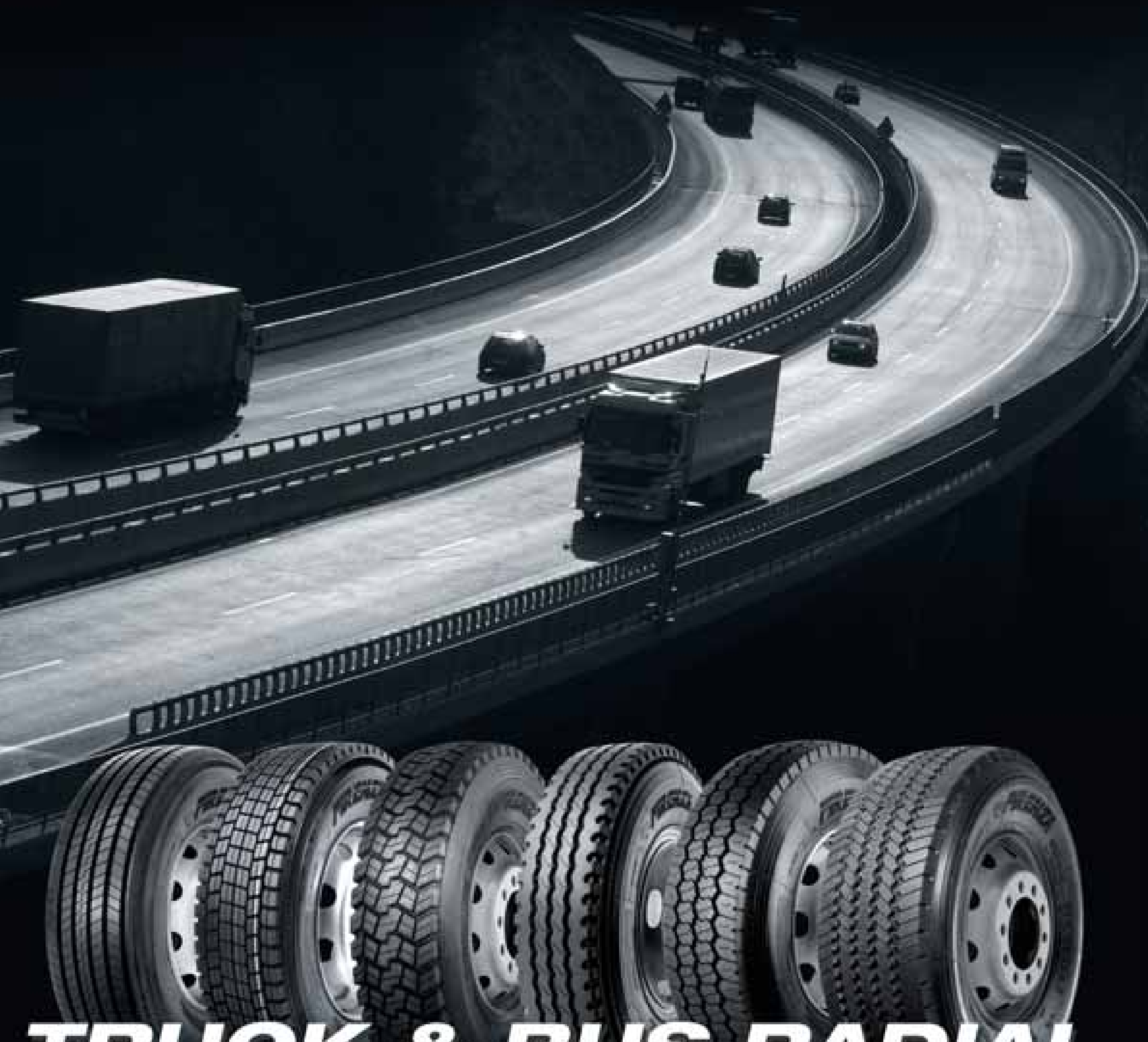
MR GOH CHEE WEE
Independent Director

Mr Goh Chee Wee was appointed as an Independent Director of Stamford Tyres in 2003, after his appointment as a nominated director of substantial shareholder of Comfort Group Ltd in 1998. He is also a member of the Stamford Tyres Remuneration Committee. Mr Goh is currently a Director of a number of public-listed companies as well as the Chairman and Director of several NTUC Co-operatives and SLF subsidiaries. He was formerly a Member of Parliament and Minister of State for Trade & Industry, Labour & Communications.

MR MICHAEL DAVID NESBITT
Independent Director

Mr Michael David Nesbitt is no stranger to Stamford Tyres. A business associate of the Group since mid-1970s, he was appointed to the Board as an Independent Director in 2002. He has more than 30 years of experience as Founder and Chairman of Marathon Tyres, a subsidiary of Alesco Corporation Limited, an Australian A$1 billion capitalised public listed company. Mr Nesbitt brings to the Board extensive knowledge of the tyre distribution business, especially in fleet tyre management and maintenance services. Presently, the self-made businessman is a sophisticated private investor in start-up companies with potential to be listed. Mr Nesbitt is also a member of the Nominating Committee.

SUMO FIRENZA



TRUCK & BUS RADIAL

The New
Revolution

www.sumotire.com

Management Team

(FROM LEFT): CHAM SOON KIAN, CLARE LAW, ROGER CHANG, WEE KOK WAH, DAWN WEE, CONSON SIA, PAT BERRIMAN

ROGER CHANG TOON WENG
Senior Vice President and CEO of Stamford Sport Wheels (SSW)

Roger is in charge of the SSW manufacturing plant in Thailand. He began his career with Stamford Tyres in 1984 and has held various marketing positions in the Group. Having 24 years of experience in Stamford Tyres, he has developed a deep knowledge of the tyre and wheel industry to the Group's operations. He also serves as council member of the Specialty Equipment Market Association (SEMA) of USA.

CONSON TIU SIA
Senior Vice President and Group Chief Financial Officer

Conson has been the Group Chief Financial Officer since 2001. He began his career with Stamford Tyres in 1993, heading the Group's operations in the Philippines. He is a Certified Public Accountant and oversees the Group's financial operations which include compliance with accounting and regulatory standards as well as corporate governance. Conson plays an important role in maintaining financial discipline and a sound framework of risk management in the Group. He holds a Bachelor of Science in Commerce from the University of Santo Tomas, Philippines.

CLARE LAW LAY KIAN
Senior Vice President, Head of Supply Chain Management

Clare was appointed Senior Vice President in 2006. She is responsible for the Group's Supply Chain management system and operations in China and the USA. Clare joined Stamford Tyres in 1994 and has more than 13 years of experience in purchasing. She is responsible for the Group's pricing policies, logistics systems and helps manage the Group's collaboration with major suppliers and contract manufacturers. Clare holds a Bachelor of Business Degree in Transport from the Royal Melbourne Institute of Technology, Australia.

PATRICK JAMES BERRIMAN
Senior Vice President, Sales & Marketing

Pat is a veteran in the Australia tyre industry and joined the Group as Senior Vice President of Sales and Marketing in 2005. He is responsible for all sales and marketing programmes for the Singapore operations, including export sales to all parts of the world. He is also responsible for the Group's operations in Australia and India. Before joining Stamford Tyres, he was the General Manager (Supply Chain) of South Pacific Tyres. He has extensive experience in all aspects of the global tyre and automotive industry.

CHAM SOON KIAN
Senior Vice President and CEO of Malaysia

Soon Kian has been responsible for the Group's Malaysia operations since 1992. Under his leadership, the Malaysia operations has grown to become an integrated setup with value-added services including retail, fleet tyre management and retread facilities. Soon Kian is an ASEAN scholar, holding a Bachelor of Accountancy degree from the National University of Singapore. He is an active member of the Selangor & Federal Territory Tyre Dealers and Retreaders Association.

S093 SPIDER

SIZE : 15x6.5 / 16x7
17x7 / 17x8 / 18x7.5

Color : Hyper Silver , Full Polish Silver
Full Polish Black

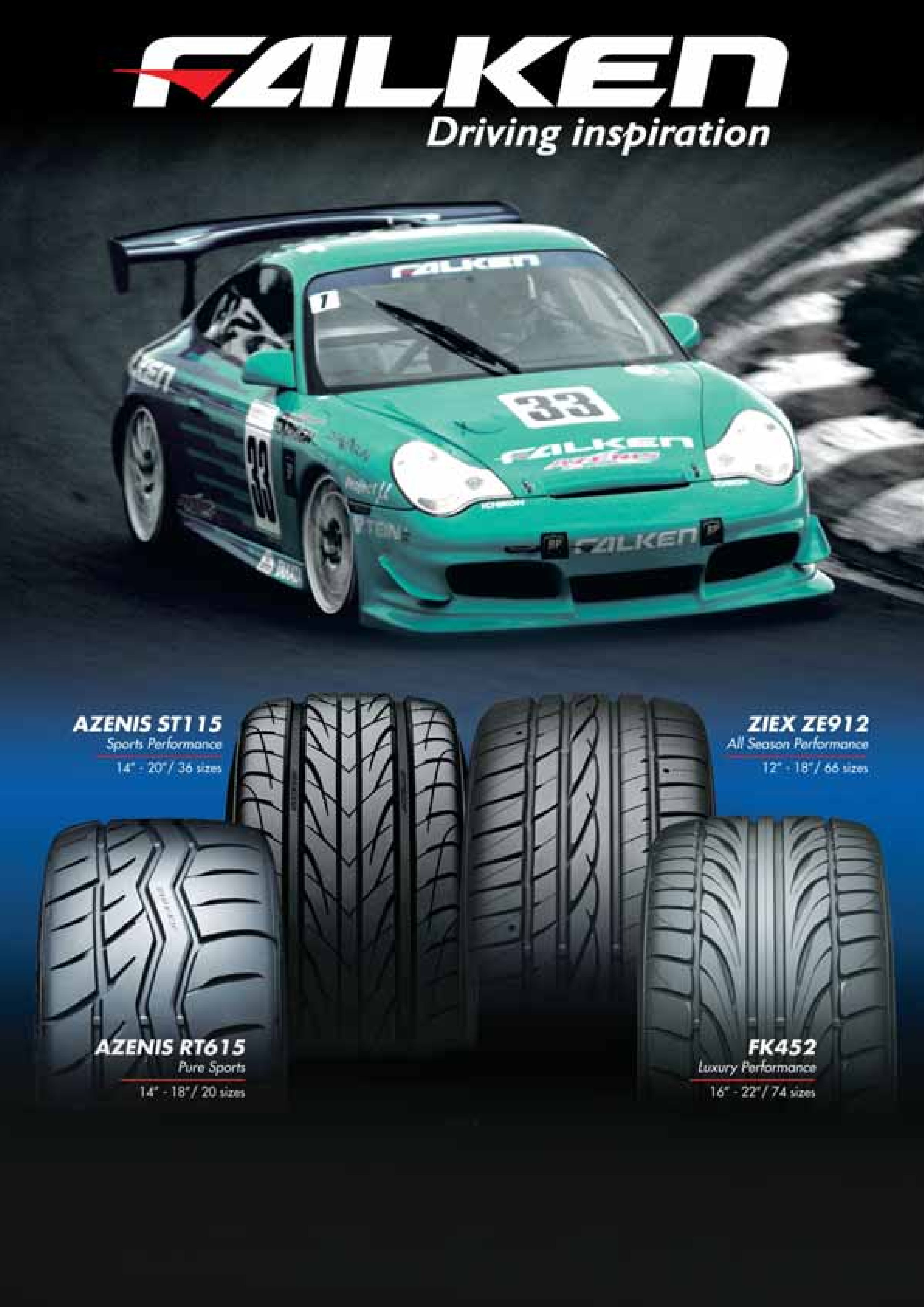
Special Color : Anodize Gold , Black Matt /Red Lip
Off White/Red Lip

S094 RUZZ

SIZE : 15x6.5 / 16x7 / 17x7

Color : Hyper Silver , Full Polish Silver
Full Polish Black

Special Color : Anodize Gold , Black Matt /Red Lip
Off White/Red Lip


FALKEN
Driving inspiration
AZENIS ST115
Sports Performance
14" - 20" / 36 sizes
ZIEX ZE912
All Season Performance
12" - 18" / 66 sizes
AZENIS RT615
Pure Sports
14" - 18" / 20 sizes
FK452
Luxury Performance
16" - 22" / 74 sizes

MAXIMUM

Key Executives

SINGAPORE

(From Left)

1 REGIONAL WHOLESALE

Lim Gek Choon
Vice President
Wong Siew Peng
Assistant Vice President

2 INTERNATIONAL DISTRIBUTION

Larry Lee
Senior Manager, International Distribution
Koh Lee Ming
Senior Manager, International Distribution
Daniel Eng
Senior Manager, International Distribution
Hanifah Abu Bakar
Vice President (UK)

3 FLEET

Yap Yen Kuan
Sales Executive
Kelvin Tan
Operations Executive
Ivan Reijan Rajoo
Senior Manager
Jimmy Tan
Sales Executive
Ng Mei Ling
Senior Operations Executive

4 RETAIL

(Seated)
Patricia Danker
Senior Manager, Retail Operations
Ang Sze Hian John
Senior Manager, Head of Retail Chain
Tan Su Wee
Supervisor
Johan Bin Taib
Tyre Bay Manager
Muhamad Satria Bin Ismail
Senior Retail Executive
Leong Yew Por
Senior Executive
Yiew Keng Leong Michael
Senior Manager, Retail
Noraini Mokhtar
Manager
Sawal Bin Abdul Aziz
Supervisor

5 MINING

Julius Obenza
Sales Executive
Jimmy Infante
Senior Technical Service Engineer
Erwin Chua
Assistant Manager

6 FINANCE & TREASURY

Ang Lee Lee
Assistant Manager
Joanne Loke
Assistant Manager
Angela Wong
Treasury Manager
Bill Koh
Finance Manager
June Er
Senior Account Executive

7 PURCHASING

Yeung Ting Ting
Manager
Yves Chua
Assistant Manager
Tang Kay Kay
Senior Executive
Bryan Lee
Assistant Manager

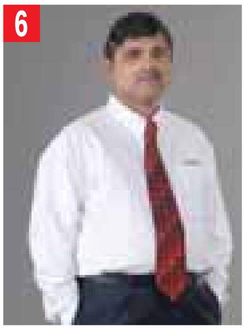
8 HR DEVELOPMENT

Helen Yong
HR Executive
Darren Tan
HR Manager
Carelyn Chia
Senior HR Executive

9 MANAGEMENT INFORMATION SYSTEMS

Leow Soon Kit
MIS Executive
Daren Tan
Assistant Administrator
Lionel Leow
Assistant Vice President
Chin Chee Woon
System Analyst

SPEED



OVERSEAS
(From Left)

1 MALAYSIA
Cham Soon Kian
Senior Vice President and CEO
Chng Lee Lee
Finance Manager

2 SSW
Ng Zee Khan
Factory Manager
Liu Chai Yen
Production Manager
Gladys Barrios
Finance Manager
Patra Chaiyosburana
Sales & Marketing Manager
Roger Chang Toon Weng
Senior Vice President and CEO

3 INDONESIA
Solomon Tan
Senior Manager, Mining
Jason Goh Sim Leng
General Manager

4 THAILAND
Kasem Burijitinan
Sales Manager, SSW
Colin Choo Nee Ann
General Manager
Girlie Sugapong
Finance Manager
Wee Kim Yong
Sales Manager

5 SOUTH AFRICA
Keith Gemmell
Director and Chief Operating Officer
Bruce Wheeler
Head Sales Representative

6 INDIA
Vinod Kumar Jathanna
General Manager

7 CHINA
Regine Chong
Accountant
Chan Chung Mun
Finance Manager
Tan Chee Hian
Senior Operations Manager for China and Hong Kong
James Ng
Senior Operations Executive

8 AUSTRALIA
Alex Sanchez
Sales Representative
Liew Yew Lip
General Manager
Michael Louis
Sales Representative

MANOUEVERING OPERATIONS

Operations Review

Challenging business conditions continued in the global tyre market for the financial year ended April 2008. With more than 70 per cent of the tyre cost accounted for by raw materials, the escalating cost of commodities and fuel oil has resulted in a high and increasing cost of tyres. While tyre demand remains strong, tyres are in tight supply as manufacturers adjust production in response to the volatile pricing environment.

Against these challenges, Stamford Tyres achieved a healthy revenue growth of 10.8% from FY2007's $296.0 million to reach a new record level of $328.1 million in FY2008. The Group's net profit for the year however, declined 34.3% to $7.6 million due to higher purchasing cost of tyres and increased operating costs.

REVENUE

In FY2008, the Group continued to build on its brand and expand its distribution network. Its strong revenue growth of 10.8% was achieved on the back of increased sales of its major brands – Falken, Dunlop and Continental – particularly in Southeast Asia and China. The Group's proprietary radial tyres, Sumo Firenza, also did well and contributed to revenue growth particularly in Europe.

Total revenue from the Group's Southeast Asian markets (including Singapore) improved 9.7% to $260.9 million. As Stamford Tyres' major revenue contributor, this region continued to do well due to strong demand especially for the Group's major brands and also its SSW wheels.

Other Regions (which include Australia, South Africa, North America/Latin America and India) posted a 56.0% increase in sales to $45.4 million due to strong demand especially from South Africa.

North Asia, on the other hand, saw revenue decrease by 25.3% to $21.7 million during the period under review. Though the Group continues to enjoy robust sales growth in China, our business is conducted under our 20%-owned associate company, SRITP, our China Dunlop tyre distribution joint venture. Hence, only the profits are equity accounted.

An improvement in sales of the Group's proprietary tyres, Sumo Firenza, to Europe was also recorded during the period under review. These sales are recognised under Southeast Asia as invoicing is done out of Singapore.

The Group's revenue growth came from both its Distribution and Manufacturing activities during the period under review. Revenue from Distribution improved 9.7% from $269.5 million in FY2007 to $295.5 million in FY2008. Revenue from Manufacturing on the other hand surged 19.1% from $27.9 million in FY2007 to reach $33.2 million as a result of increased sales of both the Group's proprietary tyres and SSW wheels.

The demand for the Group's SSW wheels continued to be strong especially in Thailand. In response to high raw material prices (which constitutes above 60% of the SSW wheel's manufacturing cost), the Group introduced new innovation models which enjoyed good market reception. Plans are underway to begin operations at the second wheel plant in the 3rd Quarter of 2008.

For the period under review, the Group intensified its branding, marketing and distribution efforts. We participated in nine autosalons where our proprietary tyres and wheels enjoyed good reviews. In India, the Group held several launches of its major brand, Falken, which were well-received, as the tyres introduced by the Group were more advanced than the types of tyres generally available in the subcontinent. The Group will continue its marketing and distribution activities in India which it views as an important market going forward.

At end April 2008, the Group has a total of 25 showrooms and workshops where we provide a comprehensive range of services including wheel balancing, steering geometry alignment and parts for auto enthusiasts. For commercial customers, the Group offers value-added services consultancy and maintenance programmes that minimise downtime and maximise mileage for their fleets.

MAINTAINING MARGINS

Gross profit for FY2008 stood at $75.6 million compared with $70.7 million recorded the previous year, an increase of 7.0%. However, gross profit margin fell slightly from 23.9% in FY2007 to 23.1% in FY2008 as a result of higher purchasing cost of tyres and weakening of the US dollar over the reporting period.

Gross profit margin in FY2008 is still maintained within the 23-24% long term gross profit margin range the Group has set for itself.

OPERATING EXPENSES

The Group's total operating expenses (excluding cost of goods) for FY2008 amounted to $65.4 million, an increase of 18.5% compared with FY2007. This figure represents 19.9% of sales compared with 18.6% in the previous year.

The increase in expenses included a writedown of $1.1 million in the inventory value of earthmover tyres as well as an unrealised foreign exchange loss of $1.7 million due mainly to the translation of receivables denominated in US dollar and South African rand to Singapore dollar at end April 2008.

AN IMPROVEMENT IN SALES OF THE GROUP'S PROPRIETARY TYRES, SUMO FIRENZA, TO EUROPE WAS ALSO RECORDED DURING THE PERIOD UNDER REVIEW.

The Group also embarked on increased branding and marketing activities and expanded its international distribution centres in FY2008, in line with its objectives of growing revenue streams from overseas markets. As a result, higher marketing and distribution costs ($2.9 million) and rental ($0.9 million) were incurred.

MAXIMISING SHAREHOLDERS RETURN

It is our commitment to maximise returns to our shareholders and the Board of Directors is recommending a Final Dividend of 0.5 cents per share. Together with the Interim Dividend of 1.0 cents per share, total dividends for FY2008 would amount to 1.5 cents per share, representing 39.8% to total net earnings compared with 32.5% of net earnings paid out in FY2007. It is the Group's policy to factor the Group's longer-term earnings prospects into each year's dividend payments.

FINANCIAL POSITION

Cash generated from operating activities improved significantly from $6.2 million in FY2007 to $26.5 million for the period under review. This improvement is primarily attributed to better inventory management which resulted in a reduction in inventory turnover days. Total inventory at the close of FY2008 totalled $84.5 million, down 8.5% from $92.4 million the previous year.

Net cash used for investment activities increased to $24.2 million for the period under review from $7.2 million in FY2007. This increase was largely accounted for by the investments made in the second wheel plant which is slated to commence commercial production in FY2009.

At end April 2008, the Group's cash and cash equivalents stood at $5.7 million, comparable with $5.4 million at end April 2007 as the improvement in cash generated from operating activities were utilised for the investment in the second wheel plant.

BALANCE SHEET

Fixed assets at end April 2008 totalled $70.4 million, up 28.2% from $54.9 million at end April 2007 due primarily to the second wheel plant in Thailand. Total current assets remained comparable to the previous year at $210.6 million versus $209.2 million as the decrease in inventories was offset by an increase in pre-payments made to manufacturers in China for the Group's proprietary tyres. These pre-payments were necessary in order to fix the price and allocation of tyres in a volatile pricing environment. Total assets increased from $268.7 million at close of FY2007 to $286.4 million, an improvement of 6.6%.

Total current liabilities increased 10.2% to $156.7 million, while total liabilities increased to $197.8 million from $179.5 million. This was due to an increase in trust receipts and long term loans.

Overall, the Group's total net assets at end FY2008 amounted to $88.6 million, comparable to $89.1 million at end FY2007.

OUTLOOK FOR FY2009

The challenging conditions faced by the global tyre industry in FY2008, especially the high cost of tyres and tight supply, are expected to continue into FY2009. The business environment in the markets that we are engaged in are expected to remain competitive while commodity and fuel oil prices, which affects the cost of producing tyres and our alloy wheels, are expected to remain high.

IT IS OUR COMMITMENT TO MAXIMISE RETURNS TO OUR SHAREHOLDERS AND THE BOARD OF DIRECTORS IS RECOMMENDING A FINAL DIVIDEND OF 0.5 CENTS PER SHARE.

THE GROUP ALSO EMBARKED ON INCREASED BRANDING AND MARKETING ACTIVITIES AND EXPANDED ITS INTERNATIONAL DISTRIBUTION CENTRES IN FY2008, IN LINE WITH ITS OBJECTIVES OF GROWING REVENUE STREAMS FROM OVERSEAS MARKETS.

Despite the challenges ahead, the Group will continue its efforts to further strengthen the market position of its major brands – Falken, Dunlop and Continental – as well as its premium budget proprietary tyres, Sumo Firenza and its SSW alloy wheels.

The Group will also continue its rigorous efforts to contain operating costs and maintain its gross profit margins.

BUSINESS RISKS

Given the current volatile prices for commodities and uncertain global business climate, the Group faced certain risks which may impact its performance. The Group will take all necessary steps to mitigate these risks:

a. **Increase in the Prices of Raw Materials**
Should there be further escalation in the costs of raw materials required for the manufacturing of tyres and wheels, our cost of goods will increase and margins may be affected.

b. **Financial Risks**
Excessive foreign currency/exchange rate fluctuation, especially the further weakening of the US dollar and the South African rand, rises in interest rates and the availability of credit lines can impact the Group's performance.

c. **Changes to Business Environment**
The Group's major markets are Southeast Asia and China. Any geo-political instability, outbreak of diseases, economic slowdown in these markets may affect the Group's performance negatively.

ST-08

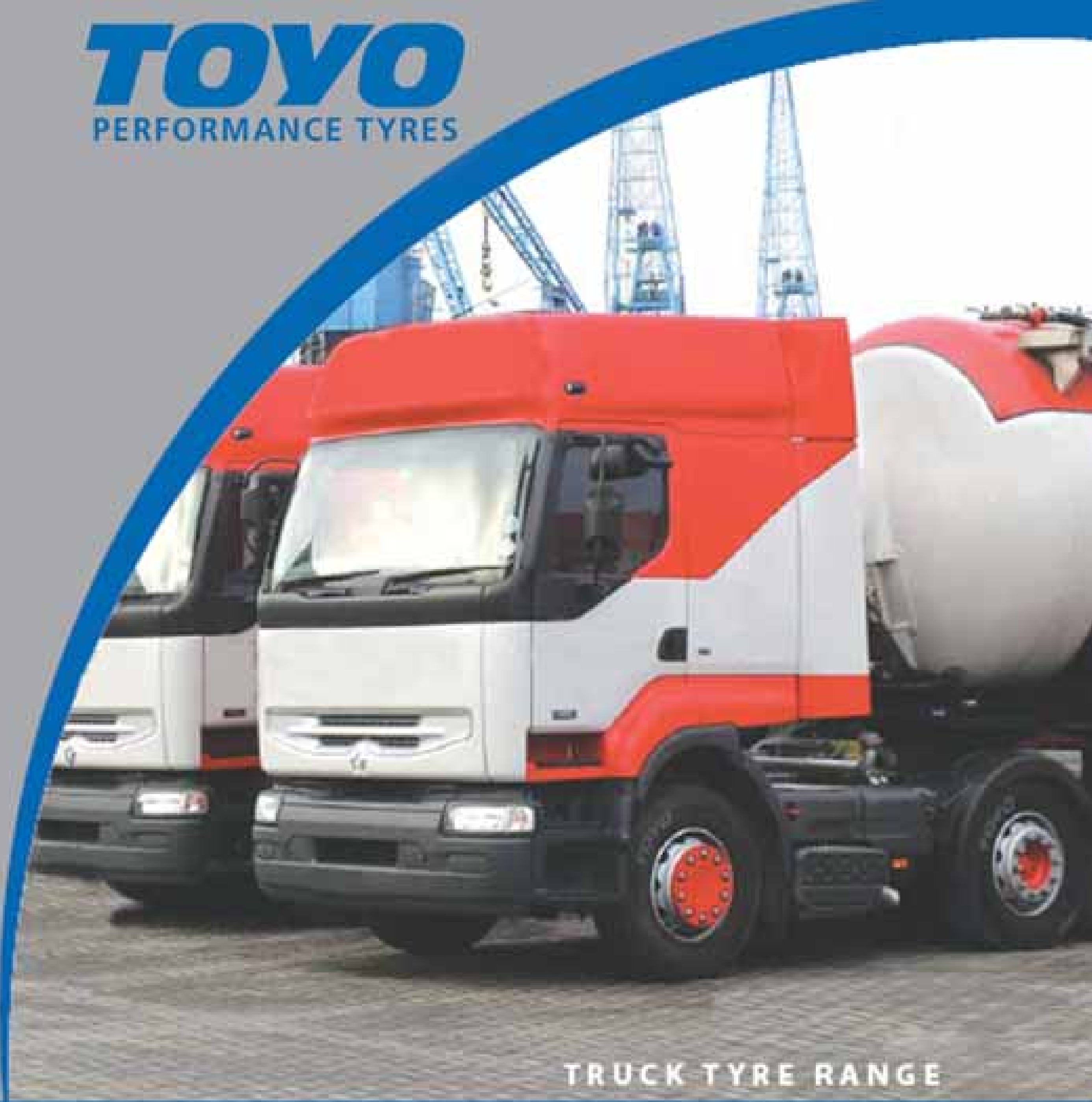
SILENCE · COMFORT · PERFORMANCE

Reflections of your Ingenuity

FIRENZA

www.sumotire.com

TOYO
PERFORMANCE TYRES



TRUCK TYRE RANGE

TOYO M111

TOYO M622

THE WINNING FORMULA

Our Products

OUR MAJOR BRANDS

Falken is manufactured by Sumitomo Rubber Industries, a leading Japanese designer and manufacturer of tyres. The Falken range has tyres for high-performance cars, passenger cars, SUVs and truck radials. Falken continually introduces new and exciting products and as part of its R&D programme, Sumitomo supports many race and rally teams round the world, outfitting their competition machines with Falken Tyres.

Stamford Tyres distributes Falken in Singapore, Malaysia, Thailand, Indonesia, Brunei, China, India, Mauritius, Vietnam, Myanmar and New Caledonia.

Continental is a range of top-quality tyres designed and manufactured by the company of the same name headquartered in Hanover, Germany. The Continental range covers radials designed for sports and passenger cars, light truck, truck and bus radials as well as military, agriculture and industrial solid tyres. Continental supplies original equipment (OE) tyres for world-leading cars such as Porsche, BMW, Mercedes Benz and Volkswagen. Their tyres also come installed as OE on commercial vehicles such as DAF.

Stamford Tyres distributes Continental in Singapore, Thailand, Brunei, Indonesia and South Korea.

Toyo Tires is a major Japanese brand offering a full range of off-the road tyres for mining and construction equipment and specialises in quality off-the-road radials for the mining industry. Toyo also produces tyres for port use, as well as light truck, truck and bus radials. Toyo tyres are particularly well accepted in Southeast Asia.

Stamford Tyres distributes Toyo commercial and mining tyres in Singapore, Brunei, Malaysia and Indonesia.

OUR PROPRIETARY BRANDS

Stamford Sport Wheels, or SSW, is our proprietary brand of alloy wheels. Our wheels are designed, manufactured and tested in-house. Our designers have created a line of wheels that offer exciting style, looks and road performance. SSW has models with diameters of 13” to 26” tailored for passenger cars and SUVs. Our wheels are made in our own plant in Thailand using the latest Tilt Casting method and in accordance with internationally recognized quality and safety standards.

MEMBER JWL JWL-T VIA TÜV TÜV CERT ISO / TS 16949 : 2002

Sumo Firenza is our premium budget range of performance tyres and truck/bus radials. The Sumo Firenza range offers 50 models for passenger cars, SUVs and light trucks.

Stamford Tyres produces Sumo Firenza tyres in China in factories that have been selected for their consistent quality standards. We have a team of engineers and tyre designers in China who provide technical support and quality assurance for our tyres which are popular with customers in the USA, Latin America and Europe.

E 1 SNI INMETRO

Sumo Tire is our line of nylon bias tyres for light truck, truck, agriculture and off-the-road applications. Sumo Tire is made in Asia and we offer a wide range of sizes and specifications to customers that need tyres for demanding round-the-clock operations at affordable prices.

Our Global Presence

SUBSIDIARIES

SINGAPORE
Stamford Tyres International Pte Ltd
19 Lok Yang Way, Jurong,
Singapore 628635
Tel: +65 6268 3111
Fax: +65 6264 0148 / +65 6264 4708
E-mail: stipl@stamfordtyres.com

MALAYSIA
Stamford Tyres (M) Sdn Bhd
16 Jalan Juru Nilai U1/20
Section U1 Hicom
Glenmarie Industrial Park,
40150 Shah Alam, Selangor,
Malaysia
Tel: +60 3 5567 2612 / 2606
Fax: +60 3 5569 3096
E-mail: enquiry_my@stamfordtyres.com

THAILAND
Stamford Tires Distributor Co, Ltd
2210/16-17 Narathiwas
Rachanakharin Road,
Chongnonsi Yannawa,
Bangkok 10120,
Thailand
Tel: +662 678 2355
Fax: +662 678 2351

INDONESIA
PT Stamford Tyres
Distributor Indonesia
Jl. Boulevard Raya PA 19
No. 4-5 Kelapa Gading Permai
Jakarta Utara 14240,
Indonesia
Tel: +62 21 450 4388
Fax: +62 21 450 4384
E-mail: ptstdi@stamfordtyresind.com

HONG KONG
Stamford Tyres (Hong Kong) Ltd
No. 60 Tong Yan San Tsuen Road
Yuen Long, N.T.,
Hong Kong SAR
Tel: +852 2406 2381
Fax: +852 2406 7100
E-mail: general@stctyreshk.com

CHINA
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Guangzhou City,
Guang Dong Province,
China
Tel: +86 20 3820 1467
Fax: +86 20 3820 1426

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97A Lisbon Street, Fairfield East
NSW 2165,
Australia
Tel: +612 9727 2955
Fax: +612 9727 9255
E-mail: australia@stamfordtyres.com

INDIA
Stamford Tyres Distributors
India Pvt Ltd
No. 2, 3 & 4, 9th Floor, B Tower
Plot No. 62 Agarwal Trade Center
Sector 11, CBD Belapur Navi
Mumbai 400614,
India
Tel: +91 22 410 20 111

SOUTH AFRICA
Stamford Tyres (Africa) (Pty) Ltd
Unit 6, 36 Victoria Avenue,
Hout Bay 7806, Cape Town,
South Africa
Tel: +27 21 790 1302
Fax: +27 21 791 0017
E-mail: stamfordsa@mweb.co.za

USA
Stamford Tires & Wheels, Inc.
929 Jay Street
Charlotte, NC 28208
USA
Tel: +1 704 409 7300
Fax: +1 704 409 7319

JOINT VENTURE COMPANY

HONG KONG
Tyre Pacific (HK) Ltd
13th Floor, Sandoz Centre,
178/182 Texaco Road, Tsuen Wan, N.T.
Hong Kong SAR
Tel: +852 2407 8268
Fax: +852 2407 5020

ASSOCIATE COMPANY

SRITP Ltd
13th Floor, Sandoz Centre,
178/182 Texaco Road, Tsuen Wan, N.T.
Hong Kong SAR

Our Global Presence

Stamford Tyres Retail Outlets

SINGAPORE

Mega Marts
Opening Hours:
Mon – Sat: 9.00am – 7.00pm
Sun: 11.00am – 4.00pm
*Closed on Public Holidays

Jurong Mega Mart
19 Lok Yang Way, Jurong
Singapore 628635
Tel: +65 6262 3355
Fax: +65 6262 1494

Bukit Batok Mega Mart
50 Bukit Batok St. 23
#02-19 Midview Building
Singapore 659578
Tel: +65 6261 3355
Fax: +65 6567 1870

Woodlands Mega Mart
No. 10 Admiralty Street
#01-85 Northlink Building
Singapore 757695
Tel: +65 6555 3355
Fax: +65 6853 3145

Ang Mo Kio Mega Mart
Blk 10 Ang Mo Kio Industry Park 2A
Ang Mo Kio Auto Point
Singapore 568047
Tel: +65 6483 3355 / 6555 5636
Fax: +65 6555 4776

MacPherson Mega Mart
455 MacPherson Road
Singapore 368173
Tel: +65 6841 3355
Fax: +65 6742 8167

Changi Mega Mart
31 Loyang Way
Singapore 508729
Tel: +65 6542 3355
Fax: +65 6542 3066

Tampines Mega Mart
Blk 9006 Tampines St. 93 #01-196
Singapore 757695
Tel: +65 6286 3355
Fax: +65 6783 0214

Tyre Mart Express

Balestier Tyre Mart
207 Balestier Road
#01-13 Balestier Tower
Singapore 329683
Tel: +65 6256 3337
Fax: +65 6256 8467
*Closed on Sundays and Public Holidays

Jalan Ahmad Ibrahim Tyre Mart
400 Jalan Ahmad Ibrahim
Caltex Service Station
Singapore 619595
Tel: +65 6262 0487
*Closed on Sundays and Public Holidays

Bukit Merah Tyre Mart
3781 Jalan Bukit Merah
Caltex Service Station
Singapore 159463
Tel: +65 6475 3355
Fax: +65 6276 0563

East Coast Tyre Mart
355 East Coast Road
Caltex Service Station
Singapore 428972
Tel: +65 6342 0981
Fax: +65 6342 0978

Dunearn Tyre Mart
130 Dunearn Road
Caltex Service Station
Singapore 309436
Tel: +65 6251 6055
Fax: +65 6251 6544

Tyre Workshops in Car Distribution Centres

Performance Motor
280 Kampong Arang Road
East Coast Centre
Singapore 638180
*Open from 9.00am – 3.00pm

Performance Motor
315 Alexandra Road
#01-01 Performance Centre
Singapore 159944
Tel: +65 6319 0270
Fax: +65 6479 4601

Tan Chong & Sons Motor
911 Bukit Timah Road
Singapore 589662
Tel: +65 6463 4132

Performance Motor (BMW)
896 Dunearn Road
#01-01 Sime Darby Centre
Singapore 589472
*Open from 9.00am – 2.00pm

Motor Image
19 Lorong 8 Toa Payoh
Singapore 319255
Tel: +65 6466 7711
Fax: +65 6469 9828

MALAYSIA

Glenmarie Tyre Mart
10 Jalan Saudagar Satu U1/16A
Section U1 Hicom Glenmarie
40150 Shah Alam, Selangor,
Malaysia
Tel: +60 3 5569 3751 / 53
Fax: +60 3 5569 3497
E-mail: enquiry_my@stamfordtyres.com

Cheras Tyre Mart
182 Jalan Mahkota
Taman Maluri
55100 Cheras, Kuala Lumpur,
Malaysia
Tel: +60 3 9285 0918
Fax: +60 3 9285 0946
E-mail: enquiry_my@stamfordtyres.com

Sitiawan Tyre Mart
No. 1 Jalan Sejahtera 1
Medan Sejahtera
3200 Sitiawan
Perak Darul Ridzuan,
Malaysia
Tel: +60 5 691 8616
Fax: +60 5 692 5616
E-mail: enquiry_my@stamfordtyres.com

Melaka Tyre Mart
No. 1-1, 1-2, Jalan Melaka Raya 25
Taman Melaka Raya 1
75000 Melaka,
Malaysia
Tel: +60 6 281 4729
Fax: +60 6 281 3729
E-mail: enquiry_my@stamfordtyres.com

One Utama (Jaya Jusco)
Lot LG 14, 1 Utama Shopping Centre
Bandar Utama Damansara
Petaling Jaya, Selangor,
Malaysia
Tel: +60 3 7728 1718
Fax: +60 3 7727 0078

Kepong (Jaya Jusco)
G17, Jusco Metro Prima
1 Jalan Metro Prima
52100 Kepong, Kuala Lumpur,
Malaysia
Tel: +60 3 6250 2795
Fax: +60 3 6260 8851

INDONESIA

Sawah Besar Tyre Mart
Jl. Sukarjo Wiryopranoto No. 4 GG-GH
Jakarta Pusat,
Indonesia
Tel: +62 21 350 4318
Fax: +62 21 350 4652
E-mail: enquiries@stamfordtyresind.com

Kelapa Gading Tyre Mart
Jl. Boulevard Raya PA 19 No. 4-5
Kelapa Gading Permai
Jakarta 14240,
Indonesia
Tel: +62 21 451 5682 / 450 4388
Fax: +62 21 450 4384
E-mail: enquiries@stamfordtyresind.com

LAUNCHING OF NEW PRODUCTS

FALKEN ZIEX ZE912 CONQUERS ASIA

1. Singapore, 18 November 2007 2. Kuala Lumpur, Malaysia, 17 November 2007
3. Mumbai, India, 28 January 2008 4. Bangalore, India, 30 January 2008 5. Chandigarh, India, 22 June 2008

FALKEN ZIEX ZE912 CONQUERS ASIA

6

7

6. Ho Chi Minh, Vietnam, 29 March 2008 7. Hanoi, Vietnam, 30 March 2008

THAILAND WELCOMES CONTINENTAL 4X4 TYRES

Bangkok, Thailand, 29 June 2008

TRADE SHOWS

REIFEN 2008
Essen, Germany
20 - 22 May 2008

The 25th REIFEN International Tyre Fair was attended by exhibitors from 40 different countries and over 17,000 visitors from all over the world. REIFEN was a platform for the exhibitors to showcase their products and services from the tyres, wheels and chassis technology markets. Other interesting products for the visitors were appliances and tools for tyre production, tyre retreading and vulcanization.

TYREXPO AFRICA '08
Johannesburg, South Africa
4 - 6 March 2008

The second Tyrexpo Africa '08 was a huge success following its inaugural show in 2006. 130 exhibitors from 60 different countries attended the show and catered to more than 2,000 international visitors. Exhibitors at the Tyrexpo Africa showcased OTR products as well as a vast range of tyres, accessories and workshop equipments. The show also featured the latest products in the passenger, 4x4, SUV and LDV markets.

THE SEMA SHOW
Las Vegas, Nevada, USA
30 October - 2 November 2007

The Specialty Equipment Market Association (SEMA) Show is the premier automotive specialty products trade event in the world. A must-see on the international automotive show circuit, the event draws the industry's hottest products and is a barometer in terms of the products, styles and trends guiding automotive businesses around the world. Part of the famed Automotive Aftermarket Industry Week (AAIW) shows, the SEMA Show attracts more than 100,000 industry leaders from over 100 countries in the automotive, truck and SUV, marine and RV markets. The show, which is not open to the general public, provides attendees with insider previews as well as educational seminars, product demonstrations, special events, networking opportunities and more.

CHINA INTERNATIONAL TIRE EXPO

Shanghai Everbright Convention & Exhibition Center
12 - 14 September 2007

The China International Tire Expo (CITIEXPO) 2007 was held at the Shanghai Everbright Convention & Exhibition Center. Held in Shanghai since 2003, CITIEXPO has become one of the most popular trade shows among tyre professionals. Exhibitors at the CITIEXPO 2007 showcased their latest products and technology including radial tires, bias tires, rims, tire maintenance equipments, retread materials and equipments, tire production materials and equipments and other related products.

TYREXPO ASIA 2007

Singapore Expo Centre, Singapore
11 - 13 September 2007

Tyrexpo Asia is the premier biennial tyre industry exhibition in the region. The sixth Tyrexpo Asia exhibition, held at the Singapore Expo Centre, was record-breaking with more than 120 exhibitors and over 3,000 visitors from at least 80 countries. Tyrexpo is a platform for tyre manufacturers, retreaders, machinery and consumable suppliers to showcase their brands and products as well as forge business deals and attract potential business partners. Other participants from the accessories, tools and equipment for tyre shops, wheel and batteries markets were also present at the show.

MOSCOW INTERNATIONAL MOTOR SHOW

Moscow, Russia
29 August - 2 September 2007

The Moscow International Motor Show (MIMS) was first launched in 1991 and is widely recognized as the leading automotive event in Russia and the Commonwealth of Independent States (CIS). MIMS provides the perfect platform from which to preview new products, evaluate market trends and establish long-lasting and commercially profitable partnerships. The exhibition is dedicated to all sectors of the automotive industry with strong emphasis on spare parts, components and accessories.

Driving Success in Overseas Markets

Intensifying branding and distribution efforts to increase market share

Recognising early the need to internationalise, Mr Wee Kok Wah, President of Stamford Tyres began driving the Company's overseas expansion since the 1970s beginning in Southeast Asia where it is the largest independent tyre and wheel distributor. Building on its success, the Company has over the years expanded its network to include countries in Asia, Eastern Europe, Australia and South Africa. Today its distribution network spans more than 30 countries around the globe.

Key to Stamford Tyres' success in international markets is its ability to quickly and correctly identify the types of products that would suit the individual markets and to respond effectively to market dynamics.

Explains Mr Wee Kok Wah, President of Stamford Tyres: "The nature of our business does not require us to make huge capital outlays each time we enter a new market. As such, we are able to expand our distribution networks fairly quickly and as we have a wide range of products, we are able to push specific products that would receive the best customer acceptance in the different markets."

This is well illustrated in Stamford Tyres' recent product launches in India. While the company has been in India for several years now, it has kept its operations small but profitable. Last year, with the support of Sumitomo, Stamford Tyres aggressively launched the Falken ZIEX ZE912 High Performance Radial tyres which are at least one generation ahead in design and technology of what would be normally available in the subcontinent. These tyres received rave reviews and Stamford Tyres is currently fast-tracking the expansion of its distribution network concentrating first on cosmopolitan cities like Mumbai, Bangalore and Cochin.

Sales to other Southeast Asian countries (primarily Malaysia, Thailand and Indonesia) have also risen dramatically. Being a first mover in this region, Stamford Tyres today has six distribution centres in its network retailing passenger and truck tyres from the major brands it represents. The company has also scored success with its proprietary alloy wheels in this region with annual sales of 300,000 wheels.

Stamford Tyres' own proprietary brand of tyres, the Sumo Firenza, on the other hand, has seen strong sales growth in Europe where it is competitively priced against other similar makes.

The company also distributes Dunlop tyres in China through its joint-venture company, SRITP, and sales in this booming economy have been growing each year.

Says Mr Wee, "Going forward, we see India as the next important emerging market for us and we will be deploying more resources to develop this market. We also see a lot of potential in countries such as Australia, Indonesia and South Africa. While we are already selling to these markets, we will be intensifying our branding and distribution efforts to increase our market share."

New Sumo Firenza and Akina Ranges to Open New Markets for Stamford Tyres

The Sumo Firenza premium budget proprietary tyre is growing in popularity around the world and gaining new customers for Stamford Tyres in Europe, Latin America, Russia and South Africa. Two models are leading the charge – the ST-08, which was first introduced in 2006, and the ST-07, which was launched at the Reifen Essen Show in May 2008.

A new Sumo range – the ST-09 Sumo Akina – has been launched recently and is expected to appeal to motorists in the USA and Japan.

The ST-08 high-performance tyre comes in 28 sizes and offers drivers excellent wet traction and high dry-road gripping power. These characteristics are due to a tread pattern comprising straight grooves for water drainage and wide slots at the shoulders for improved cornering grip. The ST-08, which is designed by Stamford Tyres' engineers, uses a high grip silica compound to give high-performance yet with reduced rolling resistance to give better fuel efficiency. The sizes range from 15" to 18" rim diameters and are available in either "V" or "W" speed rating. This tyre has proven very popular among owners of Japanese performance hot hatches and sports coupes.

Launched in May 2008 at Essen, the Sumo Firenza ST-07 targets a different segment of the motoring market. The ST-07 is designed to be a broad-market tyre suitable for a wide range of passenger cars and is retailed at more affordable prices compared to its ST-08 high-performance sibling.

With 26 sizes, the ST-07 is designed with a tread pattern that incorporates a combination of grooves and sipings that give good wet grip and cornering stability. The ST-07 is also designed for low noise and good economy due to its low rolling resistance. The sizes range from 13" to 16" rim diameters and are available in either "T" or "H" speed rating.

Introducing the Sumo Akina ST-09

A new Sumo range, the Akina is Japanese for "Spring Flower" and was introduced earlier in 2008. The Akina ST-09 range comes in 27 sizes and offers drivers a combination of high grip, excellent wet weather traction and ride comfort.

Like the ST-08, the Sumo Akina ST-09 is designed by Stamford Tyres' engineers. The ST-09 has a tread pattern with a combination of grooves and land area, along with a high silica compound, giving drivers a unique level of performance. The Sumo Akina ST-09 is now on offer to dealerships in the USA and Japan where it is expected to prove popular to motorists who are looking for performance at affordable prices.

All Sumo passenger car tyres are designed to be dimensionally similar to the European brands, which offer customers improved mileage, handling and comfort features over other tyres from Asia.

FACTS AND FIGURES

FINANCIAL CONTENTS

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. Good corporate governance establishes and maintains a legal and ethical environment in which the Group strives to preserve the interest of all stakeholders. This Report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance ("Code"), pursuant to Rule 710(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Board Matters

Principle 1 : Board's Conduct of its Affairs

The Board oversees the business affairs of the Group, approves the Group's strategic plans, key business initiatives, major investment and funding decisions. It also monitors and evaluates the Group's operations and financial performance. These functions are carried by the Board directly or through committees of the Board which have been set up to support its functions.

The Board met 4 times during the financial year to review, consider and approve strategic, operational and financial matters, as well as to supervise senior management. In between the meetings, important matters concerning the Group were put to the Board for its decision by circulating resolution-in-writing for the directors' approval.

Directors are briefed on regulatory changes, especially those on the Company's or director's disclosure obligations. In order to ensure that the Board is able to fulfil its responsibilities, prior to the Board meetings, the Management provides the Board with information containing relevant background or explanatory information required to support the decision-making process.

Newly-appointed directors will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices.

Principle 2 : Board's Composition and Balance

The Board comprises:

Non-executive directors

Chua Kim Yeow (Chairman)
Dr Kwok Weng Fai
Tay Puan Siong
Sam Chong Keen
Goh Chee Wee
Michael David Nesbitt

Executive directors

Wee Kok Wah (President)
Dawn Wee Wai Ying (Executive Vice President)

The Board considers the Board's present size and composition appropriate taking into account the nature and scope of the Group's operations, the depth and breadth of knowledge, expertise and business experiences of the directors to govern and manage the Group's affairs and that two-thirds of the Board is independent.

The Board has no dissenting view on the President's Letter to Shareholders for the financial year in review.

CORPORATE GOVERNANCE

Principle 3 : Chairman and President

The roles of Chairman and President are separate.

The Chairman assumes the responsibilities of scheduling and preparing agendas for Board meetings and exercises control over the quality, quantity and timeliness of information flow between the Board and Management.

The President provides overall vision and strategic guidance and bears full executive responsibility for the Group's operations.

Principle 4 to 5 :

- **Board Membership**
- **Board Performance**

The Nominating Committee comprises:

Sam Chong Keen (Chairman)
Tay Puan Siong
Michael David Nesbitt

The Nominating Committee recommends all appointments and re-nominations of directors to the Board and Board committees. The Company's Articles of Association provide for one-third of the directors, to retire by rotation and be subject to re-election at every Annual General Meeting. A newly appointed director must also subject himself for retirement and re-election at the annual general meeting immediately following his appointment.

The Nominating Committee also determines the independence of directors and evaluates and assesses the effectiveness of the Board taking into consideration appropriate performance criteria.

The Board, through the delegation of its authority to the Nominating Committee, has used its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each director, through his unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Principle 6 : Access to Information

Directors are given full access to the management team and company secretary, all Board and Board committees' minutes and all approval and information papers. Where a decision has to be made before a formal Board meeting is scheduled, a circulating Directors Resolution is done in accordance with the Company's Articles of Association and all necessary information is provided. The Company supports the directors, either individually or as a group, if they require independent professional advice in furthering their duties to the Company. The company secretary attends Board meetings of the Company.

Remuneration Matters

Principle 7 to 9 :

- **Procedures for Developing Remuneration Policies**
- **Level and Mix of Remuneration**
- **Remuneration Committee**

CORPORATE GOVERNANCE

The Remuneration Committee comprises :

Chua Kim Yeow (Chairman)
Sam Chong Keen
Goh Chee Wee

This committee reviews the remuneration packages needed to retain and motivate the Group's employees. It also administers the Company's employee share option scheme. No member of the committee shall be involved in any deliberation or decision making in respect of any compensation to be offered or granted to him/her.

The review of specific remuneration packages includes fees, salaries, bonuses and incentives. Executive directors have service contracts which include terms for termination under appropriate notice. Non-executive directors are remunerated based on basic fees for serving on the Board and Board committees. Such fees are recommended for approval by shareholders as a lump sum payment at the Annual General Meeting.

The Remuneration Committee has access to expert professional advice on remuneration matters whenever there is a need to obtain such advice.

Details of the Company's Employee Share Option Scheme is provided in the Report of the Directors.

Breakdown of directors' remuneration (in percentage terms):

	Fixed salary and benefits	**Performance-related bonuses**	**Director's fees**	**Total**
	%	%	%	%
Chua Kim Yeow	-	-	100	100
Wee Kok Wah	43	57	-	100
Dawn Wee Wai Ying	66	34	-	100
Dr. Kwok Weng Fai	-	-	100	100
Tay Puan Siong	-	-	100	100
Sam Chong Keen	-	-	100	100
Goh Chee Wee	-	-	100	100
Michael David Nesbitt	-	-	100	100

Number of directors in remuneration bands :

	Executive directors		**Non-executive directors**	
	2008	**2007**	**2008**	**2007**
$500,000 and above	2	2	-	-
$250,000 to $499,999	-	-	-	-
Below $250,000	-	-	6	6
	2	2	6	6

CORPORATE GOVERNANCE

Number of Key Management in remuneration bands :

The Code requires the remuneration of at least the top 5 key executives who are also not directors to be disclosed. The Group believes that such information, the disclosure of which, is confidential and could be disadvantageous to its business interest. The Group has instead presented the remuneration of the top 5 executives in bands of $250,000 as below:

	2008	2007
$250,000 to $499,999	4	3
Below $250,000	1	2
	5	5

Immediate family members of directors:

Number of employees who are immediate family members of the Chairman and President in remuneration bands:

	2008	2007
$500,000 to $749,999	-	-
Below $250,000	2	2
	2	2

Accountability and Audit

Principle 10 to 13 :

- **Accountability**
- **Audit Committee**
- **Internal Controls**
- **Internal Audit**

The Audit Committee comprises:

Tay Puan Siong (Chairman)
Sam Chong Keen
Chua Kim Yeow

In the course of the financial year, the Committee held 4 meetings and performed, inter-alia, the following functions:

1. review the audit plan and findings with the external auditor;
2. determine that no restrictions are being placed by the Management upon the work of external auditors;
3. review with the external auditor their evaluation of internal / financial controls with Management's response thereon;
4. review the assistance given by the Company's officers to the external auditors;
5. review the scope of the internal audit work and its audit programmes to ensure the adequacy of the internal audit function;
6. review the interim and annual financial statements of the Company and the Group before their submission to the Board, together with the external auditor's report thereon;
7. review the Company's risk management processes;
8. evaluate the independence of external auditors, consider their appointment and audit fee and nominate them for reappointment where appropriate; and
9. review of interested person transactions.

CORPORATE GOVERNANCE

The Audit Committee has full access to and co-operation by the Company's management and the internal and external auditors and has full discretion to invite any director or executive officer to attend its meetings. The auditors have unrestricted access to the Audit Committee. Provision is made at least once annually for the Audit Committee to meet with the external and internal auditors without the presence of Management. The Audit Committee has reasonable resources to enable it to discharge its functions properly.

The Audit Committee may examine whatever aspects it deems appropriate of the Group's financial affairs, its internal and external audits and its exposure to risks of a regulatory or legal nature. It keeps under review the effectiveness of the Company's system of accounting and internal financial controls, for which the directors are responsible. It also keeps under review the Company's programme to monitor compliance with its legal, regulatory and contractual obligations.

As proper risk management is a significant component of a sound system of internal control, the Group has put in place a strategic enterprise-wide risk management ("ERM") in FY2007. Management continued the ERM exercise in FY2008 by cascading ERM to the operational levels of Singapore operations. Key risks were identified and control mitigation measures were taken to manage the risks.

The strategic risk report was reviewed by the Audit Committee and endorsed by the Board. The Board is satisfied that Management is committed to the ERM as an on-going process, and that Management will continue to administer and monitor ERM at the strategic level, while simultaneously cascading ERM to the process level of its overseas operations.

The Audit Committee and the Board aligned the internal audit procedures with the results of the ERM. The Audit Committee oversees the internal audit function of the Group, which was outsourced to an external party. The primary line of reporting is to the Chairman of the Audit Committee. The internal audit plan proposed by the internal auditors was approved by the Audit Committee and the findings would be submitted to the Audit Committee for review. In addition to the scope of internal auditors, key management personnel made various site visits during the financial year to review the financial performance and internal control of key operating entities of the Group.

The Group's system of internal control is designed to manage the risk of failure to achieve business objectives. The review of the Group's system of internal control is a continuing process. Based on the audit reports reviewed by the Audit Committee and management controls in place, the Audit Committee is satisfied that there are adequate internal control systems within the Group.

The Board acknowledges its overall responsibility for ensuring that there is a sound system of internal control and is satisfied that there is no significant weaknesses in the system of internal control of the Group that may result in material loss to the Group.

The Audit Committee has implemented a "whistle blowing" or Corporate Ethics Compliance policy. The policy provides a channel for staff of the Company to confidentially report violations of the Group's Code of Ethics, business conduct, and improprieties in financial accounting, trade practices, conflict of interest, employee discrimination, health & safety. Reports can be made on an anonymous basis directly to the Audit Committee. Appropriate investigation will be carried out and the informant (if not anonymous) will be informed of the results.

Having undertaken a review of non-audit services rendered by the external auditors during the financial year, the Audit Committee is satisfied with the independence and objectivity of the external auditors and recommends to the Board the reappointment of Messrs Ernst & Young LLP as the external auditors.

Risk management policies

The Group has set up objectives to manage the risks that arise from the normal course of its operations. The significant risks are summarised below:

(i) General business risk

The Group's major business is distribution of tyres and wheels. The Group is reliant on a few key suppliers for the supply of certain major brand of tyres. Some of these suppliers have granted exclusive distribution rights. Although we have a strong relationship with the principals (some exceeding 30 years), there is no assurance that the principals will continue to appoint us as their exclusive distribution agent in the future. Should any of the major principals decide to discontinue the distribution rights in the future, the Group could lose some of its market share and this could then have adverse financial impact on the Group. To mitigate this risk, the Group has been focusing in developing its own range of 'in-house' brands like SSW, Sumo Tire, Firenza and Sumo Firenza to become less reliant on its principals.

As in any other business environment, the Group's assets are exposed to various risks arising from normal operations and natural disasters. Especially, our inventory is highly flammable and susceptible to the risk of fire. It is the Group's practice to annually assess these risks and/or exposure to ensure that the Group is protected from potential monetary loss. In addition to other preventive measures, the Group ensures that adequate insurance coverage is maintained at all times to mitigate such risk except where the cost of insuring the asset is considered prohibitive in relation to the risks identified.

(ii) Product liability claims

The Group is exposed to claims from its customers from products sold by the Group which contain defects or found to be unfit for their intended use. The Group may be required to make financial compensation to its customers in such circumstances. The Group's principals are well established in the market place and their products are usually tested for safety before being marketed. The Group continues to spend considerable effort in ensuring the quality of its products and services. The Group provides its employees with relevant trainings, on a regular basis, to uphold the quality of services provided to its customers. The Group has no history of any significant claim made by its customers.

(iii) Credit and inventory risk

The Group faces normal business risks associated with collection of trade receivables and inventory obsolescence. The Group's exposure to credit risks arises mainly from sales made to distributors and retailers in various geographical locations. The Group has tight credit control policies and procedures to evaluate the credit worthiness of customers before credit is granted and to prevent significant concentration of credit risk. The Group also has adequate policies and procedures to minimise the risk of inventory obsolescence. The risk of inventory obsolescence may arise from change in consumer preference and technology. It is the Group's policy to maintain optimum inventory level at all times. Inventory level is monitored regularly and slow moving inventories are quickly identified for early disposal. The Group has also put in place a 'supply chain management' system to procure inventories in an effective manner to prevent excess inventories on hand.

The financial risk management objectives and policies are discussed in Note 38 to the financial statements.

Communication with Shareholders

Principle 14 to 15 :

- **Communication with Shareholders**
- **Greater Shareholder Participation**

The Company believes that a high standard of disclosure is key to raise the level of corporate governance. Accordingly, the Company adopts a policy of giving full disclosure in all public announcements, press releases and annual report.

Shareholders are kept informed of the developments in the Group's businesses and operations through announcements via SGXnet as well as through the annual report. Announcements are made as soon as possible to ensure timely dissemination of the information to shareholders and the public.

The participation of shareholders is encouraged at the Company's general meetings. The Board and Management are on hand at these meetings to address any question that shareholders may have concerning the Company. The external auditors are also present to assist the Board in answering the relevant shareholders' queries.

To facilitate voting by shareholders, the Company's Articles allow shareholders to vote by proxies. Proxy forms can be sent to the Company by mail. At the annual general meetings, each distinct issue is voted via separate resolutions.

CORPORATE GOVERNANCE

Internal Code on Dealings With Securities

Besides the Board of Directors, Audit Committee and Remuneration Committee, the Company has also put in place an internal code on dealings with securities, ("Code"). This "Code" has been issued to directors and employees setting out the implications on insider trading.

The Code prohibits the dealings in securities of the Company by directors and employees while in possession of price-sensitive information, and during the period beginning one month before the announcement of the annual and half yearly results, and ending on the date of announcement.

It also discourages dealings on short-term considerations. Directors are required to report securities dealings to the company secretary who will assist to make the necessary announcements.

Interested Person Transactions

There were no significant interested person transactions conducted during the current financial year.

Board Composition

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Chua Kim Yeow	Chairman	Member	-	Chairman
Wee Kok Wah	President	-	-	-
Dawn Wee Wai Ying	Executive Vice President	-	-	-
Kwok Weng Fai	Member	-	-	-
Tay Puan Siong	Member	Chairman	Member	-
Sam Chong Keen	Member	Member	Chairman	Member
Goh Chee Wee	Member	-	-	Member
Michael David Nesbitt	Member	-	Member	-

Directors' Attendance at Board & Committee Meetings Held Since May 2007

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Chua Kim Yeow	4	4	4	4	-	-	1	1
Wee Kok Wah	4	4	-	-	-	-	-	-
Dawn Wee Wai Ying	4	4	-	-	-	-	-	-
Kwok Weng Fai	4	4	-	-	-	-	-	-
Tay Puan Siong	4	4	4	4	1	1	-	-
Sam Chong Keen	4	4	4	4	1	1	1	1
Goh Chee Wee	4	4	-	-	-	-	1	1
Michael David Nesbitt	4	4	-	-	1	1	-	-

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of Stamford Tyres Corporation Limited (the "Company") and its subsidiary companies (the "Group"), and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 April 2008.

Directors of the Company

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

Chua Kim Yeow	(Chairman)
Wee Kok Wah	(President)
Dawn Wee Wai Ying	(Executive Vice President)
Dr Kwok Weng Fai	
Tay Puan Siong	
Sam Chong Keen	
Goh Chee Wee	
Michael David Nesbitt	

Directors' interests in shares and debentures

The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, (the "Act") an interest in shares of the Company, as stated below :

	Direct interest			Deemed interest		
Name of director	**At 1.5.2007**	**At 30.4.2008**	**At 21.5.2008**	**At 1.5.2007**	**At 30.4.2008**	**At 21.5.2008**
	Ordinary shares					
Chua Kim Yeow	–	–	–	230,000	230,000	230,000
Wee Kok Wah	24,765,554	26,065,554	26,065,554	52,051,319	54,093,319	54,159,319
Dawn Wee Wai Ying	13,637,567	10,637,567	10,637,567	63,179,306	69,521,306	69,587,306
Dr Kwok Weng Fai	2,830,060	2,830,060	2,830,060	–	–	–
Michael David Nesbitt	–	–	–	500,000	500,000	500,000

Except as disclosed above, there was no change in any of the abovementioned interests between the end of the financial year and 21 May 2008.

By virtue of Section 7 of the Act, Wee Kok Wah and Dawn Wee Wai Ying are deemed to have an interest in the ordinary shares of all the subsidiary companies at the beginning and at the end of the financial year.

No other director who held office at the end of the financial year had an interest in shares or debentures of the Company's subsidiary companies.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Act.

Arrangements to enable directors to acquire shares and debentures

Except as disclosed above, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Share options to subscribe for ordinary shares

On 22 June 2001, the shareholders approved the STC Share Option Scheme 2001 (the "Scheme"). The Scheme is open to full-time confirmed employees, executive and non-executive directors, but not controlling shareholders or their associates of the Company, and entitles the option holders to exercise their options and subscribe for new ordinary shares in the Company either at the market price or at a price set at a discount not exceeding 20% of the market price. Market price is equal to the average last dealt price of the share for 3 consecutive trading days immediately preceding the offer date.

Options granted with the exercise price set at market price may be exercised after the third anniversary of the offer date. Executive options granted under the Scheme are exercisable for a period of 10 years whereas non-executive options are exercisable for a period of 5 years from the offer date.

The total number of shares that may be issued shall not exceed 15% of the issued share capital of the Company.

The Scheme is administered by members of the Company's Remuneration Committee which comprise 3 directors, namely Chua Kim Yeow, Sam Chong Keen and Goh Chee Wee.

The Company did not grant any share options under the Scheme during the financial year ended 30 April 2008. 50,000 share options were forfeited during the year and 2,405,000 options were outstanding as at 30 April 2008. For the options outstanding as at 30 April 2008, they expire in 2015 and are exercisable if the employee remains in service for 3 years from date of grant.

None of the directors and controlling shareholders of the Company has been granted options under the Scheme and none of the employees, except as stated below, who participated in the Scheme has received 5% or more of the total number of options available under the Scheme.

Name of participants	Options granted during the financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised/ forfeited since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Roger Chang Toon Weng	–	550,000	(250,000)	300,000
Cham Soon Kian	–	500,000	(200,000)	300,000
Conson Tiu Sia	–	450,000	(250,000)	200,000
Clare Law Lay Kian	–	450,000	(250,000)	200,000

Audit Committee

The Audit Committee performed the functions specified in the Act. The functions performed are detailed in the Report on Corporate Governance.

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the Board,

Wee Kok Wah
Director

Dawn Wee Wai Ying
Director

Singapore
24 July 2008

STATEMENT BY DIRECTORS

We, Wee Kok Wah and Dawn Wee Wai Ying, being two of the directors of Stamford Tyres Corporation Limited, do hereby state that, in the opinion of the directors :

(i) the accompanying balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 30 April 2008 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

Wee Kok Wah
Director

Dawn Wee Wai Ying
Director

Singapore
24 July 2008

INDEPENDENT AUDITORS' REPORT

To the Members of Stamford Tyres Corporation Limited

We have audited the accompanying financial statements of Stamford Tyres Corporation Limited (the "Company") and its subsidiary companies (the "Group") set out on pages 44 to 96, which comprise the balance sheets of the Group and the Company as at 30 April 2008, the statements of changes in equity of the Group and the Company, and the consolidated income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is 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 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 account and balance sheet and to maintain accountability of assets; 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 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,

(i) the consolidated financial statements of the Group, and the balance sheet 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 30 April 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
24 July 2008

CONSOLIDATED INCOME STATEMENT

for the year ended 30 April 2008
(In Singapore dollars)

	Note	2008 $'000	2007 $'000
Revenue	4	328,100	296,014
Other revenue	5	647	829
Total revenue		328,747	296,843
Less: Costs and expenditure			
Cost of goods sold		252,470	225,346
Salaries and employees benefits	6	21,493	21,557
Marketing and distribution		11,050	8,184
Utilities, repairs and maintenance		5,953	5,902
Finance costs	7	6,718	7,027
Depreciation of property, plant and equipment		5,518	4,958
Operating lease rentals		4,523	3,613
Other operating expenses		10,168	3,957
Total expenditure		(317,893)	(280,544)
Share of profits of an associated company		1,390	517
Profit before taxation	8	12,244	16,816
Taxation	9	(4,605)	(5,193)
Profit for the financial year		7,639	11,623
Attributable to:			
Equity holders of the Company		7,578	11,621
Minority interests		61	2
		7,639	11,623
Earnings per share :	10		
- basic (cents)		3.29	5.15
- diluted (cents)		3.29	5.06

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

as at 30 April 2008
(In Singapore dollars)

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Property, plant and equipment	11	70,391	54,891	–	–
Subsidiary companies	12	–	–	29,931	28,770
Amounts due from subsidiary companies	12	–	–	25,157	21,598
Joint venture company	13	–	–	1,571	1,571
Associated companies	14	3,719	2,343	–	–
Deferred tax assets	29	1,697	2,242	–	–
		75,807	59,476	56,659	51,939
Current assets					
Inventories	15	84,549	92,363	–	–
Trade receivables	16	90,813	90,874	–	–
Derivatives	17	166	41	–	–
Other receivables	18	6,120	3,007	686	522
Prepayments and advances	18	4,607	1,401	41	33
Marketable securities	19	6	7	–	–
Non-current asset held for sale	20	–	1,189	–	–
Cash and bank deposits	21	24,342	20,341	105	386
		210,603	209,223	832	941
Less : Current liabilities					
Trade payables	22	28,993	31,769	–	–
Trust receipts (secured)	23	80,248	72,435	–	–
Derivatives	17	642	318	–	–
Other payables	24	14,060	10,229	676	698
Loans (secured)	25	28,739	23,413	–	–
Hire-purchase liabilities	26	366	359	–	–
Provisions	27	462	489	–	–
Provision for taxation		3,216	3,224	124	103
		156,726	142,236	800	801
Net current assets		53,877	66,987	32	140
Non-current liabilities					
Amounts due to subsidiary companies	12	–	–	7,330	1,374
Hire-purchase liabilities	26	804	864	–	–
Provisions	27	210	206	–	–
Long-term loans (secured)	28	39,078	35,301	–	–
Deferred tax liabilities	29	985	943	–	–
		(41,077)	(37,314)	(7,330)	(1,374)
		88,607	89,149	49,361	50,705
Equity					
Share capital	30	33,677	33,677	33,677	33,677
Reserves	31	54,590	55,183	15,684	17,028
		88,267	88,860	49,361	50,705
Minority interests		340	289	–	–
		88,607	89,149	49,361	50,705

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 April 2008
(In Singapore dollars)

	Attributable to shareholders of the Company								
	Share capital $'000	Capital reserve $'000	Employee share option reserve $'000	Revenue reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Total reserves $'000	Minority interests $'000	Total equity $'000
Group									
Balance at 1 May 2007	33,677	143	514	57,422	–	(2,896)	55,183	289	89,149
Translation adjustments arising on consolidation	–	–	–	–	–	(2,475)	(2,475)	(10)	(2,485)
Fair value loss on cash flow hedges	–	–	–	–	(265)	–	(265)	–	(265)
Net loss recognised directly in equity	–	–	–	–	(265)	(2,475)	(2,740)	(10)	(2,750)
Profit for the financial year	–	–	–	7,578	–	–	7,578	61	7,639
Total recognised income and expense for the year	–	–	–	7,578	(265)	(2,475)	4,838	51	4,889
Share option expense (Note 6)	–	–	241	–	–	–	241	–	241
Transfer from retained earnings to capital reserve	–	60	–	(60)	–	–	–	–	–
Dividend (Note 33)	–	–	–	(5,672)	–	–	(5,672)	–	(5,672)
Balance at 30 April 2008	33,677	203	755	59,268	(265)	(5,371)	54,590	340	88,607

The details of the nature of the reserves are set out in Note 31.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 April 2008
(In Singapore dollars)

	Attributable to shareholders of the Company							
	Share capital $'000	Capital reserve $'000	Employee share option reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Total reserves $'000	Minority interests $'000	Total equity $'000
Group								
Balance at 1 May 2006	32,308	251	283	50,326	(2,591)	48,269	283	80,860
Translation adjustments arising on consolidation	–	–	–	–	(305)	(305)	4	(301)
Net gain/(loss) recognised directly in equity	–	–	–	–	(305)	(305)	4	(301)
Profit for the financial year	–	–	–	11,621	–	11,621	2	11,623
Total recognised income and expense for the year	–	–	–	11,621	(305)	11,316	6	11,322
Share option expense (Note 6)	–	–	231	–	–	231	–	231
Issue of ordinary shares on exercise of share options and Warrant 2007 (Note 30)	1,262	–	–	–	–	–	–	1,262
Transfer from capital reserve as a result of exercise of Warrant 2007 (Note 32)	107	(108)	–	1	–	(107)	–	–
Dividend (Note 33)	–	–	–	(4,526)	–	(4,526)	–	(4,526)
Balance at 30 April 2007	33,677	143	514	57,422	(2,896)	55,183	289	89,149

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 April 2008
(In Singapore dollars)

	Attributable to shareholders of the Company				
	Share capital $'000	**Capital reserve** $'000	**Employee share option reserve** $'000	**Revenue reserve** $'000	**Total** $'000
Company					
Balance at 1 May 2007	32,308	108	283	12,697	45,396
Profit for the financial year	–	–	–	8,342	8,342
Total recognised income and expense for the year	–	–	–	8,342	8,342
Share option expense (Note 6)	–	–	231	–	231
Issue of ordinary shares on exercise of share options and Warrant 2007 (Note 30)	1,262	–	–	–	1,262
Transfer from capital reserve as a result of exercise of Warrant 2007 (Note 32)	107	(108)	–	1	–
Dividend (Note 33)	–	–	–	(4,526)	(4,526)
Balance at 30 April 2007	33,677	–	514	16,514	50,705
Profit for the financial year	–	–	–	4,087	4,087
Total recognised income and expense for the year	–	–	–	4,087	4,087
Share option expense (Note 6)	–	–	241	–	241
Dividend (Note 33)	–	–	–	(5,672)	(5,672)
Balance at 30 April 2008	33,677	–	755	14,929	49,361

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 30 April 2008
(In Singapore dollars)

	2008 $'000	2007 $'000
Cash flows from operating activities :		
Profit before taxation	12,244	16,816
Adjustments for :		
Depreciation of property, plant and equipment	7,790	7,377
Share option expense	241	231
Gain on disposal of property, plant and equipment	(428)	(558)
Fair value gain on marketable securities	–	(20)
Fair value (gain)/loss on other financial instruments	(62)	347
Property, plant and equipment written off	212	38
Foreign currency translation adjustment	(443)	(99)
Interest income	(372)	(276)
Provisions for product warranties and reinstatement cost	427	375
Writeback of impairment loss on property, plant and equipment	–	(193)
Interest expense	6,718	7,027
Share of profit of associated company	(1,390)	(517)
Operating profit before reinvestment in working capital	24,937	30,548
Decrease/(increase) in inventories	7,814	(9,576)
Increase in receivables	(6,258)	(13,469)
Increase/(decrease) in payables	53	(1,267)
Cash generated from operations	26,546	6,236
Interest received	372	276
Interest paid	(6,170)	(6,852)
Income tax paid	(4,025)	(5,870)
Net cash provided by/(used in) operating activities	16,723	(6,210)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	1,774	1,680
Proceeds from disposal of marketable securities	1	314
Purchase of property, plant and equipment	(25,941)	(9,223)
Net cash used in investing activities	(24,166)	(7,229)
Cash flows from financing activities :		
Proceeds from issue of shares	–	1,262
Proceeds from long-term loans	13,742	6,089
Proceeds from trust receipts	7,813	15,956
Repayment of hire purchase liabilities	(250)	(175)
Dividend paid to shareholders	(5,672)	(4,526)
Repayment of long-term loans	(7,868)	(7,325)
Net cash provided by financing activities	7,765	11,281
Net increase/(decrease) in cash and cash equivalents	322	(2,158)
Cash and cash equivalents at beginning of financial year (Note 34)	5,431	8,137
Exchange rate adjustment to cash and cash equivalents at beginning of financial year	(7)	(548)
Cash and cash equivalents at end of financial year (Note 34)	5,746	5,431

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 April 2008
(In Singapore dollars)

1. Corporation information

Stamford Tyres Corporation Limited is a limited liability company incorporated and domiciled in Singapore. Its registered office and principal place of business is at 19 Lok Yang Way, Singapore 628635.

The principal activity of the Company is that of an investment holding company and the principal activities of the subsidiary companies consist of the wholesale and retail of tyres and wheels, design and contract manufacturing of tyres for proprietary brands, tyre retreading, equipment trading, the servicing of motor vehicles and manufacturing and sale of aluminium alloy wheels.

2. Summary of significant accounting policies

2.1 ***Basis of preparation***

The consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except for certain financial instruments and financial assets that have been measured at their fair values. The financial statements are presented in Singapore Dollars ($) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

The accounting policies have been consistently applied by the Company and the Group and are consistent with those used in the previous year, except for the changes in accounting policies discussed in the following note below.

Changes in accounting policies

On 1 May 2007, the Group and the Company adopted new or revised FRS which are effective for the financial period beginning on or after 1 January 2007. Further, the Group adopted interpretation of FRS ("INT FRS") that are mandatory for application in the current financial year.

The following are FRS and INT FRS that are relevant to the Group:

Reference	Description
FRS 1	Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	Group and Treasury Share Transactions

The adoption of the above FRS and INT FRS did not result in any significant impact to the Group's accounting policies except for FRS 107 and Amendment to FRS 1. FRS 107 and Amendment to FRS 1 introduced new disclosures relating to financial instruments and capital management respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 April 2008
(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.2 ***Future changes in accounting policies***

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Presentation of Financial Statements (Revised Presentation)	1 March 2008
FRS 23	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	Operating Segments	1 January 2009
INT FRS 112	Service Concession Arrangements	1 January 2008
INT FRS 113	Customer Loyalty Programmes	1 July 2008
INT FRS 114	FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except as indicated below.

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in owners' account will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income. It presents all items of income and expenses, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

2.3 ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company, its subsidiary companies, associated companies and the joint venture company as at the balance sheet date. The financial statements of the subsidiary and joint venture companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisition of subsidiary companies are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any 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 represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

2. Summary of significant accounting policies (cont'd)

2.4 ***Foreign currencies***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary.

The assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

2.5 ***Subsidiary companies***

A subsidiary company is a company over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses. Details of the subsidiary companies are set out in Note 42.

2.6 ***Associated companies***

An associated company is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the profit or loss of the associated company is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

30 April 2008
(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.6 ***Associated companies (cont'd)***

In the Company's separate financial statements, investments in associated companies are accounted for at cost less impairment losses. Details of the associated companies are set out in Note 42.

2.7 ***Joint ventures***

The Group has a long-term interest in a joint venture, which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer holds an interest on long-term basis. The Group recognises its interest in the joint venture using proportionate consolidation method. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In the Company's separate financial statements, interests in joint ventures are accounted for at cost less impairment losses. Details of the joint venture company are set out in Note 42.

2.8 ***Transactions with minority interests***

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

2.9 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of property, plant and equipment comprises its net purchase price after deducting for any trade discount and rebates, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the asset to its working condition and location for its intended use. The costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period of purposes other than to produce inventories during that period are capitalised. Expenditure incurred after the property, plant and equipment have been put into operation, such as repair and maintenance and overhaul costs, is normally charged to the income statement in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

Depreciation is calculated so as to write off the cost of the assets on a straight line basis over the expected useful lives of the assets concerned. The principal rates used for this purpose are :

Leasehold land and buildings	–	over their lease period, ranging from 1.7% to 5.0% per annum
Leasehold improvements	–	10% per annum
Motor vehicles	–	20% per annum
Plant and equipment	–	5% to 33⅓% per annum
Computer hardware and software	–	33⅓% per annum

No depreciation is provided on freehold land. No depreciation is provided for construction-in-progress until it is completed and put into use.

A full year's depreciation is charged in the financial year of acquisition. No depreciation is charged in the financial year of disposal. Fully depreciated assets are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

30 April 2008
(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.9 ***Property, plant and equipment (cont'd)***

The residual value, useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.10 ***Non-current assets held for sale***

A non-current asset is deemed to be held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continual use. Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset is measured in accordance with the applicable FRS. Upon classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the income statement.

2.11 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement as 'impairment losses'.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.12 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost method and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured and retread products, and work-in-progress, cost includes all direct expenditure and production overheads based on normal level of activity. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from the existing state to a finished condition.

An allowance is made where necessary for obsolete, slow moving and defective inventories.

2. Summary of significant accounting policies (cont'd)

2.13 ***Financial assets***

The Group's and Company's financial assets which are within the scope of FRS 39 are classified as either financial assets at fair value through income statement, loans and receivables, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement. The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

(b) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.14 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand less bank overdrafts and short-term loans that form an integral part of the Group's cash management.

Cash at bank and in hand carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policies for these categories of financial assets are stated in Notes 2.13.

Bank overdraft and short-term loans are classified as loans and borrowings under FRS 39. The accounting policies for these categories of financial liabilities are stated in Note 2.19.

2.15 ***Marketable securities***

Quoted marketable securities are classified as "held for trading" financial assets. The accounting policies for this category of financial assets are stated in Note 2.13.

2.16 ***Trade and other receivables***

Trade and other receivables, including amounts and loans due from subsidiary, joint venture and associated companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.17.

2. Summary of significant accounting policies (cont'd)

2.17 ***Impairment of financial assets***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or Group of financial assets is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) *Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.18 ***Financial liabilities***

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

2.19 ***Interest bearing loans and borrowings***

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.20 ***Financial guarantees***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.21 ***Derecognition of financial assets and liabilities***

(a) *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired;

- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

(b) *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

2. Summary of significant accounting policies (cont'd)

2.22 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.23 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

(c) *Executives' Share Option Scheme*

The Company has in place the STC Share Option Scheme 2001 (the "Scheme") for the granting of share options to eligible employees of the Group to subscribe for ordinary shares in the Company, whereby employees render services as consideration for share options ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the employee share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2. Summary of significant accounting policies (cont'd)

2.24 ***Hire purchase and leases***

Hire purchase creditors

Hire purchases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the hire purchase item, are capitalised at the present value of the minimum hire purchase payments at the inception of the hire purchase term. Hire purchase payments are apportioned between the finance charges and reduction of the hire purchase liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement.

Depreciation on the relevant assets is charged to income statement on the basis outlined in Note 2.9.

Operating leases

Leases where substantially all the risks and benefits of ownership of the lease effectively remains with the lessor are classified as operating leases.

Rental expenses pursuant to operating leases are charged to the income statement on a straight line basis.

2.25 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon passage of title to the customers, which generally coincides with their delivery and acceptance. Revenue is recorded net of goods and services tax, and sales returns.

(b) *Rendering of services*

Revenue from the rendering of services is recognised when the services have been performed.

(c) *Volume rebates*

Volume rebates from suppliers for purchases made during the financial year is deducted from the cost of inventory if the goods remain unsold at the balance sheet date or credited against cost of goods sold in the income statement if the goods have been sold at the balance sheet date.

(d) *Advertising and promotional rebates*

Advertising and promotional rebates from suppliers are recognised as follows :

- those that are determined based on the amount of purchases made during the financial year are credited against marketing and promotion expenses in the income statement; and

- those that are reimbursed at the discretion of the suppliers are credited against marketing and promotion expenses in the income statement when these are received.

(e) *Dividend income*

Dividend income is recorded gross in income statements in the financial year in which the Company and/or the Group's right to receive payment has been established.

2. Summary of significant accounting policies (cont'd)

2.25 ***Revenue recognition (cont'd)***

(f) *Interest income*

Interest income is recognised using the effective interest method.

2.26 ***Borrowing costs***

Interest on borrowings that are directly attributable to finance the construction of properties and plants is capitalised. Interest is capitalised that are directly attributable from the date work starts on the property to the date when substantially all the activities that are necessary to get the property ready for use are completed. Interest on other borrowings is recognised as expense in the period in which they are incurred.

2.27 ***Income taxes***

(a) *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. Summary of significant accounting policies (cont'd)

2.27 ***Income taxes (cont'd)***

(b) *Deferred tax (cont'd)*

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.28 ***Derivative financial instruments***

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to manage its risks associated with foreign currency and interest rate fluctuations.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

For purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in cash flows of the hedged items.

(a) *Cash flow hedge*

The fair value changes on the effective portion of derivatives that are designated and qualify as cash flow hedges are recognised in the fair value reserve within equity and transferred to the income statement in the periods when the hedged items affect the income statement. The fair value changes relating to the ineffective portion are recognised immediately in the income statement.

(b) *Derivatives that do not qualify for hedge accounting*

Fair value changes on these derivatives are recognised in the income statement when the changes arise.

2. Summary of significant accounting policies (cont'd)

2.28 ***Derivative financial instruments (cont'd)***

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

2.29 ***Segment reporting***

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.30 ***Share capital and reserves***

Ordinary shares are classified as equity and recorded at the fair value of the consideration received by the Company.

Proceeds from the issuance of warrants are credited to the capital reserve. When the warrants are exercised, the value of such warrants exercised standing to the credit of the capital reserve account will be transferred to the share capital account. At the expiry of the warrants, the balance in the capital reserve will be transferred to the revenue reserve.

2.31 ***Dividends***

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.32 ***Contingencies***

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. Significant accounting estimates and judgements

Estimates, assumptions and judgements concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *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.

(i) Useful lives of plant and equipment

The cost of plant and equipment are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 20 years. The carrying amount of the Group's total plant and equipment as at 30 April 2008 was $18,542,000 (2007: $18,956,000). Changes in the expected level of usage, technological developments as well as consumer preferences could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised and could have an impact on the profit in future years.

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3. Significant accounting estimates and judgements (cont'd)

(a) *Key sources of estimation uncertainty (cont'd)*

(ii) Allowance for inventories

Allowance for inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories own physical conditions, their expected market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the inventories as at 30 April 2008 is $84,549,000 (2007 : $92,363,000).

(b) *Critical judgements made in applying accounting policies*

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Income taxes

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 30 April 2008 were $3,216,000 (2007: $3,224,000), $1,697,000 (2007: $2,242,000) and $985,000 (2007: $943,000) respectively.

(ii) Impairment of investments and financial assets

The Group follows the guidance of FRS 39 and FRS 36 in determining when an investment or financial asset is other-than-temporarily impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost, and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry performance, changes in technology and operational and financing cash flow.

(iii) Allowance for doubtful debts

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In those cases, the Group uses judgement, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific allowance against amount due from such customers to reduce its receivables to the amount the Group expects to collect. These specific allowances are re-evaluated and adjusted as additional information received affects the amounts of allowance for doubtful debts. The carrying amount of the Group's trade receivables after allowance for doubtful debts as at 30 April 2008 is $90,813,000 (2007 : $90,874,000).

4. Revenue

	Group 2008 $'000	Group 2007 $'000
Tyres and wheels :		
- Wholesale and distribution	282,647	254,907
- Retail and fleet	43,994	40,287
Servicing of motor vehicles and others	1,459	820
	328,100	296,014

5. Other revenue

	Group 2008 $'000	Group 2007 $'000
Interest income from bank deposits	372	276
Sundry income	275	340
Gain on fair valuation of marketable securities	–	20
Writeback of impairment loss on property, plant and equipment	–	193
	647	829

6. Salaries and employee benefits

	Group 2008 $'000	Group 2007 $'000
Employee benefits expenses (including executive directors) :		
Salaries, wages and bonuses	18,779	20,243
CPF and contributions to other plans	868	1,171
Share option expense (Note 6a)	241	231
Others	3,518	2,365
	23,406	24,010
Employee benefits are included in the following line items in the income statement:		
- Cost of goods sold	1,913	2,453
- Employee benefits	21,493	21,557
	23,406	24,010

(a) Employee share option plans

The Group has granted share options to eligible employees under its STC Share Option Scheme 2001 that was approved by the members of the Company at an Extraordinary General Meeting held on 22 June 2001 (the "Scheme").

(In Singapore dollars)

6. Salaries and employee benefits (cont'd)

(a) Employee share option plans (cont'd)

The Scheme is open to full-time confirmed employees, executive and non-executive directors, but not controlling shareholders or their associates of the Company, and entitles the option holders to exercise their options and subscribe for new ordinary shares in the Company either at the market price or at a price set at a discount not exceeding 20% of the market price. Market price is equal to the average last dealt price of the share for 3 consecutive trading days immediately preceding the offer date. Options granted with the exercise price set at market price may be exercised after the third anniversary of the offer date. Executive options granted under the Scheme are exercisable for a period of 10 years whereas non-executive options are exercisable for a period of 5 years. The share options under the Scheme are exercisable after a vesting period of 3 years.

The total number of shares in respect of which options may be offered on any offering date, when added to the number of shares issued or issuable in respect of option under this Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding that offering date.

Information with respect to the total number of options granted under the Scheme is as follows:

	Group			
	Number of options 2008	**Weighted average exercise price in the financial year 2008**	**Number of options 2007**	**Weighted average exercise price in the financial year 2007**
Outstanding at beginning of year	2,455,000	0.430	2,705,000	0.430
Forfeited during the year	(50,000)	0.430	(250,000)	0.430
Outstanding at end of year	2,405,000	0.430	2,455,000	0.430
Exercisable at end of year	–	–	–	–

The fair value of share options as at date of grant is estimated by an external valuer using the binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of options granted in the previous financial year was $0.31 per option. The inputs to the model used are shown below :

	Group
Dividend yield (%)	4.000
Expected volatility (%)	107.750
Historical volatility (%)	107.750
Risk free interest rate (%)	2.820
Expected life of option (years)	10.000
Weighted average share price	0.486

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of option grant were incorporated into the measurement at fair value.

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7. Finance costs

	Group	
	2008	**2007**
	$'000	$'000
Interest expense on :		
- bank overdrafts, trust receipts and hire purchase liabilities	3,278	4,133
- bank loans	3,440	2,894
	6,718	7,027

8. Profit before taxation

Profit before taxation is stated after charging/(crediting) :

	Group	
	2008	**2007**
	$'000	$'000
Non-audit fees :		
- auditors of the Company	–	7
- other auditors	24	4
Professional fees	2,179	1,320
Foreign exchange loss/(gain)	1,939	(481)
Allowance for inventory obsolescence	1,480	1,187
(Gain)/loss on fair valuation of forward currency contracts	(53)	347
Gain on fair valuation of interest rate swaps	(9)	–
Gain on disposal of property, plant and equipment	(428)	(558)
Property, plant and equipment written off	212	38
Writeback of impairment loss on property, plant and equipment (Note 11)	–	(193)

9. Taxation

	Group	
	2008	**2007**
	$'000	$'000
Provision for taxation in respect of profit for the financial year :		
- Current taxation	3,843	4,469
- Deferred taxation (Note 29)	225	554
- Foreign withholding tax	122	–
	4,190	5,023
Adjustments in respect of previous financial years :		
- Current taxation	(32)	252
- Deferred taxation (Note 29)	447	(30)
- Effects of changes in tax rate (Note 29)	–	(52)
	415	170
	4,605	5,193

9. Taxation (cont'd)

The income tax expense on the results of the Group differ from the amount of tax determined by applying the Singapore statutory rate of income tax of 18% (2007 : 18%) to the profit before taxation due to the following factors :

Profit before taxation	12,244	16,816
Taxation at statutory tax rate of 18%	2,204	3,027
Adjustments :		
- expenses not deductible for income tax purposes	1,428	1,149
- income not subject to tax	(88)	(144)
- Foreign withholding tax	122	–
- higher tax rates in other countries	810	715
- deferred tax assets not recognised in the current year	–	297
- changes in tax rate	–	(52)
- partial tax exemption	(194)	(93)
- others	(92)	72
- underprovision in respect of previous financial years	415	222
Taxation	4,605	5,193

As at 30 April 2008, the Group, primarily through its subsidiary companies in Malaysia and Hong Kong has unutilised tax losses of approximately $1,425,000 (2007 : $1,899,000) which may, subject to the agreement with the relevant tax authorities, be carried forward and utilised to set-off against future taxable profits. The potential tax benefit of approximately $322,000 (2007 : $364,000) arising from the unutilised tax losses has not been recognised in the financial statements due to the uncertainty of its recoverability.

10. Earnings per share

The calculation of earnings per share ("EPS") is based on the following figures :

	Group	
	2008	**2007**
	$'000	$'000
Group earnings used for the calculation of EPS :		
Profit for the financial year attributable to the shareholders of the Company	7,578	11,621
	'000	'000
Number of shares used for the calculation of basic and diluted EPS :		
Weighted average number of ordinary shares in issue used for the calculation of basic EPS	230,561	225,646
Adjustment for outstanding share options and Warrant 2008	–	4,055
Adjusted weighted average number of ordinary shares used for the calculation of diluted EPS	230,561	229,701

Basic EPS is calculated on the Group's profit for the financial year attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

Diluted EPS is calculated on the Group's profit for the financial year attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the financial year which have been adjusted for the effects of all dilutive potential ordinary shares, being the outstanding share options and Warrant 2007 (Notes 6 and 32). The number of outstanding share options and Warrant 2007 included in the calculation of diluted EPS has been determined based on the average number of days they were outstanding during the financial year.

2,405,000 (2007 : 2,455,000) outstanding share options granted to employees under the share option plans have not been included in the calculation of diluted earning per share because they are anti-dilutive for the current financial period presented.

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11. Property, plant and equipment

Group	**Freehold land** $'000	**Leasehold land and buildings** $'000	**Leasehold improve-ments** $'000	**Plant and equipment** $'000	**Motor vehicles** $'000	**Construction-in-progress** $'000	**Total** $'000
Cost :							
At 1 May 2006	3,491	36,851	5,660	27,400	4,216	2,055	79,673
Foreign currency translation adjustment	104	(43)	20	428	6	51	566
Additions	207	249	566	5,812	844	1,890	9,568
Disposals/write off	–	(1,322)	(182)	(755)	(341)	–	(2,600)
Reclassification	220	(703)	(69)	2,474	–	(1,922)	–
Transfer to non-current asset held for sale	–	(1,189)	–	–	–	–	(1,189)
At 30 April 2007 and 1 May 2007	4,022	33,843	5,995	35,359	4,725	2,074	86,018
Foreign currency translation adjustment	(156)	(245)	(91)	(545)	(113)	(669)	(1,819)
Additions	1,200	1,149	117	5,019	751	17,913	26,149
Disposals/write off	–	(1,365)	(215)	(411)	(684)	–	(2,675)
Reclassification	–	–	–	541	–	(541)	–
At 30 April 2008	5,066	33,382	5,806	39,963	4,679	18,777	107,673
Accumulated depreciation and impairment :							
At 1 May 2006	–	7,630	3,022	12,065	2,526	–	25,243
Foreign currency translation adjustment	–	12	12	114	2	–	140
Charge for the financial year	–	971	580	5,176	650	–	7,377
Disposals/write off	–	(293)	(160)	(704)	(283)	–	(1,440)
Impairment loss/(written back) (Note 8)	–	(277)	47	37	–	–	(193)
Reclassifications	–	249	36	(285)	–	–	–
At 30 April 2007 and 1 May 2007	–	8,292	3,537	16,403	2,895	–	31,127
Foreign currency translation adjustment	–	(92)	(36)	(335)	(55)	–	(518)
Charge for the financial year	–	1,003	579	5,564	644	–	7,790
Disposals/write off	–	(346)	(101)	(211)	(459)	–	(1,117)
At 30 April 2008	–	8,857	3,979	21,421	3,025	–	37,282
Net book value :							
At 30 April 2008	5,066	24,525	1,827	18,542	1,654	18,777	70,391
At 30 April 2007	4,022	25,551	2,458	18,956	1,830	2,074	54,891

11. Property, plant and equipment (cont'd)

Assets pledged as security

The Group's property, plant and equipment with a total net book value of $35,771,000 as at 30 April 2008 (2007 : $33,357,000) are subject to legal mortgages and floating charges referred to in Notes 23, 25 and 28.

Depreciation expenses included in cost of goods sold

Depreciation expenses amounting to $2,272,000 (2007 : $2,419,000) was included into cost of goods sold during the financial year.

Capitalisation of borrowing cost

Interest on borrowings amounting to $418,000 (2007 : $31,000) was capitalised during the financial year and included in the cost of plant and machinery.

Assets held under hire purchase

Additions to plant and equipment for the financial year includes $208,000 (2007 : $345,000) acquired under hire purchase agreements. The carrying amount of plant and equipment acquired under hire purchase agreements amounted to $939,000 as at 30 April 2008 (2007: $929,000). These assets are pledged as security for the related hire purchase liabilities.

12. Subsidiary companies

	Company	
	2008	**2007**
	$'000	$'000
Cost of investment :		
Unquoted equity shares, at cost (Note 42)	32,048	30,385
Less : Impairment loss	(2,117)	(1,615)
	29,931	28,770

Amounts due from/(to) subsidiary companies

	2008 $'000	2007 $'000
Loan to a subsidiary company (unsecured)	13,767	13,767
Amounts due from subsidiary companies (non-trade)	14,805	9,495
	28,572	23,262
Less : Allowance for doubtful non-trade receivables from subsidiary companies	(3,415)	(1,664)
Amounts due from subsidiary companies	25,157	21,598
Amounts due to subsidiary companies (non-trade)	(7,330)	(1,374)

Movement in allowance accounts :

	2008 $'000	2007 $'000
At 1 May	1,664	514
Charge for the year	1,751	1,150
At 30 April	3,415	1,664

12. Subsidiary companies (cont'd)

For the year ended 30 April 2008, an impairment loss of $1,751,000 (2007 : $1,150,000) was recognised in the income statement subsequent to a debt recovery assessment performed on amounts due from subsidiary companies as at 30 April 2008.

The loan to a subsidiary company is unsecured, bears fixed interest at 2.89% (2007 : 2.89%) per annum, with no repayment terms and is repayable only when the cash flows of the subsidiary company permits. The subsidiary company cannot repay this loan to the Company until the subsidiary company has repaid a term loan it obtained from a bank (Note 28).

The non-trade amounts due from and to subsidiary companies are unsecured and interest-free except for an amount of $3,559,000 (2007 : $2,650,000) due from subsidiary companies which bears interest at rates ranging from 3.00% to 10.00% (2007 : 4.13% to 10.00%) per annum. The non-trade balances have no repayment terms and are not expected to be repaid in the next twelve months.

Details of the subsidiary companies are set out in Note 42.

13. Joint venture company

	Company	
	2008	**2007**
	$'000	$'000
Unquoted equity shares, at cost	1,571	1,571

Details of the joint venture company are set out in Note 42.

The Group's share of the assets and liabilities of the joint venture company comprise :

	Group	
	2008	**2007**
	$'000	$'000
Non-current assets	3,031	3,334
Current assets	8,905	10,394
Current liabilities	(1,290)	(1,075)
Non-current liabilities	(23)	(45)
	10,623	12,608

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13. Joint venture company (cont'd)

The Group's share of the profits of the joint venture company comprise :

Revenue	7,745	14,270
Expenditure	(6,600)	(11,883)
Profit before taxation	1,145	2,387
Taxation	(102)	(373)
Profit after taxation	1,043	2,014

14. Associated companies

	Group		**Company**	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	2,118	2,118	72	72
Share of post-acquisition reserves	1,819	429	–	–
Foreign currency translation adjustment	(218)	(204)	–	–
	3,719	2,343	72	72
Less : Impairment loss	–	–	(72)	(72)
	3,719	2,343	–	–

The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows :

	2008	**2007**
	$'000	$'000
Balance sheet :		
Non-current assets	324	832
Current assets	42,018	26,305
Less : Liabilities	(22,915)	(16,210)
	19,427	10,927
Profit/(loss) account :		
Revenue	175,644	71,563
Expenditure	(164,847)	(68,070)
Taxation	(2,869)	(1,068)
Profit for the year	7,928	2,425

Details of the associated companies are set out in Note 42.

15. Inventories

	Group	
	2008	**2007**
	$'000	$'000
Inventories for sale	78,895	86,304
Raw materials, at cost	4,004	4,592
Work-in-progress - aluminium alloy wheels	1,650	1,467
Total inventories at lower of cost and net realisable value	84,549	92,363
Inventories for sale are stated after deducting allowance for obsolescence of	9,228	7,748

16. Trade receivables

	Group	
	2008	**2007**
	$'000	$'000
External parties	95,763	95,098
Less : Allowance for doubtful trade receivables	(4,950)	(4,224)
	90,813	90,874
Trade debts written off/(written back) directly to the income statement	59	(41)
Trade receivables are denominated in the following currencies :		
Singapore Dollars	20,577	23,416
United States Dollars	26,221	28,280
Ringgit Malaysia	14,680	13,026
Thai Baht	7,918	6,716
Australian Dollars	3,139	3,810
Indonesian Rupiah	6,864	5,243
Hong Kong Dollars	4,682	4,394
South African Rand	5,423	4,190
Others	1,309	1,799
	90,813	90,874

Trade receivables are non-interest bearing and are generally on 30 to 120 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the balance sheet date, trade receivables arising from export sales amounting to $11,686,000 (2007: $15,816,000) are supported by letters of credits issued by banks in countries where the customers are based.

16. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $34,322,000 (2007: $30,335,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

Trade receivables past due:		
Lesser than 30 days	7,813	7,648
30 - 60 days	8,146	4,853
61- 90 days	2,128	1,259
91 - 120 days	2,269	2,697
More than 120 days	13,966	13,878
	34,322	30,335

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2008	**2007**
	$'000	$'000
Trade receivables – nominal amounts	4,950	4,224
Less: Allowance for doubtful trade receivables	(4,950)	(4,224)
	–	–
Movement in allowance accounts:		
At 1 May	4,224	6,204
Charge/(writeback) for the year	1,236	(963)
Written off against allowance	(168)	(971)
Foreign currency translation adjustment	(342)	(46)
At 30 April	4,950	4,224

For the year ended 30 April 2008, an impairment loss of $1,236,000 (2007: a writeback of impairment loss of $963,000) was recognised in the income statement subsequent to a debt recovery assessment performed on trade receivables as at 30 April 2008.

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17. Derivatives

		Group			
		2008		**2007**	
		Fair value		**Fair value**	
		Assets	**Liabilities**	**Assets**	**Liabilities**
		$'000	$'000	$'000	$'000
Cash flow hedge					
- Interest rate swaps	(a)	–	(265)	–	–
Non-hedging instrument					
- Forward currency contracts	(b)	158	(377)	41	(318)
- Interest rate swaps		8	–	–	–
		166	(642)	41	(318)

(a) ***Interest rate swaps***

The Group entered into three sets of interest rate swaps of S$10 million each to manage its exposure to interest rate fluctuations. A portion of the interest rate swaps were used to convert a Singapore dollar floating rate liability to a Singapore dollar fixed rate liability.

(b) ***Foreign exchange forward contracts***

The Group uses foreign currency contracts to manage the risk against currency fluctuations in connection with payments to overseas suppliers and receipts from overseas customers. The contractual amounts to be paid or received and contractual exchange rates of the outstanding contracts at the balance sheet date are as follows:

	Range of contractual rates		Contractual / notional amounts	
	2008	**2007**	**2008**	**2007**
			$'000	$'000
Group				
To sell Singapore Dollars for:-				
- United States Dollars	1.356 – 1.434	1.518 – 1.533	18,348	12,322
- Euro Dollars	2.139 – 2.170	2.066	753	826
			19,101	13,148
To sell Australian Dollars for United States dollars	0.898 – 0.942	0.770 – 0.791	2,744	4,199
To sell South African Rand for United States dollars	7.882 – 8.192	7.021 – 7.513	6,782	3,367
To buy Singapore Dollars for:				
- United States Dollars	1.345 – 1.413	1.504 – 1.535	32,676	31,187
- Euro	2.115	2.050 – 2.064	1,058	1,405
			33,734	32,592

18. Other receivables

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Financial assets				
Amounts due from :				
- joint venture company	196	25	218	48
- shareholders of subsidiary companies	–	–	662	662
- shareholders of associated companies	5	16	16	16
Sundry receivables	4,263	1,423	(1)	5
Loans and deposits to suppliers	192	1,020	–	–
Deposits	1,827	794	–	–
Staff loans	252	196	–	–
	6,735	3,474	895	731
Less : Allowance for doubtful receivables	(615)	(467)	(209)	(209)
	6,120	3,007	686	522
Non-financial assets				
Prepayments and advances				
Other recoverables	228	288	–	–
Prepaid operating expenses	1,454	880	41	33
Advance payment for purchases	2,925	233	–	–
	4,607	1,401	41	33
	10,727	4,408	727	555

	Group		Company	
Movement in allowance accounts :				
At 1 May	467	35	209	16
Charge for the year	148	432	–	193
At 30 April	615	467	209	209

The non-trade amounts due from the joint venture company, and shareholders of subsidiary and associated companies are unsecured, interest-free and are repayable on demand. The amounts are to be settled in cash.

The loans and deposits to suppliers are unsecured and interest-free. The loans are deductible against the amount payable on purchases of tyres from these suppliers. The deposits are refundable at the end of the manufacturing contracts with duration up to 2 years.

Staff loans are unsecured, bear interest at rates at 6.5% (2007 : 6.5%) per annum and repayable within the next 12 months.

19. Marketable securities

	Group	
	2008	2007
	$'000	$'000
Quoted equity shares, at market value	6	7

20. Non-current asset held for sale

The non-current asset for sale refers to a property held by a subsidiary company of the Company's joint venture company, Tyre Pacific (HK) Limited ("TPHK"). TPHK group entered into an agreement to sell a property in Hong Kong for HK$16 million. The sale of the property was completed in 16 May 2007. The purpose of the sale was to divest its non-key assets.

21. Cash and bank deposits

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Cash at bank and on hand	19,875	16,288	105	386
Short term bank/fixed deposits	4,467	4,053	–	–
	24,342	20,341	105	386

Cash and bank deposits are denominated in the following currencies :

	Group 2008	Group 2007	Company 2008	Company 2007
Singapore Dollars	8,853	4,777	98	375
United States Dollars	1,766	913	7	11
Ringgit Malaysia	2,648	3,870	–	–
Thai Baht	1,702	1,181	–	–
Hong Kong Dollars	6,268	6,999	–	–
South African Rand	1,364	1,291	–	–
Others	1,741	1,310	–	–
	24,342	20,341	105	386

Cash at bank earns interest at floating rates based as daily bank deposits rates ranging from 0.05% to 4.10% (2007 : up to 0.75%) per annum.

Fixed deposits are made for varying periods between 7 to 30 days and the effective interest rate on the fixed deposits approximate 2% (2007 : 5%) per annum.

22. Trade payables

Trade payables are denominated in the following currencies :

	Group	
	2008	**2007**
	$'000	$'000
Singapore Dollars	388	2,713
United States Dollars	17,611	13,062
Ringgit Malaysia	4,962	8,420
Australian Dollars	274	593
Hong Kong Dollars	619	2,395
South African Rand	2,349	2,680
Others	2,790	1,906
	28,993	31,769

These amounts are non-interest bearing. Trade payables are normally settled on 120 days terms.

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23. Trust receipts (secured)

Trust receipts have maturity dates of up to 6 (2007 : 6) months and are secured by corporate guarantees from the Company, a negative pledge over the assets, excluding its leasehold buildings, of Stamford Tyres International Pte Ltd. These facilities are subject to compliance with certain financial covenants.

The trust receipts bear interest at rates ranging from 2.60% to 6.70% (2007 : 5.10% to 8.75%) per annum.

Trust receipts are denominated in the following currencies :

	Group	
	2008	**2007**
	$'000	$'000
Singapore Dollars	29,642	39,132
United States Dollars	33,384	15,242
Ringgit Malaysia	8,415	9,057
Thai Baht	4,367	5,328
Others	4,440	3,676
	80,248	72,435

24. Other payables

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Financial liabilities				
Amounts due to associated companies	89	89	89	89
Payroll and staff related expenses	3,811	4,216	–	–
Sundry payables	7,242	3,980	40	96
Accrued operating expenses	2,918	1,771	547	513
	14,060	10,056	676	698
Non-financial liability				
Other payables	–	173	–	–
	14,060	10,229	676	698

The non-trade amounts due to the associated companies are unsecured, interest-free and are repayable on demand.

25. Loans (secured)

	Group	
	2008	**2007**
	$'000	$'000
Short-term loans (revolving credit facilities)	18,596	14,910
Long-term loans - current portion (Note 28)	10,143	8,503
	28,739	23,413

25. Loans (secured) (cont')

The short-term loans are secured by negative pledge over the assets of certain subsidiary companies excluding their hire purchase assets and corporate guarantees from the Company. The short-term loans bear interest at rates ranging from 2.68% to 17.00% (2007 : 3.90% to 16.00%) per annum.

26. Hire purchase liabilities

The future minimum payments under hire purchase agreements to acquire motor vehicles and plant and equipment are as follows :

	Group			
	Minimum payments 2008	**Present value of payments 2008**	**Minimum payments 2007**	**Present value of payments 2007**
	$'000	$'000	$'000	$'000
Within one year	436	366	425	359
After one year but not more than five years	969	804	941	799
More than five years	–	–	79	65
	969	804	1,020	864
Total minimum hire purchase payments	1,405	1,170	1,445	1,223
Less : Amounts representing finance charges	(235)	–	(222)	–
Present value of minimum hire purchase payments	1,170	1,170	1,223	1,223

Effective interest rates on the hire purchase arrangements range from 3.4% to 14.5% (2007: 3.1% to 28.0%) per annum.

27. Provisions

	Group	
	2008	**2007**
	$'000	$'000
Current liabilities		
Provision for product warranties		
Balance at beginning	489	422
Provision for the year	417	369
Provision utilised during the year	(444)	(302)
Balance at end	462	489

A provision is recognised for expected warranty claims on proprietary products sold during the financial year based on sales volume. Most of these costs are expected to be incurred within 2 years from the balance sheet date.

27. Provisions (cont'd)

	Group 2008 $'000	Group 2007 $'000
Non-current liabilities		
Provision for reinstatement cost		
Balance at beginning	206	203
Provision for the year	10	6
Provision utilised during the year	(6)	(3)
Balance at end	210	206

Provision for reinstatement cost refers to the estimated cost of dismantling, removing and restoring the leasehold properties at the end of the lease term.

28. Long-term loans (secured)

	2008 Effective interest rate %	2007 Effective interest rate %	Group 2008 $'000	Group 2007 $'000
Current (Note 25)				
United States Dollar loans	7.2	6.5	1,013	384
Singapore Dollar loans	4.2	4.9	6,712	6,630
Thai Baht loans	5.8	7.7	2,036	1,163
British Pounds loans	6.6	–	38	–
Ringgit Malaysia loans	8.5	7.8	344	326
Total			10,143	8,503
Non-current				
United States Dollar loans	7.2	6.5	1,661	907
Singapore Dollar loans	4.2	4.9	19,976	26,108
Thai Baht loans	5.8	7.7	14,632	5,875
British Pounds loans	6.6	–	811	–
Ringgit Malaysia loans	8.5	7.8	1,998	2,411
Total			39,078	35,301

Included in the Singapore dollar loans as at 30 April 2008 is a loan with current and non-current portions amounting to $5,500,000 (2007 : $4,500,000) and $13,000,000 (2007 : $18,500,000) respectively, which is subject to compliance with certain financial covenants by Stamford Tyres International Pte Ltd and the Group. Additionally, Stamford Tyres International Pte Ltd shall not repay the loan from the Company amounting to $13,767,000 (Note 12) until this loan is repaid. Stamford Tyres International Pte Ltd has entered into interest rate swap transactions with the lending bank to fix the interest rate on the full outstanding portion of this loan.

28. Long-term loans (secured) (cont'd)

All loans are secured by corporate guarantees from the Company and property, plant and equipment of certain subsidiary companies.

During the current financial year, two subsidiary companies have breached bank covenants of three bank loans. The subsidiary companies did not fulfil the requirements to maintain minimum debt service coverage ratio and minimum interest coverage ratio stipulated by the banks. The carrying amount of the loans were $32,586,000 as at 30 April 2008. Management had renegotiated the terms of these bank loans and the breaches were remedied as at the balance sheet date through the revision/waiver of the terms by the banks.

29. Deferred taxation

	Group	
	2008	**2007**
	$'000	$'000
At beginning of financial year	(1,299)	(1,765)
Foreign currency translation adjustment	(85)	(6)
Charge for the financial year (Note 9)	225	554
Adjustments in respect of the previous financial years (Note 9)	447	(30)
Effects of changes in tax rate (Note 9)	–	(52)
At end of financial year	(712)	(1,299)
Represented by :		
- Deferred tax assets	(1,697)	(2,242)
- Deferred tax liabilities	985	943
At end of financial year	(712)	(1,299)

The deferred tax assets and liabilities arise from the following temporary differences.

	Property, plant and equipment	**Receivables**	**Inventories**	**Provisions, accruals and others**	**Total**
	$'000	$'000	$'000	$'000	$'000
At beginning of the financial year	705	(409)	(1,671)	76	(1,299)
Movement for the year	125	(3)	75	475	672
Foreign currency translation adjustment	18	8	11	(122)	(85)
At the end of the financial year	848	(404)	(1,585)	429	(712)

30. Share capital

	Group and Company			
	Number of shares 2008	Share capital 2008	Number of shares 2007	Share capital 2007
	'000	$'000	'000	$'000
Issued and fully paid :				
At beginning of financial year	230,561	33,677	217,947	32,308
Issued during the financial year :				
Ordinary shares for cash upon the exercise of Warrant 2007	–	–	12,614	1,262
Transfer from capital reserve and share premium account	–	–	–	107
	–	–	12,614	1,369
At end of financial year	230,561	33,677	230,561	33,677

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carry one vote without restriction.

Unissued shares under share options as at 30 April 2008 comprise 2,405,000 (2007 : 2,455,000) options entitling holders to subscribe at any time during the exercise period for the same number of ordinary shares in the Company at the exercise price of $0.430 (2007 : $0.430) per share. The details of the share options are discussed in Note 6.

The holders of the share options have no right to participate by virtue of these options in any share issue of any other company in the Group.

31. Reserves

(a) ***Capital reserve***

Capital reserve represents proceeds from issuance of warrants and non-distributable amounts set aside in compliance with local laws of certain overseas subsidiary companies.

(b) ***Employee share option reserve***

Employee share option represents the fair value of equity-settled share options granted to employee (Note 6). The reserve is made up of the accumulated value of services received from employees recorded on grant of equity-settled share options.

(c) ***Revenue reserve***

This represents the accumulated profits less distributions made to the shareholders of the Company.

(d) ***Fair value reserve recognised in equity***

Fair value reserve represents the effective portion of the loss on the interest rate swaps designated as cash flow hedge. (Note 17).

(e) ***Foreign currency translation reserve***

This comprises foreign exchange differences arising from the translation of the financial statements of overseas subsidiary, associated and joint venture companies and from the translation of long-term inter-company advances which are effectively part of net investments in the subsidiary companies.

The movement in the reserves are shown in the statement of changes in equity.

32. Warrant 2007

The net proceeds relating to the Warrant 2007 and included in the capital reserve are as follows :

	Group and Company	
	2008	**2007**
	$'000	$'000
At beginning of financial year :		
Nil (2007 : 12,780,079) warrants at an issue price of $0.012 per warrant, net of issue expenses	–	108
Less : Transfer to share capital/premium account upon exercise of nil (2007 : 12,613,824) warrants	–	(107)
Less : Transfer to revenue reserve upon expiry of warrants	–	(1)
At end of financial year :		
Nil (2007 : Nil) warrants at an issue price of $0.012 per warrant, net of issue expenses	–	–

In financial year 2002, the Company made a renounceable rights issue of 75,015,000 warrants ("Warrant 2007") at an issue price of $0.012 per warrant carrying the right to subscribe for new ordinary shares each in the capital of the Company at an exercise price of $0.10 per share. The Warrant 2007 had expired on 21 February 2007.

33. Dividend

	Group and Company	
	2008	**2007**
	$'000	$'000
Final dividend of 1.50 (2007 : 1.50) cents, less income tax at 18% (2007 : 18%), per share in respect of the previous financial year	2,836	2,716
Special dividend of 0.50 (2007 : 1.00) cents, less income tax at 18% (2007 : 18%), per ordinary share in respect of the previous financial year	945	1,810
Interim dividend of 1.00 (2007 : nil) cents, less income tax at 18% (2007 : nil), per share in respect of the current financial year	1,891	–
Dividend declared and paid during the year	5,672	4,526

The directors have proposed a final exempt (one-tier) dividend of 0.5 cents per ordinary share amounting to approximately $1,153,000 be paid in respect of the financial year ended 30 April 2008. The dividend will be recorded as a liability on the balance sheet of the Company and Group upon approval by the shareholders of the Company at the next Annual General Meeting of the Company.

34. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flow comprise the following balance sheet amounts :

	Group	
	2008	**2007**
	$'000	$'000
Cash and bank deposits (Note 21)	24,342	20,341
Short-term loans (Note 25)	(18,596)	(14,910)
Cash and cash equivalents	5,746	5,431

35. Commitments

(i) ***Operating lease commitments***

As at financial year end, commitments for minimum rental payments under non-cancellable leases with a term of more than one year are as follows :

	Group	
	2008	**2007**
	$'000	$'000
Within one year	2,241	1,439
Within two to five years	4,136	2,563
After five years	8,448	8,508
	14,825	12,510

The Group leases office premises, warehousing facilities and retail outlets under operating leases. The leases typically run for an initial period of 2 to 30 years, with an option to renew the leases after that date. Lease rentals are usually adjusted during the renewals to reflect market rentals.

(ii) ***Capital commitments***

Commitments in respect of contracts placed for the purchase of property, plant and equipment	50	2,327
Other amounts approved by directors but not contracted for the purchase of property, plant and equipment	1,507	16,716
	1,557	19,043

36. Contingencies

	Company	
	2008	**2007**
	$'000	$'000
(a) ***Corporate guarantees***		
Guarantees issued for bank facilities granted to subsidiary companies	147,622	123,973

The above indicates amounts utilised by subsidiary companies as at balance sheet date.

(b) ***Litigation***

A subsidiary company has been served with a legal suit by a tyre manufacturer for alleged infringement of patent. The parties engaged in a court ordered mediation in March 2008. However, no settlement was reached. Trial is currently scheduled to commence in 2009. The Group has engaged a legal counsel to challenge this suit. Based on information available todate, the directors do not believe the suit would result in any material liability to the Group.

37. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa, or it is subject to common control or common significant influence.

(a) ***Sale and purchase of goods and services***

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year at terms agreed between the parties:

	Group	
	2008	**2007**
	$'000	$'000
Income from services rendered to a joint venture company	70	75
Management fee paid to other shareholder of a joint venture company	(317)	(329)
Sale of goods to companies in which a director of the Group has an interest	3,996	2,768
Professional fee paid to a company in which a director of an overseas subsidiary company has an interest	(111)	(120)
Printing expenses made to a company in which a director of the Group has an interest	(29)	(29)

(b) ***Compensation of key management personnel***

	Group	
	2008	**2007**
	$'000	$'000
Directors' fees	230	287
Salaries, bonus and other benefits-in-kind	3,301	2,971
Contribution to CPF	66	112
Share-based payments	104	104
Total	3,701	3,474
Comprises amounts paid/payable to :		
- Directors of the Company	2,191	2,155
- Directors of subsidiary companies	262	276
- Other key management personnel	1,248	1,043
	3,701	3,474

38. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivative financial instrument, comprise short-term and long-term bank borrowings, hire purchase contracts, and cash and short-term deposits. The main purpose of these financial instruments and borrowings are to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative instruments in the form of interest rate swaps and forward currency contracts to manage interest rate and currency risks arising from the Group's operations and its sources of financing.

It is, and has been through out the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

38. Financial risk management objectives and policies (cont'd)

The main risks faced by the Group and Company are foreign currency risk, interest rate risk, credit risk and liquidity risk that arise through its normal operations.

(a) ***Foreign currency risk***

Foreign exchange risk arises from a change in foreign currency exchange rate, which is expected to have adverse effect on the Group in the current reporting period and in future years. The Group operates in several countries and subsidiary, associated and joint venture companies within the Group maintain their books and records in their respective functional currencies. The Group's accounting policy is to translate the results of overseas subsidiary, associated and joint venture companies using the weighted average exchange rates. Net assets denominated in foreign currencies and held at the financial year end are translated into Singapore Dollars, the Group's reporting currency, at year end exchange rates. Fluctuations in the exchange rate between the functional currencies and Singapore dollar will therefore have an impact on the Group. It is the Group's policy not to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currencies as a natural hedge against overseas assets.

The Group is also exposed to the volatility in the foreign currency cash flows related to repatriation of the investments and advances to its subsidiary, associated and joint venture companies. The Group does not hedge exposures arising from such risks.

The Group's trading subsidiary companies are exposed to movements in foreign currency rates arising from the purchases of goods from manufacturers and sales made to customers located in several countries. Whenever necessary, foreign exchange forward contracts are used by the subsidiary companies to manage the foreign currency exposure arising from their trading activities. The Group accounting policies in relation to these financial instruments are set out in Note 2.28.

Sensitivity analysis for foreign currency risk

The following table demonstrates sensitivity to a reasonably possible change in the United States Dollars ("USD"), Ringgit Malaysia ("Ringgit") and Thai Baht exchange rate (against Singapore Dollars), with all other variables held constant, of the Group's profit net of tax.

		Profit net of tax	
		2008	**2007**
		$'000	$'000
USD	- strengthened by 5% (2007: 5%)	3,238	2,357
	- weakened by 5% (2007: 5%)	(3,238)	(2,357)
Ringgit	- strengthened by 2% (2007: 2%)	503	563
	- weakened by 2% (2007: 2%)	(503)	(563)
Thai Baht	- strengthened by 9% (2007: 9%)	1,121	1,153
	- weakened by 9% (2007: 9%)	(1,121)	(1,153)

38. Financial risk management objectives and policies (cont'd)

(b) ***Interest rate risk***

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Group's financial conditions and/or results. The primary source of the Group's interest rate risk is its borrowings from banks and other financial institutions primarily in Singapore, Malaysia and Thailand. The Group ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions. Where appropriate, the Group uses interest rate swaps to hedge its interest rate exposure for specific underlying debt obligations (Note 28). Risk variables are based on volatility in interest rates. This analysis assumes that all other variables, in particular foreign currency rates and tax rates, remain constant. Information relating to the interest rate is disclosed in Notes 23, 25, 26 and 28. At the balance sheet date, after taking into account the effect of the interest rate swap, approximately 27% (2007 : nil%) of the Group's borrowings are at fixed rates of interest. Included in the table below are the liabilities and accruing amounts, categorised by the earlier contractual repricing or maturity dates.

Group	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2008							
Fixed rate							
Interest rate swap	–	30,000	–	–	–	–	30,000
Obligations under finance leases	366	276	242	148	85	53	1,170
Bank loans	5,500	13,000	–	–	–	–	18,500
Floating rate							
Trust receipts	80,248	–	–	–	–	–	80,248
Bank loans	23,239	14,945	3,903	920	945	5,365	49,317
2007							
Fixed rate							
Obligations under finance leases	359	202	199	199	199	65	1,223
Floating rate							
Trust receipts	72,435	–	–	–	–	–	72,435
Bank loans	23,413	9,209	14,926	1,926	1,926	7,314	58,714

38. Financial risk management objectives and policies (cont'd)

(b) ***Interest rate risk (cont'd)***

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax.

	Increase/ decrease in basis points	**Effect on profit net of tax** $'000
2008		
- Singapore Dollars	50	185
- United States Dollars	50	155
- Ringgit Malaysia	50	44
- Thai Baht	50	111
- Singapore Dollars	(50)	(185)
- United States Dollars	(50)	(155)
- Ringgit Malaysia	(50)	(44)
- Thai Baht	(50)	(111)
2007		
- Singapore Dollars	50	275
- United States Dollars	50	104
- Ringgit Malaysia	50	48
- Thai Baht	50	59
- Singapore Dollars	(50)	(275)
- United States Dollars	(50)	(104)
- Ringgit Malaysia	(50)	(48)
- Thai Baht	(50)	(59)

(c) ***Credit risk***

Credit risk is the risk that entities and individuals will be unable to meet their obligations to the Group resulting in financial loss to the Group. It is the Group's policy to enter into transactions with a diversity of credit worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are rendered to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group has made allowances for potential losses on credits extended. The Group's maximum exposure to credit risk in the event the parties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet. As at financial year end there was no significant concentration of credit risk to the Group or Company.

Surplus funds are placed with reputable financial institutions.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivable at the balance sheet date is as follows:

38. Financial risk management objectives and policies (cont'd)

(c) ***Credit risk (cont'd)***

	2008		2007	
	$'000	% of total	$'000	% of total
Group				
By country:				
Singapore	8,751	9.64	6,464	7.11
Indonesia	7,459	8.21	6,335	6.97
Malaysia	14,680	16.17	13,026	14.33
Thailand	7,882	8.68	7,070	7.79
South Africa	5,423	5.97	4,190	4.61
Others	46,618	51.33	53,789	59.19
	90,813	100.00	90,874	100.00

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade receivables).

(d) ***Liquidity risk***

The Group monitors its projected and actual cash inflows and outflows to ensure that funding needs are identified and managed in advance. The Group actively manages its debt maturity profile, operating cash flows and availability of committed credit facilities to ensure that all refinancing, repayment and funding needs are met. The Group strives to maintain a sufficient level of banking facilities to meet its funding requirements and utilise trust receipts, revolving credit facilities, loans and hire purchase contracts for this purpose. The credit facilities provided by the banks and finance companies are subject to certain financial covenants, and terms and conditions which are summarised in Notes 23, 25, 26 and 28.

The table below summarises the maturity profile of the Group and Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2008				2007			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Trade and other payables	123,301	–	–	123,301	114,433	–	–	114,433
Derivatives	642	–	–	642	318	–	–	318
Hire-purchase liabilities	366	751	53	1,170	359	799	65	1,223
Loans and borrowings	28,739	33,712	5,366	67,817	23,413	27,987	7,314	58,714
	153,048	34,463	5,419	192,930	138,523	28,786	7,379	174,688
Company								
Trade and other payables	676	–	–	676	698	–	–	698

39. Financial instruments

(a) ***Fair value of financial assets and financial liabilities***

The fair value of a financial instrument is the amount of which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group has carried its marketable securities that are classified as held for trading and derivative financial instruments at their fair value. Fair value has been determined by reference to published market prices or rates quoted by the lending bank at the balance sheet date.

Financial instruments whose carrying amount approximate fair value

The management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, bank overdraft, current trade and other payables and bank borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently within a year.

Financial instruments carried at other than fair values

The Company has non-current interest-free receivables extended to subsidiary companies, which either form part of the Company's net investment in the subsidiary companies or are not expected to be repaid until the cash flows of the subsidiary companies permit. It is impractical to determine the fair value of these receivables as the timing of the future cash flow repatriation cannot be estimated reliably. Therefore, such loans are carried at cost.

40. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 April 2008 and 30 April 2007.

The Group monitors capital using a gearing ratio, which is bank borrowings divided by distributable net assets. The Group's policy is to keep the gearing ratio at less than 3 times. The Group includes within bank borrowings, trust receipts, short term loans and long term loans.

	Group	
	2008	**2007**
	$'000	$'000
Trust receipts	80,248	72,435
Short term loans	18,596	14,910
Current portion of long term loans	10,143	8,503
Long term loans	39,078	35,301
Bank borrowings	148,065	131,149

40. Capital management (cont'd)

	Group 2008 $'000	Group 2007 $'000
Equity attributed to the equity holders of parents	88,267	88,860
Less : Statutory reserve fund	(60)	–
Distributable net assets	88,207	88,860
Gearing ratio (times)	1.68	1.48

Certain subsidiaries of the Group are subject to certain financial covenants for credit facilities provided by certain banks. These subsidiaries are required to maintain certain leverage ratios, debt service coverage ratios, interest coverage and shareholders' funds.

As disclosed in Note 31, a subsidiary of the Group is required to maintain a five percent reserve at each distribution of dividends until the reserve reaches at least 10 percent of the subsidiary's authorised capital. This externally imposed capital requirement has been complied with by the above mentioned subsidiary for the financial years dated 30 April 2008 and 30 April 2007.

41. Segment information

The Group operates in the wholesale and retail of tyres and wheels, design and contract manufacturing of tyres for proprietary brands, tyre retreading, equipment trading, the servicing of motor vehicles and manufacturing and sale of aluminium alloy wheels. The primary segment reporting format is determined to be geographically reported as its operating businesses are organised and managed separately based on geographical areas, representing a strategic business unit that serves different markets. The secondary segment information is organised into distribution of tyres and wheels, and manufacturing of aluminium alloy wheels.

The unallocated revenue and expenses comprise general corporate income and expense items. Segment accounting policies are the same as the policies described in Note 2 to the financial statements. Revenues are attributed to geographical areas based on the location of the assets producing the revenues.

The Group companies use a cost plus basis for inter-segment pricing for the sale and purchase of goods between the transacting parties.

(a) ***Geographical segments***

	South East Asia①		North Asia②		Others③		Total of segments		Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue												
External revenue	260,930	237,770	21,746	29,127	45,424	29,117	328,100	296,014	–	–	328,100	296,014
Inter-segment revenue	87,608	92,401	366	217	293	–	88,267	92,618	(88,267)	(92,618)	–	–
Other revenue	240	103	35	547	–	(97)	275	553	–	–	275	553
	348,778	330,274	22,147	29,891	45,717	29,020	416,642	389,185	(88,267)	(92,618)	328,375	296,567

41. Segment information (cont'd)

(a) ***Geographical segments (cont'd)***

	South East Asia①		North Asia②		Others③		Total of segments		Elimination		Consolidated	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Unallocated revenue											372	276
Total revenue											328,747	296,843
Segment result	17,218	23,545	1,055	1,638	(1,073)	(800)	17,200	24,383	–	–	17,200	24,383
Add :												
Unallocated revenue											372	276
Less :												
Unallocated expenses											–	(1,333)
Finance costs											(6,718)	(7,027)
Share of results of associated company			1,390	517			1,390	517			1,390	517
Profit before taxation											12,244	16,816
Taxation											(4,605)	(5,193)
Profit for the financial year											7,639	11,623
Other information												
Segment asset	224,396	207,853	19,509	22,663	36,743	33,078	280,648	263,594	–	–	280,648	263,594
Associated companies	233	233	3,486	2,110	–	–	3,719	2,343	–	–	3,719	2,343
Unallocated assets	–	–	–	–	–	–	–	–	–	–	2,043	2,762
Total assets	224,629	208,086	22,995	24,773	36,743	33,078	284,367	265,937	–	–	286,410	268,699
Segment liabilities	37,512	37,924	1,746	1,884	3,791	2,193	43,049	42,001	–	–	43,049	42,001
Unallocated liabilities	–	–	–	–	–	–	–	–	–	–	154,754	137,549
Total liabilities	37,512	37,924	1,746	1,884	3,791	2,193	43,049	42,001	–	–	197,803	179,550

NOTES TO THE FINANCIAL STATEMENTS

30 April 2008
(In Singapore dollars)

41. Segment information (cont'd)

(a) ***Geographical segments (cont'd)***

	South East Asia①		North Asia②		Others③		Total of segments		Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other segment information												
Capital expenditure :												
- property, plant and equipment	23,323	8,882	2,160	255	666	431	26,149	9,568			26,149	9,568
Significant non-cash expenses:												
Depreciation of property, plant and equipment	7,405	7,062	205	188	180	127	7,790	7,377			7,790	7,377
Allowance/ (reversal) for doubtful trade receivables	949	(1,422)	(122)	704	409	(245)	1,236	(963)			1,236	(963)
Allowance for /(reversal) of inventory obsolescence	1,590	755	(95)	(63)	(15)	495	1,480	1,187			1,480	1,187
(Writeback of impairment)/ impairment on property, plant and equipment	–	102	–	(385)	–	90	–	(193)			–	(193)
Bad external trade debts written off/ (written back) directly to profit and loss account	38	(41)	24	–	(3)	–	59	(41)			59	(41)

Note :

① Includes Singapore, Malaysia, Philippines, Thailand and Indonesia

② Includes Hong Kong, China and South Korea

③ Includes North America/Latin America, Australia, South Africa and India

NOTES TO THE FINANCIAL STATEMENTS

30 April 2008
(In Singapore dollars)

41. Segment information (cont'd)

(b) ***Business segments***

	Revenue		Total assets		Capital expenditure	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000	$'000	$'000
Distribution	295,548	268,968	241,179	242,115	6,951	6,044
Manufacturing	33,199	27,875	45,231	26,584	19,198	3,524
	328,747	296,843	286,410	268,699	26,149	9,568

42. Subsidiary, associated and joint venture companies

The subsidiary, associated and joint venture companies as at 30 April 2008 are :

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Percentage of equity held by the Group	
			2008	**2007**	**2008**	**2007**
			$'000	$'000	%	%
	Subsidiary companies					
	Held by the Company :					
	Stamford Tyres International Pte Ltd① (Singapore)	Wholesale and retail of tyres and wheels, design and contract manufacturing of tyres for proprietary brands and retreading of tyres (Singapore)	11,000	11,000	100	100
	Stamford Tyres (M) Sdn Bhd ② (Malaysia)	Wholesale of tyres and wheels (Malaysia)	580	580	100	100
#	STC Tyres (Malaysia) Sdn Bhd ② (Malaysia)	Property holding company (Malaysia)	458	458	50	50
	Stamford Tyre Mart Sdn Bhd ② (Malaysia)	Retail of tyres and wheels (Malaysia)	@	@	100	100
	Stamford Tires Distributor Co., Ltd ③ (Thailand)	Wholesale of tyres and wheels (Thailand)	4,268	4,268	100	100
#	STC Tyres Limited ③ (Thailand)	Inactive (Thailand)	288	288	49	49
#	Stamford Auto Mart Limited ③ (Thailand)	Inactive (Thailand)	21	21	49	49
	Stamford Tyres (Hong Kong) Limited ④ (Hong Kong)	Investment holding and wholesale of tyres (Hong Kong and China)	1,040	1,040	100	100
	Boon Tyre Holdings Limited ⑤ (Hong Kong)	Investment holding (Hong Kong)	@	@	100	100

42. Subsidiary, associated and joint venture companies (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2008 $'000	Cost of investment 2007 $'000	Percentage of equity held by the Group 2008 %	Percentage of equity held by the Group 2007 %
	Subsidiary companies					
	Held by the Company :					
##	Stamford Tires and Wheels, Inc. (United States of America)	Wholesale of tyres and wheels (Latin America and USA)	14	14	100	100
	Stamford Tyres (Africa) (Proprietary) Limited ⑥ (South Africa)	Wholesale of tyres and wheels (South Africa)	2,018	2,018	100	100
	PT Stamford Tyres Indonesia ⑩ (Indonesia)	Wholesale and retail of tyres and retreading of tyres (Indonesia)	726	726	100	100
	PT Stamford Tyres Distributor Indonesia ⑩ (Indonesia)	Wholesale of tyres and wheels (Indonesia)	530	530	100	100
	Sumo Tires Pte Ltd ① (Singapore)	Inactive (Singapore)	@	@	100	100
	Stamford Auto City Pte Ltd ① (Singapore)	Inactive (Singapore)	200	200	100	100
	Wahsan Trading Pte Ltd ① (Singapore)	Inactive (Singapore)	218	218	100	100
	Stamford Sport Wheels Company Limited ③ (Thailand)	Manufacture of aluminium alloy wheels (Thailand)	9,328	8,251	100	100
##	Stamford International Trading (Tianjin) Co. Ltd. (China)	Inactive (China)	322	322	100	100
	Stamford Tyres Australia Pty Limited ⑦ (Australia)	Wholesale of tyres and wheels (Australia)	502	@	100	100
##	Stamford Tyres Korea Ltd (South Korea)	Wholesale of tyres and wheels (South Korea)	72	72	100	100
	Stamford Tyres Philippines, Inc. ⑧ (Philippines)	Inactive (Philippines)	361	361	100	100
++	Stamford Tyres Distributors India Private Limited ⑪ (India)	Wholesale of tyres (India)	18	18	100	100
##	Stamford Tyres Do Brazil Participacoes LTDA	Dormant (Brazil)	84	*	100	*
			32,048	30,385		

NOTES TO THE FINANCIAL STATEMENTS

30 April 2008
(In Singapore dollars)

42. Subsidiary, associated and joint venture companies (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2008 %	2007 %
	Subsidiary companies			
	Held by Stamford Tyres (Hong Kong) Limited :			
	Stamford Tyres (Shanghai) Limited ④ (China)	Wholesale of tyres and wheels (China)	100	100
	Stamford Tyres (Guangzhou) Limited ④ (China)	Wholesale and retail of tyres and wheels (China)	100	100
	Held by Stamford Tyres (M) Sdn Bhd :			
	Stamford Retread Industries (M) Sdn Bhd (formerly known as Stamford Motor Sdn Bhd) ② (Malaysia)	Retreading of tyres (formerly retail of motor vehicles) (Malaysia)	100	100
	Held by Boon Tyre Holdings Limited :			
	Raffles Resources Singapore Pte Ltd ① (Singapore)	Inactive (Singapore)	100	100
	Joint venture company			
	Held by the Company :			
+	Tyre Pacific (HK) Limited ⑨ (Hong Kong)	Investment holding and wholesale of tyres (Hong Kong and China)	50	50
	Associated companies			
	Held by the Company :			
##	Stamford Tyres (Thailand) Co., Ltd (Thailand)	Inactive (Thailand)	49	49
	Held by Tyre Pacific (HK) Limited :			
+	SRITP Limited (British Virgin Islands)	Wholesale of tyres (China)	20	20

* Capital injection was in progress.

@ Cost of investment at one hundred units of local currency or less.

\# The company is considered as a subsidiary company and included in the consolidated financial statements as the Group has the power to control, by agreement, the financial and operating policies of the management of the Company.

\## Not required to be audited under the laws of the country of incorporation. Unaudited financial statements have been used for the preparation of the consolidated financial statements of the Group.

\+ Statutory year end is 31 December. A limited review or audit of the financial statements has been performed for the purpose of the preparation of the consolidated financial statements of the Group.

++ Statutory year end is 31 March. Unaudited financial statements have been used for the preparation of the consolidated financial statements of the Group.

42. Subsidiary, associated and joint venture companies (cont'd)

Audited by :

① Ernst & Young LLP, Singapore, Public Accountants and Certified Public Accountants
② Ernst & Young, Malaysia, Chartered Accountants
③ Ernst & Young Office Limited, Thailand, Certified Public Accountants
④ Tony Nedderman & Co, Hong Kong, Certified Public Accountants
⑤ Ernst & Young, Hong Kong, Certified Public Accountants
⑥ Ernst & Young, South Africa, Chartered Accountants
⑦ Felsers, Australia, Chartered Accountants
⑧ Manuel Valdez, Ngo & Associates, Philippines, Certified Public Accountants
⑨ KPMG, Hong Kong, Certified Public Accountants
⑩ Herman Dody Tanumihardja & Rekan, Indonesia, Registered Public Accounting Firm
⑪ Sudit K. Parekh & Co, India, Chartered Accountants.

43. Comparative figures

The following comparative figures have been reclassified to conform with current year's presentation:

	Restated 2007 $'000	Reported 2007 $'000
Income statement		
Other revenue	829	1,387
Other operating expenses	3,957	4,515
Balance Sheets		
Non-current assets - Amounts due from subsidiary companies	21,598	20,224
Non-current liabilities - Amounts due to subsidiary companies	(1,374)	–

44. Authorisation of financial statements for issue

These financial statements were authorised for issue in accordance with a resolution of the directors on 24 July 2008.

LIST OF MAJOR PROPERTIES

Location	*Tenure of Lease*	*Area (sqm)*	*Description*
SINGAPORE			
19 Lok Yang Way, Jurong Singapore 628635	30 year lease from 2006	18,024.7	Corporate office, tyre retail and service centre with showroom and warehouse
21 Lok Yang Way, Jurong Singapore 628636	60 year lease from 1973	7,352.6	Warehouse
21-A Lok Yang Way, Jurong Singapore 628637	60 year lease from 1978	5,769.5	Truck service centre with showroom, retreading plant and warehouse
207 Balestier Road #01-13 Balestier Towers Singapore 329683	Freehold	143.0	Tyre retail centre and showroom
455 Macpherson Road Singapore 368173	63 year lease from 2001	951.0	Tyre retail centre and showroom
50 Bukit Batok Street 23 #02-19 Midview Building Singapore 659578	55 year lease from 2002	276.0	Tyre retail centre and showroom
10 Admiralty Street #01-85 North Link Building Singapore 757695	56 year lease from 2003	689.0	Tyre retail centre and showroom
31 Loyang Way Singapore 508729	16 year lease from 2004	2,510.4	Tyre retail centre and showroom
MALAYSIA			
16 Jalan Juru Nilai U1/20 Section U1 Hicom Glenmarie Industrial Park 40150 Shah Alam, Selangor, Malaysia	Freehold	6,968.0	Corporate office, tyre retail and service centre with showroom and warehouse
THAILAND			
111/2, 5 Moo 2, Highway 340, Suphanburi Road, Tambon Saiyai, Amphur Sainoi, Nonthaburi 11150 Thailand	Freehold	14,636.0	Wheel factory with showroom and warehouse
111/8, 9 Moo 2, Highway 340, Suphanburi Road Tambon Saiyai, Amphur Sainoi, Nonthaburi 11150 Thailand	Freehold	16,380.0	Second wheel factory
INDONESIA			
Jalan Boulevard Raya Blok PA19 No. 4-5 Pengangsaan Dua, Kelapa Gading Jakarta Utara, Indonesia 14250	7 year lease from 2003	144.0	Office with warehouse, tyre retail and service centre

LIST OF MAJOR PROPERTIES

Location	Tenure of Lease	Area (sqm)	Description
INDONESIA			
Jalan Sukarjo Wiryopranoto Blok 4 GG-GH Kebon Kelapa Gambir Jakarta, Central Indonesia	28 year lease from 2004	109.0	Tyre retail and service centre with showroom and warehouse
Lot D-4, Jalan Kuala Kuningan Kuala Kencara, Light Industrial Park Tembagapura, Mimika Baru Papua, Indonesia	10 year lease from 2004	12,000.0	Truck service centre with retreading plant

STATISTICS OF SHAREHOLDINGS

As at 18 July 2008

No. of Shares Issued : 230,561,244 ordinary shares
Class of Shares : Ordinary Shares
Voting Rights : 1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	103	2.91	28,223	0.01
1,000 - 10,000	1,862	52.63	11,805,012	5.12
10,001 - 1,000,000	1,552	43.87	71,471,376	31.00
1,000,001 AND ABOVE	21	0.59	147,256,633	63.87
TOTAL :	**3,538**	**100.00**	**230,561,244**	**100.00**

Based on the information available to the company as at 18 July 2008, approximately 57.77% of the issued ordinary shares of the Company is held by the public and hence, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	WAH HOLDINGS PTE LTD	32,413,752	14.06
2.	WEE KOK WAH	26,065,554	11.31
3.	LIM & TAN SECURITIES PTE LTD	26,047,000	11.30
4.	KWOK WAI YING DAWN	10,637,567	4.61
5.	CITIBANK NOMINEES SINGAPORE PTE LTD	8,843,500	3.84
6.	TEO CHENG TUAN DONALD	6,445,000	2.80
7.	SINGAPORE NOMINEES PTE LTD	4,608,000	2.00
8.	MAYBAN NOMINEES (S) PTE LTD	3,920,000	1.70
9.	SEE LOP FU JAMES @ SHI LAP FU JAMES	3,800,000	1.65
10.	TAN CHAW @ TAN KOW TEE	3,415,000	1.48
11.	HONG LEONG FINANCE NOMINEES PTE LTD	3,332,000	1.45
12.	KWOK WENG FAI	2,830,060	1.23
13.	DBS NOMINEES PTE LTD	2,637,100	1.14
14.	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,152,000	0.93
15.	CHIA KEE KOON	1,943,000	0.84
16.	TAN YONG CHIANG OR TAN HUI LIANG	1,753,000	0.76
17.	UOB KAY HIAN PTE LTD	1,658,000	0.72
18.	DBS VICKERS SECURITIES (S) PTE LTD	1,307,000	0.57
19.	QUEK KAI CHUAN	1,180,000	0.51
20.	MAH KIM LOONG LESLIE	1,150,000	0.50
	TOTAL :	**146,137,533**	**63.40**

LIST OF SUBSTANTIAL SHAREHOLDERS

As at 18 July 2008 as recorded in the Register of Substantial Shareholders

Name of Substantial Shareholders	DIRECT INTEREST		DEEMED INTEREST	
	No of Shares	%	No of Shares	%
Wee Kok Wah	26,065,554	11.31%	54,162,319	23.49%
Mrs Dawn Wee Wai Ying	10,637,567	4.61%	69,590,306	30.18%
Wah Holdings Pte Ltd	32,413,752	14.06%	3,500,000	1.52%
Lim & Tan Securities Pte Ltd	23,886,000	10.36%	-	-

NOTE:

Mr Wee Kok Wah is deemed to have an interest in the shareholdings of Mrs Dawn Wee Wai Ying and vice versa by virtue of their relationship as husband and wife. By virtue of Section 7 of the Singapore Companies Act, cap 50, Mr Wee Kok Wah and Mrs Dawn Wee Wai Ying are deemed to have an interest in the shares owned by Wah Holdings Pte Ltd.

Mr Wee Kok Wah is deemed to be interested in the shares held as follows:-

Shares registered in names of Singapore Nominees Pte Ltd	4,611,000
Shares owned by Mrs Dawn Wee Wai Ying:	
– registered in name of Dawn Wee Wai Ying	10,637,567
– registered in name of Hong Leong Finance Nominees Pte Ltd	3,000,000
Shares owned by Wah Holdings Pte Ltd:	
– registered in name of Wah Holdings Pte Ltd	32,413,752
– registered in name of Mayban Nominees (S) Pte Ltd	3,500,000
Total	**54,162,319**

Mrs Dawn Wee Wai Ying is deemed to be interested in the shares held as follows:-

Shares registered in names of Hong Leong Finance Nominees Pte Ltd	3,000,000
Shares owned by Mr Wee Kok Wah:	
– registered in name of Wee Kok Wah	26,065,554
– registered in name of Singapore Nominees Pte Ltd	4,611,000
Shares owned by Wah Holdings Pte Ltd:	
– registered in name of Wah Holdings Pte Ltd	32,413,752
– registered in name of Mayban Nominees (S) Pte Ltd	3,500,000
Total	**69,590,306**

NOTICE OF ANNUAL GENERAL MEETING

Stamford Tyres Corporation Limited
(Company Registration No: 198904416M)

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the shareholders of the Company will be held on Wednesday, 20 August 2008 at 3.00 p.m. at 19 Lok Yang Way Singapore 628635 to transact the following businesses:-

ORDINARY BUSINESS

1. To read, consider and adopt the balance sheet, the report of the Directors and Auditors and other accounts and documents required to be annexed to the balance sheet for the financial year ended 30 April 2008.
Resolution 1
2. To approve the proposed Directors' fees of $248,000. (2007: $229,500)
Resolution 2
3. To declare and approve a Final tax exempt one-tier dividend of 0.5 cent per ordinary share for the financial year ended 30 April 2008.
Resolution 3
4. To re-elect Mrs. Dawn Wee Wai Ying pursuant to Article 99 of the Articles of Association.
Resolution 4
5. To re-elect Mr Goh Chee Wee pursuant to Article 99 of the Articles of Association [see *Explanatory Note (a)*].
Resolution 5
6. To pass the following resolution pursuant to Section 153(6) of the Companies Act, Cap. 50:-
"That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Chua Kim Yeow be re-appointed as a Director of the Company to hold office until the next Annual General Meeting." [see *Explanatory Note (b)*].
Resolution 6
7. To re-appoint Messrs Ernst & Young LLP as auditors for the ensuing year and to authorise the Directors to fix their remuneration.
Resolution 7
8. To transact any other business of the Company which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and if thought fit to pass the following as Ordinary Resolutions:

9. "That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby authorised to issue shares in the Company (whether by way of bonus issue, rights issue or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

   (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the total number of issued shares in the capital of the Company, excluding treasury shares, if any, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20% of the total number of issued shares in the capital of the Company, excluding treasury shares, if any;

   (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the total number of issued shares, excluding treasury shares is based on the total number of issued shares issued, excluding treasury shares, at the time this Resolution is passed, after adjusting for:

      (a) new shares arising from the conversion or exercise of any convertible securities or employee share options that are outstanding when this Resolution is passed, and
      (b) any subsequent bonus issue, consolidation or subdivision of shares; and

   (iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [see *Explanatory Note (c)*].
Resolution 8

10. That pursuant to Section 161 of the Companies Act, Cap. 50, the directors be and are hereby authorised to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the Options under the STC Share Option Scheme 2001 ("the Scheme 2001") provided always that

NOTICE OF ANNUAL GENERAL MEETING

Stamford Tyres Corporation Limited
(Company Registration No: 198904416M)

(a) the aggregate number of shares to be issued pursuant to the Scheme 2001 shall not exceed fifteen (15) per cent. of the total number of issued shares in the capital of the Company, excluding treasury shares, if any, from time to time and that, subject to such adjustments as may be made in accordance with the Scheme 2001;

(b) the total number of shares in respect of which Options may be granted to any one of the Grantees shall not exceed ten (10) per cent. of the total number of shares available under the Scheme 2001; and

(c) the total number of shares in respect of which Options may be granted to any one of the non-Executive Directors shall not exceed 50,000." *[see Explanatory Note (d)]* **Resolution 9**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 18 September 2008 to 19 September 2008 for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Messrs Boardroom Corporate & Advisory Services Pte Ltd of 3 Church Street #08-01 Samsung Hub Singapore 049483, up to the close of business at 5.00 p.m. on 17 September 2008 will be registered to determine shareholders' entitlement to the proposed dividends. The dividends, if approved, will be paid on 29 September 2008 to shareholders registered in the books of the Company on 17 September 2008.

In respect of shares in security accounts with the Central Depository (Pte) Limited ("CDP"), the said dividends will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

By Order Of The Board
Chuang Sheue Ling
Company Secretary
5 August 2008

Explanatory Notes:

(a) Mr. Goh Chee Wee, an independent director, if re-elected, will remain as the member of Remuneration Committee.

(b) The effect of Ordinary Resolution 7 proposed in item 7 above is to re-appoint the Director who is over 70 years of age. Section 153(6) of the Companies Act, Cap. 50, provides that this resolution has to be passed by an Ordinary Resolution at the Annual General Meeting of the Company.

(c) The proposed ordinary resolution 8 above, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares in the Company. The maximum number of shares, which the Directors may issue under this resolution, shall not exceed the quantum set out in the resolution.

(d) The proposed ordinary resolution 9 above, if passed, will empower the Directors to issue shares in the Company pursuant to the STC Share Option Scheme 2001 ("the Scheme 2001"), duly approved at the Extraordinary General Meeting of the Company held on 22 June 2001.

Note:

1. A member, entitled to attend and vote at this meeting, is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. If a proxy is to be appointed, the form must be deposited at the registered office of the Company, at 19 Lok Yang Way Singapore 628635 not less than 48 hours before the meeting.
3. The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
4. In case of joint shareholders, all holders must sign the form of proxy.

STAMFORD TYRES CORPORATION LIMITED
Company Registration No: 198904416M
(Incorporated in Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy Stamford Tyres shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is FOR USE ONLY BY MEMBERS whose shares in Stamford Tyres are registered in their names. It is not valid for use by CPF investors and persons whose shares are not registered in their own names, and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We ____ (Name)

of ____ (Address)

being a member/members of STAMFORD TYRES CORPORATION LIMITED hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Wednesday, 20 August 2008 at 3.00 p.m. and at any adjournment thereof.

I/We have indicated with an "√" in the appropriate box below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	For	Against
1.	Adoption of Directors' Reports and Accounts.		
2.	Approval of Directors' Fees.		
3.	Declaration of final tax exempt one-tier dividend.		
4.	Re-election of Mrs Dawn Wee Wai Ying as Director.		
5.	Re-election of Mr Goh Chee Wee as Director.		
6.	Re-appointment of Mr Chua Kim Yeow pursuant to Section 153(6).		
7.	Re-appointment of Auditors.		
8.	Authority to issue additional shares pursuant to Section 161.		
9.	Authority to issue shares pursuant to Share Option Scheme.		

Dated this ______________ day of ______________ 2008

Total No. of Shares Held	

____
Signature(s) of Member(s)/Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 19 Lok Yang Way Singapore 628635 not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.


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Go
Beyond the
Limits

STAMFORD TYRES CORPORATION LIMITED
Company Registration No. 198904416M

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