headlights

STAMFORD TYRES CORPORATION LIMITED

STAMFORD TYRES 2010 ANNUAL REPORT

On track

for sustainable growth, greater shareholder value

Path of Travel:
Increasing capacity to sustain growth

Highway Code:
Performance improvement in 2010

Growth Roadmap:
Cultivating emerging markets
Increasing product range

Contents

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annual report 2010

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 our alloy wheel manufacturing and proprietary tyre brand outsource contract manufacturing.

The Group's international distribution network currently spans 9 countries in Asia Pacific, Africa, Australia and India. 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 and Malaysia 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.

headlights
STAMFORD TYRES CORPORATION LIMITED Annual Report 2010

CORPORATE INFORMATION

Company Registration No. 198904416M

Directors

Chairman
Chua Kim Yeow

Executive Directors

President
Wee Kok Wah

Executive Vice President
Dawn Wee Wai Ying

Non-Executive Director

Dr Kwok Weng Fai
Dr Wee Li Ann

Independent Directors

Tay Puan Siong
Sam Chong Keen
Goh Chee Wee

Audit Committee

Chairman
Tay Puan Siong

Members
Chua Kim Yeow
Sam Chong Keen
Dr Wee Li Ann

Remuneration Committee

Chairman
Chua Kim Yeow

Members
Sam Chong Keen
Goh Chee Wee

Nominating Committee

Chairman
Sam Chong Keen

Members
Tay Puan Siong
Wee Kok Wah

Company Secretaries

Chuang Sheue Ling
Lo Swee Oi

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 Registrars

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

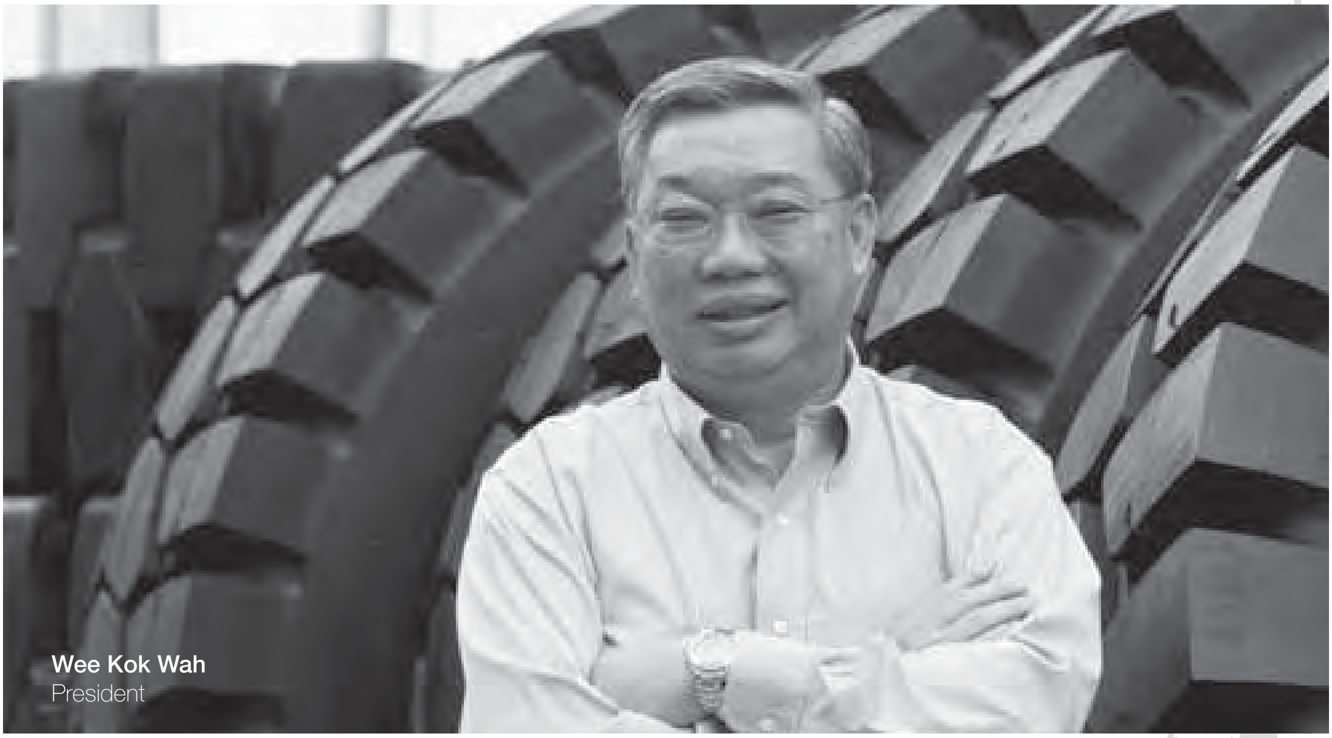
Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Audit Partner: Gajendran Vyapuri
(Since the financial year ended 30 April 2010)

Principal Bankers

United Overseas Bank Limited
Malayan Banking Berhad
AmBank Berhad
TMB Bank Public Company Limited
DBS Bank Limited
Bangkok Bank Public Company Limited

FROM THE PRESIDENT'S DESK



Wee Kok Wah
President

Dear Shareholders,

In the course of the financial year ended April 2010 ("FY2010"), we emerged as survivors of a brutal global recession and positioned ourselves firmly on a recovery track. Using a sports racing analogy, we navigated our way through a horrible pile-up accident area and emerged safely with lots of vroom in our engine now. I am pleased we have expanded Group's revenue by 4.5% to S$310.2 million and, more importantly, net profit by 833% to S$9.4 million.

This recovery was one of the most dramatic in over 70 years that Stamford Tyres has been in existence, evolving an integrated business in tyres and wheels, comprising mainly of wholesale distribution, as well as retail operations, fleet management and manufacturing.

To take you a bit back into history, I started my career in Stamford Tyres in 1970 and branched out of our traditional tyre retreading business into wholesale distribution of the major brands. Today, we are the distributor for Falken, Continental and Toyo. As they grew, we grew. Our wholesale distribution centres are in Singapore, Malaysia, Thailand, Indonesia, Hong Kong, China, India, Australia and South Africa. We value-add to our principals by having our own warehouses, sales force, vehicles as well as a comprehensive after-sales support network.

For many years, I have focused on expanding our presence in Southeast Asia, which has led us to emerge as the region's largest independent tyre and wheel distributor. As we seek further growth, I am focusing on emerging markets like South Africa. We had ventured into South Africa several years ago and were distributing our Sumo Firenza tyres, Sumo Tire and SSW Wheels. In February 2009, we were appointed as Falken distributor and officially launched the brand in October 2009.

Wholesale distribution was the top revenue contributor (74.9%) to our Group, bringing in S$232.4 million, and growing a healthy 11.0% year-on-year.

Aside from wholesale distribution, we have the following business segments and information on their contribution to the topline of our Group:

*** Retail and fleet management:**

I believe that this segment value-adds a great deal to brand building and complements our wholesale distribution business. We have a total of 23 retail service centres offering workshop services and miscellaneous vehicle parts for sale. In Singapore and in Indonesia, we provide on-site tyre management to fleet owners and mining operators. Our total tyre management program has helped companies with a large vehicle fleet cut costs. We take tyre assets out of the likes of PSA and SMRT, and lease it back to them, complete with tyre management services. This is a model we want to replicate overseas.

Retail and fleet management contributed S$49.3 million (15.9%) to top line.

* Manufacturing of the Group's proprietary brands:

I personally spearheaded the development of the proprietary brands over the past 10 years to further enhance our distribution business. These would be our Sumo Firenza tyres, Sumo Tire, and Stamford Sport Wheels (SSW). Our tyres are designed and made in China and Asean by third-party contract manufacturers, while our SSW aluminum alloy wheels are made in our wheel plant in Thailand. Our proprietary products are sold in 30 countries across each continent through an extensive network of 4,000 third-party retailers.

Manufacturing of the Stamford Sport Wheels contributed S$27.3 million (8.8%) to top line.

Prospects in untapped markets and for our wheel manufacturing business

For many years, I have focused on expanding our presence in Southeast Asia, which has led us to emerge as the region's largest independent tyre and wheel distributor.

As we seek further growth, I am focusing on emerging markets like South Africa. We had ventured into South Africa several years ago and were distributing our Sumo Firenza tyres, Sumo Tire and SSW Wheels. In February 2009, we were appointed as Falken distributor and officially launched the brand in October 2009. Boosted by the Falken business, sales from this region grew 28.6%, contributing 9.4% to Group's revenue. We are optimistic of healthy growth in our distribution network there.

In another area of our business, I also believe there will be more orders at our wheel plant in Thailand as a result of the European Union's anti-dumping tariff of 20.6% on aluminum alloy wheels from China announced in May 2010. Customers in Europe have the option of switching to our Stamford Sport Wheels (SSW), which feature models with diameters ranging from 13 inches to 26 inches produced using the latest tilt casting and low pressure method of casting.

Resumption of dividend payout

FY2010 pretax profit swung back to S$14.8 million, compared with S$4.5 million in FY2009. This was mainly due to foreign currency translation differences: a gain of S$1.7 million in FY2010 versus a loss of S$5.6 million in FY2009.

Our strong sales in Malaysia, the growing business in South Africa and better foreign currency management resulted in net profit attributable to shareholders surging nine-fold year-on-year to S$9.4 million. In view of our healthy financial results, the board of directors is pleased to propose a first and final tax-exempt cash dividend of 1.0 cent per share. This FY2010 dividend payout amounts to 24.2% of net earnings attributable to shareholders based on our issued share capital of 230.6 million shares as at 30 April 2010. With the exception of FY2009, the Group has consistently paid dividends since FY1996.

Going forward and appreciation

I wish to take this opportunity to express our gratitude to shareholders, principals, customers, staff, bankers and other business associates who stood by us through the lean years and the fat ones.

My directors and I would like to thank Mr Michael David Nesbitt, who stepped down from the Board at the last AGM, for his invaluable contributions since he joined as Independent Director in 2002.

With the dominance of the major tyre brands that we distribute, and our experience in opening untapped distribution channels, we aim to achieve stable earnings growth and maintain a dividend payout for shareholders.

My team and I strive to continue to value-add to principals by providing professional warehousing, logistics and after-sales support. Our strategy is to increase our distribution network, especially in emerging markets, as well as increase our product range. With the dominance of the major tyre brands that we distribute, and our experience in opening untapped distribution channels, we aim to achieve stable earnings growth and maintain a dividend payout for shareholders.

There are ample details and a clear picture of our financial performance for FY2010 in the Operations Review section of this annual report. My board and I, as always, look forward to telling you more about our business at the upcoming Annual General Meeting in our office in Lok Yang Way.

Mr Wee Kok Wah
President

BOARD OF DIRECTORS

Mr Chua Kim Yeow
Non-Executive Chairman

Mr Wee Kok Wah
President

Mrs Dawn Wee Wai Ying
Executive Vice President

Dr Kwok Weng Fai
Non-Executive Director

Dr Wee Li Ann
Non-Executive Director

Mr Sam Chong Keen
Independent Director

Mr Goh Chee Wee
Independent Director

Mr Tay Puan Siong, JP
Independent Director

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 Advisor 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 Group Holdings Ltd.), Executive Chairman of the Post Office Savings Bank, and Chairman of the Securities Industry Council.

Mr Wee Kok Wah, President

Mr Wee has propelled Stamford Tyres forward as its CEO since the 1970s after taking over the helm from his father, who had founded the company in the 1930s as a petrol pump service station and tyre retail shop. Mr Wee went on to steer Stamford Tyres to a public listing in 1991, and steadily expanded its business into what it is today – a global operation in the distribution and retailing of tyres and wheels, and manufacturing of wheels. His passion for, and in-depth knowledge of, the tyre business inspire his team to achieve – and have gained him international recognition in the industry. In 2004, he was selected as a finalist for the Ernst & Young Entrepreneur of the Year award (under the category of Services and Business products), one of the most prestigious awards for entrepreneurs. 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, the spouse of Mr Wee Kok Wah, 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. 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 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.

Dr Wee Li Ann, Non- Executive Director

Dr Wee Li Ann, the eldest of Mr and Mrs Wee Kok Wah's three children, was appointed Director of Stamford Tyres Corporation in December 2009 and she sits on the Board's Audit Committee. Dr Wee graduated from Harvard's Kennedy School of Government with a Master of Public Administration in 2008. A family physician in private practice, she holds a medical degree from Cambridge University and Bachelor of Arts from Johns Hopkins University. She is an active Director of Wah Holdings Pte Ltd, a substantial shareholder of the Company, where she manages the portfolio. She worked for Parkway Group Healthcare as a Family Physician and previously worked as a Broadcast Correspondent for Singapore Press Holdings. In 2006, she received the Minister of Health award for participating in Parkway Group's Tsunami relief efforts in Sri Lanka. In 2003, she was selected to sit on the "Remaking Singapore Committee" under the Transport Minister Mr Raymond Lim's sub-committee. She is actively involved in charities that promote stray dog neutering and rescue.

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 3 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. Mr Tay is a Justice of the Peace.

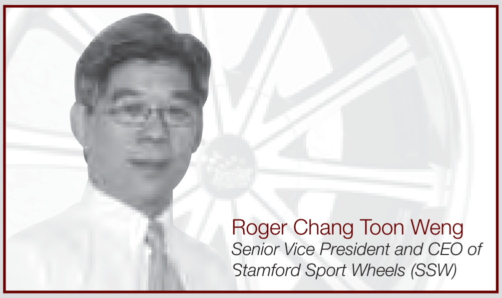
Mr Sam Chong Keen, Independent Director

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 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. and Jade Technologies Holdings Limited. 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.

MANAGEMENT TEAM



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 more than 25 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 has been the Group Chief Financial Officer since 2001. He began his career with Stamford Tyres in 1993, heading the Group's operation in the Philippines. He now 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 also supervises the Group's operations in South Africa and India. He holds a Bachelor of Science in Commerce from the University of Santo Tomas, Philippines and is a Certified Public Accountant.

Conson Tiu Sia
Senior Vice President and Group CFO

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. Clare joined Stamford Tyres in 1994 and has more than 14 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.

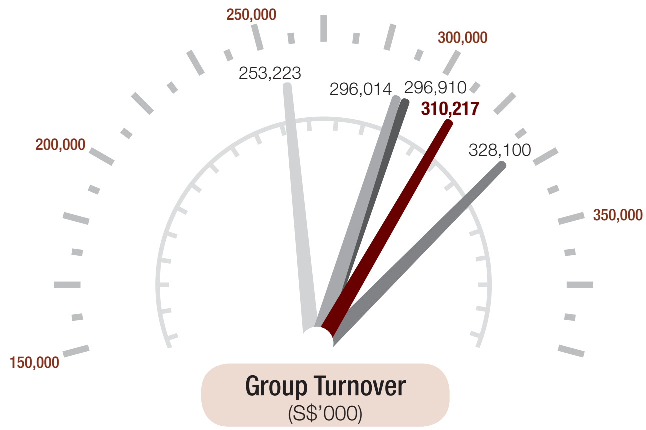
Pat is a veteran in the Australia tyre industry and joined the Group as Senior Vice President of Sales and Marketing in 2005. He is responsible for Singapore operations, including export sales to all parts of the world. He also supervises the Group's operations in Australia. Before joining Stamford Tyres, 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.

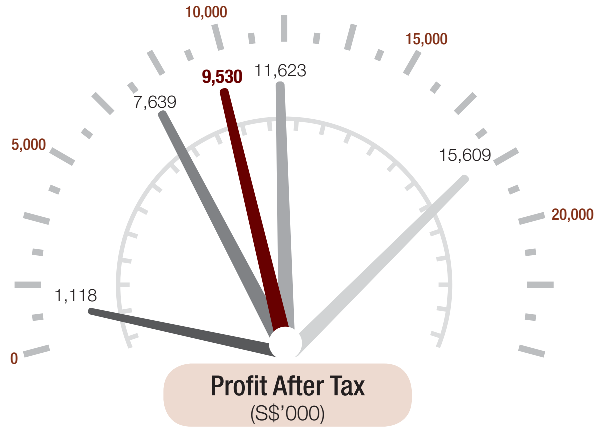
Patrick James Berriman
Senior Vice President Sales & Marketing

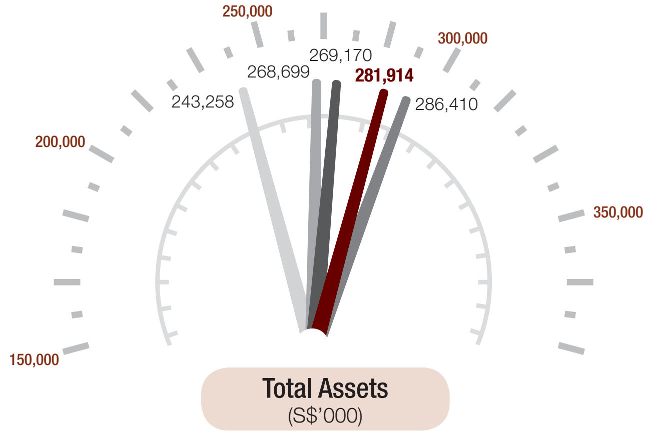
Cham Soon Kian
Senior Vice President and CEO of Malaysia

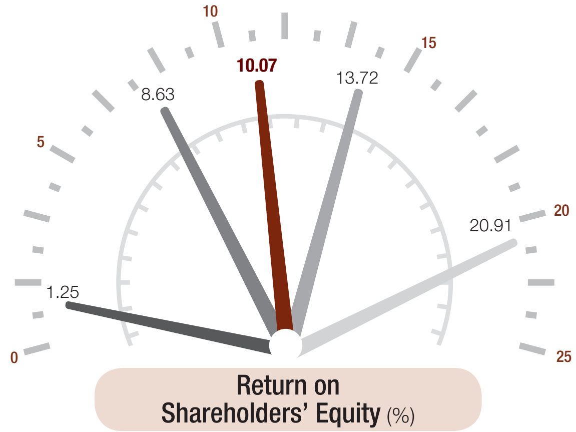
Soon Kian has been responsible for the Group's Malaysia operations since 1992. Under his leadership, the Malaysia operation has grown to become an integrated setup with value-added services including retail, fleet tyre management and retread facilities. Soon Kian is an ASEAN scholar, holding a Bachelor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

FINANCIAL HIGHLIGHTS





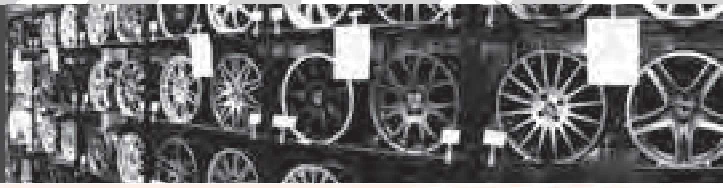




2006 2007 2008 2009 2010

For the year ended 30 April 2010, revenue was higher by 4.5% at S$310.2 million compared to the S$296.9 million we achieved for FY2009.

OUR 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
E-mail: stdthailand@stamfordtyres.com

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 / China
Stamford Tyres (Hong Kong) Ltd
No. 200 Tai Tong Road
Shung Ching Sun Tsuen
Yuen Long, N.T., Hong Kong
Tel : +852 2406 2381
Fax : +852 2406 7100
E-mail: general@stctyreshk.com

Stamford Tyres (Guangzhou) Ltd
Room 2703, 27th floor, Jia Ye Building
#318 Dong Feng Zhong Road
Yue Xie Area, Guangzhou City
Guang Dong Province, China
Tel : +86 20 3820 1467
Fax : +86 20 3820 1426
E-mail : stamfordchina@stamfordtyres.com

Australia
Stamford Tyres (Australia) Pty Ltd
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.
Office No. 13, Ground Floor
Belle-Vista Co-Operative Housing Society Limited
Sector No. 15, Near D.Y. Patil University
CBD Belapur, Navi Mumbai
400614 India Maharashta
Tel : +91 22 31927771/2/3/4
E-mail: stamfordindia@stamfordtyres.com

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

Manufacturing Plant

Thailand
Stamford Sport Wheels Company Limited
111/2, 5 Moo 2, Highway 340
Suphanburi Road, Tambon Saiyai
Amphur Sainoi, Nonthaburi 11150
Tel : +662 0 2985 5701
Fax : +622 0 2985 5374
E-mail: sales@stamfordwheels.com

Joint Venture Company

Hong Kong
Tyre Pacific (HK) Ltd
15th Floor, Sandoz Centre
178/182 Texaco Road, Tsuen Wan, N.T.
Hong Kong SAR
Tel : +852 2407 8268
Fax : +852 2407 5020

Stamford Tyres Retail Outlets

Singapore

Mega Marts
Opening Hours:
9.00am – 7.00pm (Mon – Sat)
11.00am – 4.00pm (Sun)
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 6267 8912

Woodlands Mega Mart
No. 10 Admiralty Street
#01-85 Northlink Building
Singapore 757695
Tel : +65 6555 3355
Fax : +65 6481 6103

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


Singapore


Malaysia


South Africa

Leng Kee Mega Mart
No. 8 Kung Chong Road
Singapore 159145
Tel : +65 6475 3355
Fax : +65 6474 2096

Changi Mega Mart
31 Loyang Way
Singapore 508729
Tel : +65 6542 3355
Fax : +65 6543 1403

Ang Mo Kio Mega Mart
Blk 10 Ang Mo Kio Industrial
Park 2A #01-04
Ang Mo Kio Auto Point
Singapore 568047
Tel : +65 6483 3355
Fax : +65 6555 4776
*Closed on Sundays and Public Holidays

Tampines Mega Mart
Blk 9006 Tampines St 93 #01-196
Singapore 528840
Tel : +65 6286 3355
Fax : +65 6784 4202
*Closed on Sundays and Public Holidays

Tyre Mart Express

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

Stamford Tyres In-house Workshop Services

Tan Chong & Sons Motor
911 Bukit Timah Road
Singapore 589622

Motor Image
19 Toa Payoh Lorong 8
Singapore 319255

SMRT
6 Ang Mo Kio Street 62
Singapore 569140

STAR (Jalan Boon Lay)
249 Jalan Boon Lay
Singapore 619523

Malaysia

Glenmarie Tyre Mart
No. 10, Jalan Saudagar Satu U1/16A,
Hicom Glenmarie Industrial Park,
40150 Shah Alam
Tel : +60 3 5569 3751
Fax : +60 3 5569 3497
E-mail: enquiry_my@stamfordtyres.com

Cheras Tyre Mart
No. 182, Jalan Mahkota, Taman Maluri
Cheras, 55100 Kuala Lumpur.
Tel : +60 3 9285 0918
Fax : +60 3 9285 0946
E-mail: enquiry_my@stamfordtyres.com

One Utama (Jaya Jusco)
(Stamford-Eneos, Jaya Jasco)
Lot LG 14, 1 Utama Shopping Centre
No 1, Lebuh Bandar Utama
Damansara
47800 Petaling Jaya
Tel : +60 3 7728 1781
Fax : +60 3 7724 0078
E-mail: enquiry_my@stamfordtyres.com

Kepong (Jaya Jusco)
(Stamford-Eneos, Jaya Jasco)
G17,Jusco Metro Prima
1 Jln Metro Prima
52100 Kepong, Kuala Lumpur
Tel : +60 3 6250 2795
Fax : +60 3 6260 8851
E-mail: enquiry_my@stamfordtyres.com

Bangi Tyre Mart
33-G & 1st Floor, Jalan 7/7A
Section 7, 43650 Bandar Baru Bangi
Selangor
Tel : +60 3 8925 6312
Fax : +60 3 8925 6037
E-mail: enquiry_my@stamfordtyres.com

Bukit Tinggi (Jaya Jusco)
(Stamford-Eneos, Jaya Jasco)
No. 1, Persiaran Batu Nilam 1/KS6
Bandar Bukit Tinggi 2
41200 Klang
Tel : +60 3 3323 6064
Fax : +60 3 3323 6081
E-mail: enquiry_my@stamfordtyres.com

Imbi Tyre Mart
No.82 (Ground Floor), Jalan Imbi
55100 Kuala Lumpur
Tel : +60 3 2142 9346
Fax : +60 3 2142 9346
E-mail: enquiry_my@stamfordtyres.com

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

Jurong Mega Mart

Changi Mega Mart

Leng Kee Mega Mart

OPERATIONS REVIEW

Revenues grew **4.5%** to **S$310.2** million and, more importantly, net profit jumped **833% to S$9.4** million.

Southeast Asia

At a geographic level, Southeast Asia booked the largest contribution to 12 months ended 30 April 2010 ("FY2010") revenue of some S$242.0 million (78.0%). There are 3 main factors behind it having the lion's share to top line:

Firstly, the Southeast Asian nations of Singapore, Malaysia, Thailand and Indonesia are our main wholesale distribution destinations and most of them have high vehicle populations. Secondly, our 23 retail service centres and on-site fleet management are in Singapore, Malaysia and Indonesia. Finally, exports of our proprietary products to Europe and other destinations outside distribution centres in 9 countries are billed from Southeast Asia. Specifically, exports of Sumo Firenza tyres and Sumo Tire are billed from Singapore and exports of SSW wheels are billed from Thailand.

Revenue from this region grew 4.7% last year.

South Africa

Revenue grew a strong 28.6% to S$29.0 million in South Africa, where we have about 500 points of sales through third-party retailers as well as 4 sales offices-cum-warehouses. We were appointed South Africa's Falken distributor in February 2009 and officially launched Falken in October 2009 to this developed African nation which has a vehicle population of close to 10 million. This market contributed 9.4% to top line during FY2010.

North Asia

Revenue growth in North Asia (China and Hong Kong) was also strong, at 31.8%, thanks to its rapid urbanization, increasing motor vehicle population and consumer affluence. This region contributed S$28.7 million (9.3%) to top line, while our share of profits from our 20%-owned associate company SRITP - Sumitomo Rubber Industries Tyre Pacific - to distribute Dunlop tyres in China surged 57.5% to S$1.26 million.

Others

Revenue from countries in Australia, India, North America and Latin America contributed the remaining S$10.5 million, or 3.4%.

Earnings recovery

Group's revenue expanded 4.5% during FY2010, compared to a contraction of 9.5% in FY2009. The global credit crunch, which froze international trade until mid 2008, had affected our export business.

FY2010 gross profit was S$66.5 million compared to S$67.5 million a year earlier. Gross profit margin slipped marginally to 21.4% compared to 22.7% the year before. The decline was due to higher tyre purchase prices worldwide, as well as lower sales volume from the Group's wheel plant in Thailand.

Tyres were more expensive as commodity prices of rubber and crude oil have been rising over FY2010 and peaked in April. For example, rubber commodities traded as high as US$3,500 a ton in April 2010, compared to less than US$2,000 in May 2009 at the beginning of the financial year under review. Even though we were able to pass on most of the cost increase to customers, there was a marginal dip in gross profit margins by 1.3 percentage points as it takes 2 to 3 months before the price increases can be accepted.

Total operating expenses decreased by 16.3% mainly due to the following reasons:

(1) A significant 28.5% decrease in finance costs amounting to S$2.0 million. This was mainly due to the lower utilization and shorter turnover days of trust receipts during FY2010, as compared to the previous financial year. The average trust receipt balance and trust receipt turnover days were S$60.0 million and 110 days in FY2010, as compared to S$86.5 million and 128 days in FY2009.

(2) A significant 63.9% decrease in other operating expenses amounting to $9.0 million. This was mainly due to a strong turnaround appreciation in the Indonesian Rupiah and the South African Rand against the USD during FY2010 that resulted in a forex gain of S$1.7 million, compared to a severe depreciation of the two currency pairs during FY2009 that resulted in a forex loss of S$5.6 million.

The decrease in expenses was partially offset by increases in salaries and employee benefits of 8.3% due to higher provisions for the variable component of salaries and to an increase in manpower in South Africa. Nevertheless, the pay reductions in FY2009 accepted by our executive directors and senior managers have yet to be restored.

Thanks to the swing in our foreign currency translation, as well as savings in financial cost arising from better inventory management, net profit attributable to shareholders increased by 833% to S$9.4 million for FY2010 compared to S$1.0 million for the same period a year ago.

EPS was 4.08 cents, up from 0.44 cents in FY2009.

Cash flow and balance sheet

Inventories declined by 7.7% to S$89.5 million. The significant decrease was mainly attributable to an active current assets management programme undertaken by the management during FY2010 to optimize the inventory level. This has resulted in inventory turnover improving from 154 days in FY2009 to 134 days in FY2010.

Trade receivables were 5.5% higher at S$76.3 million compared to S$72.4 million at the end of April 2009. This is in line with revenue growth.

Including our short-term revolving loan of S$12.1 million, cash and cash equivalents as at 30 April 2010 amounted to S$23.5 million, compared to a negative cash position of S$13.3 million from a year earlier. The improved cash position was due to less scheduled repayment of long term loans and trust receipts in FY2010, as well as, lower investment in property, plant and equipment.

Stamford shares traded at a steep discount to intrinsic value during the year under review. Despite a conservative accounting policy, the average price of Stamford shares in FY2010 of 20 cents was less than half of our NAV, which was 42.6 cents as at 30 April 2010. To unlock shareholder value, we are stepping up on our investor-relations efforts in the current financial year.

Risk management

Cash and bank deposits as at 30 April 2010 amounted to S$35.6 million. We have diversified this in different currencies according to our exposure in trade payables and receivables.

Our functional currencies are mainly Singapore Dollars, United States Dollars, Malaysian Ringgit, Thai Baht, Indonesian Rupiah and South African Rand.

While it is our aim to lower currency exposure by obtaining credit facilities in the countries where we operate, when we first set up distribution business in a new country, working capital is financed through Singapore banks. This has been reduced in most countries with the exception of South Africa, where we have yet to obtain credit facilities. As a temporary measure, we hedge current assets denominated in South African Rand.

We use foreign currency contracts to manage the risk in currency fluctuations that may arise from payments to overseas suppliers and receipts from overseas customers.

We have improved net gearing to 1.0 times, compared to 1.3 times as at the end of FY2009.

Strategy and outlook

We will continue to build on our distribution network, especially in Southeast Asia and South Africa. To grow sales at each distribution centre and third-party retail outlet, we will be negotiating for higher allocation from the major brands that we are representing in each distribution countries. We will also be expanding our proprietary brand's product range.

In the face of volatility in commodity prices and foreign currency exchange rates, our focus will be on maintaining profit margins and improving productivity throughout all segments of our business model. It is our policy to pay dividends as long as we have sufficient profits and cash flow.

Risk factors

Given the current global business climate, the Group faces certain risks that may impact its performance.

a. *Financial Risks*

Foreign exchange rate fluctuation especially the strengthening of the US dollar against the Singapore dollar and the South African Rand, rises in interest rates and the availability of credit lines may impact performance.

b. *Default Risk*

Tight credit in some markets together with weak consumption may cause some dealers to have difficulties in meeting their debt obligations to the Group.

c. *Changes to Business Environment*

The Group's major markets are Southeast Asia, South Africa and North Asia. Any geo-political instability, outbreak of diseases, further economic crises in these markets may impact performance.

Stamford Tyres will take all reasonable and necessary steps to mitigate these risks.

OUR PRODUCTS

Our Premium 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, South Africa, 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 and Indonesia.

Toyo Tires is a major Japanese brand offering a full range of off-the-road tyres for mining and construction equipment and specializes 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 produced in Thailand using the latest low pressure and tilting casting method and in accordance with internationally recognized quality and safety standards.

Sumo Firenza is our premium budget range of performance tyres, SUVs, light truck and truck/bus radials. The Sumo Firenza range offers more than 100 models of passenger cars, SUVs and light trucks tyres.

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.

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.

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 out 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

With the appointment of Dr Wee Li Ann on 9 December 2009, the Board now comprises:

Non-executive director
Dr Kwok Weng Fai
Dr Wee Li Ann

Independent directors
Chua Kim Yeow (Chairman)
Tay Puan Siong
Sam Chong Keen
Goh Chee Wee

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 half of the Board is independent.

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

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.

CORPORATE GOVERNANCE REPORT

Principle 4 to 5 :

- **Board Membership**

- **Board Performance**

The Nominating Committee comprises:

Sam Chong Keen (Chairman)
Tay Puan Siong
Wee Kok Wah

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 all Board and committee meetings of the Company.

Remuneration Matters

Principle 7 to 9 :

- **Procedures for Developing Remuneration Policies**

- **Level and Mix of Remuneration**

- **Remuneration Committee**

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.

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 %
$500,000 and above				
Wee Kok Wah	60	40	-	100
Dawn Wee Wai Ying	73	27	-	100
$250,000 to $499,999	-	-	-	-
Below $250,000				
Chua Kim Yeow	-	-	100	100
Dr Kwok Weng Fai	-	-	100	100
Tay Puan Siong	-	-	100	100
Sam Chong Keen	-	-	100	100
Goh Chee Wee	-	-	100	100
Dr Wee Li Ann [1]	-	-	100	100

[1] Dr Wee Li Ann was appointed as Director of the Company on 9 December 2009.

Breakdown of Key Management in remuneration (in percentage terms):

	Salary %	Profit Sharing/ Bonus %	CPF/ Superannuation %	Allowances/ Benefits %	Total %
$250,000 to $499,999					
Chang Toon Weng, Roger	79	6	3	12	100
Cham Soon Kian	55	31	11	3	100
Below $250,000					
Conson Tiu Sia	82	7	5	6	100
Patrick James Berriman	75	6	-	19	100
Law Lay Kian, Clare	81	7	5	7	100

Immediate family members of directors:

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

	2010	2009
$250,000 to $499,999	-	-
Below $250,000	3	2
	3	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
Dr Wee Li Ann

In the course of the financial year, the Committee held 5 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 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 quarterly and full year announcements on the results and financial positions of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group before their submission to the Board, together with the external auditor's report thereon;
7. review the Group's risk management processes;
8. evaluate the independence of external auditors, consider their appointment and audit fees and nominate them for reappointment where appropriate; and
9. review of interested person transactions.

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.

The Audit Committee oversees the internal audit function of the Group, which has been outsourced to an external professional firm. The primary line of reporting is to the Chairman of the Audit Committee. The Audit Committee reviews and approves the internal audit plan proposed by the internal auditors. 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 are 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 a "whistle blowing" or Corporate Ethics Compliance policy in place. 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, conflicts 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 summarized 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 brands of tyres. Some of these suppliers have granted exclusive distribution rights. Although the Group has a strong relationship with the principals (some exceeding 30 years), there is no assurance that the principals will continue to appoint the Group 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 an adverse financial impact on the Group. To mitigate this risk, the Group has been focusing on 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, the Group's 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 risks 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 training, 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 minimize 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 levels at all times. Inventory levels are 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 36 to the financial statements.

CORPORATE GOVERNANCE REPORT

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 raising 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 present 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.

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 dealings in securities of the Company by directors and employees while in possession of price-sensitive information, and during the period commencing two weeks and one month before the announcement of the quarterly and full year results respectively, and ending on the date of announcement; or if they are in possession of unpublished price sensitive information of the Group.

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	-	Member	-
Dawn Wee Wai Ying	Executive Vice	-	-	-
	President	-	-	-
Dr Kwok Weng Fai	Member	-	-	-
Tay Puan Siong	Member	Chairman	Member	-
Sam Chong Keen	Member	Member	Chairman	Member
Goh Chee Wee	Member	-	-	Member
Dr Wee Li Ann	Member	Member	-	-

Directors' Attendance at Board & Committee Meetings Held Since May 2009

	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	5	5	-	-	1	1
Wee Kok Wah [1]	4	4	-	-	2	1	-	-
Dawn Wee Wai Ying	4	4	-	-	-	-	-	-
Dr Kwok Weng Fai	4	3	-	-	-	-	-	-
Tay Puan Siong	4	4	5	5	2	2	-	-
Sam Chong Keen	4	4	5	5	2	2	1	1
Goh Chee Wee	4	4	-	-	-	-	1	1
Michael David Nesbitt [2]	4	1	-	-	2	1	-	-
Dr Wee Li Ann [3]	4	1	5	1	-	-	-	-

[1] Mr Wee Kok Wah was appointed as member of the Nominating Committee on 19 August 2009.
[2] Mr Michael David Nesbitt retired as Director of the Company on 19 August 2009.
[3] Dr Wee Li Ann was appointed as Director of the Company on 9 December 2009.

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited consolidated 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 2010.

Directors

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	
Dr Wee Li Ann	

Directors' interests in shares and debentures

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

		Direct interest			Deemed interest	
Name of director	**At 1.5.2009**	**At 30.4.2010**	**At 21.5.2010**	**At 1.5.2009**	**At 30.4.2010**	**At 21.5.2010**
Ordinary shares of the Company						
Chua Kim Yeow	–	–	–	230,000	230,000	230,000
Wee Kok Wah	26,067,554	26,386,554	26,386,554	56,385,319	56,542,319	56,542,319
Dawn Wee Wai Ying	10,637,567	10,637,567	10,637,567	71,815,306	72,291,306	72,291,306
Dr Kwok Weng Fai	2,830,060	2,830,060	2,830,060	–	–	–
Dr Wee Li Ann	–	10,000	10,000	–	10,000	10,000

There was no change in any of the abovementioned interests between the end of the financial year and 21 May 2010.

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 interests 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 of the Company has received or become entitled to receive benefits by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Arrangements to enable directors to acquire shares and debentures

Except as disclosed below, 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 2010. 70,000 share options were forfeited during the year and 2,075,000 options were outstanding as at 30 April 2010. The options outstanding as at 30 April 2010 expire in 2015.

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

DIRECTORS' REPORT

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
27 July 2010

STATEMENT BY DIRECTORS

Pursuant to Section 201(15) of the Singapore Companies Act, Cap. 50.

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, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows 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 of the Company as at 30 April 2010 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
27 July 2010

INDEPENDENT AUDITORS' REPORT

For the year ended 30 April 2010
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 25 to 88, which comprise the balance sheets of the Group and the Company as at 30 April 2010, the statements of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income and statement of cash flows 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 unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheets 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 2010 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
27 July 2010

CONSOLIDATED INCOME STATEMENT

for the year ended 30 April 2010
(In Singapore dollars)

	Note	2010 $'000	2009 $'000
Revenue	4	310,217	296,910
Other revenue	5	975	720
Total revenue		311,192	297,630
Less: Costs and expenditure			
Cost of goods sold	6	243,723	229,403
Salaries and employees benefits	7	19,848	18,331
Marketing and distribution		9,290	9,959
Utilities, repairs and maintenance		5,126	5,192
Finance costs	8	5,089	7,121
Depreciation of property, plant and equipment		5,477	5,813
Operating lease rentals		4,050	4,016
Other operating expenses		5,082	14,065
Total expenditure		(297,685)	(293,900)
Share of profits of an associated company		1,260	800
Profit before taxation	9	14,767	4,530
Taxation	10	(5,237)	(3,412)
Profit for the financial year		9,530	1,118
Attributable to:			
Owners of the Company		9,407	1,008
Minority interests		123	110
		9,530	1,118
Earnings per share:	11		
- basic (cents)		4.08	0.44
- diluted (cents)		4.08	0.44

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 April 2010
(In Singapore dollars)

	Note	2010 $'000	2009 $'000
Profit for the financial year		9,530	1,118
Other comprehensive income:			
Foreign currency translation adjustments arising on consolidation		(841)	786
Fair value gain on cash flow hedges		79	186
Other comprehensive (loss)/income for the year, net of tax		(762)	972
Total comprehensive income for the year		8,768	2,090
Total comprehensive income attributable to:			
Owners of the Company		8,627	1,992
Minority interests		141	98
		8,768	2,090

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

BALANCE SHEETS

as at 30 April 2010
(In Singapore dollars)

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current assets					
Property, plant and equipment	12	63,220	69,288	–	–
Subsidiary companies	13	–	–	30,596	30,574
Amounts due from subsidiary companies	13	–	–	21,887	22,383
Joint venture company	14	–	–	1,571	1,571
Associated companies	15	5,354	5,050	–	–
Deferred tax assets	28	2,884	2,329	–	–
		71,458	76,667	54,054	54,528
Current assets					
Inventories	16	89,471	96,962	–	–
Trade receivables	17	76,330	72,374	–	–
Derivatives	18	289	184	–	–
Other receivables	19	6,101	5,018	518	521
Prepayments and advances	19	2,661	979	21	19
Cash and bank deposits	20	35,604	16,986	666	85
		210,456	192,503	1,205	625
Less: Current liabilities					
Trade payables	21	26,428	22,280	–	–
Trust receipts (secured)	22	73,986	62,007	–	–
Derivatives	18	161	871	–	–
Other payables	23	16,319	17,774	689	655
Loans (secured)	24	24,455	39,015	1,187	–
Hire-purchase liabilities	25	778	486	–	–
Provisions	26	679	517	–	–
Provision for taxation		3,795	1,691	90	2
		146,601	144,641	1,966	657
Net current assets/(liabilities)		63,855	47,862	(761)	(32)
Non-current liabilitiesa					
Amounts due to subsidiary companies	13	–	–	365	5,220
Hire-purchase liabilities	25	867	818	–	–
Provisions	26	210	210	–	–
Long-term loans (secured)	27	33,750	32,231	3,240	–
Deferred tax liabilities	28	2,174	1,726	–	–
		(37,001)	(34,985)	(3,605)	(5,220)
		98,312	89,544	49,688	49,276
Equity					
Share capital	29	33,677	33,677	33,677	33,677
Reserves	30	64,056	55,429	16,011	15,599
		97,733	89,106	49,688	49,276
Minority interests		579	438	–	–
		98,312	89,544	49,688	49,276

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 2010
(In Singapore dollars)

	Note	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
			Attributable to shareholders of the Company							
Group										
Balance at 1 May 2008		33,677	203	755	59,268	(265)	(5,371)	54,590	340	88,607
Profit for the financial year		–	–	–	1,008	–	–	1,008	110	1,118
Other comprehensive income/(loss) for the financial year		–	–	–	–	186	798	984	(12)	972
Total comprehensive income for the financial year		–	–	–	1,008	186	798	1,992	98	2,090
Transfer from revenue reserve to capital reserve		–	118	–	(118)	–	–	–	–	–
Dividend	31	–	–	–	(1,153)	–	–	(1,153)	–	(1,153)
Balance at 30 April 2009		33,677	321	755	59,005	(79)	(4,573)	55,429	438	89,544

The details of the nature of the reserves are set out in Note 30.

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 2010
(In Singapore dollars)

	Note	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 2009		33,677	321	755	59,005	(79)	(4,573)	55,429	438	89,544
Profit for the financial year		–	–	–	9,407	–	–	9,407	123	9,530
Other comprehensive income/(loss) for the financial year		–	–	–	–	79	(859)	(780)	18	(762)
Total comprehensive income/(loss) for the financial year		–	–	–	9,407	79	(859)	8,627	141	8,768
Transfer from revenue reserve to capital reserve		–	26	–	(26)	–	–	–	–	–
Balance at 30 April 2010		33,677	347	755	68,386	–	(5,432)	64,056	579	98,312

The details of the nature of the reserves are set out in Note 30.

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 2010
(In Singapore dollars)

		Attributable to shareholders of the Company				
	Note	Share capital $'000	Employee share option reserve $'000	Revenue reserve $'000	Total reserve $'000	Total $'000
Company						
Balance at 1 May 2008		33,677	755	14,929	15,684	49,361
Profit for the financial year		–	–	1,068	1,068	1,068
Total comprehensive income for the financial year		–	–	1,068	1,068	1,068
Dividend	31	–	–	(1,153)	(1,153)	(1,153)
Balance at 30 April 2009		33,677	755	14,844	15,599	49,276
Balance at 1 May 2009		33,677	755	14,844	15,599	49,276
Profit for the financial year		–	–	412	412	412
Total comprehensive income for the financial year		–	–	412	412	412
Balance at 30 April 2010		33,677	755	15,256	16,011	49,688

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 April 2010
(In Singapore dollars)

	Note	2010	2009
		$'000	$'000
Cash flows from operating activities:			
Profit before taxation		14,767	4,530
Adjustments for:			
Depreciation of property, plant and equipment		10,209	9,796
Gain on disposal of property, plant and equipment		(116)	(261)
Fair value (gain)/loss on other financial instruments		(736)	397
Property, plant and equipment written off		22	79
Foreign currency translation adjustment		(78)	1,249
Interest income		(217)	(230)
Provisions for product warranties and reinstatement cost		202	123
Impairment loss on property, plant and equipment		177	233
Interest expenses		5,089	7,121
Share of profits of associated company		(1,260)	(800)
Operating profit before reinvestment in working capital		28,059	22,237
Decrease/(increase) in inventories		7,491	(12,413)
(Increase)/decrease in receivables		(6,721)	23,175
Increase/(decrease) in payables		2,653	(3,067)
Cash generated from operations		31,482	29,932
Interest received		217	230
Interest paid		(5,089)	(7,121)
Income tax paid		(3,240)	(4,828)
Net cash provided by operating activities		23,370	18,213
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		1,097	633
Dividend income from associated company		530	–
Purchase of property, plant and equipment		(4,314)	(9,267)
Net cash used in investing activities		(2,687)	(8,634)
Cash flows from financing activities:			
Proceeds from long-term loans		15,660	7,680
Proceeds from/(repayment of) trust receipts		11,979	(18,241)
Repayment of hire purchase liabilities		(707)	(646)
Dividend paid to shareholders		–	(1,153)
Repayment of long-term loans		(10,502)	(15,944)
Net cash provided by/(used in) financing activities		16,430	(28,304)
Net increase/(decrease) in cash and cash equivalents		37,113	(18,725)
Cash and cash equivalents at beginning of financial year	32	(13,303)	5,746
Exchange rate adjustment to cash and cash equivalents at beginning of financial year		(296)	(324)
Cash and cash equivalents at end of financial year	32	23,514	(13,303)

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

1. Corporation information

Stamford Tyres Corporation Limited is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

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

2.2 *Changes in accounting policies*

On 1 May 2009, the Group and the Company adopted the following new and revised FRS and Interpretation of Financial Reporting Standards ("INT FRS") that are relevant:

Reference	Description
FRS 1:	Presentation of Financial Statements – Revised Presentation
FRS 1:	Presentation of Financial Statements – Amendments to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 23:	Borrowing Costs
FRS 27:	Consolidated and Separate Financial Statements – Amendments related to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 32:	Financial Instruments: Presentation – Amendments related to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 101:	First-time Adoption of Financial Reporting Standards – Amendments Relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 102:	Share-based Payment – Vesting Conditions and Cancellations
FRS 107:	Financial Instruments: Disclosures – Amendments Relating to Improving Disclosures about Financial Instruments
FRS 108:	Operating Segments
INT FRS 101:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
INT FRS 109:	Re-assessment of Embedded Derivatives
INT FRS 39:	Financial Instruments: Re-cognition and Measurement – Embedded Derivatives
INT FRS 113:	Customer Loyalty Programmes
INT FRS 116:	Hedges of a Net Investment in a Foreign Operation
INT FRS 118:	Transfer of Assets from Customers
Improvement to FRS	

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

2.2 ***Changes in accounting policies (cont'd)***

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements – Revised Presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The liquidity risk disclosures and fair value measurement disclosures are presented in Note 36 and Note 38 to the financial statements respectively.

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. Additional disclosures about each of the segments are shown in Note 40.

Improvements to FRSs issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with FRS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The Group amended its accounting policy accordingly and analysed whether Management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.

- FRS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

- FRS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

(In Singapore dollars)

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

2.3 ***Future changes in accounting policies***

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sales and Discontinued Operations	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
Amendments to FRS 102 - Group Cash-settled Share-based Payment Transactions	1 January 2010
Amendments to FRS 32 Classification of Rights Issues	1 February 2010
Amendments to FRS 101 Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters	1 July 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
Improvements to FRSs issued in 2009	Various dates after 1 July 2009

The directors expect that the adoption of the above pronouncements, if applicable, will have no material impact to the financial statements in the period of initial application.

2.4 ***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 balance sheet date. The financial statements of the subsidiary, associated and joint venture companies are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses, and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiary companies are accounted for by applying 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. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

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 is recorded as goodwill on the balance sheet.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

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

2.5 ***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 income statement of the Group and within equity on the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal of minority interests is recognised directly in equity.

2.6 ***Foreign currency***

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 other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

For consolidation purposes, 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 statement is translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.7 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. 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 repairs 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:

(In Singapore dollars)

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

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

Leasehold land and buildings	–	over their lease period, ranging from 1.7% to 5.6% per annum
Leasehold improvements	–	5% to 10% per annum
Motor vehicles	–	20% per annum
Plant and equipment	–	10% to 20%per annum
Computer hardware and software	–	33⅓% per annum
Furniture and fittings	–	10% per annum

Freehold land has an unlimited useful life and is therefore not depreciated. 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. Depreciation expense is charged in the income statement up to the month of disposal or write-off. Fully depreciated assets are retained in the financial statements until they are no longer in use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed annually to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment and adjusted prospectively, if appropriate.

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.

2.8 ***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 assessment 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset 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. **Summary of significant accounting policies (cont'd)**

2.9 ***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 41.

2.10 ***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. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. Goodwill relating to associated companies is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

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.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associated companies. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount in the income statement.

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.

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 41.

2.11 ***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 joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture. 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.

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

2.11 ***Joint ventures (cont'd)***

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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 41.

2.12 ***Financial assets***

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, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell 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 held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(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, loans and receivables are measured 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.

2.13 ***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.

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

2.13 ***Impairment of financial assets (cont'd)***

(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 (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) 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.

2.14 ***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 2.12.

Bank overdrafts 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 ***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 operating capacity. 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)

2.16 ***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 2.12.

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 2.13.

2.17 ***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 economic resources 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 economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 ***Government grants***

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants in respect of specific expenses are taken to income statement in the same year as the relevant expenses.

2.19 ***Financial liabilities***

Financial liabilities within the scope of FRS 39 are recognised on the balance sheets 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, derivatives are measured at fair value, plus, in the case of financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

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

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

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 as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. 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. Summary of significant accounting policies (cont'd)

2.21 ***Borrowing costs***

Interest on borrowings that are directly attributable to finance the construction of properties and plants is capitalised. Interest capitalised 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.

2.22 ***Interest bearing loans and borrowings***

All loans and borrowings are initially recognised, at 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.

2.23 ***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 pension 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***

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. Any initial direct costs are also added to the amount capitalised. 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 2.7.

2.25 ***Operating leases - As lessee***

Leases where substantially all the risks and benefits of ownership of the lease effectively remain 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 over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

2.26 ***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. Revenue is recorded net of goods and services tax, and sales return.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customers, which generally coincides with their delivery and acceptance. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

(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 recognised when the Group's right to receive payments is established.

(f) *Interest income*

Interest income is recognised using the effective interest method.

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

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 income 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 utilised.

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.

Deferred income tax relating to items recognised outside income statement is recognised outside income statement. Deferred income tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

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

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

(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.

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***

For management purposes, the Group is organised into operating segments based on their regions which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

2.30 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

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

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(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 2010 was $27,956,000 (2009: $32,575,000). 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.

(ii) Allowance for inventories' obsolescence

Allowance for inventories' obsolescence is estimated based on the best available facts and circumstances at the balance sheet date 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 2010 is $89,471,000 (2009: $96,962,000).

(iii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets, other than goodwill and other indefinite life intangibles, are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash-flows. Further details of the impairment of non-financial assets are given in Note 12 to the financial statements.

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

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

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has 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 2010 were $3,795,000 (2009: $1,691,000), $2,884,000 (2009: $2,329,000) and $2,174,000 (2009: $1,726,000) respectively.

(ii) Impairment of financial assets

The Group follows the guidance FRS 39 in determining when a 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 a financial asset is less than its cost, and the financial health of and near-term business outlook for the financial asset, including factors such as industry performance, changes in technology and operational and financing cash flow. Further details of the impairment of financial assets are given in Note 17 and 19 to the financial statements.

(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 at the balance sheet date, 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 2010 is $76,330,000 (2009: $72,374,000).

4. Revenue

	Group	
	2010	**2009**
	$'000	$'000
Tyres and wheels:		
- Wholesale and distribution	259,648	243,659
- Retail and fleet	49,324	50,975
Others	1,245	2,276
	310,217	296,910

5. **Other revenue**

	Group	
	2010	**2009**
	$'000	$'000
Interest income from bank deposits	217	230
Sundry income	427	392
Government grant in respect of Jobs Credit Scheme	331	98
	975	720

6. **Cost of goods sold**

	Group	
	2010	**2009**
	$'000	$'000
Inventories recognised as an expense in cost of goods sold	236,957	222,977

7. **Salaries and employee benefits**

	Group	
	2010	**2009**
	$'000	$'000
Employee benefits expenses (including executive directors):		
Salaries, wages and bonuses	17,957	16,946
Contributions to defined contribution plans	848	683
Others	3,079	3,145
	21,884	20,774
Employee benefits are included in the following line items in the income statement:		
- Cost of goods sold	2,036	2,443
- Salaries and employee benefits	19,848	18,331
	21,884	20,774

(In Singapore dollars)

7. Salaries and employee benefits (cont'd)

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").

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. Share options outstanding as at 30 April 2010 expire in 2015.

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 2010	**Weighted average exercise price in the financial year 2010 ($)**	**Number of options 2009**	**Weighted average exercise price in the financial year 2009 ($)**
Outstanding at beginning of year	2,145,000	0.430	2,405,000	0.430
Forfeited during the year	(70,000)	0.430	(260,000)	0.430
Outstanding at end of year	2,075,000	0.430	2,145,000	0.430
Exercisable at end of year	2,075,000	0.430	2,145,000	0.430

There is no share option expense in the current financial year (2009: Nil) as the share options were vested in prior years. The fair value of share options as at date of grant was 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 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.

8. Finance costs

	Group 2010 $'000	Group 2009 $'000
Interest expense on:		
- bank overdrafts, trust receipts and hire-purchase liabilities	2,057	4,051
- bank loans	3,032	3,070
	5,089	7,121

9. Profit before taxation

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

	Group 2010 $'000	Group 2009 $'000
Non-audit fees:		
- other auditors	–	15
Professional fees	1,427	1,693
Foreign exchange (gain)/loss	(1,728)	5,575
Allowance for/ (write-back of) inventory obsolescence	2,040	(122)
Inventories written-down	3,664	-
(Gain)/ loss on fair valuation of forward currency contracts	(597)	250
(Gain)/ loss on fair valuation of interest rate swaps	(139)	147
Gain on disposal of property, plant and equipment	(116)	(261)
Property, plant and equipment written off	22	79
Impairment loss on property, plant and equipment	177	233

10. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 30 April 2010 and 2009 are :-

	Group 2010 $'000	Group 2009 $'000
Income statement		
Current income taxation		
- Current income taxation	4,283	3,257
- Under/ (over) provision of tax in respect of prior years	982	(46)
	5,265	3,211

10. **Taxation (cont'd)**

Major components of income tax expense (cont'd)

	Note	Group 2010 $'000	Group 2009 $'000
Deferred income taxation	28		
- Origination/(reversal) of temporary differences		31	(362)
- (Over)/under-provision of tax in respect of prior years		(137)	512
- Effects of reduction in tax rate		26	(24)
		(80)	126
Foreign withholding tax		52	75
Income tax expenses recognised in income statement		5,237	3,412

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 April 2010 and 2009 are as follows:-

	2010 $'000	2009 $'000
Profit before taxation	14,767	4,530
Taxation at statutory tax rate of 17% (2009: 17%)	2,510	770
Adjustments:		
- expenses not deductible for income tax purposes	1,145	1,041
- foreign withholding tax	52	75
- higher tax rates in other countries	492	743
- deferred tax assets not recognised in the current year	260	722
- changes in tax rate	26	(24)
- partial tax exemption and tax relief	(158)	(289)
- others	65	(92)
- under-provision of tax in respect of prior years	845	466
Taxation	5,237	3,412

As at 30 April 2010, the Group, primarily through its subsidiary companies, has unutilised tax losses of approximately $3,979,000 (2009: $3,379,000) 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 $1,421,000 (2009: $1,161,000) arising from the unutilised tax losses has not been recognised in the financial statements due to the uncertainty of its recoverability.

11. Earnings per share

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share ("EPS") for the years ended 30 April :

	Group 2010 $'000	Group 2009 $'000
Group earnings used for the calculation of EPS:		
Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share	9,407	1,008
	'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	230,561

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

Diluted EPS is calculated on the same basis as basic EPS as there are no dilutive potential ordinary shares as at 30 April 2010.

2,075,000 (2009: 2,145,000) outstanding share options granted to employees under the share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous financial period presented.

12. Property, plant and equipment

	Freehold land	Freehold building	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Construction-in-progress	Total
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:								
At 1 May 2008	5,066	–	33,382	5,806	39,963	4,679	18,777	107,673
Foreign currency translation adjustment	–	–	(63)	(25)	(377)	(31)	(387)	(883)
Additions	–	–	81	185	4,815	434	4,532	10,047
Disposals/write off	–	–	(501)	(49)	(541)	(320)	–	(1,411)
Reclassification	(601)	601	–	2,100	17,035	–	(19,135)	–
At 30 April 2009 and 1 May 2009	4,465	601	32,899	8,017	60,895	4,762	3,787	115,426
Foreign currency translation adjustment	2	(35)	17	33	338	10	(255)	110
Additions	–	–	531	357	2,610	866	998	5,362
Disposals/write off	–	–	(1,053)	(47)	(105)	(347)	–	(1,552)
Reclassification	–	–	2,951	6	694	–	(3,651)	–
At 30 April 2010	4,467	566	35,345	8,366	64,432	5,291	879	119,346

12. **Property, plant and equipment (cont'd)**

	Freehold land	Freehold building	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Construction-in-progress	Total
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation and impairment:								
At 1 May 2008	–	–	8,857	3,979	21,421	3,025	–	37,282
Foreign currency translation adjustment	–	–	(19)	(28)	(161)	(5)	–	(213)
Charge for the financial year	–	46	986	594	7,554	616	–	9,796
Impairment loss	–	233	–	–	–	–	–	233
Disposals/write off	–	–	(117)	(64)	(494)	(285)	–	(960)
At 30 April 2009 and 1 May 2009	–	279	9,707	4,481	28,320	3,351	–	46,138
Foreign currency translation adjustment	–	(7)	13	22	107	16	–	151
Charge for the financial year	–	25	1,044	650	7,897	593	–	10,209
(Write-back of) / impairment loss	–	(14)	(9)	–	200	–	–	177
Disposals/write off	–	–	(158)	(26)	(48)	(317)	–	(549)
At 30 April 2010	–	283	10,597	5,127	36,476	3,643	–	56,126
Net book value:								
At 30 April 2010	4,467	283	24,748	3,239	27,956	1,648	879	63,220
At 30 April 2009	4,465	322	23,192	3,536	32,575	1,411	3,787	69,288

Assets pledged as security

The Group's property, plant and equipment with a total net book value of $43,918,000 as at 30 April 2010 (2009: $48,562,000) are subject to legal mortgages and floating charges referred to in Notes 22, 24 and 27.

Depreciation charge included in cost of goods sold

Depreciation charge amounting to $4,730,000 (2009: $3,983,000) was included into cost of goods sold during the financial year.

Capitalisation of borrowing cost

Interest on borrowings amounting to $Nil (2009: $179,000) 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 $1,048,000 (2009: $780,000) acquired under hire-purchase agreements. The carrying amount of plant and equipment acquired under hire-purchase agreements amounted to $1,620,000 as at 30 April 2010 (2009: $1,168,000). These assets are pledged as security for the related hire-purchase liabilities.

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

Impairment loss on plant and equipment and freehold building

The impairment loss for plant and equipment in 2010 relates to the "South East Asia" operating segment (Note 40). The recoverable amount is determined by reference to the value-in-use of the assets.

The impairment loss for freehold building in 2009 relates to the "North Asia" operating segment (Note 40). The recoverable amount represented the fair value less costs to sell, determined by reference to the market price of equivalent asset.

13. Subsidiary companies

	Note	Company 2010 $'000	Company 2009 $'000
Cost of investment:			
Unquoted equity shares, at cost	41	39,500	34,387
Less: Impairment loss		(8,904)	(3,813)
		30,596	30,574

Movement in impairment loss accounts:

	Company 2010 $'000	Company 2009 $'000
At 1 May	3,813	2,117
Charge for the financial year	5,091	1,696
At 30 April	8,904	3,813

	Company 2010 $'000	Company 2009 $'000
Amounts due from/(to) subsidiary companies		
Loan to a subsidiary company (unsecured)	13,767	13,767
Amounts due from subsidiary companies (non-trade)	11,893	13,833
	25,660	27,600
Less: Allowance for doubtful non-trade receivables from subsidiary companies	(3,773)	(5,217)
Amounts due from subsidiary companies	21,887	22,383
Amounts due to subsidiary companies (non-trade)	(365)	(5,220)

13. Subsidiary companies (cont'd)

Movement in allowance for doubtful non-trade receivables accounts:

	Company	
	2010	**2009**
	$'000	$'000
At 1 May	5,217	3,415
(Write-back)/ charge for the financial year	(1,444)	1,802
At 30 April	3,773	5,217

For the year ended 30 April 2010, a write-back of impairment loss of $1,444,000 (2009: Impairment loss of $1,802,000) was recognised in the income statement of the Company subsequent to a debt conversion and recovery assessment performed on amounts due from subsidiary companies as at 30 April 2010 and 30 April 2009.

The loan to a subsidiary company is unsecured, bears fixed interest at 2.89% (2009: 2.89%) per annum, with no repayment terms and is repayable only when the cash flows of the subsidiary company permits. The amount is not expected to be repaid in the next twelve months as the subsidiary company cannot repay this loan to the Company until the subsidiary company has repaid the term loans it obtained from the banks (Note 27).

The non-trade amounts due from and to subsidiary companies are unsecured and interest-free except for an amount of $6,592,000 (2009: $4,952,000) due from subsidiary companies which bears interest at rates ranging from 2.06% to 10.00% (2009: 2.15% 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 41.

14. Joint venture company

	Company	
	2010	**2009**
	$'000	$'000
Unquoted equity shares, at cost	1,571	1,571

Details of the joint venture company are set out in Note 41.

14. Joint venture company (cont'd)

The aggregate amounts of each of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the joint-venture entity are as follows:

	Group	
	2010	**2009**
	$'000	$'000
Assets and liabilities:		
Non-current assets	9,738	9,601
Current assets	11,788	9,152
Total assets	21,526	18,753
Current liabilities	(6,481)	(4,136)
Non-current liabilities	–	(1)
Total liabilities	(6,481)	(4,137)
Net assets	15,045	14,616
Income and expenses:		
Revenue	18,289	11,822
Expenditure	(17,286)	(11,580)
Share of profits of associated companies	1,260	800
Taxation	(163)	(102)
Profit after taxation	2,100	940

15. Associated companies

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	2,118	2,118	72	72
Share of post-acquisition reserves	3,349	2,619	–	–
Foreign currency translation adjustment	(113)	313	–	–
	5,354	5,050	72	72
Less: Impairment loss	–	–	(72)	(72)
	5,354	5,050	–	–

15. Associated companies (cont'd)

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

	Company	
	2010	**2009**
	$'000	$'000
Assets and liabilities:		
Total assets	89,142	49,484
Total liabilities	(62,887)	(24,776)
Net assets	26,255	24,708
Income statement:		
Revenue	320,033	221,862
Profit for the year	6,300	4,000

Details of the associated companies are set out in Note 41.

16. Inventories

	Group	
	2010	**2009**
	$'000	$'000
Balance sheet		
Inventories for sale	83,691	88,501
Raw materials, at cost	4,029	7,233
Work-in-progress - aluminium alloy wheels	1,751	1,228
Total inventories at lower of cost and net realisable value	89,471	96,962
Inventories for sale are stated after deducting allowance for obsolescence of	10,753	9,025

17. Trade receivables

	Group	
	2010	**2009**
	$'000	$'000
External parties	83,627	79,012
Less: Allowance for doubtful trade receivables	(7,297)	(6,638)
	76,330	72,374
Trade debts written off directly to the income statement	324	305

17. Trade receivables (cont'd)

Trade receivables are denominated in the following currencies:

	Group	
	2010	**2009**
	$'000	$'000
United States Dollars	19,671	22,209
Ringgit Malaysia	16,758	13,374
Singapore Dollars	12,483	12,096
South African Rand	7,801	5,292
Thai Baht	7,485	6,761
Indonesian Rupiah	4,127	4,032
Chinese Renminbi	3,725	1,552
Hong Kong Dollars	3,136	3,006
Australian Dollars	932	2,499
Others	212	1,553
	76,330	72,374

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 $1,165,000 (2009: $1,338,000) are supported by letters of credits issued by banks in countries where the customers are based.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $30,733,000 (2009: $22,135,000) 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:

	Group	
	2010	**2009**
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	12,359	6,600
30 - 60 days	6,599	1,886
61- 90 days	3,726	3,918
91 - 120 days	3,044	1,494
More than 120 days	5,005	8,237
	30,733	22,135

17. Trade receivables (cont'd)

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	
	2010	**2009**
	$'000	$'000
Trade receivables – nominal amounts	7,297	6,638
Less: Allowance for doubtful trade receivables	(7,297)	(6,638)
	–	–
Movement in allowance accounts:		
At 1 May	6,638	4,950
Charge for the year	543	2,786
Written off against allowance	(79)	(751)
Foreign currency translation adjustment	195	(347)
At 30 April	7,297	6,638

For the year ended 30 April 2010, an impairment loss of $543,000 (2009: $2,786,000) was recognised in the income statement subsequent to a debt recovery assessment performed on trade receivables as at 30 April 2010.

18. Derivatives

		Group			
		2010		**2009**	
		Fair value		**Fair value**	
	Note	**Assets**	**Liabilities**	**Assets**	**Liabilities**
		$'000	$'000	$'000	$'000
Cash flow hedge					
- Interest rate swaps	(a)	–	–	–	(79)
Non-hedging instrument					
- Forward currency contracts	(b)	289	(161)	184	(653)
- Interest rate swaps		–	–	–	(139)
		289	(161)	184	(871)

18. Derivatives (cont'd)

(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. In the previous financial year, a portion of the interest rate swaps was used to convert a Singapore dollar floating rate liability to a Singapore dollar fixed rate liability.

The three sets of interest rate swaps have matured and were fully settled for the year ended 30 April 2010.

(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**	
	2010	**2009**	**2010**	**2009**
	%	%	$'000	$'000
Group				
To sell Singapore Dollars for:-				
- United States Dollars	1.37 – 1.41	1.44 – 1.52	9,638	9,566
- Euro	1.90	1.96	153	147
			9,791	9,713
To sell South African Rand for United States Dollars	7.27 – 7.84	8.84 – 9.83	14,423	6,468
To sell Thai Baht for United States Dollars	32.31 – 33.30	34.50 – 35.88	4,617	7,717
To buy Singapore Dollars for:				
- United States Dollars	1.37 – 1.41	1.46 – 1.54	25,745	24,718
- Euro	1.82	1.97	364	315
- Australian Dollars	1.23 – 1.27	1.00 – 1.08	2,260	1,445
			28,369	26,478
To buy Thai Baht for United States Dollars	32.23 – 33.48	35.32 – 38.38	3,932	3,042

19. Other receivables

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Financial assets				
Amounts due from:				
- joint venture company	–	–	44	48
- shareholders of subsidiary companies	–	–	678	678
Sundry receivables	4,785	4,749	5	4
Deposits	1,656	568	–	–
Staff loans	280	355	–	–
	6,721	5,672	727	730
Less: Allowance for doubtful receivables	(620)	(654)	(209)	(209)
	6,101	5,018	518	521
Non-financial assets				
Prepayments and advances				
Prepaid operating expenses	1,107	671	21	19
Advance payment for purchases	1,554	308	–	–
	2,661	979	21	19
Movement in allowance accounts:				
At 1 May	654	615	209	209
Charge for the year	–	39	–	–
Foreign currency transaction adjustment	(34)	–	–	–
At 30 April	620	654	209	209

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

The deposits to suppliers are unsecured and interest-free. The deposits are refundable at the end of the manufacturing contracts.

Staff loans are unsecured, bear interest at rates at 6.50% (2009: 6.50%) per annum and repayable within the next 12 months.

The advance payment for purchases is unsecured, interest-free and is deductible against the amount payable on purchases of tyres from these suppliers.

20. Cash and bank deposits

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Cash at bank and on hand	33,374	14,751	666	85
Short term bank/fixed deposits	2,230	2,235	–	–
	35,604	16,986	666	85

Cash and bank deposits are denominated in the following currencies:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Singapore Dollars	10,300	2,541	659	77
Ringgit Malaysia	9,751	2,115	–	–
United States Dollars	3,455	2,579	7	8
Hong Kong Dollars	3,436	3,251	–	–
South African Rand	2,924	1,257	–	–
Chinese Renminbi	1,744	1,543	–	–
Thai Baht	1,597	2,746	–	–
Others	2,397	954	–	–
	35,604	16,986	666	85

Cash at bank earns interest at floating rates based as daily bank deposits rates ranging from 0.01% to 7.15% (2009: 0.01% to 15.00%) per annum.

Fixed deposits are made for varying periods between 7 to 30 days and the effective interest rate on the fixed deposits approximate 0.01% to 0.26% (2009: 0.05% to 1.63%) per annum.

21. Trade payables

Trade payables are denominated in the following currencies:

	Group	
	2010	**2009**
	$'000	$'000
United States Dollars	7,894	8,480
Hong Kong Dollars	5,397	72
Ringgit Malaysia	4,113	6,318
South African Rand	2,936	1,485
Singapore Dollars	2,931	2,305
Thai Baht	1,923	707
Chinese Renminbi	372	1,931
Australian Dollars	95	121
Others	767	861
	26,428	22,280

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

22. Trust receipts (secured)

Trust receipts have maturity dates of up to 6 (2009: 6) months and are secured by corporate guarantees from the Company, a negative pledge over the assets, excluding its leasehold buildings, of subsidiary companies. These facilities are subject to compliance with certain financial covenants.

The trust receipts bear interest at rates ranging from 1.37% to 13.25% (2009: 0.84% to 16.25%) per annum.

Trust receipts are denominated in the following currencies:

	Group	
	2010	**2009**
	$'000	$'000
Singapore Dollars	28,185	18,659
United States Dollars	20,278	21,924
Ringgit Malaysia	15,518	10,468
Thai Baht	4,233	6,120
Australian Dollars	2,543	2,108
Hong Kong Dollars	1,873	1,982
Others	1,356	746
	73,986	62,007

23. Other payables

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Financial liabilities				
Amounts due to associated companies	89	89	89	89
Payroll and staff related expenses	3,902	3,669	–	–
Sundry payables	6,633	9,378	3	92
Accrued operating expenses	5,695	3,838	597	474
Amount due to a director	–	800	–	–
	16,319	17,774	689	655

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

The amount due to a director was unsecured, interest-free and repayable on demand. The amount due to a director was fully settled during the year.

24. Loans (secured)

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Short-term loans (revolving credit facilities)	12,090	30,289	–	–
Long-term loans - current portion (Note 27)	12,365	8,726	1,187	–
	24,455	39,015	1,187	–

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 1.44% to 13.25% (2009: 2.15% to 15.00%) per annum.

Short-term loans are denominated in the following currencies:

	Group	
	2010	2009
	$'000	$'000
Singapore Dollars		
Thai Baht	6,460	12,648
Ringgit Malaysia	2,360	3,333
Chinese Renminbi	1,200	2,936
Others	2,070	2,571
	12,090	30,289

25. 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 2010	**Present value of payments 2010**	**Minimum payments 2009**	**Present value of payments 2009**
	$'000	$'000	$'000	$'000
Within one year	881	778	562	486
After one year but not more than five years	1,014	854	938	806
More than five years	16	13	14	12
	1,030	867	952	818
Total minimum hire-purchase payments	1,911	1,645	1,514	1,304
Less: Amounts representing finance charges	(266)	–	(210)	–
Present value of minimum hire-purchase payments	1,645	1,645	1,304	1,304

Effective interest rates on the hire-purchase arrangements range from 4.15% to 8.42% (2009: 2.20% to 12.50%) per annum.

26. Provisions

	Group	
	2010	**2009**
	$'000	$'000
Current liabilities		
Provision for product warranties		
Balance at beginning	517	462
Provision for the year	202	123
Provision utilised during the year	(40)	(68)
Balance at end	679	517

A provision is recognised for expected warranty claims on proprietary products sold during the financial year based on sales volume.

26. Provisions (cont'd)

	Group	
	2010	**2009**
	$'000	$'000
Non-current liabilities		
Provision for reinstatement cost		
Balance at beginning	210	210
Provision for the year	–	–
Balance at end	210	210

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

27. Long-term loans (secured)

	Effective interest rate		Group		Company	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	%	%	$'000	$'000	$'000	$'000
Current (Note 24)						
United States Dollar loans	3.38	5.80	1,384	1,082	–	–
Singapore Dollar loans	4.57	3.40	5,893	3,383	1,187	–
Thai Baht loans	6.71	5.40	4,559	3,776	–	–
British Pounds loans	2.14	6.10	63	63	–	–
Ringgit Malaysia loans	3.76	5.20	466	422	–	–
Total			12,365	8,726	1,187	–
Non-current						
United States Dollar loans	3.38	5.80	–	1,501	–	–
Singapore Dollar loans	4.57	3.40	19,875	17,303	3,240	–
Thai Baht loans	6.71	5.40	12,432	11,445	–	–
British Pounds loans	2.14	6.10	423	542	–	–
Ringgit Malaysia loans	3.76	5.20	1,020	1,440	–	–
Total			33,750	32,231	3,240	–

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

All loans are subject to compliance with financial covenants and are secured by corporate guarantees from the Company, property, plant and equipment of certain subsidiary companies and negative pledge over the assets of certain subsidiary subsidiaries, excluding their hire-purchase assets.

Included in the Singapore dollar loans as at 30 April 2010 are two loans (2009: one) with current and non-current portions amounting to $3,610,000 (2009: $1,800,000) and $11,629,000 (2009: $11,200,000) respectively where the subsidiary company shall not repay the loan from the Company amounting to $13,767,000 (Note 13) until these loans are repaid.

28. Deferred taxation

		Group	
	Note	**2010**	**2009**
		$'000	$'000
At beginning of financial year		(603)	(712)
Foreign currency translation adjustment		(27)	(17)
Charge/(writeback) for the financial year	10	31	(362)
Adjustments in respect of the previous financial years	10	(137)	512
Effects of changes in tax rate	10	26	(24)
At end of financial year		(710)	(603)
Represented by:			
- Deferred tax assets		(2,884)	(2,329)
- Deferred tax liabilities		2,174	1,726
At end of financial year		(710)	(603)

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

	Property, plant and equipment	**Receivables**	**Inventories**	**Unremitted interest income**	**Provisions, accruals and others**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
At beginning of the financial year	1,684	(422)	(1,524)	-	(341)	(603)
Movement for the year	1,111	(876)	400	10	(725)	(80)
Foreign currency translation adjustment	12	–	(40)	-	1	(27)
At the end of the financial year	2,807	(1,298)	(1,164)	10	(1,065)	(710)

29. Share capital

	Group and Company			
	Number of shares 2010	**Share capital 2010**	**Number of shares 2009**	**Share capital 2009**
	'000	$'000	'000	$'000
Issued and fully paid:				
At beginning and 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. The ordinary shares have no par value.

Unissued shares under share options as at 30 April 2010 comprise 2,075,000 (2009: 2,145,000) 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 $0.43 (2009: $0.43) per share. The details of the share options are discussed in Note 7.

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.

30. 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 7). 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***

Fair value reserve represented the effective portion of the gain/loss on the interest rate swaps designated as cash flow hedge (Note 18).

(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.

31. Dividend

	Group and Company	
	2010	**2009**
	$'000	$'000
Final exempt (one-tier) dividend of Nil cents (2009: 0.50 cents), per share in respect of the previous financial year	–	1,153
Dividend declared and paid during the year	–	1,153

The directors have proposed a final exempt (one-tier) dividend of 1.0 cent (2009: Nil) per share amounting to approximately S$2,306,000 to be paid in respect of the financial year ended 30 April 2010. The dividend will be recorded as a liability on the balance sheets of the Company and Group upon approval by the shareholders of the Company at the next Annual General Meeting of the Company.

32. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheets amounts:

		Group	
	Note	**2010**	**2009**
		$'000	$'000
Cash and bank deposits	20	35,604	16,986
Short-term loans	24	(12,090)	(30,289)
Cash and cash equivalents		23,514	(13,303)

33. 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	
	2010	**2009**
	$'000	$'000
Within one year	4,057	2,513
Within two to five years	6,917	4,245
After five years	8,971	8,506
	19,945	15,264

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.

33. Commitments (cont'd)

(ii) ***Capital commitments***

	Group 2010 $'000	Group 2009 $'000
Commitments in respect of contracts placed for the purchase of property, plant and equipment	1,788	60

34. Contingencies

	Company 2010 $'000	Company 2009 $'000
(a) ***Corporate guarantees***		
Guarantees issued for bank facilities granted to subsidiary companies	127,307	133,253

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

(b) ***Litigation***

Since the financial year ended 30 April 2008, a subsidiary company was served with a legal suit by a tyre manufacturer for alleged infringement of a patent. In January 2010, the parties were denied a motion for summary judgement and no settlement was reached as at 30 April 2010. The trial is currently adjourned till October 2010. The Group has engaged a legal counsel to challenge this suit. Based on information available to-date, the directors do not believe the suit would result in any material liability to the Group.

35. 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 2010 $'000	Group 2009 $'000
Income from services rendered to a joint venture company	68	70
Management fee paid to other shareholder of a joint venture company	(309)	(317)
Professional fee paid to a company in which a director of an overseas subsidiary company has an interest	–	(60)
Interest free loan from a director	–	800

35. Related party transactions (cont'd)

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

	Group	
	2010	**2009**
	$'000	$'000
Directors' fees	231	207
Salaries, bonus and other benefits-in-kind	2,161	2,933
Contribution to defined contribution plan	61	68
Total	2,453	3,208
Comprises amounts paid/payable to:		
- Directors of the Company	1,203	1,859
- Directors of subsidiary companies	617	287
- Other key management personnel	633	1,062
	2,453	3,208

36. 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 throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

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.

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

(a) ***Foreign currency risk (cont'd)***

The Group's trading subsidiary companies are exposed to movements in foreign currency rates arising from the purchases of goods from suppliers 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

A 5% fluctuation of the United States Dollars against the underlying functional currencies at the balance sheet date would have an impact on the Group's profit net of tax by the amounts shown below. The analysis assumes all other variables, in particular, interest rates, remained constant. The analysis is performed on the same basis for the financial year ended 30 April 2009.

		(Decrease)/increase Profit net of tax	
		2010	**2009**
		$'000	$'000
USD	– strengthened by 5% (2009: 5%)	(21)	(116)
	– weakened by 5% (2009: 5%)	21	116

(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. 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 22, 24, 25 and 27. At the balance sheet date, approximately 10% (2009: 30% after taking into account the effect of the interest rate swap) 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.

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

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

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
2010							
Fixed rate							
Interest rate swap	–	–	–	–	–	–	–
Obligations under hire-purchase	672	341	202	95	23	13	1,346
Bank loans	3,164	3,289	3,418	1.680	188	–	11,739
Floating rate							
Obligations under hire-purchase	106	71	66	44	12	–	299
Trust receipts	73,986	–	–	–	–	–	73,986
Bank loans	21,291	6,493	5,724	5,664	3,694	3,600	46,466
2009							
Fixed rate							
Interest rate swap	30,000	–	–	–	–	–	30,000
Obligations under hire-purchase	443	411	227	71	34	12	1,198
Bank loans	2,565	3,165	3,165	7,165	765	186	17,011
Floating rate							
Obligations under hire-purchase	43	40	14	9	–	–	106
Trust receipts	62,007	–	–	–	–	–	62,007
Bank loans	36,450	5,376	3,369	2,203	2,131	4,706	54,235

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	Decrease/ (increase) effect on profit net of tax
		$'000
2010		
- Singapore Dollars	50	189
- United States Dollars	50	151
- Ringgit Malaysia	50	68
- Thai Baht	50	62
- Singapore Dollars	(50)	(189)
- United States Dollars	(50)	(151)
- Ringgit Malaysia	(50)	(68)
- Thai Baht	(50)	(62)

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

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

Sensitivity analysis for interest rate risk (cont'd)

	Increase/ (decrease) in basis points	Decrease/ (increase) effect on profit net of tax
		$'000
2009		
- Singapore Dollars	50	218
- United States Dollars	50	78
- Ringgit Malaysia	50	76
- Thai Baht	50	141
- Singapore Dollars	(50)	(218)
- United States Dollars	(50)	(78)
- Ringgit Malaysia	(50)	(76)
- Thai Baht	(50)	(141)

(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 creditworthy 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 sheets. 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 receivables at the balance sheet date is as follows:

	2010		2009	
	$'000	% of total	$'000	% of total
Group				
By country:				
Singapore	9,754	12.78	7,136	9.86
Indonesia	7,119	9.33	9,235	12.76
Malaysia	20,335	26.64	19,370	26.76
Thailand	8,415	11.03	7,874	10.88
South Africa	7,801	10.22	5,292	7.31
Others	22,906	30.00	23,467	32.43
	76,330	100.00	72,374	100.00

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

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

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 17 and Note 19.

(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 22, 24, 25 and 27.

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

	1 year or less	2 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2010				
Group				
Financial assets				
Trade and other receivables	82,431	–	–	82,431
Derivatives	289	–	–	289
Cash and bank deposits	35,604	–	–	35,604
Total undiscounted financial assets	118,324	–	–	118,324
Financial liabilities				
Trade payables, trust receipts and other payables	116,733	–	–	116,733
Derivatives	161	–	–	161
Hire-purchase liabilities	881	1,014	16	1,911
Loans and borrowings	26,105	31,861	3,770	61,736
Total undiscounted financial liabilities	143,880	32,875	3,786	180,541
Total net undiscounted financial liabilities	(25,556)	(32,875)	(3,786)	(62,217)

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

(d) ***Liquidity risk (cont'd)***

	1 year or less	2 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2010				
Company				
Financial assets				
Amounts due from subsidiary companies	–	–	21,887	21,887
Trade and other receivables	518	–	–	518
Cash and bank deposits	666	–	–	666
Total undiscounted financial assets	1,184	–	21,887	23,071
Financial liabilities				
Trade and other payables	689	–	–	689
Loans and borrowings	1,382	3,454	–	4,836
Amounts due to subsidiary companies	–	–	365	365
Total undiscounted financial liabilities	2,071	3,454	365	5,890
Total net undiscounted financial (liabilities)/assets	(887)	(3,454)	21,522	17,181

	1 year or less	2 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2009				
Group				
Financial assets				
Trade and other receivables	77,392	–	–	77,392
Derivatives	184	–	–	184
Cash and bank deposits	16,986	–	–	16,986
Total undiscounted financial assets	94,562	–	–	94,562
Financial liabilities				
Trade payables, trust receipts and other payables	102,061	–	–	102,061
Derivatives	871	–	–	871
Hire-purchase liabilities	562	938	14	1,514
Loans and borrowings	40,934	28,294	5,289	74,517
Total undiscounted financial liabilities	144,428	29,232	5,303	178,963
Total net undiscounted financial liabilities	(49,866)	(29,232)	(5,303)	(84,401)

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

(d) ***Liquidity risk (cont'd)***

	1 year or less	2 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2009				
Company				
Financial assets				
Amounts due from subsidiary companies	–	–	22,383	22,383
Trade and other receivables	521	–	–	521
Cash and bank deposits	85	–	–	85
Total undiscounted financial assets	606	–	22,383	22,989
Financial liabilities				
Trade and other payables	655	–	–	655
Amounts due to subsidiary companies	–	–	5,220	5,220
Total undiscounted financial liabilities	655	–	5,220	5,875
Total net undiscounted financial (liabilities)/assets	(49)	–	17,163	17,114

37. Classification of financial instruments

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Loans and receivables				
Trade receivables	76,330	72,374	–	–
Other receivables	6,101	5,018	518	521
Cash and bank deposits	35,604	16,986	666	85
Amounts due from subsidiary companies	–	–	21,887	22,383
	118,035	94,378	23,071	22,989

37. Classification of financial instruments (cont'd)

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Financial liabilities measured at amortised cost				
Trade payables	(26,428)	(22,280)	–	–
Trust receipts (secured)	(73,986)	(62,007)	–	–
Other payables	(16,319)	(17,774)	(689)	(655)
Loans (secured)	(24,455)	(39,015)	(1,187)	–
Long-term loans (secured)	(33,750)	(32,231)	(3,240)	–
Hire-purchase liabilities	(1,645)	(1,304)	–	–
Amounts due to subsidiary companies	–	–	(365)	(5,220)
	(176,583)	(174,611)	(5,481)	(5,875)
Fair value through profit or loss				
Forward currency contracts				
- Derivatives assets	289	184	–	–
- Derivatives liabilities	(161)	(653)	–	–
Interest rate swaps	–	(139)	–	–
Derivatives designated as cash flow hedges				
Interest rate swaps	–	(79)	–	–

38. Fair value of financial instruments

A. ***Fair value of financial instruments that are carried at fair value***

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Group				
2010				
Financial assets				
Forward currency contracts	18	–	289	–
Financial liabilities				
Forward currency contracts	18	–	(161)	–

38. Fair value of financial instruments (cont'd)

A. ***Fair value of financial instruments that are carried at fair value (cont'd)***

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Determination of fair value

Fair value of forward currency contracts is valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates.

B. ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

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

The estimated fair value of the Group's and Company's borrowings approximates their carrying amounts, based on borrowing rates which would be available to the Company at the balance sheet date.

C. ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The Company has non-current interest-free receivables extended to subsidiary companies, which either form part of the Company's net investment in 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.

39. 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 2010 and 30 April 2009.

39. Capital management (cont'd)

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. Bank borrowings include trust receipts, short-term and long-term loans.

	Group	
	2010	**2009**
	$'000	$'000
Trust receipts	73,986	62,007
Short-term loans	12,090	30,289
Current portion of long-term loans	12,365	8,726
Non current portion of long-term loans	33,750	32,231
Bank borrowings	132,191	133,253
Equity attributable to the equity holders of the Company	97,733	89,106
Less: Statutory reserve fund	(347)	(321)
Distributable net assets	97,386	88,785
Gearing ratio (times)	1.36	1.50

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

As disclosed in Note 30, a subsidiary of the Group is required to maintain a five percent reserve at each distribution of dividends until the reserve reaches at least ten percent of the subsidiary's authorised capital. This externally imposed capital requirement has been complied with by the subsidiary for the financial years dated 30 April 2010 and 30 April 2009.

40. Segment information

For management purposes, the Group is organised into business units based on their geographical locations, and has four reportable segments as follows:-

I. South East Asia
II. North Asia
III. Africa
IV. Others

Distribution of tyres and wheels to external customers are included in the South East Asia, North Asia, Africa and other segments. Manufacturing of alloy wheels sold directly to external customers are included in the South East Asia segment.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

40. Segment information (cont'd)

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	South East Asia① $'000	North Asia② $'000	Africa $'000	Others③ $'000	Total of segments $'000	Elimination $'000	Consolidated $'000
2010							
Revenue:							
External revenue	242,016	28,712	29,019	10,470	310,217	–	310,217
Inter-segment revenue	75,182	289	–	(15)	75,456	(75,456)	–
Other revenue:							
- Interest income	19	12	18	168	217	–	217
- Others	436	98	1	214	749	–	749
	317,653	29,111	29,038	10,837	386,639	(75,456)	311,183
Unallocated revenue							9
Total revenue							311,192
Segment result	17,145	535	1,951	(986)	18,645	–	18,645
Add: Unallocated revenue							9
Less: Unallocated expenses							(58)
Finance costs	(5,025)	(367)	(469)	(187)	(6,048)	959	(5,089)
Share of results of associated company	–	1,260	–	–	1,260	–	1,260
Profit before taxation							14,767
Taxation							(5,237)
Profit for the financial year							9,530

40. **Segment information (cont'd)**

	South East Asia① $'000	North Asia② $'000	Africa $'000	Others③ $'000	Total of segments $'000	Elimination $'000	Consolidated $'000
2010							
Other information							
Segment asset	206,330	27,029	31,779	8,538	273,676	–	273,676
Associated companies	233	5,121	–	–	5,354	–	5,354
Unallocated assets	–	–	–	–	–	–	2,884
Total assets	206,563	32,150	31,779	8,538	279,030	–	281,914
Segment liabilities	159,654	13,015	3,582	1,382	177,633	–	177,633
Unallocated liabilities	–	–	–	–	–	–	5,969
Total liabilities	159,654	13,015	3,582	1,382	177,633	–	183,602
Other segment information							
Additions to non-current assets							
- property, plant and equipment	3,892	504	760	206	5,362	–	5,362
Significant non-cash expenses:							
Amortisation and depreciation	9,660	315	185	49	10,209	–	10,209
Allowance for/ (writeback of) doubtful receivables	29	487	69	(42)	543	–	543
Allowance for/ (writeback of) inventory obsolescence	2,009	165	(57)	(77)	2,040	–	2,040
Impairment/(writeback of impairment) on property, plant and equipment	191	(14)	–	–	177	–	177
(Writeback of)/bad debts written off directly to income statement	(1)	–	(9)	334	324	–	324

40. **Segment information (cont'd)**

	South East Asia① $'000	North Asia② $'000	Africa $'000	Others③ $'000	Total of segments $'000	Elimination $'000	Consolidated $'000
2009							
Revenue:							
External revenue	231,226	21,779	22,563	21,342	296,910	–	296,910
Inter-segment revenue	87,875	432	578	(19)	88,866	(88,866)	–
Other revenue:							
- Interest income	35	40	52	103	230	–	230
- Others	401	22	1	56	480	–	480
	319,537	22,273	23,194	21,482	386,486	(88,866)	297,620
Unallocated revenue							10
Total revenue							297,630
Segment result	15,937	143	(1,418)	(3,733)	10,929	–	10,929
Add: Unallocated revenue							10
Less: Unallocated expenses							(88)
Finance costs	(6,810)	(368)	(679)	(166)	(8,023)	902	(7,121)
Share of results of associated company	–	800	–	–	800	–	800
Profit before taxation							4,530
Taxation							(3,412)
Profit for the financial year							1,118
Other information							
Segment asset	206,917	25,077	19,441	10,356	261,791	–	261,791
Associated companies	233	4,817	–	–	5,050	–	5,050
Unallocated assets	–	–	–	–	–	–	2,329
Total assets	207,150	29,894	19,441	10,356	266,841	–	269,170
Segment liabilities	160,955	10,607	1,477	3,170	176,209	–	176,209
Unallocated liabilities	–	–	–	–	–	–	3,417
Total liabilities	160,955	10,607	1,477	3,170	176,209	–	179,626

40. Segment information (cont'd)

	South East Asia① $'000	North Asia② $'000	Africa $'000	Others③ $'000	Total of segments $'000	Elimination $'000	Consolidated $'000
2009							
Other segment information							
Additions to non-current assets							
- property, plant and equipment	6,549	3,417	41	40	10,047	–	10,047
Significant non-cash expenses:							
Amortisation and depreciation	9,297	282	85	132	9,796	–	9,796
Allowance for doubtful receivables	1,155	177	75	1,418	2,825	–	2,825
Allowance for/ (writeback of) inventory obsolescence	601	(211)	(348)	(164)	(122)	–	(122)
Impairment loss on property, plant and equipment	–	233	–	–	233	–	233
Bad debts written off directly to income statement	78	–	12	215	305	–	305

Note:

① Includes Singapore, Malaysia, Philippines, Thailand and Indonesia

② Includes Hong Kong and China

③ Includes North America/Latin America, Australia and India

40. Segment information (cont'd)

Business information

	Revenue		Non-current assets	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Distribution	283,900	263,318	43,441	45,670
Manufacturing	27,292	34,312	28,017	30,997
	311,192	297,630	71,458	76,667

Non-current assets information presented above consist of property, plant and equipment, associated companies and deferred tax assets as presented in the consolidated balance sheet.

41. Subsidiary, associated and joint venture companies

The subsidiary, associated and joint venture companies as at 30 April 2010 are:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Percentage of equity held by the Group	
		2010	**2009**	**2010**	**2009**
		$'000	$'000	%	%
Subsidiary companies *Held by the Company:*					
(1) Stamford Tyres International Pte Ltd (Singapore)	Wholesale and retail of tyres and wheels, design and contract manufacturing of tyres for proprietary brands and motor vehicle servicing	11,000	11,000	100	100
(2) Stamford Tyres (M) Sdn Bhd (Malaysia)	Wholesale of tyres and wheels (Malaysia)	580	580	100	100
(2) # STC Tyres (Malaysia) Sdn Bhd (Malaysia)	Property holding company (Malaysia)	458	458	50	50
(2) Stamford Tyre Mart Sdn Bhd (Malaysia)	Retail of tyres and wheels (Malaysia)	@	@	100	100
(3) Stamford Tires Distributor Co., Ltd (Thailand)	Wholesale of tyres and wheels (Thailand)	4,268	4,268	100	100
(3)# STC Tyres Limited (Thailand)	Inactive (Thailand)	288	288	49	49

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

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2010 $'000	Cost of investment 2009 $'000	Percentage of equity held by the Group 2010 %	Percentage of equity held by the Group 2009 %
(3) # Stamford Auto Mart Limited (Thailand)	Inactive (Thailand)	21	21	49	49
(4) Stamford Tyres (Hong Kong) Limited (Hong Kong)	Investment holding and wholesale of tyres (Hong Kong and China)	2,192	1,040	100	100
(4) **Boon Tyre Holdings Limited (Hong Kong)	Investment holding (Hong Kong)	@	@	100	100
## Stamford Tires and Wheels, Inc. (United States of America)	Wholesale of tyres and wheels (Latin America and USA)	14	14	100	100
(5) Stamford Tyres (Africa) (Proprietary) Limited (South Africa)	Wholesale of tyres and wheels (South Africa)	2,018	2,018	100	100
(9) PT Stamford Tyres Indonesia (Indonesia)	Wholesale and retail of tyres and retreading of tyres (Indonesia)	726	726	100	100
(9) PT Stamford Tyres Distributor Indonesia (Indonesia)	Wholesale of tyres and wheels (Indonesia)	962	962	100	100
(1) Sumo Tires Pte Ltd (Singapore)	Inactive (Singapore)	@	@	100	100
(1) Stamford Auto City Pte Ltd (Singapore)	Inactive (Singapore)	200	200	100	100
(1) Wahsan Trading Pte Ltd (Singapore)	Inactive (Singapore)	218	218	100	100
(3) Stamford Sport Wheels Company Limited (Thailand)	Manufacture of aluminium alloy wheels (Thailand)	10,390	9,328	100	100
## Stamford International Trading (Tianjin) Co. Ltd. (China)	Inactive (China)	322	322	100	100

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

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2010	Cost of investment 2009	Percentage of equity held by the Group 2010	Percentage of equity held by the Group 2009
			$'000	$'000	%	%
(6)	Stamford Tyres Australia Pty Limited (Australia)	Wholesale of tyres and wheels (Australia)	3,235	1,793	100	100
(7)	Stamford Tyres Philippines, Inc. (Philippines)	Inactive (Philippines)	361	361	100	100
(10) ++	Stamford Tyres Distributors India Private Limited (India)	Wholesale of tyres (India)	2,123	706	100	100
##	Stamford Tyres Do Brazil Participacoes LTDA	Dormant (Brazil)	124	84	100	100
			39,500	34,387		

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2010	Percentage of equity held by the Group 2009
			%	%
	Subsidiary companies			
	Held by Stamford Tyres (Hong Kong) Limited:			
(4)	Stamford Tyres (Shanghai) Limited (China)	Wholesale of tyres and wheels (China)	100	100
(4)	Stamford Tyres (Guangzhou) Limited (China)	Wholesale and retail of tyres and wheels (China)	100	100
	Held by Stamford Tyres (M) Sdn Bhd:			
(2)	Stamford Retread Industries (M) Sdn Bhd (formerly known as Stamford Motor Sdn Bhd) (Malaysia)	Retreading of tyres (formerly retail of motor vehicles) (Malaysia)	100	100
	Held by Boon Tyre Holdings Limited:			
(1)	Raffles Resources Singapore Pte Ltd (Singapore)	Inactive (Singapore)	100	100

(In Singapore dollars)

41. **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 2010 %	2009 %
Joint venture company			
Held by the Company:			
(8) +Tyre Pacific (HK) Limited (Hong Kong)	Investment holding and wholesale of tyres (Hong Kong and China)	50	50
Held by Tyre Pacific (HK) Limited:			
(8) +Real Courage Limited (Hong Kong)	Wholesale of tyres (Hong Kong)	50	50
(11)+Guangzhou Orizz Mega Outlet Co Ltd (China)	Wholesale of tyres (China)	50	50
(11)+Orizz (Shanghai) Limited (China)	Wholesale of tyres (China)	50	50
(11)+Shanghai Orizz Mega Outlet Co Ltd (China)	Wholesale of tyres (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			
(12)+SRITP Limited (British Virgin Islands)	Wholesale of tyres (China)	20	20

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

The company is considered 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 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.

** A limited review of the financial statements has been performed for the preparation of the consolidated financial statements of the Group.

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

Auditors
(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) Paul Wong & Co., Hong Kong, CPAs, Certified Public Accountants
(5) Ernst & Young, South Africa, Chartered Accountants
(6) Felsers, Australia, Chartered Accountants
(7) Manuel Valdez, Ngo & Associates, Philippines, Certified Public Accountants
(8) KPMG, Hong Kong, Certified Public Accountants
(9) Herman Dody Tanumihardja & Rekan, Indonesia, Registered Public Accounting Firm
(10) Bhuta Shah & Co., India, Chartered Accountants
(11) BDO China Shu Lun Pan, People's Republic of China, Certified Public Accountants
(12) Chik, Lee & Company, Hong Kong, Certified Public Accountants

42. Authorisation of financial statements for issue

These financial statements were authorised for issue in accordance with a resolution of the directors on 27 July 2010.

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 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	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

LIST OF MAJOR PROPERTIES

Location	Tenure of Lease	Area (sqm)	Description
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
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

LIST OF SUBSTANTIAL SHAREHOLDERS

As at 14 July 2010 as recorded in the Register of Substantial Shareholders

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Mr Wee Kok Wah	26,386,554	11.44%	56,542,319	24.52%
Mrs Dawn Wee Wai Ying	10,637,567	4.61%	72,291,306	31.35%
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	6,991,000
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 Wah Holdings Pte Ltd	32,413,752
– registered in name of Mayban Nominees (S) Pte Ltd	3,500,000
Total	**56,542,319**

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	26,386,554
– registered in name of Singapore Nominees Pte Ltd	6,991,000
Shares Owned by Wah Holdings Pte Ltd:	
– registered in Wah Holdings Pte Ltd	32,413,752
– registered in name of Mayban Nominees (S) Pte Ltd	3,500,000
Total	**72,291,306**

STATISTICS OF SHAREHOLDINGS

As at 14 July 2010

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	108	3.16	32,094	0.01
1,000 - 10,000	1,740	50.80	10,881,012	4.72
10,001 - 1,000,000	1,556	45.43	77,894,805	33.79
1,000,001 AND ABOVE	21	0.61	141,753,333	61.48
TOTAL :	**3,425**	**100.00**	**230,561,244**	**100.00**

Based on the information available to the Company as at 14 July 2010, approximately 52.25% 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	26,386,554	11.44
3	LIM & TAN SECURITIES PTE LTD	24,623,000	10.68
4	KWOK WAI YING DAWN	10,637,567	4.61
5	SINGAPORE NOMINEES PTE LTD	6,991,000	3.03
6	TEO CHENG TUAN DONALD	6,445,000	2.80
7	HONG LEONG FINANCE NOMINEES PTE LTD	5,354,000	2.32
8	MAYBAN NOMINEES (S) PTE LTD	3,809,000	1.65
9	SEE LOP FU JAMES @ SHI LAP FU JAMES	3,800,000	1.65
10	TAN CHAW @ TAN KOW TEE	3,060,000	1.33
11	KWOK WENG FAI	2,830,060	1.23
12	DBS NOMINEES PTE LTD	2,515,500	1.09
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,375,000	1.03
14	TAN YONG CHIANG OR TAN HUI LIANG	1,954,000	0.85
15	CITIBANK NOMINEES SINGAPORE PTE LTD	1,591,500	0.69
16	ANG HAO YAO	1,388,000	0.60
17	QUEK KAI CHUAN	1,181,000	0.51
18	MAH KIM LOONG LESLIE	1,150,000	0.50
19	YEO WEI HUANG	1,150,000	0.50
20	HSBC (SINGAPORE) NOMINEES PTE LTD	1,068,400	0.46
	TOTAL :	**140,723,333**	**61.03**

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the shareholders of the Company will be held on 18 August 2010, Wednesday at 3.00 p.m. at 19 Lok Yang Way, Jurong Singapore 628635 to transact the following businesses:-

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 April 2010 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the proposed Directors' fees of $231,000 for the year ended 30 April 2010. (2009: $207,000) **Resolution 2**

3. To declare and approve a final tax exempt (one-tier) dividend of 1 cent per ordinary share for the financial year ended 30 April 2010. **Resolution 3**

4. To re-elect the following Directors retiring pursuant to the Company's Articles of Association.

   Mr Sam Chong Keen (Article 99) *Note (a)* **Resolution 4**
   Dr Kwok Weng Fai (Article 99) **Resolution 5**
   Dr Wee Li Ann (Article 103) *Note (b)* **Resolution 6**

5. 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." *Note (c)* **Resolution 7**

6. To re-appoint Ernst & Young LLP as auditors for the ensuing year and to authorize the Directors to fix their remuneration. **Resolution 8**

7. 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:

8. **Share Issue Mandate**

   "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 authorized to issue shares in the capital of 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 in the capital of the Company, 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." *Note (d)*
Resolution 9

9. **Authority to issue shares pursuant to STC Share Option Scheme 2001**

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby authorized to allot and issue from time to time such number of shares in the capital of the Company 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:

(a) the aggregate number of shares to be issued pursuant to the Scheme 2001 shall not exceed 15% 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 10% 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." *Note (e)* **Resolution 10**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 16 September 2010 for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to the close of business at 5.00 p.m. on 15 September 2010 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend if approved, will be paid on 28 September 2010 to shareholders registered in the books of the Company on 15 September 2010.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said dividend 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
Lo Swee Oi
Company Secretary
2 August 2010

Explanatory Notes:

(a) Mr Sam Chong Keen, an independent director, if re-elected, will remain as Chairman of the Nominating Committee and member of Audit Committee and Remuneration Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of Singapore Exchange Security Trading Limited.

(b) Dr Wee Li Ann, a non-executive director, if re-elected, will remain as a member of the Audit Committee. She is considered a non-independent director pursuant to Rule 704(8) of the Listing Manual of Singapore Exchange Security Trading Limited.

(c) The effect of Ordinary Resolution 7 proposed in item 5 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.

(d) The proposed ordinary resolution 9 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 capital of 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.

(e) The proposed ordinary resolution 10 above, if passed, will empower the Directors to issue shares in the capital of the Company pursuant to the exercise of options granted or to be granted under the STC Share Option Scheme 2001 provided that the aggregate number of shares to be issued under the Scheme does not exceed 15% of the total number of issued shares (excluding Treasury Shares) in the capital of the Company from time to time.

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, Jurong, 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 authorized in writing.
4. In case of joint shareholders, all holders must sign the form of proxy.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New Asymmetric sport-comfort tyres


Extremely fast.
Even when braking.
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THE CUTTING EDGE OF DRIVING LIMITS
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CHANGI: 6542 3355 LENG KEE: 6475 3355 MCPHERSON: 6841 3355 TAMPINES: 6286 3355
DUNEARN: 6251 6055 EAST COAST: 6342 0981

PROXY FORM

ANNUAL GENERAL MEETING

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.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 18 August 2010, Wednesday at 3.00 p.m. and at any adjournment thereof.

I/We have indicated with a "√" 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 Audited Financial Statements		
2.	Approval of Directors' Fees		
3.	Declaration of final tax exempt (one-tier) dividend		
4.	Re-election of Mr Sam Chong Keen as Director		
5.	Re-election of Dr Kwok Weng Fai as Director		
6.	Re-election of Dr Wee Li Ann as Director		
7.	Re-appointment of Mr Chua Kim Yeow pursuant to Section 153(6) of Companies Act Cap 50		
8.	Re-appointment of Auditors.		
9.	Authority to issue shares pursuant to Share Issue Mandate		
10.	Authority to issue shares pursuant to STC Share Option Scheme 2001		

Dated this ____________ day of ____________ 2010

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, Jurong, 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 authorized 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 authorized 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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