STAMFORD TYRES CORPORATION LIMITED

STEERING ahead

STAMFORD TYRES

Revenue grew 6.7% to S$364.1 million

Southeast Asia makes up 76% of Group revenue

Annual Report 2012

Corporate Profile

Contents

Established in the 1930s, Stamford Tyres is today a global tyre and wheel specialist. Our expertise lies in our international distribution competence. We also have regional retail operations as well as truck and earthmover tyre management services. Recently, we have further expanded our capabilities in the manufacturing of alloy wheels and proprietary tyre brands 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.

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 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 Registrar

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
TMB Bank Public Company Limited
AmBank Berhad
DBS Bank Limited
Bangkok Bank Public Company Limited

"Our Group NTA has risen to 48.12 cents as at 30 April 2012. Going by the average closing price of Stamford Tyres shares of about 30 cents over the past year, this means the stock is trading at a 38% discount to book value."

Dear Shareholders,

FY2012 was a year of mixed fortunes for Stamford Tyres: We enjoyed stable growth from our main markets, especially Southeast Asia, but faced some challenges in the markets that we are developing. As we distribute tyres and wheels worldwide, we are challenged by fluctuations in foreign currency and commodity prices.

Wholesale distribution rides on Southeast Asia's growth

During FY2012, the Group's revenue was up 6.7% year-on-year at S$364.1 million. 91.9% of the revenue came from wholesale distribution. Southeast Asia is our main market for this and revenue from this region grew 5.6% to reach S$276.4 million, representing 75.9% of Group revenue.

Our stable organic growth in Southeast Asia is underpinned by our established distribution network that has taken years, if not decades, to build, plus the popularity that Japanese passenger cars enjoy in the region. Notably, we are the distributor for Falken tyres in Singapore, Malaysia, Thailand, Indonesia, Brunei, Vietnam, Cambodia, Myanmar, South Africa, China, India, Mauritius, East Timor, Nepal, Southern Africa and New Caledonia. Falken is an established Japanese tyre brand from Sumitomo Rubber Industries, Ltd. ("SRI") for high-performance cars, passenger cars, SUVs and trucks.

We have a comprehensive tyre and wheel inventory that caters to different market segments. In Singapore, we are the distributor for the world's 4th largest tyre manufacturer, Continental. Continental is a German brand widely used in high-end European cars like Porsche, BMW and Mercedes Benz. Another brand for which we have been authorized distributor is Toyo in Singapore, Brunei, Malaysia and Indonesia. Toyo's earthmover tyres are used in mining and construction equipment such as trucks, tractors, forklifts, cranes and bulldozers. These are widely used in Indonesia's mining industry.

South African growth

The Group has been expanding its dealer network in South Africa and our revenue in FY2012 from this region surged by 17.6% in local currency terms. However, this became a muted 5.6% growth after currency translation as the South African Rand had depreciated by as much as 15% over the year against our functional currency in Singapore Dollar. South Africa contributed 10.5% to Group revenue and there was a net foreign exchange loss of S$2.7 million. Over the past few years, we have been gradually decreasing currency mismatches in our payables to receivables to reduce the Group's exchange rate risk. Accordingly, we expect our risk exposure to further decrease in future.

Muted impact from the year's challenges

8.1% of Group revenue comes from manufacturing, amounting to S$29.7 million for the financial year under review. It's down 6.9% year on year. Our proprietary brands are Stamford Sport Wheels ("SSW") alloy wheels, Sumo Firenza premium budget range of performance tyres as well as radial tyres for light trucks, trucks and buses, and Sumo Tire nylon bias tyres for light truck, truck, agriculture and earthmover applications. They are exported to more than 90 countries globally, including Eastern Europe, Western Europe, Africa, Latin America and the Middle East. The European sovereign debt crisis that has been raging since 2010 has affected consumer sentiment and the export sales of our proprietary tyre and wheel brands. We expect this to continue.

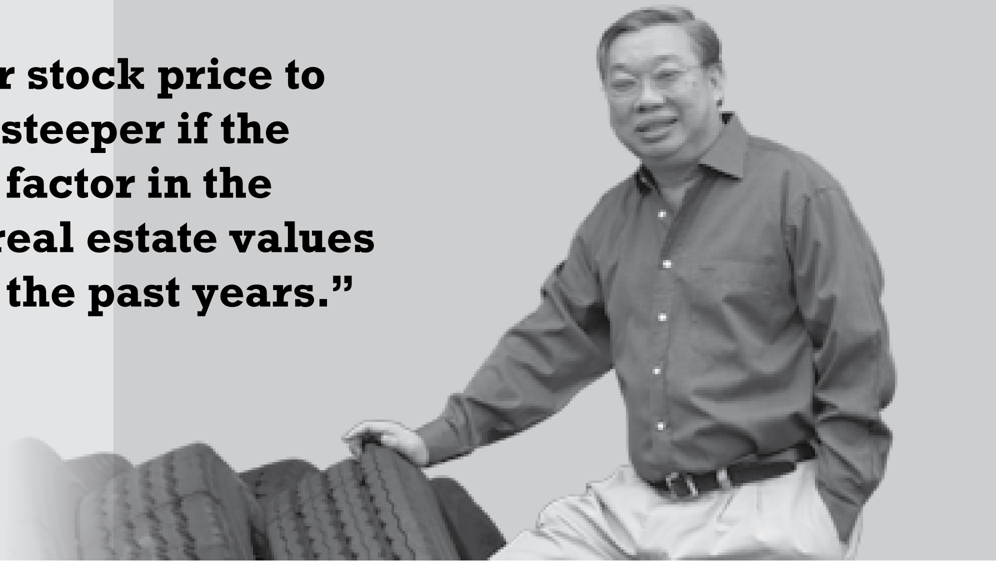
From last July to January this year, Thailand was plagued by severe floods, which spread to the northern, northeastern and central regions. We have offices, warehouses and factories in Bangkok and the flood affected sales and operations there during the second and third quarters. We took preventive measures to protect our wheel and tyre inventory from physical damage and have also provided for sufficient insurance cover.

Our Group net profit for FY2012 was S$9.8 million, down 27.4% due mainly to higher inventory costs and foreign exchange losses. Inventories were up 28.8% at S$122.5 million as at 30 April 2012 mainly due to higher tyre prices and the addition of a new range of earthmover radial tyres. Our operating lease rental also increased by 28.7% to S$6.7 million due to an expansion in inventories as well as rising rentals for industrial space in Singapore.

Sale of stake in SRITP

In March this year, we announced an agreement to sell our effective stake of 20% in SRITP Limited ("SRITP") for S$22 million to SRI the manufacturer of Falken and Dunlop tyres. SRITP is mainly involved in the wholesale and distribution of Dunlop tyres in China and the purchase consideration was based on a price earnings ratio of 8.19 times and 2.65 times of NTA as at 31 December 2011. We intend to use part of the proceeds to work with SRI to expand fast growing areas such

"The discount of our stock price to NTA would be even steeper if the NTA is computed to factor in the surge in industrial real estate values in Southeast Asia in the past years."



as India and South Africa. The rest of the proceeds will be helpful as we are redeveloping one of our main warehouses at 21/21A Lok Yang Way as Singapore continues to be a base for our Southeast Asian business.

Stock at steep discount to NTA

Our Group NTA has risen to 48.12 cents as at 30 April 2012. Going by the average closing price of Stamford Tyres shares of about 30 cents over the past year, this means we are trading at a steep 38% discount to book value. The discount would be even steeper if the NTA is computed to factor in the surge in industrial real estate values in Southeast Asia in the past years. Stamford Tyres owns leasehold titles to over 35,000 square meters of industrial land in Singapore (currently occupied by our warehouses, service centers, tyre retail centers and showrooms).

As shareholders, you would be pleased to know that the Board is proposing a final dividend of 1.5 Singapore cents per share, representing a payout ratio of 36.1%, which is higher than the 26.5% payout in FY2011.

Outlook

Going forward, we are cautiously optimistic. We shall continue to maintain our presence in China through the wholesale and distribution of Dunlop tyres in the tier-one cities of Beijing, Shanghai and Guangzhou through our 50%-owned associate company, Tyre Pacific (HK) Limited ("TPHK").

The Group has been expanding its presence in South Africa since 2009 and the continued growth of South Africa's car manufacturing industry bodes well for tyre demand. We are also in India, which is expected to overtake Brazil to become the world's sixth largest passenger vehicle producer, with a growth rate of 16% to 18% over 2011-2012. The Group is already in initial discussions with SRI on the various ways to expand in this huge market.

One of the Group's strengths is our established track record in distributing earthmover tyres. We carry a comprehensive range of earthmover tyres, including the major Japanese brand, Toyo.

From our house brand Sumo Tires, we have in the pipeline large earthmover tyres of up to 57 inches in rim diameter that can be used by big trucks operating in Southeast Asia, Australia and South Africa.

We also recently secured distributorship rights to Maxam, a brand of technically-advanced earthmover tyres designed in Europe. We shall be carrying the new series of earthmover tyres that Maxam is currently producing in their China factories.

I expect these product initiatives to add to the Group's organic growth. Stamford Tyres will tap on its extensive experience with mining contractors and its pool of service engineers in Indonesia to secure more truck and earthmover tyre management contracts.

Appreciation

I wish to express our gratitude to shareholders, customers, suppliers, staff, bankers, and business associates for your support and confidence in us.

Another person who deserves our gratitude is Mr Chua Kim Yeow. Now aged 86, he has understandably decided to retire as our non-executive chairman, on 31 August 2012 – much to our regret, not least because he was our first Chairman after Stamford Tyres was listed in 1991. Freshly retired then as Executive Chairman of POSB (he was previously President of the Development Bank of Singapore and a board member of the Monetary Authority of Singapore), Mr Chua has since lent his stature to our company, especially in the early years when it was the first and only tyre company on the Stock Exchange of Singapore.

You can imagine what a comforting and credible figure he has proved to be to the many parties we worked with, especially bankers we relied on for capital as we expanded our business. His management experience has helped steer our company through crisis as well as good times – and through it all, he has been a humble and wonderful person. By now, you will recognize that our company is on the verge of losing a key figure. We are most happy that Mr Chua has agreed to stay on in a different role – that of Senior Adviser.

He deserves your thanks – come to our upcoming AGM and tell him so. In the meantime, turn the pages for the ample details of our financial performance. My board and I, as always, look forward to telling you more about our business, and answering your questions, at the AGM 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

Mr Sam Chong Keen
Independent Director

Mr Tay Puan Siong, JP
Independent Director

Mr Goh Chee Wee
Independent Director

Dr Wee Li Ann
Non-Executive 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 Adviser to the Board of Stamford Tyres. Upon his retirement from SGX in 2000, he was re-appointed as independent director and non executive chairman of Stamford Tyres until 28 September 2001. Henceforth from 9 January 2002, he was re-appointed and has assumed the role of independent director and non executive chairman. In addition, on 13 December 2002, he was appointed as a Member of the Audit Committee and Chairman of Remuneration Committee.

A Fellow Member of the Institute of Certified Public Accountants of Singapore, Mr Chua has previously held numerous key posts. He was the Accountant-General with the Ministry of Finance, a Board Member of the Monetary Authority of Singapore, President of the Development Bank of Singapore (now known as DBS 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 operation 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.

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 Administrative Service, National Trades Union Congress (NTUC), Intraco Ltd, Comfort Group Ltd, VICOM Ltd, Lion Asiapac Ltd, Lion Teck Chiang Ltd, 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 Tay Puan Siong, JP

Independent Director

Mr Tay Puan Siong, JP has been an independent Director of Stamford Tyres since1994. He chairs the Audit Committee and is a member of the Nominating Committee. He is a Director of three other public companies, Superior Multi-Packaging Limited, GMG Global Limited and Times Publishing Limited. Mr Tay graduated from the University of Singapore with a Bachelor of Business Administration degree in 1971 and attended the Harvard Business School Program for Management Development in 1984. He is also a member of the Chartered Institute of Logistics and Transport. Mr Tay is a Justice of the Peace.

Mr Goh Chee Wee

Independent Director

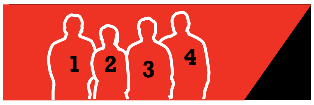
Mr Goh Chee Wee was appointed as an Independent Director of Stamford Tyres in 2003, after his appointment as a nominated director of substantial shareholder of Comfort Group Ltd in 1998. He is also a member of the Stamford Tyres Remuneration Committee. Mr Goh is currently a director of a number of public 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.

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. 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 2003-2007 and previously worked as a Broadcast Correspondent for Singapore Press Holdings 2000-2003. 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 former Transport Minister Mr Raymond Lim's subcommittee. Dr Wee is assistant treasurer of Singapore Compact for Corporate Social Responsibility and activity support. Currently she works in group procurement and synergy at Parkway Pantai Limited since 2012.

Management Team



1 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. He also supervises the Group's operation in Thailand. 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.

2 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 20 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.

3 Conson Tiu Sia

Senior Vice President
and Group CFO

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.

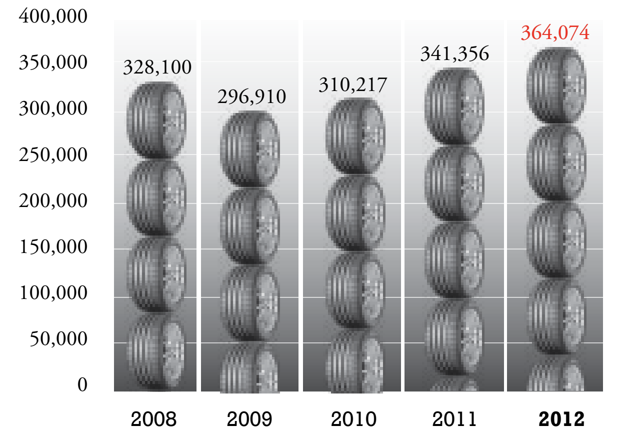
4 Patrick James Berriman

Senior Vice President
Sales & Marketing

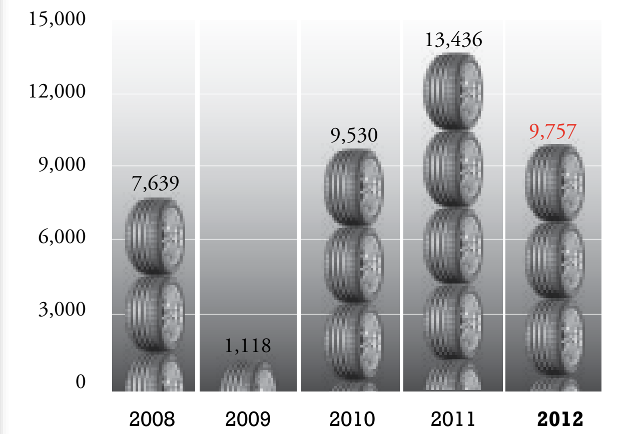
Pat is a veteran in the Australia tyre industry and joined the Group as Senior Vice President of Sales and Marketing in 2005. He is responsible for Singapore operations, including export sales to all parts of the world. He also supervises the Group's operations in Australia. Before joining Stamford Tyres,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

For FY2012 ended 30th April 2012, revenue climbed 6.7% to S$364.1 million on broad-based growth across all key markets.

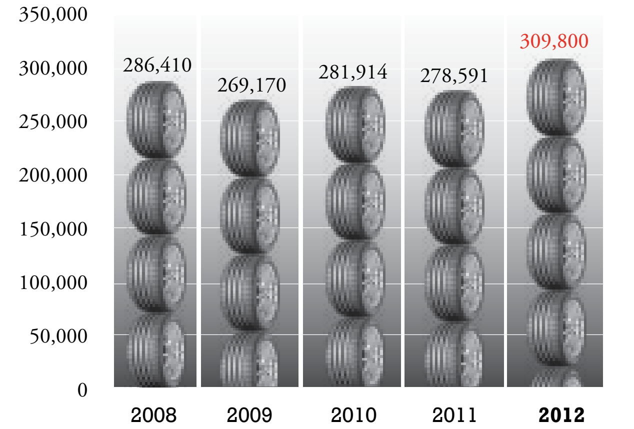
Group Turnover (S$'000)



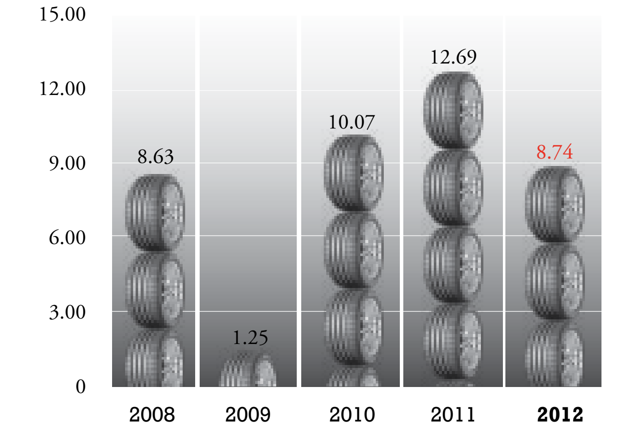
Profit After Tax (S$'000)



Total Assets (S$'000)



Return on Shareholders' Equity (%)



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

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16 Jalan Juru Nilai U1/20
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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
133/135 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

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Shung Ching Sun Tsuen
Yuen Long, N.T., Hong Kong
Tel : +852 2406 2381
Fax : +852 2406 7100
E-mail : general@stctyreshk.com

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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
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NSW 2164, 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, 5,8,9 Moo 2, Highway 340
Suphanburi Road, Tambon Saiyai
Amphur Sainoi, Nonthaburi 11150
Tel : +662 0 2967 7100
Fax : +662 0 2985 5847
E-mail : sales@stamfordwheels.com

Joint Venture Company

HONG KONG

Tyre Pacifific (HK) Ltd
15th Floor, Sandoz Centre
178/182 Texaco Road, Tsuen Wan, N.T.
Hong Kong SAR, China
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

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

Kaki Bukit Mega Mart
10 Kaki Bukit Road 2,
#01-11 & #01-12
First East Centre
Singapore 417868
Tel : +65 6636 3355
Fax : +65 6636 4751
*Closed on Sunday

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 6481 5370
*Closed on Sundays

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

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

Sin Ming Tyre Mart
Blk 28 Midview City
#01-138 to 139
No. 18 Sin Ming Lane
Singapore 573972
Tel : +65 6284 3355
Fax : +65 6659 9057
*Closed on Sundays

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

MALAYSIA

One Utama (Jusco)
(Stamford-Eneos)
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 (Jusco)
(Stamford-Eneos)
G17, Jusco Metro Prima
1 Jln Metro Prima
52100 Kepong, Kuala Lumpur
Tel : +60 3 6250 8831
Fax : +60 3 6260 8851
E-mail : enquiry_my@stamfordtyres.com

Wangsa Maju (Jusco)
(Stamford-Eneos)
Jusco Aplha Angle Shopping Centre
G-38, Bandar Baru Wangsa Maju
53300 Kuala Lumpu
Tel : +60 3 4142 1907
Fax : +60 3 4142 0627
E-mail : enquiry_my@stamfordtyres.com

Bukit Tinggi (Jusco)
(Stamford-Eneos)
No. 1, Persianan 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

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

SINGAPORE

MALAYSIA


SOUTH AFRICA

THAILAND

STAMFORD SPORT WHEELS


AUSTRALIA

INDONESIA

The Group posted a revenue increase of 6.7% year-on-year to S$364.1 million in the year ended April 2012 ("FY2012"). The Southeast Asia market continued to be our mainstay, accounting for 75.9% of the Group's top line. South Africa contributed 10.5% while North Asia contributed 9.5%. Other countries contributed 4.1%.

During the year under review, we faced several challenges that affected the Group's sales and profitability.

These include
- Higher costs of tyres
- The strengthening of the Singapore Dollar against the South African Rand
- The severe flood that plagued Thailand
- The sovereign debt crisis in Europe that had its knock-on effect on automobile demand

As a result, net profit was down 27.4% at S$9.8 million.

Fluctuations in rubber prices

The Group's gross margin was 22.1% in FY2012, 1.2 percentage points lower than in FY2011 when we had benefited from rising tyre prices. This was the result of rubber prices rising by more than 50% over May 2010 to April 2011. The stock we sold pursuant to FY2011 tyre sales had been obtained at relatively lower prices and this enabled us to generate relatively higher gross margins that year. In comparison, there was downward pricing pressure for tyres in FY2012 due to the retreat in rubber prices by more than 20%.

Managing exposure to South African Rand

In FY2012, revenue from South Africa surged by 17.6% in local currency terms. However, this was muted to a 5.6% growth after currency translation as the South African Rand depreciated by as much as 15% over the year against our functional currency in Singapore Dollar. There was a net foreign exchange loss of S$2.7 million in currency translation.

We have operations in five cities in South Africa that collects receivables in Rand. About a fifth of our inventories held there are financed in Rand by a South African bank, while the remaining are financed in Singapore Dollar. To reduce the impact of foreign currency fluctuation, we need to increase our borrowings from South African banks so that more payables are in the same currency as our receivables. To pro-actively secure more bank lines, we intend to demonstrate commitment as a long-term foreign player by increasing the equity investment in our operating subsidiary there. Since 2009, we have invested about S$2 million in equity with S$32million in total assets and now own 16,091 square meters of open freehold land there.

Flood in Thailand

Thailand is an important market as it contributes about 9% to Group sales and it is where we manufacture our proprietary wheels. During last July to January this year, severe floods occurred in the provinces in northern, northeastern and central Thailand along the Mekong and Chao Phraya river basins. This created difficulties for the operations of our network of dealers and resulted in lower sales for the Group from second quarter onwards.

We have three facilities in central Thailand: The SSW plant in Nothaburi, Stamford Tires Distributor ("STD") in Bangkok and the STD warehouse in south Bangkok. Thankfully, all three facilities did not experience any water immersion. The Group has insurance cover for direct and consequential losses to our facilities should they be affected by floods.

Shifting allocation from Europe to Southeast Asia

Europe accounts for about 9% of Group sales. Much of this comes from our proprietary brand tyres. Demand for tyres has been affected by the economic instability in Europe and the fallout effects of its sovereign debt issue. Even though we are seeing signs of economic recovery from the northern and central European countries, which are economically stronger, we have taken measures to

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mitigate loss of revenue from this region by putting greater emphasis in growing our Southeast Asian business. We intend to tap on the growing opportunities in earthmover tyres as vehicles used in mining and construction are in demand here.

As the vehicle populations in Southeast Asia are relatively small, there is a need to cater for a wider category of tyres in this market. However, this means that the Group's inventory levels would be higher as we need to hold stock for a wider range of products.

Impact of higher inventories on balance sheet

Inventories were up 28.8% at S$122.5 million as at 30 April 2012 mainly due to higher tyre prices and the addition of a new range of earthmover radial tyres. We also had higher-than-expected holdings of proprietary brand tyres from September 2011. As a result of the higher inventory levels, operating lease rental increased 28.7% to S$6.7 million. We also faced rising rentals for industrial space in Singapore. Secondly, the higher inventory holdings resulted in a decrease in the Group's cash and cash equivalents by 39.0% to reach S$16.9 million.

The Group's borrowings, which comprise of trust receipts, revolving credits and long-term loans, stood at S$143.0 million as at 30 April 2012 versus S$119.9 million a year before. This represents an aggregate leverage of 46.1% for FY2012 versus 43.0% previously. This has not taken into account the divestment of the Group's stake in SRITP Limited, which took place in May 2012. The Group's aggregate leverage will be reduced once proceeds from that divestment are recorded in the financial statements.

Risk factors

Given the current global business climate, the following risks may impact the Group's performance.

a. Financial Risks

   Foreign exchange rate fluctuations, especially the strengthening of the Singapore Dollar against our other functional currencies may affect Group profitability. Rises in interest rates and the availability of credit lines may also impact performance. Our functional currencies are mainly Singapore Dollar, United States Dollar, Malaysian Ringgit, Thai Baht and South African Rand.

b. Default Risk

   Tight credit conditions 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 Premium Brands

FALKEN

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

Stamford Tyres distributes Falken in Singapore, Malaysia, Thailand, Indonesia, Brunei, Vietnam, Cambodia, Myanmar, South Africa, China, India, Mauritius, East Timor, Nepal, Southern Africa and New Caledonia.

Continental

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, Brunei and Indonesia.

TOYO

Toyo Tires is a major Japanese brand offering a full range of earthmover 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

SSW Stamford Wheels

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

Sumo Firenza is our premium budget range of performance tyres, SUVs, light truck and truck/bus radials. The Sumo Firenza range consists of more than 100 models and the tyres are produced in China and Thailand in factories that have been selected for their consistent quality standards.

Stamford Tyres have a team of engineers and tyre designers in China who provide technical support and quality assurance for our tyres which are popular in Europe, Latin America, Australia, South Africa and Asia.

Sumo Tire

Sumo Tire is our line of nylon bias tyres for light truck, truck, agriculture and earthmover 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 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 and sets overall corporate strategy and direction. It approves the Group's strategic plans, key business initiatives and financial objectives, major investment and divestment and funding proposals. The Board also monitors and evaluates the Group's operations and financial performance and oversee the processes for risk management, financial reporting and compliance and evaluating the adequacy of internal controls. It approves nominations to the Board of Directors. 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 conducts regular scheduled meetings on a quarterly basis to review, consider and approve strategic, operational and financial matters, as well as to supervise senior management. Ad-hoc meetings will be convened as warranted by circumstances. In between the meetings, important matters concerning the Group were put to the Board for its decision via circular resolutions for the directors' approval. Management has access to the directors for guidance or exchange of views outside of the formal environment of the Board Meetings.

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, 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 Management on the business activities of the Group and its strategic directions as well as its corporate governance practices.

Principle 2 : Board's Composition and Balance

The Board comprises:

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

Non-executive director
Dr Wee Li Ann

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

The majority of the directors are non-executive and independent of management. The Board is able to exercise objective judgment independently from Management and no individual or small group of individuals dominate the decisions of the Board.

The Nominating Committee are of the view that the current Directors have an appropriate mix of core competencies and a broad range of industry knowledge and the business experience to govern and contribute to the effectiveness and success of the Group. The Nominating Committee reviews the size of the Board from time to time to ensure it is conducive to effective discussion and decision making, and that the Board has an appropriate number of independent directors.

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

Principle 3 : Chairman and President

The Chairman is a non-executive appointment and is separate from the office of the President. The Chairman and President are not related.

The Chairman leads the Board and 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.

Principles 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 appointment and re-nomination 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 to retirement and re-election at the Annual General Meeting immediately following his appointment. The Nominating Committee in considering the nominating of any director for re-election, will get its Committee members to complete an appraisal form to evaluate the performance of the Director involved.

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 Nominating Committee has recommended the re-election of Mr Sam Chong Keen and Mr Tay Puan Siong, who are retiring by rotation pursuant to Article 99 of the Company's Articles of Association at the forthcoming AGM.

The retiring directors have offered themselves for re-election. The Board has accepted the recommendations of the Nominating Committee.

Mr Chua Kim Yeow who will retire under Section 153(6) of the Companies Act, Chapter 50, is not seeking re-election at the forthcoming AGM.

The Nominating Committee has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole annually. It focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information and Board accountability. The findings of such evaluations were analyzed and discussed with a view to identifying areas for improvement and implementing certain recommendations to further enhance the effectiveness of the Board.

The financial indicators set out in the Code as guides for the evaluation of directors are, in the Company's opinion, not the only measurements in assessing directors. In any case, such financial indicators provide a snapshot of a Company's performance, and do not fully measure the sustainable long-term wealth and value creation of the Company.

The Nominating Committee is also of the view that whilst it is important for directors to devote sufficient time and attention to the affairs of the Group, the issue relating to multiple board representations should be left to the judgment and discretion of each director.

The Nominating Committee believes that contributions from each director can be reflected in other ways other than the reporting of attendances of each director at Board and Committee Meetings as well as the frequency of such meetings. A director would have been appointed on the strength of his experience and stature, and his potential to contribute to the proper guidance of the Group and its business. To focus on a director's attendance at formal meetings alone may lead to a narrow view of a director's contribution. It may also not do justice to his contributions, which can be in many forms, including management's access to him for guidance or exchange of views outside the formal environment of the Board.

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.

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates.

New directors are appointed by the Board after the Nominating Committee has reviewed and recommended their appointment. Such new directors are however required to submit themselves for re-election at the next AGM of the Company.

The Nominating Committee is of the opinion that the directors, who have been classified as independent under the Board Composition section, are indeed independent and the current size of the Board is adequate for the purposes of the Group.

Principle 6 : Access to Information

Directors are given independent and full access to 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

Principles 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. Although the recommendations are made in consultation with Management, the remuneration packages are ultimately approved by the Board. No Director is involved in deciding his own remuneration.

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 are 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	42	58	-	100
Dawn Wee Wai Ying	59	41	-	100
$250,000 to $499,999	-	-	-	-
Below $250,000				
Chua Kim Yeow	-	-	100	100
Tay Puan Siong	-	-	100	100
Sam Chong Keen	-	-	100	100
Goh Chee Wee	-	-	100	100
Dr. Wee Li Ann	-	-	100	100

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

	Salary	Profit Sharing/ Bonuses	CPF/ Superannuation	Allowances/ Benefits	Total
	%	%	%	%	%
$250,000 to $499,999					
Cham Soon Kian	58	29	10	3	100
Conson Tiu Sia	63	24	4	8	100
Patrick James Berriman	59	23	-	18	100
Law Lay Kian, Clare	67	26	4	3	100

Immediate family members of Directors:

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

	2012	2011
Below $250,000	3	3

Accountability and Audit

Principles 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 4 meetings and performed, inter-alia, the following functions:

1. Review the audit plan and observations 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 accounting 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 position 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 fee 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 auditors without the presence of Management. The Audit Committee has reasonable resources to enable it to discharge its functions properly.

The Audit Committee having reviewed the nature and extent of non-audit services provided by Ernst & Young LLP ("EY") and EY member firms, including the fees paid in respect of the year ended 30 April 2012, is of the view that the independence of EY as external auditors of the Company has not been compromised.

The Audit Committee has also reviewed and confirmed that EY is a suitable audit firm to meet the Company's audit obligations, having regards to the adequacy of resources and experience of the firm and the assigned audit engagement partner, EY's other audit engagements, size and complexity of the Stamford Tyres Group, number and experience of supervisory and professional staff assigned to the audit. Accordingly, the Audit Committee recommended to the Board the re-appointment of EY as External Auditors of the Group for the year ending 30 April 2013.

The Group has complied with Rules 712 and 715 of the Listing Manual in relation to its auditing firms. EY has been engaged to audit the accounts of the Company and its Singapore-incorporated subsidiaries. The accounts of the significant foreign-incorporated subsidiaries are audited by EY member firms in the respective countries.

The Audit Committee, with the assistance of the internal and external auditors, reviews and reports to the Board on the adequacy of the Company's system of internal controls, including financial, operational and compliance controls and taking into consideration the risk management perspective.

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 Board and Audit Committee are of the opinion that there are adequate controls in place within the Group addressing material financial, operational and compliance risks as at 30 April 2012 based on:

- The internal controls established and maintained by the Group;
- Confirmation by the Chief Executive Officer and Chief Financial Officer;
- Work performed by the internal and external auditors; and
- Regular reviews performed by the management, various Board committees and the Board.

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. The system of internal control and risk management established by Management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board and Audit Committee also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

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, conflict of interest, employee discrimination, health & safety. Reports can be made on an anonymous basis directly to the Audit Committee. Appropriate investigation will be carried out and the informant (if not anonymous) will be informed of the results.

As proper risk management is a significant component of a sound system of internal control, the Group has put in place a strategic enterprise-wide risk management ("ERM") in FY2007. The Board recognises the importance of establishing a formal Enterprise Risk Management Framework to facilitate the governance of risks and monitoring the effectiveness of internal controls. Accordingly, the Board has engaged an external consultant to enhance the overall Enterprise Risk Management Framework for the Group that is expected to be completed by the end of FY 2013.

Risk management policies

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

(i) General business risk

The Group's major business is distribution of tyres and wheels. The Group is reliant on a few key suppliers for the supply of certain major brand of tyres. Some of these suppliers have granted exclusive distribution rights. Although 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 adverse financial impact on the Group. To mitigate this risk, the Group has been focusing on developing its own range of proprietary 'in-house' brands like Sumo Firenza, Sumo Tire and SSW 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 minimise the risk of inventory obsolescence. The risk of inventory obsolescence may arise from changes in consumer preference and technology. It is the Group's policy to maintain optimum inventory level at all times. Inventory level is monitored regularly and slow moving inventories are quickly identified for early disposal. The Group has also put in place a 'supply chain management' system to procure inventories in an effective manner to prevent excess inventories on hand.

The financial risk management objectives and policies are discussed in Note 36 to the financial statements.

Communication with Shareholders

Principles 14 to 15 :

- **Communication with Shareholders**

- **Greater Shareholder Participation**

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

Aggregate Value of interested person transactions entered into by the Company and/or it's subsidiaries during the year.

	Aggregate Value of all interested person transactions during the financial year ended review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate persuant to Rule 920) $ '000	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to rule 920 (excluding transactions less than $100,000) $ '000
Interest - free loan from a Director	2,000	-
Total	2,000	-

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	-	-	-
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 2011

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Chua Kim Yeow	4	4	4	4	-	-	1	1
Wee Kok Wah	4	4	-	-	4	4	-	-
Dawn Wee Wai Ying	4	4	-	-	-	-	-	-
Tay Puan Siong	4	4	4	4	4	4	-	-
Sam Chong Keen	4	4	4	4	4	4	1	1
Goh Chee Wee	4	3	-	-	-	-	1	-
Dr. Wee Li Ann	4	4	4	4	-	-	-	-

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 (collectively, the "Group"), and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 April 2012.

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)
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, Chapter 50, (the "Act") an interest in shares and share options of the Company, as stated below:

	Direct interest			Deemed interest		
Name of director	**At 1.5.2011**	**At 30.4.2012**	**At 21.5.2012**	**At 1.5.2011**	**At 30.4.2012**	At 21.5.2012
Ordinary shares of the Company						
Chua Kim Yeow	–	–	–	230,000	230,000	230,000
Wee Kok Wah	28,686,554	30,053,554	30,053,554	56,542,319	56,542,319	56,542,319
Dawn Wee Wai Ying	10,637,567	10,637,567	10,637,567	74,591,306	75,958,306	75,958,306
Dr Wee Li Ann	10,000	10,000	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 2012.

By virtue of Section 7 of the Act, Chua Kim Yeow, Wee Kok Wah, Dawn Wee Wai Ying and Dr Wee Li Ann 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 a benefit 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 2012. 325,000 share options were forfeited during the year and 1,565,000 share options were outstanding as at 30 April 2012. The share options outstanding as at 30 April 2012 will 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
Cham Soon Kian	–	500,000	(200,000)	300,000
Conson Tiu Sia	–	450,000	(250,000)	200,000
Clare Law Lay Kian	–	450,000	(250,000)	200,000

Audit Committee

The Audit Committee comprises non-executive and independent directors, Mr Tay Puan Siong (who chairs the Audit Committee), Mr Chua Kim Yeow and Mr Sam Chong Keen and non-executive and non-independent director, Dr Wee Li Ann.

The Committee meets at least 4 times a year and performs its functions in accordance with the Act.

The Committee reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It meets with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting and financial controls. The Committee also reviews the annual financial statements of the Company and of the Group and the auditors' report thereon before submission to the Board, as well as interested person transactions. All major findings and recommendations are brought to the attention of the Board of Directors.

The Committee has also reviewed the fees paid to the external auditors and is of the opinion that their independence has not been impaired.

The Committee recommends that Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting.

Auditors

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

On behalf of the Board of Directors,

Wee Kok Wah
Director

Dawn Wee Wai Ying
Director

Singapore
23 July 2012

Statement By Directors

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

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flow 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 2012 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 of Directors,

Wee Kok Wah
Director

Dawn Wee Wai Ying
Director

Singapore
23 July 2012

Report on the financial statements

We have audited the accompanying financial statements of Stamford Tyres Corporation Limited (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages 27 to 90, which comprise the balance sheets of the Group and the Company as at 30 April 2012, the statements of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flow of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the 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 2012 and of 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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
23 July 2012

Consolidated Income Statement

For the year ended 30 April 2012
(In Singapore dollars)

	Note	2012 $'000	2011 $'000
Revenue	4	364,074	341,356
Other revenue	5	862	980
Total revenue		364,936	342,336
Less: Costs and expenditure			
Cost of goods sold	6	283,655	261,833
Salaries and employees benefits	7	25,178	24,019
Marketing and distribution		11,924	11,228
Utilities, repairs and maintenance		6,330	5,576
Finance costs	8	5,953	4,799
Depreciation of property, plant and equipment		4,942	5,396
Operating lease rentals		6,669	5,181
Other operating expenses		8,294	8,325
Total expenditure		(352,945)	(326,357)
Share of profits of an associated company		2,289	2,006
Profit before taxation	9	14,280	17,985
Taxation	10	(4,523)	(4,549)
Profit for the financial year		9,757	13,436
Attributable to:			
Equity holders of the Company		9,757	13,306
Non-controlling interest		–	130
		9,757	13,436
Earnings per share:	11		
- basic (cents)		4.15	5.71
- diluted (cents)		4.15	5.71

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 2012
(In Singapore dollars)

	2012 $'000	2011 $'000
Net profit for the financial year	9,757	13,436
Other comprehensive income:		
Foreign currency translation adjustments arising on consolidation	(25)	(3,541)
Other comprehensive loss for the year, net of tax	(25)	(3,541)
Total comprehensive income for the year	9,732	9,895
Total comprehensive income attributable to:		
Equity holders of the Company	9,732	9,786
Non-controlling interest	–	109
	9,732	9,895

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

Balance Sheets

For the year ended 30 April 2012
(In Singapore dollars)

		Group		Company	
	Note	2012	2011	2012	2011
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	12	53,994	57,886	–	–
Subsidiary companies	13	–	–	33,929	33,202
Amounts due from subsidiary companies	13	–	–	25,227	23,264
Joint venture company	14	–	–	1,571	1,571
Associated companies	15	233	6,082	–	–
Deferred tax assets	28	2,996	2,874	–	–
		57,223	66,842	60,727	58,037
Current assets					
Inventories	16	122,464	95,105	–	–
Trade receivables	17	95,615	80,403	–	–
Derivatives	18	175	611	44	–
Other receivables	19	5,966	5,725	92	72
Prepayments and advances	19	3,131	2,162	24	22
Associated company held for sale	32	8,295	–	–	–
Cash and cash equivalents	20	16,931	27,743	261	856
		252,577	211,749	421	950
Less: Current liabilities					
Trade payables	21	20,110	22,695	–	–
Trust receipts (secured)	22	90,423	76,170	–	–
Derivatives	18	57	1,207	–	133
Other payables	23	24,488	19,263	714	888
Loans (secured)	24	36,241	21,648	1,312	1,248
Hire-purchase liabilities	25	597	644	–	–
Provisions	26	860	768	–	–
Provision for taxation		3,254	3,259	74	98
		176,030	145,654	2,100	2,367
Net current assets/(liabilities)		76,547	66,095	(1,679)	(1,417)
Non-current liabilities					
Amounts due to subsidiary companies	13	–	–	365	365
Hire-purchase liabilities	25	1,077	1,038	–	–
Provisions	26	541	210	–	–
Long-term loans (secured)	27	16,334	22,040	680	1,992
Deferred tax liabilities	28	2,806	2,846	–	–
		(20,758)	(26,134)	(1,045)	(2,357)
		113,012	106,803	58,003	54,263
Equity					
Share capital	29	35,182	35,182	35,182	35,182
Reserves	30	77,830	71,621	22,821	19,081
		113,012	106,803	58,003	54,263

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 2012
(In Singapore dollars)

	Note	Equity, total $'000	Equity attributable to owners of the Company total $'000	Share capital $'000	Revenue reserve $'000	Other reserves total $'000	Capital reserve $'000	Employee share option reserve $'000	Foreign currency translation reserve $'000	Discount on acquisition of non-controlling interest $'000	Non-controlling interest $'000
Group											
Balance at 1 May 2010		98,312	97,733	33,677	68,386	(4,330)	347	755	(5,432)	–	579
Profit for the financial year		13,436	13,306	–	13,306	–	–	–	–	–	130
Other comprehensive loss for the financial year		(3,541)	(3,520)	–	–	(3,520)	–	–	(3,520)	–	(21)
Total comprehensive income/(loss) for the financial year		9,895	9,786	–	13,306	(3,520)	–	–	(3,520)	–	109
Contributions by and distributions to owners											
Transfer from revenue reserve to capital reserve		–	–	–	(26)	26	26	–	–	–	–
Dividend on ordinary shares	31	(2,307)	(2,307)	–	(2,307)	–	–	–	–	–	–
Dividends paid to non-controlling interest		(147)	–	–	–	–	–	–	–	–	(147)
New share issuance	29	1,505	1,505	1,505	–	–	–	–	–	–	–
Total contributions by and distributions to owners		(949)	(802)	1,505	(2,333)	26	26	–	–	–	(147)
Change in ownership interest in subsidiaries that do not result in a loss of control											
Acquisition of non-controlling interest		(455)	86	–	–	86	–	–	(116)	202	(541)
Total changes in ownership interests in subsidiaries		(455)	86	–	–	86	–	–	(116)	202	(541)
Total transaction with owners in their capacity as owners		(1,404)	(716)	1,505	(2,333)	112	26	–	(116)	202	(688)
Balance at 30 April 2011		106,803	106,803	35,182	79,359	(7,738)	373	755	(9,068)	202	–

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 2012
(In Singapore dollars)

	Note	Equity, total $'000	Equity attributable to owners of the Company total $'000	Share capital $'000	Revenue reserve $'000	Other reserves total $'000	Capital reserve $'000	Employee share option reserve $'000	Foreign currency translation reserve $'000	Discount on acquisition of non-controlling interest $'000
Group										
Balance at 1 May 2011		106,803	106,803	35,182	79,359	(7,738)	373	755	(9,068)	202
Profit for the financial year		9,757	9,757	–	9,757	–	–	–	–	–
Other comprehensive loss for the financial year		(25)	(25)	–	–	(25)	–	–	(25)	–
Total comprehensive income/(loss) for the financial year		9,732	9,732	–	9,757	(25)	–	–	(25)	–
Contributions by and distributions to owners										
Transfer from revenue reserve to capital reserve		–	–	–	(51)	51	51	–	–	–
Dividend on ordinary shares	31	(3,523)	(3,523)	–	(3,523)	–	–	–	–	–
Total contributions by and distributions to owners		(3,523)	(3,523)	–	(3,574)	51	51	–	–	–
Total transaction with owners in their capacity as owners		(3,523)	(3,523)	–	(3,574)	51	51	–	–	–
Balance at 30 April 2012		113,012	113,012	35,182	85,542	(7,712)	424	755	(9,093)	202

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 2012
(In Singapore dollars)

Company	Note	Equity, total $'000	Equity attributable to owners of the Company total $'000	Share capital $'000	Revenue reserve $'000	Employee share option reserve $'000
Balance at 1 May 2010		49,688	49,688	33,677	15,256	755
Profit for the financial year		5,377	5,377	–	5,377	–
Total comprehensive income for the financial year		5,377	5,377	–	5,377	–
Contributions by and distributions to owners						
Dividend on ordinary shares	31	(2,307)	(2,307)	–	(2,307)	–
New share issuance	29	1,505	1,505	1,505	–	–
Total contributions by and distributions to owners		(802)	(802)	1,505	(2,307)	–
Total transactions with owners in their capacity as owners		(802)	(802)	1,505	(2,307)	–
Balance at 30 April 2011 and 1 May 2011		54,263	54,263	35,182	18,326	755
Profit for the financial year		7,263	7,263	–	7,263	–
Total comprehensive income for the financial year		7,263	7,263	–	7,263	–
Contributions by and distributions to owners						
Dividend on ordinary shares	31	(3,523)	(3,523)	–	(3,523)	–
Total contributions by and distributions to owners		(3,523)	(3,523)	–	(3,523)	–
Total transaction with owners in their capacity as owners		(3,523)	(3,523)	–	(3,523)	–
Balance at 30 April 2012		58,003	58,003	35,182	22,066	755

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.

Consolidated Statement Of Cash Flow

For the year ended 30 April 2012
(In Singapore dollars)

	Note	2012 $'000	2011 $'000
Cash flows from operating activities:			
Profit before taxation		14,280	17,985
Adjustments for:			
Depreciation of property, plant and equipment		9,349	10,419
Gain on disposal of property, plant and equipment		(228)	(82)
Fair value (gain)/loss on derivatives		(714)	724
Property, plant and equipment written-off		7	27
Bad debts written-off/(recovered)		100	(374)
Foreign currency translation adjustment		433	(836)
Interest income		(84)	(99)
Provisions for product warranties		240	413
Impairment loss/(write-back of impairment loss) on property, plant and equipment		500	(9)
Interest expenses		5,953	4,799
Share of profits of associated company		(2,289)	(2,006)
Operating profit before reinvestment in working capital		27,547	30,961
Increase in inventories		(27,359)	(5,634)
Increase in receivables		(16,522)	(3,198)
Increase/(decrease) in payables		2,495	(1,108)
Cash (used in)/generated from operations		(13,839)	21,021
Interest received		84	99
Interest paid		(5,953)	(4,799)
Income tax paid		(4,690)	(4,481)
Net cash (used in)/provided by operating activities		(24,398)	11,840
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		286	112
Proceeds from share issuance		–	1,505
Dividend income from associated company		475	505
Purchase of property, plant and equipment		(5,335)	(5,545)
Acquisition of non-controlling interest		–	(26)
Net cash used in investing activities		(4,574)	(3,449)
Cash flows from financing activities:			
Proceeds from long-term loans		2,227	996
Proceeds from trust receipts		14,253	2,184
Proceeds from/(repayment of) revolving loans		16,775	(2,503)
Repayment of hire-purchase liabilities		(981)	(996)
Dividend paid to shareholders		(3,523)	(2,307)
Dividend paid to non-controlling interests		–	(147)
Repayment of long-term loans		(10,115)	(13,010)
Net cash provided by/(used in) financing activities		18,636	(15,783)
Net decrease in cash and cash equivalents		(10,336)	(7,392)
Cash and cash equivalents at beginning of financial year		27,743	35,604
Exchange rate adjustment to cash and cash equivalents at beginning of financial year		(476)	(469)
Cash and cash equivalents at end of financial year	20	16,931	27,743

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 of the wholesale and retail of tyres and wheels, design and contract manufacturing of tyres for proprietary brands, tyre retreading, equipment trading, 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

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 May 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 101 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2013
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2013
FRS 110 Consolidated Financial Statements	1 January 2013
FRS 111 Joint Arrangements	1 January 2013
FRS 112 Disclosure of Interests in Other Entities	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013
FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
INT FRS 120 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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

2.3 Standards issued but not yet effective (cont'd)

Except for the Amendments to FRS 1, FRS 111 and revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1, FRS 111 and revised FRS 28 and FRS 112 are described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.
FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 and the revised FRS 28 are effective for financial periods beginning on or after 1 January 2013.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies proportionate consolidation for its joint ventures. Upon adoption of FRS 111, the Group expects the change to equity accounting for these joint ventures will affect the Group's financial statements presentation.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2013.

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

Basis of consolidation from 1 May 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements 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, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries 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)

2.4 Basis of consolidation and business combinations (cont'd)

(a) *Basis of consolidation (cont'd)*

Basis of consolidation from 1 May 2010 (cont'd)

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 May 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 May 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 May 2010 have not been restated.

(b) *Business combinations*

Business combinations from 1 May 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

2.4 Basis of consolidation and business combinations (cont'd)

(b) *Business combinations (cont'd)*

Business combinations from 1 May 2010 (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 May 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

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 end of each reporting period. 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.

(In Singapore dollars)

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

2.6 Foreign currency (cont'd)

(a) *Transactions and balances (cont'd)*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of each reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, 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 profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20.

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.

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 profit or loss 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 estimated useful lives of the assets concerned. The principal rates used for this purpose are:

Leasehold land and buildings	–	over their lease period, ranging from 1.7% to 5.6% 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	–	33 ⅓% per annum
Furniture and fittings	–	10% per annum

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

2.7 Property, plant and equipment (cont'd)

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 profit or loss 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 at the end of each reporting period 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 profit or loss 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 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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, recent market transactions are taken into account, if available. If no such transactions can be identified, 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.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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 increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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

2.9 Subsidiaries

A subsidiary is an entity 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 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has 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 carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. 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 included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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 associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

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. Summary of significant accounting policies (cont'd)

2.11 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate 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.

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.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or 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

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) <u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

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 profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

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

2.12 Financial assets (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(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, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

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 profit or loss.

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.

2.13 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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

2.13 Impairment of financial assets (cont'd)

(a) *Financial assets carried at amortised cost (cont'd)*

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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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 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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial 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 financial assets carried at 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

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

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

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.

2.16 Provisions

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

Provisions are reviewed at the end of each reporting period 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.

2.17 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 profit or loss in the same year as the relevant expenses.

2.18 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

2.18 Financial liabilities (cont'd)

(a) Financial liabilities at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(b) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are 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 profit or loss.

2.19 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 in accordance with the terms of a debt instrument.

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 profit or loss 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 profit or loss.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 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 defined contribution schemes are recognised as an expense in the period in which the related service is performed.

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

2.21 Employee benefits (cont'd)

(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 the end of each reporting period.

(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 in profit or loss 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 share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in the employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for option 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 and/or service conditions are satisfied.

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

Where an equity-settled transaction award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period 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.

2.22 Hire-purchases

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 profit or loss. Depreciation on the relevant assets is charged to profit or loss on the basis outlined in Note 2.7.

2.23 Operating leases

(a) *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.

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

2.23 Operating leases (cont'd)

(a) *As lessee (cont'd)*

Operating lease payments are recognised as an expense in profit or loss 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.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(g). Contingent rents are recognised as revenue in the period in which they are earned.

2.24 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 regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding goods and services tax, and sales return. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(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 customer, usually on delivery of goods. 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 end of each reporting period or credited against cost of goods sold in profit or loss if the goods have been sold at the end of each reporting period.

(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 profit or loss; and

- those that are reimbursed at the discretion of the suppliers are credited against marketing and promotion expenses in profit or loss 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.

(g) *Rental income*

Rental income arising from operating leases on leasehold building is accounted for on a straight-line basis over the lease terms.

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

2.25 Taxes

(a) *Current income tax*

Current income 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 at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates 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 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 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 subsidiaries, associates 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 tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred 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)

2.25 Taxes (cont'd)

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenue, 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.

2.26 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 profit or loss in the periods when the hedged items affect profit or loss. The fair value changes relating to the ineffective portion are recognised immediately in profit or loss.

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

Fair value changes on these derivatives are recognised in profit or loss 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. Summary of significant accounting policies (cont'd)

2.27 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.

2.28 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2.29 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.

2.30 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.

2.31 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.32 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

   (i) Has control or joint control over the Company;

   (ii) Has significant influence over the Company; or

   (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

2.32 Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 end of each reporting period. 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 end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) <u>Useful lives of plant and equipment</u>

The cost of plant and equipment is depreciated on a straight-line basis over their respective estimated economic 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 2012 was $24,480,000 (2011: $29,642,000). 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) <u>Allowance for inventories' obsolescence</u>

Allowance for inventories' obsolescence is estimated based on the best available facts and circumstances at the end of each reporting period, 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 2012 is $122,464,000 (2011: $95,105,000).

3 Significant accounting estimates and judgements (cont'd)

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

(iii) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of plant and equipment, are given in Note 12 to the financial statements.

(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 provision for taxation, deferred tax assets and deferred tax liabilities at 30 April 2012 were $3,254,000 (2011: $3,259,000), $2,996,000 (2011: $2,874,000) and $2,806,000 (2011: $2,846,000) 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 end of each reporting period, 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 2012 is $95,615,000 (2011: $80,403,000).

4. Revenue

	Group 2012 $'000	Group 2011 $'000
Tyres and wheels:		
- Wholesale and distribution	288,599	288,564
- Retail and fleet	75,382	52,316
Others	93	476
	364,074	341,356

5. Other revenue

	Group 2012 $'000	Group 2011 $'000
Interest income from bank deposits	84	99
Sundry income	778	856
Government grant in respect of Jobs Credit Scheme	–	25
	862	980

6. Cost of goods sold

	Group 2012 $'000	Group 2011 $'000
Inventories recognised as an expense in cost of goods sold	276,840	254,398

7. Salaries and employee benefits

	Group 2012 $'000	Group 2011 $'000
Employee benefits expenses (including executive directors):		
Salaries, wages and bonuses	22,729	21,995
Contributions to defined contribution plans	1,154	842
Others	3,702	3,594
	27,585	26,431

	Group 2012 $'000	Group 2011 $'000
Employee benefits are included in the following line items in profit or loss:		
- Cost of goods sold	2,407	2,412
- Salaries and employee benefits	25,178	24,019
	27,585	26,431

(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 2012 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 2012	**Weighted average exercise price in the financial year 2012**	**Number of options 2011**	**Weighted average exercise price in the financial year 2011**
		($)		**($)**
Outstanding at beginning of year	1,890,000	0.430	2,075,000	0.430
Forfeited during the year	(325,000)	0.430	(185,000)	0.430
Outstanding at end of year	1,565,000	0.430	1,890,000	0.430
Exercisable at end of year	1,565,000	0.430	1,890,000	0.430

There is no share option expense in the current financial year (2011: 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:

Date of option granted		**23 June 2001**
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	
	2012	2011
	$'000	$'000
Interest expense on:		
- Bank overdrafts, trust receipts and hire-purchase liabilities	3,814	2,462
- Bank loans	2,139	2,337
	5,953	4,799

9. Profit before taxation

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

	Group	
	2012	2011
	$'000	$'000
Professional fees	416	2,586
Foreign exchange loss	3,563	469
Allowance for inventory obsolescence	420	1,291
(Gain)/loss on fair valuation of forward currency contracts	(687)	690
(Gain)/loss on fair valuation of interest rate swap	(27)	34
Gain on disposal of property, plant and equipment	(228)	(82)
Property, plant and equipment written-off	7	27
Impairment loss/(write-back of impairment loss) on property, plant and equipment	500	(9)
Bad debts written-off/(recovered) directly to income statement	100	(374)
Allowance for/(write-back of) doubtful trade receivables	560	(436)
Audit fees:		
- Auditors of the Company	431	411
- Other auditors	251	216

There are no non-audit fees paid to the auditors during the financial year.

10. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 30 April 2012 and 2011 are:

		Group	
	Note	2012	2011
		$'000	$'000
Income statement			
Current income taxation			
- Current income taxation		4,864	5,129
- Over-provision of tax in respect of prior years		(111)	(1,259)
		4,753	3,870
Deferred income taxation	28		
- Origination of temporary differences		(234)	677
- Under/(over)-provision of tax in respect of prior years		4	(73)
		(230)	604
Foreign withholding tax		–	75
Income tax expenses recognised in income statement		4,523	4,549

10. Taxation (cont'd)

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 2012 and 2011 are as follows:

	Group	
	2012	2011
	$'000	$'000
Profit before taxation	14,280	17,985
Taxation at statutory tax rate of 17% (2011: 17%)	2,428	3,057
Adjustments:		
- Expenses not deductible for income tax purposes	1,282	1,278
- Foreign withholding tax	–	75
- Higher tax rates in other countries	(232)	767
- Deferred tax assets not recognised in the current year	1,241	753
- Partial tax exemption and tax relief	(52)	(52)
- Others	(37)	3
- Overprovision of tax in respect of prior years	(107)	(1,332)
Taxation	4,523	4,549

As at 30 April 2012, the Group, primarily through its subsidiary companies, has unutilised tax losses of approximately $11,008,000 (2011: $6,724,000) 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 $3,415,000 (2011: $2,174,000) 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	
	2012	2011
	$'000	$'000
Group earnings used for the calculation of EPS:		
Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	9,757	13,306
	'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	234,861	232,890

Basic EPS is calculated on the Group's profit for the financial year attributable to equity holders 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 2012 (2011: Nil).

1,565,000 (2011: 1,890,000) 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

Group	Freehold land $'000	Freehold building $'000	Leasehold land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost:								
At 1 May 2010	4,467	566	35,345	8,366	64,432	5,291	879	119,346
Foreign currency translation adjustment	(180)	–	(692)	(150)	(1,454)	(117)	4	(2,589)
Additions	689	–	6	148	3,846	1,650	239	6,578
Disposals/write off	–	–	–	(159)	(652)	(384)	–	(1,195)
Reclassification	–	–	(366)	–	1,452	–	(1,086)	–
At 30 April 2011 and 1 May 2011	4,976	566	34,293	8,205	67,624	6,440	36	122,140
Foreign currency translation adjustment	(161)	–	(9)	(91)	(923)	(274)	(2)	(1,460)
Additions	35	–	2,302	215	3,110	975	2	6,639
Disposals/write off	–	–	–	(68)	(1,667)	(713)	–	(2,448)
Reclassification	–	–	–	–	1	–	(1)	–
At 30 April 2012	4,850	566	36,586	8,261	68,145	6,428	35	124,871
Accumulated depreciation and impairment:								
At 1 May 2010	–	283	10,597	5,127	36,476	3,643	–	56,126
Foreign currency translation adjustment	–	–	(173)	(74)	(817)	(80)	–	(1,144)
Charge for the financial year	–	–	1,040	546	8,065	768	–	10,419
Write-back of impairment loss	–	–	(9)	–	–	–	–	(9)
Disposals/write off	–	–	–	(148)	(609)	(381)	–	(1,138)
Reclassification	–	–	(111)	–	111	–	–	–
At 30 April 2011 and 1 May 2011	–	283	11,344	5,451	43,226	3,950	–	64,254
Foreign currency translation adjustment	–	–	(143)	(71)	(518)	(111)	–	(843)
Charge for the financial year	–	–	1,112	535	6,885	817	–	9,349
(Write-back of)/impairment loss	–	–	(73)	–	573	–	–	500
Disposals/write off	–	–	–	(68)	(1,649)	(666)	–	(2,383)
Reclassification	–	–	–	–	–	–	–	–
At 30 April 2012	–	283	12,240	5,847	48,517	3,990	–	70,877
Net book value:								
At 30 April 2012	4,850	283	22,346	2,414	19,628	2,438	35	53,994
At 30 April 2011	4,976	283	22,949	2,754	24,398	2,490	36	57,886

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

Assets pledged as security

The Group's property, plant and equipment with a total net book value of $36,265,000 as at 30 April 2012 (2011: $40,672,000) 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 $4,407,000 (2011: $5,023,000) was included in cost of goods sold during the financial year.

Assets held under hire-purchase

Additions to plant and equipment for the financial year includes $973,000 (2011: $1,033,000) acquired under hire-purchase agreements. The carrying amount of plant and equipment acquired under hire-purchase agreements amounted to $2,105,000 as at 30 April 2012 (2011: $1,687,000). These assets are pledged as security for the related hire-purchase liabilities.

Impairment loss on plant and equipment

The impairment loss for plant and equipment in 2012 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.

13. Investment in subsidiaries

		Company	
	Note	**2012**	**2011**
		$'000	$'000
Cost of investment			
Unquoted equity shares, at cost	41	47,271	43,340
Less: Impairment loss		(13,342)	(10,138)
		33,929	33,202

In 2011, the Company acquired the remaining 50% interest in STC Tyres (Malaysia) Sdn Bhd for a total consideration of $455,000. The purchase consideration comprises cash of $26,000 and a set-off of advances of $429,000 to the non-controlling interest.

Movement in impairment loss accounts:

	Company	
	2012	**2011**
	$'000	$'000
At 1 May	10,138	8,904
Charge for the financial year	3,204	1,234
At 30 April	13,342	10,138

13. Investment in subsidiaries (cont'd)

	Company 2012 $'000	Company 2011 $'000
Amounts due from/(to) subsidiary companies		
Loan to a subsidiary company (unsecured)	13,767	13,767
Amounts due from subsidiary companies (non-trade)	14,790	12,807
	28,557	26,574
Less: Allowance for doubtful non-trade receivables from subsidiary companies	(3,330)	(3,310)
Amounts due from subsidiary companies	25,227	23,264
Amounts due to subsidiary companies (non-trade)	(365)	(365)
Movement in allowance for doubtful non-trade receivables accounts:		
At 1 May	3,310	3,773
Allowance/(write-back) for the financial year	20	(463)
At 30 April	3,330	3,310

For the year ended 30 April 2012, an impairment loss of $20,000 (2011: write-back of $463,000) was recognised in profit or loss of the Company subsequent to a debt conversion and recovery assessment performed on amounts due from subsidiary companies as at 30 April 2012 and 30 April 2011 respectively.

The loan to a subsidiary company is unsecured, bears fixed interest at 2.89% (2011: 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 certain 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 $8,474,000 (2011: $7,444,000) due from subsidiary companies which bears interest at rates ranging from 1.98% to 9.00% (2011: 2.06% to 9.00%) 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 2012 $'000	Company 2011 $'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	
	2012	2011
	$'000	$'000
Assets and liabilities:		
Non-current assets	4,202	9,995
Current assets	20,965	12,234
Total assets	25,167	22,229
Current liabilities	(6,568)	(6,530)
Total liabilities	(6,568)	(6,530)
Net assets	18,599	15,699
Income and expenses:		
Revenue	26,052	24,693
Expenditure	(24,768)	(23,961)
Share of profits of associated companies	2,289	2,006
Taxation	(197)	(150)
Profit after taxation	3,376	2,588

15. Investment in associates

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	72	2,118	72	72
Share of post-acquisition reserves	341	4,850	–	–
Foreign currency translation adjustment	(180)	(886)	–	–
	233	6,082	72	72
Less: Impairment loss	–	–	(72)	(72)
	233	6,082	–	–

On 30 March 2012, the Company announced the decision of its Board of Directors to approve the sale of SRITP Limited, an associate of the Company's joint venture, Tyre Pacific (HK) Limited. As at 30 April 2012, the investment in associate was presented on the balance sheet as "Associated company held for sale".

15. **Investment in associates (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:

	2012 $'000	2011 $'000
Assets and liabilities:		
Total assets	468	72,814
Total liabilities	(2)	(40,676)
Net assets	466	32,138
Income statement:		
Revenue	–	441,022
Profit for the year	–	10,030

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

16. **Inventories**

	Group	
	2012 $'000	2011 $'000
Balance sheet		
Inventories for sale	108,978	81,705
Raw materials, at cost	9,866	10,399
Work-in-progress - aluminium alloy wheels	3,620	3,001
Total inventories at lower of cost and net realisable value	122,464	95,105
Inventories for sale are stated after deducting allowance for obsolescence of	11,975	11,816

17. **Trade receivables**

	Group	
	2012 $'000	2011 $'000
External parties	101,645	86,411
Less: Allowance for doubtful trade receivables	(6,030)	(6,008)
	95,615	80,403
Bad debts written-off/(recovered) directly to income statement	100	(374)

17. Trade receivables (cont'd)

Trade receivables are denominated in the following currencies:

	Group 2012 $'000	Group 2011 $'000
Ringgit Malaysia	25,460	23,097
United States Dollars	22,035	18,093
Singapore Dollars	14,417	10,697
South African Rand	9,253	7,091
Thai Baht	7,808	8,759
Hong Kong Dollars	5,638	4,763
Chinese Renminbi	3,801	2,359
Australian Dollars	3,391	1,251
Indonesian Rupiah	3,276	4,209
Others	536	84
	95,615	80,403

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 end of the reporting period, trade receivables arising from export sales amounting to $347,000 (2011: $1,028,000) 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 $20,627,000 (2011: $18,924,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of each reporting period is as follows:

	Group 2012 $'000	Group 2011 $'000
Trade receivables past due:		
Lesser than 30 days	6,095	6,260
30 - 60 days	4,001	4,292
61 - 90 days	2,875	1,962
91 - 120 days	1,347	1,390
More than 120 days	6,309	5,020
	20,627	18,924

17. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of each reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2012	2011
	$'000	$'000
Trade receivables – nominal amounts	6,030	6,008
Less: Allowance for doubtful trade receivables	(6,030)	(6,008)
	–	–
Movement in allowance accounts:		
At 1 May	6,008	7,297
Charge/(write-back) for the year	560	(436)
Written-off against allowance	(381)	(578)
Foreign currency translation adjustment	(157)	(275)
At 30 April	6,030	6,008

For the year ended 30 April 2012, an impairment loss of $560,000 (2011: a write-back of $436,000) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade receivables as at 30 April 2012.

18. Derivatives

		Group			
		2012 Fair value		2011 Fair value	
	Note	Assets	Liabilities	Assets	Liabilities
		$'000	$'000	$'000	$'000
Non-hedging instrument					
- Forward currency contracts	(a)	175	(50)	611	(1,173)
- Interest rate swap	(b)	–	(7)	–	(34)
		175	(57)	611	(1,207)

		Company			
		2012 Fair value		2011 Fair value	
	Note	Assets	Liabilities	Assets	Liabilities
		$'000	$'000	$'000	$'000
Non-hedging instrument					
- Forward currency contracts	(a)	44	–	–	(133)

18. Derivatives (cont'd)

(a) ***Foreign exchange forward contracts***

The Group and the Company use 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 end of each reporting period are as follows:

	Group Contractual/notional amounts	
	2012	2011
	$'000	$'000
To sell Singapore Dollars for:		
- United States Dollars	4,759	7,679
- Euro	1,012	1,111
- Japanese Yen	–	275
	5,771	9,065
To sell South African Rand for:		
- United States Dollars	854	14,506
- Singapore Dollars	3,686	–
	4,540	14,506
To sell Thai Baht for United States Dollars	1,516	13,100
To buy Singapore Dollars for:		
- United States Dollars	7,104	19,264
- Euro	747	257
- Australian Dollars	3,865	2,766
	11,716	22,287
To buy Thai Baht for:		
- United States Dollars	2,176	4,105
- Singapore Dollars	32	10
	2,208	4,115

	Company Contractual/notional amounts	
	2012	2011
	$'000	$'000
To sell South African Rand for United States Dollars	–	2,603
To buy Singapore Dollars for Australian Dollars	2,684	–

18. Derivatives (cont'd)

(b) ***Interest rate swap***

A subsidiary company entered into an interest rate swap of $8.8 million in 2011 to manage its exposure to interest rate fluctuation. The interest rate swap pays floating rate interest equal to 3-month Swaps Offer Rate ("SOR") and receives a fixed rate of interest of 0.83%. The interest rate swap matures on 18 June 2012.

19. Other receivables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Financial assets				
Amounts due from:				
- Joint venture company	–	–	53	40
- Shareholders of subsidiary companies	–	–	243	241
Sundry receivables	4,859	3,697	5	–
Deposits to suppliers	1,067	1,914	–	–
Staff loans	251	325	–	–
	6,177	5,936	301	281
Less: Allowance for doubtful receivables	(211)	(211)	(209)	(209)
	5,966	5,725	92	72
Non-financial assets				
Prepayments and advances				
Prepaid operating expenses	899	1,657	24	22
Advance payment for purchases	2,232	505	–	–
	3,131	2,162	24	22
Movement in allowance accounts:				
At 1 May	211	620	209	209
Written-off		(409)	–	–
At 30 April	211	211	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% (2011: 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 cash equivalents

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Cash at bank and on hand	16,931	27,735	261	856
Short-term bank/fixed deposits	–	8	–	–
	16,931	27,743	261	856

Cash and cash equivalents are denominated in the following currencies:

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Ringgit Malaysia	5,516	5,326	–	–
South African Rand	2,440	2,598	–	–
Hong Kong Dollars	2,077	4,289	–	–
Singapore Dollars	1,997	5,532	255	850
United States Dollars	1,435	3,191	6	6
Thai Baht	1,116	1,430	–	–
Chinese Renminbi	1,036	2,841	–	–
Others	1,314	2,536	–	–
	16,931	27,743	261	856

Cash at bank earns interest at floating rates based on daily bank deposits rates ranging from 0.03% to 4.45% (2011: 0.05% to 4.45%) per annum.

Fixed deposits are made for varying periods between 7 to 30 days and the effective interest rate on the fixed deposits approximate 0.18% to 0.52% (2011: 0.04% to 0.59%) per annum.

21. Trade payables

Trade payables are denominated in the following currencies:

	Group 2012 $'000	Group 2011 $'000
Chinese Renminbi	4,721	5,334
Ringgit Malaysia	3,673	3,435
United States Dollars	3,457	6,408
Singapore Dollars	2,761	2,389
Thai Baht	2,060	1,792
Australian Dollars	967	89
Indonesian Rupiah	947	602
South African Rand	845	1,640
Others	679	1,006
	20,110	22,695

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 (2011: 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.

During the current financial year, a subsidiary company breached a bank covenant and did not fulfil the requirement to maintain a certain level of minimum equity. Management had renegotiated the terms and the breach was remedied after the year end through the increase of share capital of the subsidiary company.

The trust receipts bear interest at rates ranging from 0.06% to 12.50% (2011: 1.43% to 12.25%) per annum. The weighted average interest rate of the Group's trust receipts is 3.62% (2011: 3.62%).

Trust receipts are denominated in the following currencies:

	Group	
	2012	2011
	$'000	$'000
Singapore Dollars	26,625	12,292
United States Dollars	25,294	41,897
Ringgit Malaysia	20,644	13,776
Thai Baht	9,835	2,860
South African Rand	2,992	1,358
Australian Dollars	2,245	1,126
Hong Kong Dollars	1,288	1,269
Others	1,500	1,592
	90,423	76,170

23. Other payables

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Financial liabilities				
Amounts due to associated companies	89	89	89	89
Payroll and staff related expenses	4,970	5,050	–	–
Sundry payables	7,812	6,699	3	47
Accrued operating expenses	9,617	7,425	622	752
Amount due to a director	2,000	–	–	–
	24,488	19,263	714	888

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

The amount due to a director is unsecured and interest-free.

24. Loans (secured)

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Short-term loans (revolving credit facilities)		26,362	9,587	–	–
Long-term loans - current portion	27	9,879	12,061	1,312	1,248
		36,241	21,648	1,312	1,248

The short-term loans are secured by negative pledge over the assets of certain subsidiary companies, excluding their hire-purchase assets, and corporate guarantees from the Company. The short-term loans bear interest at rates ranging from 2.65% to 7.56% (2011: 2.32% to 6.42%) per annum. The weighted average interest rate of the Group's short-term loans is 4.34% (2011: 4.17%).

Short-term loans are denominated in the following currencies:

	Group 2012 $'000	Group 2011 $'000
Thai Baht	11,683	5,144
Singapore Dollars	9,600	2,000
Ringgit Malaysia	2,529	–
Chinese Renminbi	1,273	1,178
Others	1,277	1,265
	26,362	9,587

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 2012 $'000	Group Present value of payments 2012 $'000	Group Minimum payments 2011 $'000	Group Present value of payments 2011 $'000
Within one year	688	597	742	644
After one year but not more than five years	1,218	1,071	1,143	978
More than five years	7	6	70	60
	1,225	1,077	1,213	1,038
Total minimum hire-purchase payments	1,913	1,674	1,955	1,682
Less: Amounts representing finance charges	(239)	–	(273)	–
Present value of minimum hire-purchase payments	1,674	1,674	1,682	1,682

Effective interest rates on the hire-purchase arrangements range from 3.45% to 8.41% (2011: 3.59% to 8.41%) per annum.

26. Provisions

	Group 2012 $'000	Group 2011 $'000
Current liabilities:		
Provision for product warranties		
Balance at beginning	768	679
Provision for the year	240	413
Provision utilised during the year	(148)	(324)
Balance at 30 April	860	768

A provision is recognised for expected warranty claims on proprietary products sold during the financial year based on past experience of the level of returns.

	Group 2012 $'000	Group 2011 $'000
Non-current liabilities:		
Provision for reinstatement cost		
Balance at beginning	210	210
Provision for the year	331	–
Balance at 30 April	541	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)

	Group			
	Effective interest rate 2012 %	Effective interest rate 2011 %	2012 $'000	2011 $'000
Current (Note 24)				
United States Dollar loans	1.90	1.57	–	–
Singapore Dollar loans	4.11	4.13	6,465	7,817
Thai Baht loans	7.04	7.29	3,083	3,727
British Pound loan	1.58	2.87	63	62
Ringgit Malaysia loans	4.81	4.79	268	455
Total			9,879	12,061
Non-current				
United States Dollar loans	1.90	1.57	1,737	1,725
Singapore Dollar loans	4.11	4.13	10,737	12,908
Thai Baht loans	7.04	7.29	3,316	6,524
British Pound loan	1.58	2.87	285	347
Ringgit Malaysia loans	4.81	4.79	259	536
Total			16,334	22,040

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

	Company			
	Effective interest rate			
	2012	2011	2012	2011
	%	%	$'000	$'000
Singapore Dollar loans				
Current (Note 24)	4.11	4.13	1,312	1,248
Non-current	4.11	4.13	680	1,992
Total			1,992	3,240

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 2012 are two loans (2011: two) with current and non-current portions amounting to $3,363,000 (2011: $5,232,000) and $4,600,000 (2011: $6,400,000), 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.

During the current financial year, a subsidiary company breached the bank covenant of two bank loans. The subsidiary company did not fulfil the requirement to maintain debt service coverage ratio (“DSCR”) as stipulated by the banks. The carrying amount of the loan was $8,136,000 as at 30 April 2012. Management had renegotiated the terms of the bank loans and the breach was remedied as at the end of the reporting period through the waiver of the term by the banks.

After the current financial year, a subsidiary company secured a five year long-term loan of $24,000,000 and repaid maturing long-term loans of $6,400,000.

28. Deferred taxation

		Group	
	Note	2012	2011
		$'000	$'000
At beginning of financial year		(28)	(710)
Foreign currency translation adjustment		68	78
Provision for the financial year	10	(234)	677
Adjustments in respect of the previous financial years	10	4	(73)
At 30 April		(190)	(28)
Represented by:			
- Deferred tax assets		(2,996)	(2,874)
- Deferred tax liabilities		2,806	2,846

28. Deferred taxation (cont'd)

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

	Property, plant and equipment	Receivables	Inventories	Provision, accruals and others	Total
	$'000	$'000	$'000	$'000	$'000
At beginning of the financial year	2,462	(554)	(1,281)	(655)	(28)
Movement for the year	195	(504)	156	(77)	(230)
Foreign currency translation adjustment	2	22	41	3	68
At the end of the financial year	2,659	(1,036)	(1,084)	(729)	(190)

29. Share capital

	Group and Company			
	Number of shares 2012	Share capital 2012	Number of shares 2011	Share capital 2011
	'000	$'000	'000	$'000
Issued and fully paid:				
At 1 May	234,861	35,182	230,561	33,677
Issued	–	–	4,300	1,505
At 30 April	234,861	35,182	234,861	35,182

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote without restriction. The ordinary shares have no par value.

Unissued shares under share options as at 30 April 2012 comprise 1,565,000 (2011: 1,890,000) 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 (2011: $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.

In October 2010, the Group completed the placement of 4,300,000 new shares to Sumitomo Rubber Industries Ltd at the cash price of $0.35 per share. Following the allotment and issuance of the new shares, the number of issued shares increased to 234,861,000 shares as at 30 April 2011.

30. Reserves – Group and Company

(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 company.

(b) Employee share option reserve

Employee share option reserve represents the fair value of equity-settled share options granted to employees (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.

30. Reserves – Group and Company (cont'd)

(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 previously.

(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.

(f) Discount on acquisition of non-controlling interest

The discount on acquisition of non-controlling interest represents the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid that is recognised directly in equity and attributed to the parent. Such changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

31. Dividend

	Group and Company	
	2012	**2011**
	$'000	$'000
Final exempt (one-tier) dividend of 1.5 cent (2011: 1.0 cent), per share in respect of the previous financial year	3,523	2,307
Dividend declared and paid during the year	3,523	2,307

The directors have proposed a final exempt (one-tier) dividend of 1.5 cent (2011: 1.5 cent) per share amounting to approximately $3,523,000 (2011: $3,523,000) to be paid in respect of the financial year ended 30 April 2012. 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. Associate classified as held-for-sale

On 30 March 2012, the Company announced the decision of its Board of Directors to approve the sale of SRITP Limited, an associate of the Company's joint venture, Tyre Pacific (HK) Limited. As at 30 April 2012, the investment in associate was presented on the balance sheet as "Associated company held for sale". The disposal of SRITP Limited was completed on 18 May 2012.

33. Commitments

(i) ***Operating lease commitments – as lessee***

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. There were no restrictions placed upon the Group by entering into these leases.

33. Commitments (cont'd)

(i) ***Operating lease commitments – as lessee (cont'd)***

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 2012 $'000	Group 2011 $'000
Within one year	5,767	4,292
Within two to five years	5,859	7,327
After five years	8,714	8,776
	20,340	20,395

(ii) ***Capital commitments***

	Group 2012 $'000	Group 2011 $'000
Commitments in respect of contracts placed for the purchase of property, plant and equipment	2,020	297

34. Contingencies

	Company 2012 $'000	Company 2011 $'000
(a) ***Corporate guarantees***		
Guarantees issued for bank facilities granted to subsidiary companies	139,666	115,946

The above corporate guarantees indicate amounts utilised by subsidiary companies as at the end of each reporting period.

35. Related party transactions

(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 2012 $'000	Group 2011 $'000
Income from services rendered to a joint venture company	264	64
Management fee paid to other shareholder of a joint venture company	(87)	(287)

35. Related party transactions (cont'd)

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

	Group	
	2012	2011
	$'000	$'000
Salaries, bonus and other benefits-in-kind	3,680	2,951
Directors' fees	222	252
Contribution to defined contribution plan	79	65
Total	3,981	3,268
Comprises amounts paid/payable to:		
- Directors of the Company	2,289	1,755
- Directors of subsidiary companies	388	604
- Other key management personnel	1,304	909
	3,981	3,268

36. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivative financial instruments, 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 swap 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 an 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 in and advances to its subsidiary, associated and joint venture companies. The Group does not hedge exposures arising from such risks.

The Group's trading subsidiary companies are exposed to movements in foreign currency rates arising from the purchases of goods from 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 2.6.

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

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

Sensitivity analysis for foreign currency risk

A 5% fluctuation of certain foreign currencies against the underlying functional currencies of the Group's entities at the end of each reporting period 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 2011.

		(Decrease)/increase Profit net of tax	
		2012	2011
		$'000	$'000
USD	– strengthened by 5% against SGD (2011: 5%)	(352)	(1,436)
	– weakened by 5% against SGD (2011: 5%)	352	1,436
ZAR	– strengthened by 5% against SGD (2011: 5%)	913	192
	– weakened by 5% against SGD (2011: 5%)	(913)	(192)

(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 end of the reporting period, approximately 14% (2011: 12%) 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 re-pricing or maturity dates.

Group	Within 1 year	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2012							
Fixed rate							
Interest rate swap	7	–	–	–	–	–	7
Obligations under hire-purchase	505	369	227	165	100	10	1,376
Bank loans	17,555	680	–	–	–	–	18,235
Floating rate							
Obligations under hire-purchase	89	89	60	60	–	–	298
Trust receipts	90,423	–	–	–	–	–	90,423
Bank loans	18,686	6,356	4,367	1,001	557	3,373	34,340
2011							
Fixed rate							
Interest rate swap	8,800	–	–	–	–	–	8,800
Obligations under hire-purchase	553	367	223	132	75	62	1,412
Bank loans	4,080	1,312	680	–	–	–	6,072
Floating rate							
Obligations under hire-purchase	91	86	61	27	5	–	270
Trust receipts	76,170	–	–	–	–	–	76,170
Bank loans	17,568	6,638	6,085	3,696	951	2,678	37,616

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

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

Sensitivity analysis for interest rate risk

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

	Increase/ (decrease) in basis points	Decrease/ (increase) effect on profit net of tax
		$'000
2012		
- Singapore Dollars	50	222
- United States Dollars	50	136
- Ringgit Malaysia	50	109
- Thai Baht	50	81
- Singapore Dollars	(50)	(222)
- United States Dollars	(50)	(136)
- Ringgit Malaysia	(50)	(109)
- Thai Baht	(50)	(81)
2011		
- Singapore Dollars	50	169
- United States Dollars	50	219
- Ringgit Malaysia	50	76
- Thai Baht	50	65
- Singapore Dollars	(50)	(169)
- United States Dollars	(50)	(219)
- Ringgit Malaysia	(50)	(76)
- Thai Baht	(50)	(65)

(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.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and
- Nominal amounts of $139,666,000 (2011: $115,946,000) relating to corporate guarantees provided by the Group to banks on subsidiaries' bank facilities.

Surplus funds are placed with reputable financial institutions.

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

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

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 end of each reporting period is as follows:

	2012		2011	
	$'000	% of total	$'000	% of total
Group				
By country:				
Malaysia	29,085	30.42	27,390	34.07
Singapore	10,556	11.04	8,623	10.72
South Africa	9,289	9.72	7,189	8.94
Thailand	8,021	8.39	9,193	11.43
Indonesia	6,768	7.08	6,601	8.21
Hong Kong	5,648	5.91	4,761	5.92
Others	26,248	27.44	16,646	20.71
	95,615	100.00	80,403	100.00

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 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.

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

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

The table below summarises the maturity profile of the Group and Company's financial assets and liabilities at the end of each reporting period based on contractual undiscounted payments.

	1 year or less	2 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2012				
Group				
Financial assets				
Trade and other receivables	101,581	–	–	101,581
Derivatives	175	–	–	175
Cash and cash equivalents	16,931	–	–	16,931
Total undiscounted financial assets	118,687	–	–	118,687
Financial liabilities				
Trade payables, trust receipts and other payables	135,021	–	–	135,021
Derivatives	57	–	–	57
Hire-purchase liabilities	688	1,218	7	1,913
Loans and borrowings	38,409	13,512	3,502	55,423
Total undiscounted financial liabilities	174,175	14,730	3,509	192,414
Total net undiscounted financial liabilities	(55,488)	(14,730)	(3,509)	(73,727)
2012				
Company				
Financial assets				
Trade and other receivables	92	–	–	92
Derivatives	44	–	–	44
Cash and cash equivalents	261	–	–	261
Total undiscounted financial assets	397	–	–	397
Financial liabilities				
Trade and other payables	714	–	–	714
Loans and borrowings	1,382	690	–	2,072
Total undiscounted financial liabilities	2,096	690	–	2,786
Total net undiscounted financial liabilities	(1,699)	(690)	–	(2,389)

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

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

	1 year or less $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
2011				
Group				
Financial assets				
Trade and other receivables	86,128	–	–	86,128
Derivatives	611	–	–	611
Cash and cash equivalents	27,743	–	–	27,743
Total undiscounted financial assets	114,482	–	–	114,482
Financial liabilities				
Trade payables, trust receipts and other payables	118,128	–	–	118,128
Derivatives	1,207	–	–	1,207
Hire-purchase liabilities	742	1,143	70	1,955
Loans and borrowings	23,136	20,291	2,779	46,206
Total undiscounted financial liabilities	143,213	21,434	2,849	167,496
Total net undiscounted financial liabilities	(28,731)	(21,434)	(2,849)	(53,014)
2011				
Company				
Financial assets				
Amounts due from subsidiary companies	–	–	23,264	23,264
Trade and other receivables	72	–	–	72
Cash and cash equivalents	856	–	–	856
Total undiscounted financial assets	928	–	23,264	24,192
Financial liabilities				
Trade and other payables	888	–	–	888
Derivatives	133	–	–	133
Loans and borrowings	1,382	2,072	–	3,454
Amounts due to subsidiary companies	–	–	365	365
Total undiscounted financial liabilities	2,403	2,072	365	4,840
Total net undiscounted financial (liabilities)/assets	(1,475)	(2,072)	22,899	19,352

37. Classification of financial instruments

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Loans and receivables				
Trade receivables	95,615	80,403	–	–
Other receivables	5,966	5,725	92	72
Cash and cash equivalents	16,931	27,743	261	856
Amounts due from subsidiary companies	–	–	25,227	23,264
	118,512	113,871	25,580	24,192
Financial liabilities measured at amortised cost				
Trade payables	(20,110)	(22,695)	–	–
Trust receipts (secured)	(90,423)	(76,170)	–	–
Other payables	(24,488)	(19,263)	(714)	(888)
Loans (secured)	(52,575)	(43,688)	(1,992)	(3,240)
Hire-purchase liabilities	(1,674)	(1,682)	–	–
Amounts due to subsidiary companies	–	–	(365)	(365)
	(189,270)	(163,498)	(3,071)	(4,493)
Fair value through profit or loss				
Forward currency contracts				
- Derivatives assets	175	611	44	–
- Derivatives liabilities	(50)	(1,173)	–	(133)
Interest rate swap	(7)	(34)	44	–

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				
2012				
Financial assets				
Forward currency contracts	18	–	175	–
Financial liabilities				
Forward currency contracts	18	–	(50)	–
Interest rate swap	18	–	(7)	–
2011				
Financial assets				
Forward currency contracts	18	–	611	–
Financial liabilities				
Forward currency contracts	18	–	(1,173)	–
Interest rate swap	18	–	(34)	–
Company				
2012				
Financial assets				
Forward currency contracts	18	–	44	–
2011				
Financial liabilities				
Forward currency contracts	18	–	(133)	–

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)

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

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

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, current trade and other payables and current bank loans 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 values 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 end of each reporting period.

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 2012 and 30 April 2011.

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	
	2012	**2011**
	$'000	$'000
Trust receipts	90,423	76,170
Loans (secured)	52,575	43,688
Bank borrowings	142,998	119,858
Equity attributable to the equity holders of the Company	113,012	106,803
Less: Statutory reserve fund	(424)	(373)
Distributable net assets	112,588	106,430
Gearing ratio (times)	1.27	1.13

39. Capital management (cont'd)

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 2012 and 30 April 2011.

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 based on terms agreed between parties.

	South East Asia① $'000	North Asia ② $'000	Africa $'000	Others③ $'000	Total of segments $'000	Elimination $'000	Consolidated $'000
2012							
Revenue:							
External revenue	276,420	34,646	38,255	14,753	364,074	–	364,074
Inter-segment revenue	70,965	–	–	155	71,120	(71,120)	–
Other revenue:							
- Interest income	35	11	34	4	84	–	84
- Others	279	322	–	168	769	–	769
	347,699	34,979	38,289	15,080	436,047	(71,120)	364,927
Unallocated revenue							9
Total revenue							364,936
Finance costs	(5,904)	(298)	(603)	(169)	(6,974)	1,021	(5,953)
Segment result	12,369	1,113	(1,175)	(1,272)	11,035	1,021	12,056
Add: Unallocated revenue							9
Less: Unallocated expenses							(74)
Share of results of associated company	–	2,289	–	–	2,289	–	2,289
Profit before taxation							14,280
Taxation							(4,523)
Profit for the financial year							9,757
Other information							
Segment asset	224,818	38,018	31,865	11,870	306,571	–	306,571
Associated companies	233	–	–	–	233	–	233
Unallocated assets	–	–	–	–	–	–	2,996
Total assets	225,051	38,018	31,865	11,870	306,804	–	309,800
Segment liabilities	169,665	11,546	5,454	4,063	190,728	–	190,728
Unallocated liabilities	–	–	–	–	–	–	6,060
Total liabilities	169,665	11,546	5,454	4,063	190,728	–	196,788

40. Segment information (cont'd)

	South East Asia① $'000	North Asia② $'000	Africa $'000	Others③ $'000	Total of segments $'000	Elimination $'000	Consolidated $'000
2012							
Other segment information							
Additions to non-current assets							
- Property, plant and equipment	6,142	102	272	123	6,639	–	6,639
Significant non-cash expenses:							
Amortisation and depreciation	8,606	273	372	98	9,349	–	9,349
Allowance for/(write-back of) doubtful receivables	315	141	130	(26)	560	–	560
Allowance for/(write-back of) inventory obsolescence	456	49	16	(101)	420	–	420
Impairment loss/(write-back of impairment loss) on property, plant and equipment	565	(65)	–	–	500	–	500
Bad debts written-off directly to income statement	2	–	54	44	100	–	100
2011							
Revenue:							
External revenue	261,761	33,873	36,231	9,491	341,356	–	341,356
Inter-segment revenue	64,810	60	–	310	65,180	(65,180)	–
Other revenue:							
- Interest income	35	15	45	4	99	–	99
- Others	359	137	22	354	872	–	872
	326,965	34,085	36,298	10,159	407,507	(65,180)	342,327
Unallocated revenue							9
Total revenue							342,336
Finance costs	(4,866)	(308)	(327)	(81)	(5,582)	783	(4,799)
Segment result	14,012	464	1,417	(646)	15,247	783	16,030
Add: Unallocated revenue							9
Less: Unallocated expenses							(60)
Share of results of associated company	–	2,006	–	–	2,006	–	2,006
Profit before taxation							17,985
Taxation							(4,549)
Profit for the financial year							13,436

40. Segment information (cont'd)

	South East Asia① $'000	North Asia② $'000	Africa $'000	Others③ $'000	Total of segments $'000	Elimination $'000	Consolidated $'000
2011							
Other information							
Segment asset	207,201	26,495	28,266	7,673	269,635	–	269,635
Associated companies	233	5,849	–	–	6,082	–	6,082
Unallocated assets	–	–	–	–	–	–	2,874
Total assets	207,434	32,344	28,266	7,673	275,717	–	278,591
Segment liabilities	147,358	11,964	4,354	2,007	165,683	–	165,683
Unallocated liabilities	–	–	–	–	–	–	6,105
Total liabilities	147,358	11,964	4,354	2,007	165,683	–	171,788
Other segment information							
Additions to non-current assets							
- Property, plant and equipment	4,827	123	1,491	137	6,578	–	6,578
Significant non-cash expenses:							
Amortisation and depreciation	9,687	309	353	70	10,419	–	10,419
Allowance for/(write-back of) doubtful receivables	300	(53)	43	(726)	(436)	–	(436)
Allowance for inventory obsolescence	1,066	69	127	29	1,291	–	1,291
Write-back of impairment loss on property, plant and equipment	(9)	–	–	–	(9)	–	(9)
Bad debts (recovered)/ written-off directly to income statement	(437)	–	10	53	(374)	–	(374)

Note:

① Includes Singapore, Malaysia, Philippines, Thailand and Indonesia
② Includes Hong Kong and People's Republic of China
③ Includes North America/Latin America, Australia and India

40. Segment information (cont'd)

Business information

	Revenue		Non-current assets	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Distribution	335,235	310,446	38,632	43,074
Manufacturing	29,701	31,890	18,591	23,768
	364,936	342,336	57,223	66,842

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 2012 are:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Percentage of equity held by the Group	
			2012	2011	2012	2011
			$'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 (Singapore)	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)	913	913	100	100
(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
(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 People's Republic of China)	2,954	2,954	100	100
(4)**	Boon Tyre Holdings Limited (Hong Kong)	Investment and property holding company (Hong Kong and United Kingdom)	@	@	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 2012 $'000	Cost of investment 2011 $'000	Percentage of equity held by the Group 2012 %	Percentage of equity held by the Group 2011 %
##	Stamford Tires and Wheels, Inc. (United States of America)	Wholesale of tyres and wheels (Latin America and United States of America)	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)	13,553	12,540	100	100
##	Stamford International Trading (Tianjin) Co. Ltd. (People's Republic of China)	Inactive (People's Republic of China)	322	322	100	100
(6)	Stamford Tyres Australia Pty Limited (Australia)	Wholesale of tyres and wheels (Australia)	6,189	3,675	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)	2,493	2,123	100	100
##	Stamford Tyres Do Brazil Participacoes LTDA (Brazil)	Dormant (Brazil)	191	157	100	100
			47,271	43,340		

(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 2012 %	2011 %
	Subsidiary companies			
	Held by Stamford Tyres (Hong Kong) Limited:			
(4)	Stamford Tyres (Guangzhou) Limited (People's Republic of China)	Wholesale and retail of tyres and wheels (People's Republic of 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
	Joint venture company			
	Held by the Company:			
(8) +	Tyre Pacific (HK) Limited (Hong Kong)	Investment holding and wholesale of tyres (Hong Kong, Vietnam and People's Republic of China)	50	50
	Held by Tyre Pacific (HK) Limited:			
(8) +	Real Courage Limited (Hong Kong)	Property holding company (Hong Kong)	50	50
(13) +	Guangzhou Orizz Mega Outlet Co Ltd (People's Republic of China)	Wholesale of tyres (People's Republic of China)	50	50
(11) +	Orizz (Shanghai) Limited (People's Republic of China)	Wholesale of tyres (People's Republic of China)	50	50
(11) +	Shanghai Orizz Mega Outlet Co Ltd (People's Republic of China)	Wholesale of tyres (People's Republic of 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)	Investment holding and wholesale of tyres (People's Republic of China)	–	20

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

@ 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 asthe 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.

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
(13) Guangzhou Zexin Certified Public Accountants Co., Ltd, China, Certified Public Accountants

42. Classification of Callable Term Loans

The Institute of Certified Public Accountants of Singapore ("ICPAS") has issued guidance on the Callable Term Loan, indicating that such loans should be classified as current liabilities, irrespective of the probability that the lenders will exercise the demand clauses.

Had the loans (secured) as at 30 April 2012 been classified based on their respective scheduled repayment dates, the long-term loan amounts and classification would have been as follows:

	Note	Disclosure based on ICPAS guidance $'000	Disclosure based on scheduled repayment dates $'000
Balance sheets			
Long-term loans (secured) - current portion	24	9,879	8,996
Long term loans (secured)	27	16,334	17,217

43. Authorisation of financial statements for issue

These financial statements were authorised for issue in accordance with a resolution of the directors on 23 July 2012.

List Of Major Properties

30 April 2012
(In Singapore dollars)

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 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
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
10 Kaki Bukit Road 2,#01-11 & #01-12 First East Centre Singapore 417868	28 year lease from 2011	492.0	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
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
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
SOUTH AFRICA			
ERF 460, Cnr Horn Street 8 Brine Avenue, Chloorkop Ext 23 Kempton Park	Freehold	16,091.0	Open storage for tyres

List Of Substantial Shareholders

As at 20 July 2012 as recorded in the Register of Substantial Shareholders

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Wee Kok Wah	37,044,554	15.77%	49,551,319	21.10%
Mrs Dawn Wee Wai Ying	13,637,567	5.81%	72,958,306	31.06%
Wah Holdings Pte Ltd	35,913,752	15.29%	-	-
Lim & Tan Securities Pte Ltd	23,886,000	10.17%	-	-

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 Owned by Mrs Dawn Wee Wai Ying	13,637,567
Shares Owned by Wah Holdings Pte Ltd	35,913,752
Total	49,551,319

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

Shares Owned by Mr Wee Kok Wah	37,044,554
Shares Owned by Wah Holdings Pte Ltd	35,913,752
Total	72,958,306

Statistics Of Shareholdings

As at 20 July 2012

Number of shares issued : 234,861,244 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	106	3.39	32,505	0.01
1,000 -	10,000	1,598	51.13	9,860,447	4.20
10,001 -	1,000,000	1,403	44.90	70,539,859	30.04
1,000,001 AND ABOVE		18	0.58	154,428,433	65.75
TOTAL:		**3,125**	**100.00**	**234,861,244**	**100.00**

Based on the information available to the Company as at 20 July 2012, approximately 50.74% 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.	WEE KOK WAH	37,044,554	15.77
2.	WAH HOLDINGS PTE LTD	35,913,752	15.29
3.	LIM & TAN SECURITIES PTE LTD	25,827,000	11.00
4.	KWOK WAI YING DAWN	13,637,567	5.81
5.	HSBC (SINGAPORE) NOMINEES PTE LTD	10,220,000	4.35
6.	CHIA KEE KOON	5,306,000	2.26
7.	DAIWA CAPITAL MARKETS SINGAPORE LTD	4,300,000	1.83
8.	SEE LOP FU JAMES @ SHI LAP FU JAMES	3,800,000	1.62
9.	EST OF TAN CHAW @ TAN KOW TEE, DECEASED	3,210,000	1.37
10.	KWOK WENG FAI	2,830,060	1.20
11.	DBS NOMINEES PTE LTD	2,268,000	0.97
12.	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,249,500	0.96
13.	TAN YONG CHIANG OR TAN HUI LIANG	1,753,000	0.75
14.	LIM YEW HOE	1,588,000	0.68
15.	QUEK KAI CHUAN	1,181,000	0.50
16.	ANG AH BENG	1,130,000	0.48
17.	MERRILL LYNCH (SINGAPORE) PTE LTD	1,100,000	0.47
18.	CITIBANK NOMINEES SINGAPORE PTE LTD	1,070,000	0.46
19.	COMO HOLDINGS INC	1,000,000	0.43
20.	YEO WEI HUANG	980,000	0.42
	TOTAL	**156,408,433**	**66.62**

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the shareholders of the Company will be held on Thursday, 23 August 2012 at 3.00 p.m. at 19 Lok Yang Way, 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 2012 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the proposed Directors' fees of $287,000 for the financial year ending 30 April 2013 to be paid quarterly in arrears. (2012 : $222,000) (See explanatory note a) **Resolution 2**

3. To declare and approve a final tax exempt (one-tier) dividend of 1.5 cents per ordinary share for the financial year ended 30 April 2012. **Resolution 3**

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

   Mr Sam Chong Keen (Article 99) (See explanatory note b) **Resolution 4**
   Mr Tay Puan Siong (Article 99) (See explanatory note c) **Resolution 5**

5. To record the retirement of Mr Chua Kim Yeow who is retiring pursuant to Section 153(6) of the Companies Act, Cap 50.

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

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." (See explanatory note d) **Resolution 7**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 4 September 2012 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 3 September 2012 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend if approved, will be paid on 18 September 2012 to shareholders registered in the books of the Company on 3 September 2012.

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
7 August 2012

Explanatory Notes:

(a) The Ordinary Resolution 2 proposed in item 2 above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2012/13. The amount of the Directors' fees is computed based on the anticipated number of Board meetings for FY2012/2013, assuming full attendance by all Directors. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting for payments to meet the shortfall.

(b) Mr Sam Chong Keen, an independent director, if re-elected, will continue to serve as the Chairman of the Nominating Committee and a member of the Remuneration Committee and the Audit Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(c) Mr Tay Puan Siong, an independent director, if re-elected, will continue to serve as the Chairman of the Audit Committee and a member of the Nominating Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

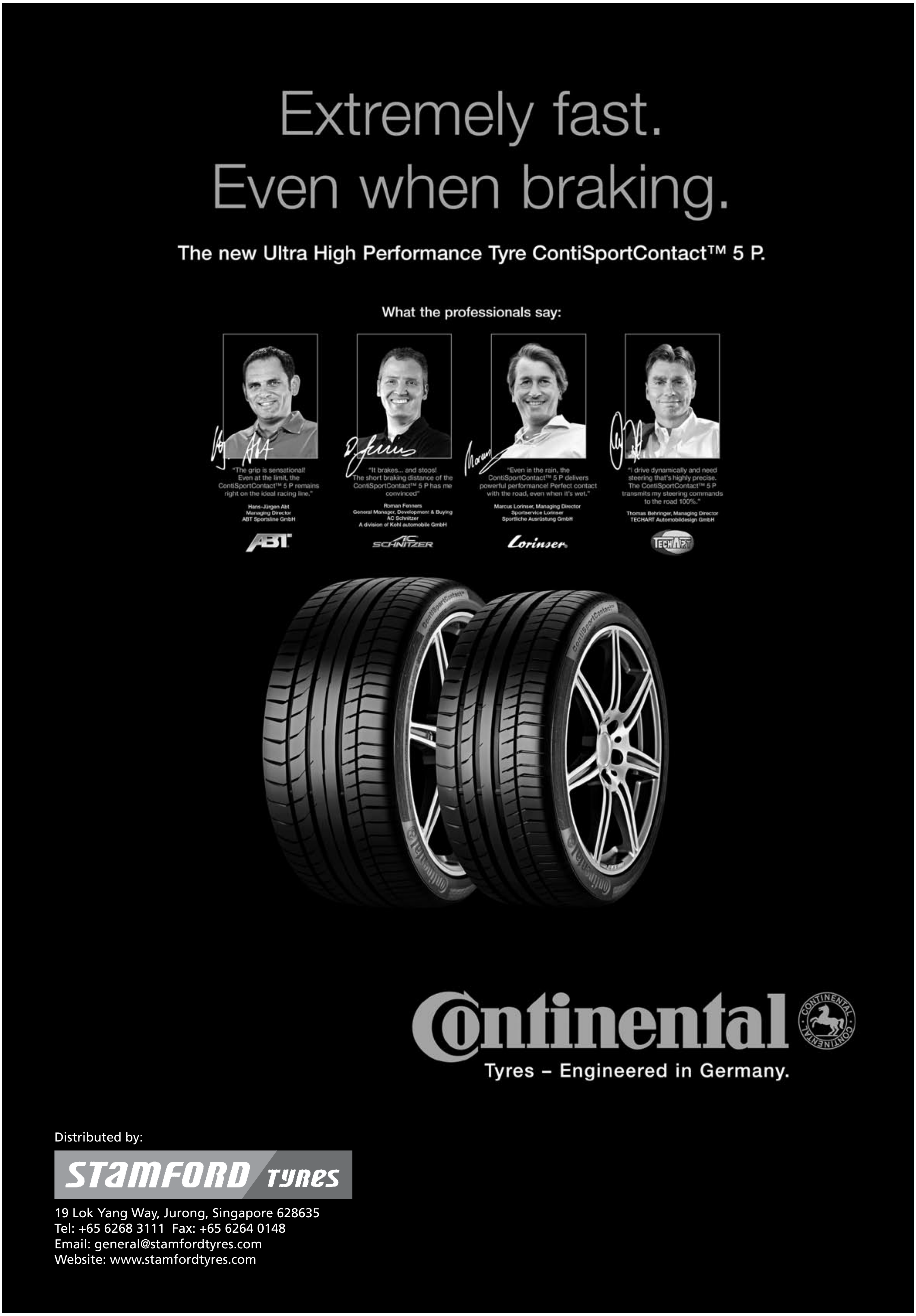
(d) The proposed ordinary resolution 7 above, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares in the capital of the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

Notes:

1. A member, entitled to attend and vote at this meeting, is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. If a proxy is to be appointed, the form must be deposited at the registered office of the Company, at 19 Lok Yang Way, Singapore 628635 not less than 48 hours before the meeting.

3. The form of proxy must be signed by the appointor or his attorney duly authorized in writing. In case of joint shareholders, all holders must sign the form of proxy.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Roman Fenners
General Manager, Development & Buying
AC Schnitzer
A division of Kohl automobile GmbH
"Even in the rain, the ContiSportContact™ 5 P delivers powerful performance! Perfect contact with the road, even when it's wet."
Marcus Lorinser, Managing Director
Sportservice Lorinser
Sportliche Ausrüstung GmbH
"I drive dynamically and need steering that's highly precise. The ContiSportContact™ 5 P transmits my steering commands to the road 100%."
Thomas Behringer, Managing Director
TECHART Automobildesign GmbH
ABT
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PROXY FORM
ANNUAL GENERAL MEETING

STAMFORD TYRES CORPORATION LIMITED
Company Registration No: 198904416M
(Incorporated in the Republic of 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 Agent Banks and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors 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 Annual General Meeting as OBSERVERS must submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format with the Company Secretary, by the time frame specified. (Agent Banks: Please see Note 9 on the required format). Any voting instructions must also be submitted to their Agent Banks within the time frame specified to enable them to vote on the CPF investor's behalf.

I/We (Name) ___________________________________., NRIC/Passport No./Co. Regn.No. ______________________________
of(Address) ____
being a member/members of STAMFORD TYRES CORPORATION LIMITED ("Stamford Tyres" or the "Company") 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 the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company (the "Meeting") to be held on 23 August 2012, Thursday at 3.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the 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 relating to	For	Against
1.	Adoption of Directors' Reports and Audited Financial Statements		
2.	Approval of Directors' Fees for the financial year ending 30 April 2013		
3.	Declaration of final tax exempt (one-tier) dividend		
4.	Re-election of Mr Sam Chong Keen as Director		
5.	Re-election of Mr Tay Puan Siong as Director		
6.	Re-appointment of Ernst & Young LLP as Auditors		
7.	Authority to issue shares pursuant to Share Issue Mandate		

If you wish to exercise all your votes For or Against, please tick with ' √ '. Alternatively, please indicate the number of votes For or Against each resolution.

Dated this ________ day of ____________________ 2012

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

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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

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

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

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

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

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with section 179 of the Companies Act, Chapter 50 of Singapore.

9. Agent Banks acting on the request of CPF Investors who wish to attend the Meeting as observers are requested to submit in writing, a list of details of the Investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for the Meeting.

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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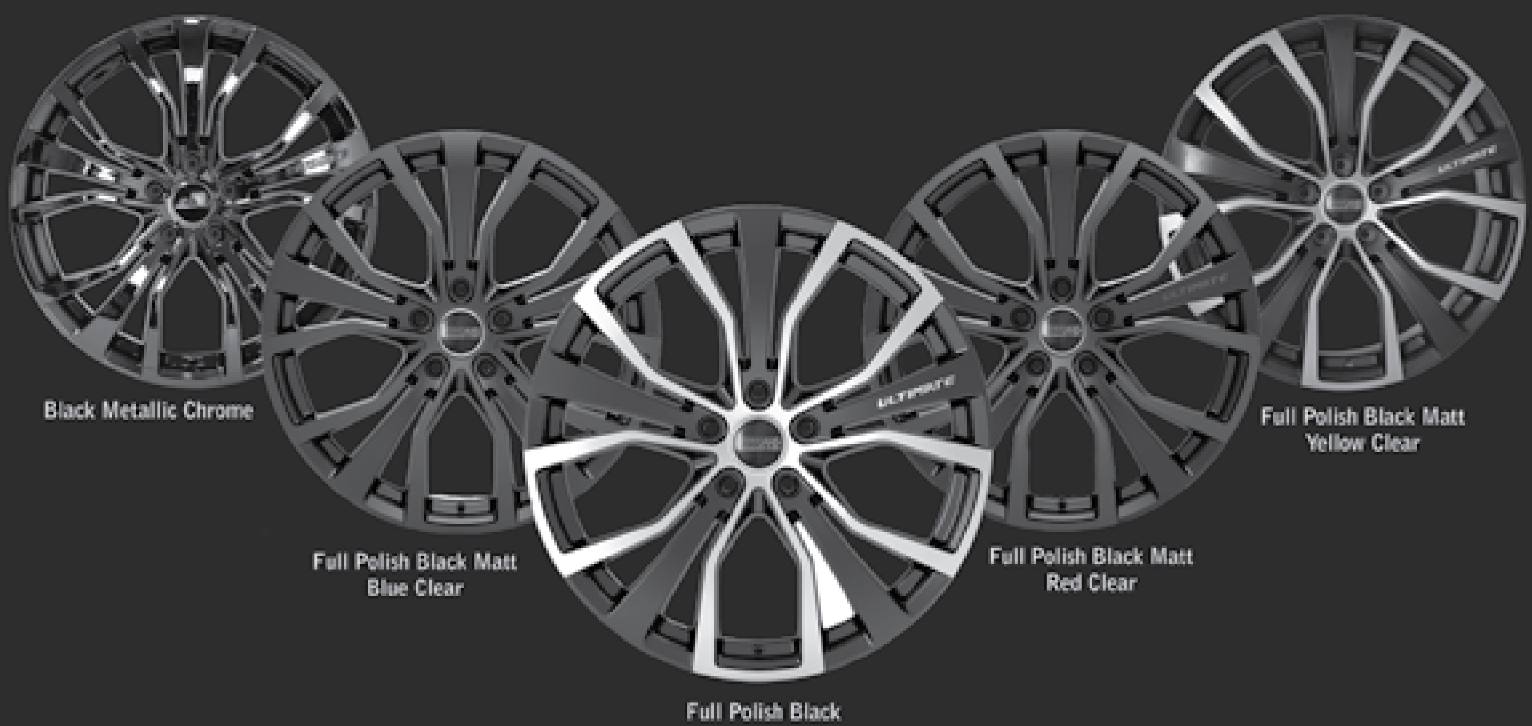
Black Metallic Chrome
Full Polish Black Matt
Blue Clear
Full Polish Black
Full Polish Black Matt
Red Clear
Full Polish Black Matt
Yellow Clear