Building on our Strengths

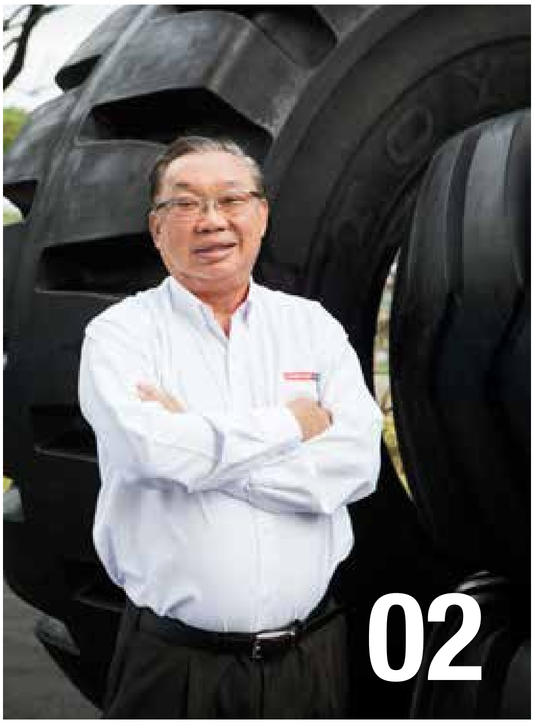
STAMFORD TYRES CORPORATION LIMITED

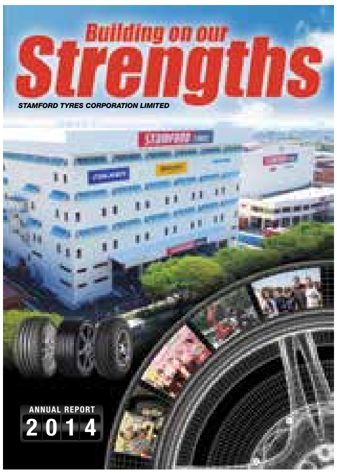
ANNUAL REPORT

2014

Contents

Building on our Strengths





CORPORATE INFORMATION

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 off-the-road tyre management services. 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 across 11 countries in Asia Pacific, Africa, Australia, Vietnam, Brunei and India. While our main business activities are in the distribution of major international tyre brands – Falken, Dunlop, Continental, Toyo and Maxam, 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.

EXECUTIVE DIRECTORS

President
Wee Kok Wah

Executive Director
Dawn Wee Wai Ying

NON-EXECUTIVE DIRECTORS

Chairman
Sam Chong Keen

Non-Executive Director
Dr Wee Li Ann

Independent Directors
Tay Puan Siong
Goh Chee Wee
Leslie Mah Kim Loong
Kazumichi Mandai

SENIOR ADVISOR

Chua Kim Yeow

AUDIT COMMITTEE

Chairman
Tay Puan Siong

Members
Sam Chong Keen
Leslie Mah Kim Loong
Dr Wee Li Ann

REMUNERATION COMMITTEE

Chairman
Sam Chong Keen

Members
Goh Chee Wee
Dr Wee Li Ann

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 4708 /
(65) 6264 0148
Email: 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

AUDITOR

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 Ltd
Malayan Banking Bhd
AmBank Bhd
TMB Bank Public Co Ltd
Bangkok Bank Public Co Ltd
The Hongkong and Shanghai Banking Corporation Ltd

LETTER TO SHAREHOLDERS

Stamford Tyres will carry on "Building On Its Strengths"

Dear Shareholders,

FY2014 was a challenging year for the Group. This was caused by the depreciation of the African Rand and the Indonesian Rupiah. As a result, the Group chalked up a full year net profit of $10 million for FY2014, down 14 per cent year-on-year from $11.6 million in FY2013. The Group's total turnover decreased from $317.5 million in FY2013 to $290.6 million for FY2014, a drop of 8.5 per cent. The decrease was primarily due to the softening demand for Sumo Firenza tyres in Europe, and mining tyres in Indonesia and South Africa.

However, the Group managed to increase its gross profit margin to 22.8 per cent as compared with 21.4 per cent in FY2013. This increase was achieved as a result of lower cost of sales and continued higher contributions from value-added services at its retail chain and truck tyre centres..

Gross profit for FY2014 was $66.2 million in FY2014 as compared to $68.1 million in FY2013. In line with its cost reduction strategy, the Group recorded a 14.5 per cent decline in operating expenses from S$67.4 million in FY2013 to S$57.6 million in FY2014, resulting in higher operating profit in FY2014. This was commendable given the challenging environment we operate in.

The Group's strategy of rationalising its current assets and optimising its product mix helped to generate net operating cash flow of $34.4 million as compared to $17.4 million in FY2013.

On a diluted basis, the Group's earnings per ordinary share decreased from 4.92 cents for FY2013 to 4.25 cents for FY2014. As at 30 April 2014, the Group's net asset value per ordinary share stood at 52 cents, compared to 51.04 cents as at 30 April 2013.

BUSINESS PROSPECTS

In April this year, we opened our new Commercial Centre which is located next to our existing premises. The new Commercial Centre houses a tyre warehouse, truck tyre centre and tyre retreading plant. These added facilities will play an instrumental role in building our core markets in South East Asia. The Commercial Centre will help Stamford Tyres increase its operational capacity and efficiency. With the Commercial Centre, we are now not only Singapore's largest independent tyres and wheels distribution centre but also one of the largest in the region. This will enable us to provide support for the expansion of our tyre management businesses in the South East Asia region.

Looking ahead, Stamford Tyres will continue to further tighten its operational costs and provide more value-added services to maintain its profit margin. The opening of Stamford Tyres Commercial Centre will ensure the Group's ability to optimise its product mix which will enhance its overall performance.

We have an extensive distribution network in addition to the strong ties we have fostered with our principals. Our distribution centres, mainly in South East Asia, Australia, India and Africa, span more than 10 countries worldwide. For our proprietary brands of tyres such as Sumo Tyres, Sumo Firenza and SSW wheels, our export network spreads out over more than 90 countries including Eastern Europe, Western Europe, Africa, Latin America and the Middle East. Our presence reaffirms our position as one of the largest tyres and wheels distributor in the region.

REWARDING OUR SHAREHOLDERS

The Directors have recommended a first and final dividend of 1.5 cents per ordinary share for 235,586,244 shares, which, if approved at the Annual General Meeting, will be paid to shareholders on 18th of September 2014.

APPRECIATION

On behalf of the Board, I would like to extend our appreciation to our customers, suppliers, business associates and bankers for their unwavering support. To the management and staff, thank you for your loyalty, dedication and commitment that have driven the Group to what it is today. My appreciation also goes to my fellow directors on the Board for their invaluable counsel and guidance during the past year.

Last but not least, I would like to thank our shareholders and investors for their continued support and confidence in the Group. It is in this spirit that Stamford Tyres will carry on "Building On Its Strengths".

Mr Wee Kok Wah
President

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BOARD OF DIRECTORS

1. MR SAM CHONG KEEN
Non-Executive Chairman

Following his invaluable contributions while on the Board when Comfort Group Limited was a substantial shareholder, Mr Sam was appointed as an Independent Director of Stamford Tyres Corporation Limited in 1994. On 23 August 2012, Mr Sam was appointed as Non-executive Chairman of Stamford Tyres Corporation Limited. Mr Sam is also Chairman of the Remuneration Committee and Nominating Committee and sits on the Board's Audit 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) and Intraco Limited as well as CEO positions at Comfort Group Limited, VICOM Limited, Lion Asiapac Limited, Lion Teck Chiang Limited, Xpress Holdings Limited 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 Cooperative Federation.

2. 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 first Stamford Tyres entity in the 1930s as a petrol pump service station and tyre retail shop. Using his stellar business acumen and relentless passion, Mr Wee went on to steer Stamford Tyres to a public listing in 1991, and steadily expanded its business into what it is today - an international 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. Highly regarded in the tyre industry and the business world, he was selected as a finalist for the Ernst & Young Entrepreneur of the Year award (under the category of Services and Business products) in 2004, 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).

3. MRS DAWN WEE WAI YING

Executive Director

Mrs Dawn Wee Wai Ying, the spouse of Mr Wee Kok Wah and his supportive business partner, has been a Director of the Stamford Tyres Group since 1982 playing a key role in the Group's operations. Recognised as a thought leader, she supports and cross leads functional teams and 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.

4. MR TAY PUAN SIONG, JP

Independent Director

Mr Tay Puan Siong, JP has been an Independent Director of Stamford Tyres Corporation since 1994. He chairs the Audit Committee and is a member of the Nominating Committee. He is a Director of two other public companies, 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 was appointed a Justice of the Peace in 1995.

5. MR GOH CHEE WEE

Independent Director

Mr Goh Chee Wee was appointed as an Independent Director of Stamford Tyres Corporation in 2003, after his appointment as a nominated director of substantial shareholder Comfort Group Ltd in 1998. He is also a member of the Stamford Tyres Remuneration Committee. Mr Goh is a Director of a number of public-listed companies, namely, Beng Kuang Marine Ltd, Chip Eng Seng Corporation Ltd, King Wan Corporation Ltd, Sin Ghee Huat Corporation Ltd and Sinotel Technologies Ltd 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.

6. MR LESLIE MAH KIM LOONG
Independent Director

Mr. Leslie Mah was appointed as an Independent Director of Stamford Tyres Corporation on 1 December 2012 and sits on the Board's Audit Committee. Mr. Mah served as the Executive Director of Eu Yan Sang International Ltd prior to his retirement in 2009. He served as Company Secretary and Executive Director of Cerebos Pacific Ltd. from 1986 to 2001. Prior to Cerebos, he served as Finance Director of Harpers Gilfillan for 10 years. He is Non-Executive Independent Director of Hotel Properties Ltd., Goodpack Ltd., and Lam Soon (M) Bhd. Mr Mah was an Independent Director of Falcon Energy Group Limited. He is a Fellow of the Institute of Chartered Accountants in England & Wales.

7. MR KAZUMICHI MANDAI
Independent Director

Mr Kazumichi Mandai was appointed as an Independent Director of Stamford Tyres Corporation on 1 December 2012. Mr Mandai started his career with Sumitomo Rubber Industries Ltd (SRI) in 1974 after graduating from Kobe City University of Foreign Studies. In 2002, he was appointed as Managing Director of Sumitomo Rubber Asia (Tyre) Pte. Ltd, Singapore, a position he held till 2007. In 2007 to 2008, Mr Mandai served as Sales Director of SRI Tire Trading Co., Tokyo. During that year, Mr Mandai completed a MBA course under SRI's Internal Curriculum run by Globis Management Institute, Tokyo. In 2009, Mr Mandai was appointed as President of Sumitomo Rubber Latin America LTDA, Chile. Mr Mandai held this position until he reached his maximum age for retirement from Sumitomo Rubber Industries Ltd in 2011.

8. 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 and Remuneration 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 from 2003-2007 as a Family Physician and previously worked as a Broadcast Correspondent for Singapore Press Holdings from 2000-2003. In 2006, she received the Minister of Health award 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. Since 2012, she works in Healthcare Management at Parkway Pantai Limited.

9. MR CHUA KIM YEOW
Senior Advisor

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 Corporation until 28 September 2001. From 9 January 2002, he was re-appointed and 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.

Mr Chua Kim Yeow retired from the Board of Stamford Tyres Corporation on 23 August 2012 as Non-executive Chairman and Chairman of Remuneration Committee as well as member of Audit Committee. He stayed on as a Senior Advisor to the Board and Management upon his retirement from the Board.

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.

AND SENIOR ADVISOR

MANAGEMENT TEAM

1. CHAM SOON KIAN
Executive Vice President
CEO of Malaysia

Soon Kian joined Stamford Tyres in 1991 as a management trainee. The following year, he was assigned to Malaysia to head the Malaysian operations. Under his leadership, the Malaysian operations grew to become an integrated set-up with value-added services including retail, fleet tyre management and retread facilities. Soon Kian was promoted to Senior Vice President in 2006 and rose to the position of Executive Vice President in 2014. In addition to overseeing the Malaysian operations, he also supervises the Group's operations in Indonesia. Soon Kian was an ASEAN scholar and graduated with a Bachelor of Accountancy degree from the National University of Singapore. He is also an active member of the Selangor & Federal Territory Tyre Dealers and Retreaders Assocation.

2. PATRICK JAMES BERRIMAN
Senior Vice President
Head of Singapore Operations

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 currently overseeing the development of sales and distribution of the Group's new joint venture in India with Sumitomo Rubber Industries. 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.

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

Clare joined Stamford Tyres in 1994. She was appointed Senior Vice President in 2006 and is in charge of the Group's supply chain management system and operations in China. With more than 20 years of experience in purchasing, Clare is also responsible for 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.

4. CONSON TIU SIA
Senior Vice President
Head of South Africa Operations

Conson began his career with Stamford Tyres in 1993, heading the Group's operation in the Philippines. He was the Group Chief Financial Officer from 2001 to 2013. Conson being equipped with operations and financial experiences is now overseeing the expansion and development of the Group's South Africa operations. He holds a Bachelor of Science in Commerce from the University of Santo Tomas, Philippines and is a Certified Public Accountant.

5. COLIN CHOO NEE ANN
Senior Vice President
Head of Thailand Operations

Colin Choo was promoted to Senior Vice President in April 2014, overseeing all the divisions of Stamford Tires Distributor Co. Ltd and Stamford Sport Wheels Co. Ltd, which are the subsidiaries in Thailand. He joined Stamford Tyres in 2002 and was appointed as General Manager of Stamford Tires Distributor Co. Ltd in 2005.

Colin graduated from the International Islamic University with a Bachelor of Accounting (BACC) in 1994. The following year, he was awarded the Chartered Association of Certified Accounts (ACCA). With his vast experience as an accountant, he was made a Member of the Malaysian Institute of Accountants (MIA). In 1998, Colin obtained the Malaysian Association of Certified Public Accountants (MICPA).

6. FRANK NG TSE LIM
Group Financial Controller

Frank joined the Stamford Tyres Group as Finance Manager in September 2008. In 2013, Frank was elevated to the position of Group Financial Controller. He is currently responsible for the Group's financial operations which include compliance with accounting and regulatory standards, and corporate governance. He plays a critical role in ensuring the smooth operation of the Group's risk and management framework which covers finance, operations, statutory compliance and information technology.

Frank holds a Bachelor of Business, Double Major in Accounting and Information Technology (University of Technology, Sydney, Australia) and is also a Certified Public Accountant since 2005.

SENIOR PERSONNEL

1. LARRY LEE HSIN MIAO
Head of International Distribution
Stamford Tyres International Pte Ltd

2. JOHN ANG SZE HIAN
Head of Retail
Stamford Tyres International Pte Ltd
STC Tyre Mart Sdn Bhd

3. IVAN REIJAN RAJOO
Head of Fleet
Stamford Tyres International Pte Ltd

4. WONG SIEW PENG
Head of Wholesale
Stamford Tyres International Pte Ltd
Stamford Tyres (B) Sdn Bhd - Brunei
Stamford Tyres Vietnam Co Ltd

5. BRIAN U'REN
Vice President, President's Office
Stamford Tyres International Pte Ltd

6. ERWIN CHUA
General Manager
PT Stamford Tyres Distributor Indonesia & PT Stamford Tyres Indonesia

7. KASEM BURETJITTINUN
General Manager
Stamford Tires Distributor Co Ltd
Thailand

8. ANDRE SMUTS
National Sales Manager
Stamford Tyres (South Africa) Pty Ltd

9. BOB SUTTON
Country General Manager
Stamford Tyres (Australia) Pty Ltd

10. GLADYS BARRIOS
Deputy General Manager
Stamford Sport Wheels Co Ltd
Thailand

11. CHNG LEE LEE
Finance Manager
Stamford Tyres (M) Sdn Bhd
Malaysia

12. JUNE ER CHUI HOON
OSB Manager
Stamford Tyres Corporation Ltd
Singapore

OUR PRODUCTS

OUR PREMIUM BRANDS

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

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

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

Stamford Tyres distributes Continental in Singapore, Brunei and Indonesia.

Toyo is a major Japanese brand for Truck & Bus Radial, Mining & Logging tyres for the mining industry. Toyo tyres are particularly well-accepted in South East Asia. Stamford Tyres distributes Toyo commercial tyres in Singapore, Brunei, Malaysia and Indonesia.

Maxam is a niche tyre manufacturer, specialising in tyres for the construction and mining industries since the mid-1950s and, with its HQ in Luxembourg, European design and technical experience and a cost-effective manufacturing base. Personnel from Europe are based on site and the factory is equipped with modern, state-of-the-art technology and machinery.

On the product front, Maxam has recently introduced ranges of industrial and construction tyres for applications such as skid steer, backhoes and forklifts, plus there are some exciting innovations in the pipeline. Maxam have complete range of giant radial OTR tyres, for rims up to 57" in diameter.

Stamford Tyres distributes Maxam in Southeast Asia, Southern Africa and Australia.

OUR PROPRIETARY BRANDS

Stamford Sport Wheels, or SSW, is our proprietary brand of alloy wheels. Our wheels are designed, manufactured and tested in-house. Our designers have created a line of wheels that offer exciting style, looks and road performance. SSW has models with diameters of 13" to 26" tailored for passenger cars and SUVs. Our wheels are produced in Thailand using the latest low pressure and tilt gravity casting methods and in accordance with internationally recognized quality and safety standards.

ISO / TS 16949 : 2002

Sumo Firenza is our proprietary 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, Middle East, Africa, Latin America, Australia, South Africa and Asia.

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.

OUR PRESENCE

SINGAPORE

SUBSIDIARIES

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

MALAYSIA
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Section U1 Hicom Glenmarie Industrial Park
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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: admin@stamfordtyresthailand.com

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

PT Stamford Tyres Indonesia
Jl. Kuala Kuningan, L.I.P.
Kuala Kencana
Timika – Papua 99920,
Indonesia
Tel: +62 901 301889
Fax: +62 901 301889
E-mail: ptsti@stamfordtyresind.com

HONG KONG / CHINA
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No. 200 Tai Tong Road,
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Yuen Long, N.T., Hong Kong
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Fax: +852 2406 7100
Email :general@stctyreshk.com

AUSTRALIA
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Unit 1 ,1 Dupas Street,
Smithfield
NSW 2164, Australia
Tel: +61 2 9756 5355
Fax: +61 2 9756 5388
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 Balapur, Navi Mumbai
400614 India Maharashta
Tel: +91 22 3192 7771 /2 /3 /4
E-mail: stamfordindia@stamfordtyres.com

SOUTH AFRICA
Stamford Tyres (Africa) (Pty) Ltd
Unit 3, The Pavillon
Central Park, Century City
7441
Cape Town, South Africa
Tel: +27 11 393 7122
Fax: +27 21 555 2365
E-mail: stamfordsa@mweb.co.za

Stamford Tyres Durban
No. 9 Leeukop Road
Mahogany Ridge
Pinetown
Durban
Tel: +031 700 3092
Fax: +031 700 5942

Stamford Tyres Johannesburg
C/O Horn Street & Brine Ave
Chloorkop Extension 1
Johannesburg
Tel: +011 393 7122/4/5
Fax: +011 393 7123

VIETNAM
Stamford Tyres Vietnam Company Limited
4th Floor No. 20/13
Nguyen Truong To Street,
District 4 HCM City, Vietnam
Tel: +84 8 3943 0558 /
+84 8 6686 4900
Fax: +84 8 3943 0557

BRUNEI
Stamford Tyres (B) Sdn Bhd
Unit 5 & 6 Lot No 47701 EDR
No BD40018
Spg 128-11-26 Jalan Tungku Link
Kg. Pangkalan Gadong,
Bandar Seri Begawan
Negara Brunei Darussalam
Tel: +673 2428194
Fax: +673 2428094

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: +662 967 7109
Fax: +662 985 5847
E-mail: sales@stamfordwheels.com

JOINT VENTURE COMPANY

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

INDIA
Falken Tyre India Private Limited
Unit No 405, Centrum Plaza
Golf Course Road,
Sector 53 Gurgaon,
Haryana 122002 India
Tel: +91 0124-4638989

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

MALAYSIA

THAILAND, STAMFORD SPORT WHEELS

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

Kaki Bukit Mega Mart
10 Kaki Bukit Road 2
#01-11 & 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 Autopoint
Singapore 568047
Tel: +65 6483 3355
Fax: +65 6481 5370
*Closed on Sunday

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

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 & 139
No. 18 Sin Ming Lane
Singapore 573972
Tel: +65 6284 3355
Fax: +65 6659 9057
*Closed on Sunday

Singapore Tyre Mart Express
Macpherson (Shell)
259 Macpherson Road
Singapore 348584
Tel: +65 6288 5332
Fax: +65 6228 4573

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

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E-mail: enquiry_my@stamfordtyres.com

INDONESIA

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Tel: +62 21 451 5682 / 450 4388
Fax: +62 21 450 4384
E-mail: enquiries@stamfordtyresind.com


BRUNEI

THAILAND

INDONESIA

FINANCIAL AND OPERATIONS REVIEW

For the financial year ended 30 April 2014, the Group achieved total revenue of S$290.6 million which was 8.5% lower than the previous year. The distribution of tyres and wheels accounted for 88% of the Group's revenue while 12% was derived from the manufacturing of wheels. Demand for major brand tyres that the Group distributes namely, Falken and Continental, continues to remain strong.

The demand for our SSW proprietary brand wheels continues to grow in both domestic and international markets. However, the overall revenue was lower due to the softening demand for Sumo Firenza proprietary brand tyres in the export markets, particularly in Europe. The lower revenue for the mining tyres was a result of a decrease in mining activities in Indonesia and South Africa.

The Group generated S$66.2 million in gross profit, down 2.7% compared to the previous year.

Gross profit margin, however, increased to 22.8%, as compared to 21.4% in the previous year. The improvement in gross profit margin was attributable to the following reasons:

- Higher contributions from value-added services at its retail chain and truck tyre centres.
- Turnaround in wheel plant operations attributable to better sales mix.
- Strengthening of the domicile currency resulting in lower cost of sales in its tyre distribution segment.

Cost reduction efforts undertaken during the year lowered operating costs by 14.5% to S$57.6 million as compared to the previous year. Included in this was a S$1.7 million allowance made for doubtful receivables from a defaulting mining customer in Indonesia. Despite the reduction in operating costs, the lower revenue and the one-off doubtful receivables during the year resulted in net profit attributable to shareholders declining by 13.3% to S$10 million from S$11.6 million in the previous year.

The Group's FY2014 dividend of 1.5 cent per share translates into a payout ratio of 35%.

THE GROUP

The Group has distribution centres in 11 countries with its network growing beyond 5,000 dealers. They are located in Singapore, Malaysia, Thailand, South Africa, Indonesia, Australia, India, Vietnam, Brunei, Hong Kong and China.

SINGAPORE

In addition to the revenue contribution from our retail chain and truck tyre centres, tyres and wheels that are exported to the countries apart from those mentioned above, are accrued as revenue from Singapore.

Exports and local wholesaling, as well as sales from our retail chain and truck tyre centres in Singapore, generated revenue of S$102.1 million in FY2014, down 7.5% as compared to the previous year. They contributed 35% to the Group's revenue.

MALAYSIA

Malaysia remained a significant market to the Group, with revenue contribution of S$89.4 million in FY2014, or 31% to the Group's revenue. The Group is looking to build on its distribution and warehousing capabilities in Malaysia. Our dealers' network for Falken tyres had grown to 900. We plan to further expand our truck tyres, SSW rims sales and distribution network in Malaysia.

THAILAND

We have two operating subsidiaries in Thailand:

- Stamford Sport Wheels Co Ltd ("SSW"), which operates two factories manufacturing aluminium alloy wheels; and
- Stamford Tires Distributor Co Ltd ("STD"), a wholesaler of tyres and wheels.

There was a growing demand for SSW products in Southeast Asia, mainly in Thailand. This helped to improve SSW's profitability. The improved profitability was also due to the following:

- Higher price per wheel;
- Lowering of production costs; and
- Optimisation of the product mix

SSW generated revenue of S$13.9 million, representing an increase of 13% from the previous year.

Revenue from STD was S$22.7 million, down 3.4% year-on-year. Our dealers' network for Falken and SSW had grown to 700 with improvements in product range.

Combined, our Thailand subsidiaries generated revenue of S$36.6 million, a 2.2% increase compared to the previous year. These two subsidiaries contributed 12.6% to the Group's revenue.

We are continually working with our principals to improve both product and pricing support, so as to maximise our revenue contribution potential.

SOUTH AFRICA

In South Africa, we have three major warehouses in three cities (Cape Town, Durban and Johannesburg) and two satellite warehouses in smaller cities (Port Elizabeth and Bloemfontein). Our dealers' network in South Africa had grown to approximately 700 in FY2014.

Foreign exchange fluctuations remained the biggest challenge as the South African Rand (ZAR) depreciated 15% against the Singapore Dollar in FY2014. We had completed the conversion of foreign currency denominated intercompany loans into equity in Q3FY14 and we are actively managing our foreign currency hedge against the ZAR.

South Africa generated revenue of S$29.6 million, down 11.4% year-on-year. However, revenue in local currency terms grew 4% year-on-year and contributed 10% to the Group's revenue. The strengthening of domicile currency had also impacted our gross profit margin in South Africa.

INDONESIA

The Group is now focusing our efforts to capitalise on the strong consumer demand in Indonesia and to strengthen our passenger tyre and wheels distribution network. Just as in Thailand, we are also continually working with our principals to improve both product and pricing support in Indonesia so as to maximise the revenue contribution potential.

Indonesia generated revenue of S$14.4 million, down 33.6% year-on-year, due to lower sales of high-value mining tyres, accentuated by lower mining activities.

OTHERS

Revenue from countries in Australia, Hong Kong, Vietnam and Brunei contributed to the remaining S$18.4 million, or 6.3% of the Group's revenue.

STRONGER BALANCE SHEET

Net cash inflows from operating activities improved to S$34.4 million in FY2014 compared to S$17.4 million in the previous year. This was attributable to the Group's continued rationalisation of its current assets - namely inventories and trade receivables - and optimising its product mix.

As at 30 April 2014, the cash and cash equivalents stood at S$18.6 million, compared to S$21.6 million in the previous year.

Net assets increased to S$122.5 million from S$120.2 million in the previous year. In line with lower inventory levels, trade payables and trust receipts decreased to S$84.1 million from S$95.1 million in the previous year. Consequently, net gearing was further lowered to 0.80 as at 30 April 2014 compared to 0.92 a year ago.

STRATEGY

The economic outlook remains weak especially in Europe as it is affected by high unemployment and falling consumer spending power. However, Asia is still the growth region and we will concentrate on building our distribution capabilities in Asia, particularly in Southeast Asia.

Going forward, the Group will focus on its core strength in the distribution of tyres and wheels. In addition, we will do the following:

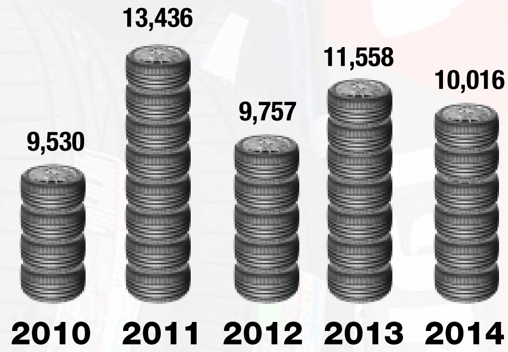
- Widen our product range with other major brands;
- Deliver timely response to market needs and trends;
- Expand our distribution network; and Increase market penetration for our proprietary brands.

Although the international markets are highly competitive, the Group is confident of meeting the challenges. The Group is strengthening its development capabilities and widening its offtake sources to include Vietnam and Thailand, as an alternative to China. We will also continue to maintain our focus on providing more value-added services at our Stamford Tyres retail chain and truck tyre centres. Last but not least, the Group will also continue to focus on providing total tyre management services for our commercial fleet and earthmover segments.

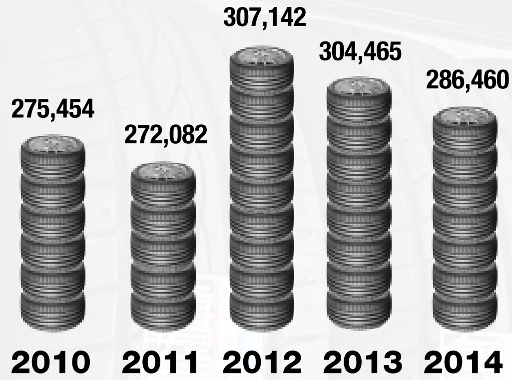
FINANCIAL HIGHLIGHTS

GROUP TURNOVER (S$'000)

PROFIT AFTER TAX (S$'000)



TOTAL ASSETS (S$'000)



RETURN ON SHAREHOLDERS' EQUITY (%)


STAMFORD TYRES
LXF-2
LXM-1
LXS-1
SOLEIL
EXCLUSIVE EDITION

Corporate Governance

Stamford Tyres Corporation Ltd ("the Company") is committed to high standards of corporate governance within the Company and its subsidiaries (the "Group") to ensure that effective self-regulation practices are in place to enhance corporate performance and accountability and preserve the interest of all stakeholders. This Report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2012 (the "Code 2012").

Board Matters
Principle 1 : Board's Conduct of Affairs

The Board of Directors (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 the operating and financial performance and oversees the processes for risk management, financial reporting and compliance and evaluating the adequacy of internal controls. It approves nominations to the Board. Matters specifically reserved for Board's decisions are those involving material acquisitions and disposal of assets, corporate or financial restructuring, share issuances and dividends. The Board has adopted a set of internal guidelines on these matters. The Board has delegated specific responsibilities to the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") to assist in the execution of its responsibilities. Each Committee has its own written terms of reference which clearly sets out its objectives, duties, powers and responsibilities and which has been amended to be in line with the Code 2012. Minutes of all Board Committees are circulated to the Board so that directors are aware of and are kept updated as to the proceedings and matters discussed during the Committee meetings.

Directors are regularly updated on the Group's business, and regulatory and industry specific environments in which the Group operates. Directors also have the opportunity to visit the Group's operational facilities here and overseas and meet with Management to gain a better understanding of the Group's global business operations. The Board as a whole is updated regularly on risk management, corporate governance and key changes in the relevant regulatory requirements and accounting standards. Appropriate external trainings will be arranged where necessary.

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.

The Board conducts regular scheduled meetings on a quarterly basis. 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.

Newly-appointed directors are each given a formal letter explaining his duties and obligations as a director. They will also be briefed on the Group's business, its strategic directions as well as its corporate governance policies. Orientation programmes and familiarisation visits are organised, if necessary, to facilitate a better understanding of the Group's operations.

The Board has separate and independent access to the Company Secretary at all times. The Company Secretary attends Board and Committees' meetings and is responsible for ensuring that Board procedures are followed. The Company engages independent professionals where necessary, which the Board may access for advice.

Corporate Governance (Cont'd)

Principle 2 : Board Composition and Guidance

The Board comprises eight directors as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Sam Chong Keen	Chairman	Member	Chairman	Chairman
Wee Kok Wah	Member	-	Member	-
Dawn Wee Wai Ying	Member	-	-	-
Tay Puan Siong	Member	Chairman	Member	-
Goh Chee Wee	Member	-	-	Member
Dr Wee Li Ann	Member	Member	-	Member
Leslie Mah Kim Loong	Member	Member	-	-
Kazumichi Mandai	Member	-	-	-

Mr Sam Chong Keen is the non-executive and independent Chairman. The President, Mr Wee Kok Wah and the Executive Director, Mrs Dawn Wee Wai Ying are both executive directors. Dr Wee Li Ann is the non-executive director. Mr Tay Puan Siong, Mr Goh Chee Wee, Mr Leslie Mah Kim Loong and Mr Kazumichi Mandai are the non-executive and independent directors.

The Company's Articles of Association permit the directors to attend meetings through the use of audio-visual communication equipment.

Directors' Attendance at Board & Committee Meetings held since May 2013

	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
Sam Chong Keen	4	4	4	4	1	1	2	2
Wee Kok Wah	4	4	-	-	1	1	-	-
Dawn Wee Wai Ying	4	4	-	-	-	-	-	-
Tay Puan Siong	4	4	4	4	1	1		
Goh Chee Wee	4	3	-	-	-	-	2	2
Dr Wee Li Ann	4	4	4	4	-	-	2	2
Leslie Mah Kim Loong	4	4	4	4	-	-	-	-
Kazumichi Mandai	4	4	-	-	-	-	-	-

There is a strong and independent element on the Board. 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 NC considers the Board's present size and composition appropriate taking into account the nature and scope of the Group's operations, the depth and breadth of knowledge, expertise and business experiences of the directors to govern and manage the Group's affairs and that a majority of Board is independent. The NC reviews the size of the Board from time to time.

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

Corporate Governance (Cont'd)

Principle 3 : Chairman and President

The Chairman is a non-executive appointment and is separate from the office of the President. There is a clear segregation of the roles and responsibilities between the Chairman and the President. The Chairman and President are not related.

The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, including the responsibilities of scheduling and setting agendas for Board meetings and 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, including making key day-to-day operational decisions.

Principle 4 : Board Membership
Principle 5 : Board Performance

The NC comprises three directors, two of whom, including the Chairman, are independent directors. The Committee Chairman is Mr Sam Chong Keen and the other members are Mr Tay Puan Siong and Mr Wee Kok Wah.

The NC's key terms of reference describe its responsibilities and these include:

- reviewing and assessing candidates for directorships (including executive directorships) before nominating such candidates to the Board for approval;
- reviewing and recommending to the Board the re-election and re-appointment of directors under the retirement provisions in accordance with the Company's Articles of Association at each annual general meeting ("AGM") and under Section 153(6) of the Companies, Act, Chapter 50;
- reviewing the composition of the Board annually to ensure that the Board has an appropriate balance of independent directors and ensuring an appropriate balance of expertise, skills, attributes and abilities on the Board;
- reviewing and determining annually if a director is independent in accordance with the Code 2012 and any other salient factors;
- where a director has multiple board representations, deciding whether the director is able to and has been adequately carrying out his duties as director; and
- reviewing the succession plan for directors and key executives of the Group.

The Board, through the delegation of its authority to the NC, 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 NC has reviewed and recommended their appointment.

Corporate Governance (Cont'd)

The NC recommends all appointments and re-nominations of directors to the Board and Board committees. The Company's Articles of Association provide for one-third of the directors to retire by rotation and be subject to re-election at every AGM. A newly appointed director must also subject himself to retirement and re-election at the AGM immediately following his appointment. The NC, in considering the nomination of any director for re-election will evaluate the performance of the director involved.

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

As at 30 April 2014, three independent directors have served on the Board for more than nine years. They are Mr Sam Chong Keen, Mr Tay Puan Siong and Mr Goh Chee Wee. The NC takes the view that a director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management in the best interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent directors. However, the Board and NC will exercise due and careful review, taking into consideration other factors, in assessing the independence of a director. These factors include, inter alia, if the director has any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise his independence and interfere with the exercise of his independent business judgment with a view to the best interest of the Group. After due and careful rigorous review, the Board is of the view that the three independent directors remain independent in their exercise of judgment and objectivity in Board matters.

After due consideration and careful assessment, the NC and the Board are of the view 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.

The NC 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. In its evaluation, the NC considers the expertise and experience of each Board member, their attendance, participation and contributions to the Board both inside and outside of Board meetings 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 NC has assessed that each director in the Company is able to and has been adequately carrying out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. The NC, with concurrence from the Board, is of the view that it would not presently be necessary to set an arbitrary limit or cap on the number of directorships which a director could hold, because such a cap, if determined, would have to depend on factors such as the sizes of the various companies concerned and the respective roles the individual directors play in them. The Committee also took into consideration the Company's existing regime of directors being assessed by each other as an additional check and balance on the performance of individual directors and that a director should have self-responsibility to determine whether he was able to discharge his duties properly and effectively as a director when taking on additional listed company board seats.

The NC has recommended the re-election of Mr Sam Chong Keen and Mr Goh Chee Wee, who are retiring by rotation pursuant to Article 99 of the Company's Articles of Association and the re-appointment of Mr Leslie Mah Kim Loong who is retiring by rotation pursuant to Section 153(6) of the Companies Act, Chapter 50 at the forthcoming AGM. The retiring directors have offered themselves for re-election/re-appointment. Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested. The Board has accepted the recommendations of the NC.

Corporate Governance (Cont'd)

Key information of each director is set out on pages 4 to 6 of this report and the dates of their initial appointment and last re-appointment/re-election are set out below:

Name of Director	Date of initial appointment	Date of last re-appointment/re-election
Sam Chong Keen	9 Dec 1994	23 Aug 2012
Wee Kok Wah	11 Oct 1989	N.A.*
Mrs Dawn Wee Wai Ying	11 Oct 1989	28 Aug 2013
Tay Puan Siong	2 Jun 1994	23 Aug 2012
Goh Chee Wee	29 Oct 1998	31 Aug 2011
Dr Wee Li Ann	9 Dec 2009	28 Aug 2013
Leslie Mah Kim Loong	1 Dec 2012	28 Aug 2013
Kazumichi Mandai	1 Dec 2012	28 Aug 2013

** Managing Director not subject to retirement by rotation (Article 94 of the Company's Articles of Association)*

Principle 6 : Access to Information

Directors are given independent and full access to the Management team and Company Secretary, all Board and Board Committees' minutes and all approval and information papers. In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circular resolutions in writing for the directors' approval together with supporting memoranda to enable the directors to make informed decisions. The Company supports the directors, either individually or as a group, if they require independent professional advice in furthering their duties to the Company.

Remuneration Matters

Principle 7 : Procedures for Developing Remuneration Policies
Principle 8 : Level and Mix of Remuneration
Principle 9 : Disclosure on Remuneration

The RC comprises two non-executive and independent directors, and a non-executive director. It is chaired by Mr Sam Chong Keen and the members are Mr Goh Chee Wee and Dr Wee Li Ann.

The RC's key terms of reference describe its responsibilities and these include:

- recommending to the Board, in consultation with the Board Chairman, for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of the directors and key executives of the Group;

- recommending specific remuneration packages for each of the directors and the executive directors;

- in the case of service agreements, considering what compensation commitments the directors' or key executives' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance and to recognise the duty to mitigate loss;

- approving performance targets for assessing the performance of each of the key executive of the Group and recommending such targets as well as employee specific remuneration packages for each of such key executive for endorsement by the Board; and

- administering the share incentive plans of the Company, if any.

Corporate Governance (Cont'd)

The RC reviews and recommends to the Board the framework of remuneration for key executives and for directors serving on the Board and Board Committees. The review of specific remuneration packages includes fees, salaries, bonuses and incentives. It also administers the Company's Employee Share Option Scheme. Remuneration for key executives are based on corporate and individual performance with certain key executives entitled to profit-sharing bonuses based on certain profit on a realized basis. There are appropriate and meaningful measures in place for the purposes of assessing the performance of the executive directors and key management personnel. 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.

In performing its function, the RC endeavours to establish an appropriate remuneration policy to attract, retain and motivate the executive directors and key management personnel whilst at the same time ensuring that the reward in each case takes into account individual performance as well as corporate performance.

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 AGM.

The RC 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 Directors' Report.

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the specific remuneration of each individual director and the Group's key management personnel (who are not directors) is not in the best interests of the Company and therefore shareholders. Inter alia, the Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in and the irrevocable negative impact such disclosure may have on the Group.

Details of remuneration and benefits of directors for the financial year ended 30 April 2014 which will provide sufficient overview of the remuneration of directors are set out below:

	Directors' Fees*	**Fixed salary and benefits**	**Performance related Bonus**	**Total**
	%	**%**	**%**	**%**
Executive Directors				
Between $1,000,000 and $1,250,000				
Wee Kok Wah	-	42	58	100
Between $500,000 and $750,000				
Mrs Dawn Wee Wai Ying	-	63	37	100
Non-Executive Directors				
Below $250,000				
Sam Chong Keen	100	-	-	100
Tay Puan Siong	100	-	-	100
Goh Chee Wee	100	-	-	100
Dr Wee Li Ann	100	-	-	100
Leslie Mah Kim Loong	100	-	-	100
Kazumichi Mandai	100	-	-	100

** Directors' Fees are subject to shareholders' approval at the AGM to be held on 29 August 2014.*

Corporate Governance (Cont'd)

Key Management Personnel

In the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company has weighed the advantages and disadvantages of the disclosure relating to the remuneration of the 5 top key management personnel (who are not directors) of the Group for the financial year ended 30 April 2014 and believe that such disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. Their profiles are found on page 7 of this Report.

Immediate family members of Directors:

There is no employee who is an immediate family member of a director or the President and whose remuneration exceeded S$50,000 in the Group's employment for the financial year ended 30 April 2014.

Accountability and Audit

Principle 10 : Accountability
Principle 11 : Risk Management and Internal Controls
Principle 12 : Audit Committee
Principle 13 : Internal Audit

The Board is mindful of the obligation to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects including information on all major developments that affect the Group and strives to maintain a high standard of transparency.

The AC comprises three non-executive and independent directors and a non-executive director. It is chaired by Mr Tay Puan Siong and the members are Mr Sam Chong Keen, Mr Leslie Mah Kim Loong and Dr Wee Li Ann. The AC has full authority to investigate matters relating to the Group and any matters within its terms of reference.

The AC's key terms of reference describe its responsibilities and these include:

- assisting the Board in discharging its statutory responsibilities on financing and accounting matters;
- reviewing significant financial reporting issues and judgements to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- reviewing and evaluating with internal auditors, the adequacy and effectiveness of the system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and framework;
- reviewing any interested person transactions as defined in the Listing Manual;
- appraising and reporting to the Board on the audits undertaken by the external auditor and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls;
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and internal auditors, and approving the remuneration and terms of engagement of the external auditor and internal auditors; and

Corporate Governance (Cont'd)

- reviewing whistle-blowing investigations within the Group and ensuring appropriate follow-up action, if required.

The internal audit function is outsourced to an external professional firm. The Internal Auditor conducts regular audit of internal control systems of the Group's companies, recommends necessary improvements and enhancements, and reports directly to the AC.

The AC reviews the scope, the audit plan, the results and effectiveness of the External and Internal Auditors and has met with the External Auditor and Internal Auditor separately without the presence of management for the year in review. To keep abreast of the changes in financial reporting standards and related issues which have a direct impact on financial statements, discussions are held with the External Auditor where applicable, when they attend the AC Meetings.

The AC 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 2014, is of the view that the independence of EY as External Auditor of the Company has not been compromised. The fee payable to the External Auditor is disclosed on page 65 of this Annual Report.

The AC 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 AC recommended to the Board the re-appointment of EY as External Auditor of the Group for the year ending 30 April 2015. 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.

As proper risk management is a significant component of a sound system of internal control, the Group has put in place a strategic enterprise risk management ("ERM") framework since FY2007. The Board recognises the importance of establishing a formal ERM Framework to facilitate the governance of risks and monitoring the effectiveness of internal controls.

In addition, the Group has set up an executive Risk Management Committee ("RMC") to oversee that appropriate risk management policies are put in place and there are processes to evaluate the risks monitored under the ERM framework. The RMC, comprising members of the Senior Management team, is responsible for setting the direction of corporate risk management and monitoring the implementation of risk management policies and procedures.

The RMC has established an enhanced risk management policy to provide guidance to Management on key risk parameters. The significant risks in the Group's business, including mitigating measures, were also reviewed by the RMC and reported to the AC and the Board. Risk registers are maintained by the business and operational units which identify the key risks facing the Group's business and the internal controls in place to manage those risks. These risks have been categorized as strategic, operational, financial or compliance risks and the main areas of financial risks faced by the Group are foreign currency exchange risk, interest rate risk, credit risk and liquidity risk.

The RMC together with the President and Group Financial Controller have confirmed to the AC and the Board the adequacy and effectiveness of the risk management system and internal controls.

Quarterly and full year results are reviewed by the AC prior to their submission to the Board as are interested person transactions that fall within the scope of Chapter 9 of the Listing Manual of the SGX-ST.

Corporate Governance (Cont'd)

The AC, 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, compliance and information technology controls and taking into consideration the risk management perspective.

The AC 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 Board has received assurance from the President and Group Financial Controller:

(a) that the financial records have been properly maintained and the financial statements give true and fair view of the Group's operations and finances; and

(b) regarding the effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditor, and the statutory audit conducted by the External Auditor, and reviews performed by Management, Risk Management Committee and various Board committees, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management, were adequate as at 30 April 2014 to meet the needs of the Group's existing business objectives, having addressed the risks which the Group considers relevant and material to its operations. While acknowledging their responsibility for the system of internal controls, the Directors are aware that such a system is designed to manage, rather than eliminate risks, and therefore cannot provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors or mis-statements, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

The AC has a "whistle blowing" or Corporate Ethics Compliance policy in place. The policy provides a channel for staff 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 and health & safety. Reports can be made on an anonymous basis directly to the AC. Appropriate investigation will be carried out and the informant (if not anonymous) will be informed of the results.

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.

Corporate Governance (Cont'd)

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 35 to the financial statements.

Communication with Shareholders

Principle 14 : Shareholders' Rights
Principle 15 : Communication with Shareholders
Principle 16 : Conduct of Shareholders' Meetings

The Company does not practise selective disclosure. 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. Results and the annual reports are announced or issued within the mandatory periods. To further enhance its communication with investors, the Company's website www.stamfordtyres.com allows the public to access information on the Group directly.

Shareholders are encouraged to attend the Company's general meetings to ensure a greater level of shareholder participation and for them to be kept up to date on the strategies and goals of the Group. The Board and Management are present at these meetings to address any question that shareholders may have concerning the Company. The external auditor is also present to assist the Board in answering 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 AGM, each distinct issue is voted via separate resolutions.

Corporate Governance (Cont'd)

For greater transparency, the Company has implemented poll voting since 2012. This entails shareholders being invited to vote on each resolution by poll, thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis. The voting results of all votes cast for, or against, each resolution is then announced at the meeting. The Company will continue to conduct the voting by poll at the forthcoming AGM. As authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, facsimile or email.

Dividend Policy

While the Company has not formally instituted a dividend policy, it has a good track record of paying annual dividends to shareholders. In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, inter alia, the Group's financial position, retained earnings, results of operations and cash flow, the Group's expected working capital requirements, the Group's expected capital expenditure and future expansion and investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend payout.

Internal Code on Dealings With Securities

The Group has adopted an internal code which prohibits the Company, directors and employees of the Group from dealings in securities of the Company 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; In addition, directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted period.

It also discourages dealings on short-term considerations. Directors and employees are required to report securities dealings to the Company Secretary who will assist to make the necessary announcements.

Interested Person Transactions

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

Directors' Report

The directors are pleased to present their report to the members 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 2014.

Directors

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

Sam Chong Keen	(Chairman)
Wee Kok Wah	(President)
Dawn Wee Wai Ying	(Executive Director)
Tay Puan Siong	
Goh Chee Wee	
Dr Wee Li Ann	
Leslie Mah Kim Loong	
Kazumichi Mandai	

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 1.5.2013**	**At 30.4.2014**	**At 21.5.2014**	**At 1.5.2013**	**At 30.4.2014**	**At 21.5.2014**
Ordinary shares of the Company						
Wee Kok Wah	39,181,554	41,699,554	41,699,554	49,551,319	49,551,319	49,551,319
Dawn Wee Wai Ying	13,637,567	13,637,567	13,637,567	75,095,306	77,613,306	77,613,306
Dr Wee Li Ann	10,000	10,000	10,000	10,000	10,000	10,000
Leslie Mah Kim Loong	–	–	–	1,150,000	1,150,000	1,150,000
Tay Puan Siong	2,500	2,500	2,500	2,500	2,500	2,500

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

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive 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.

Directors' Report (Cont'd)

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 Sam Chong Keen, Goh Chee Wee and Dr Wee Li Ann.

The Company did not grant any share options under the Scheme during the financial year ended 30 April 2014. 25,000 share options were forfeited during the year and 780,000 share options were outstanding as at 30 April 2014. The share options outstanding as at 30 April 2014 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
Clare Law Lay Kian	–	200,000	–	200,000

Directors' Report (Cont'd)

Audit Committee

The Audit Committee comprises non-executive and independent directors, Tay Puan Siong (who chairs the Audit Committee), Sam Chong Keen and Leslie Mah Kim Loong 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 auditor. 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 auditor's 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.

Auditor

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

On behalf of the Board of Directors,

Wee Kok Wah
Director

Dawn Wee Wai Ying
Director

Singapore
31 July 2014

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 2014 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
31 July 2014

Independent Auditor's Report

For the year ended 30 April 2014
To the Members of Stamford Tyres Corporation Limited

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 34 to 111, which comprise the balance sheets of the Group and the Company as at 30 April 2014, 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.

Independent Auditor's Report (Cont'd)

For the year ended 30 April 2014
To the Members of Stamford Tyres Corporation Limited

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 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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
Chartered Accountants
Singapore
31 July 2014

Consolidated Income Statement

For the year ended 30 April 2014
(In Singapore Dollars)

	Note	2014 $'000	2013 $'000 (Restated)
Revenue	4	290,615	317,462
Other revenue	5	2,669	669
Total revenue		293,284	318,131
Less: Costs and expenditure			
Cost of goods sold	6	224,396	249,406
Salaries and employees benefits	7	22,951	23,693
Marketing and distribution		8,444	10,416
Utilities, repairs and maintenance		5,725	5,923
Finance costs	8	4,309	5,387
Depreciation of property, plant and equipment		3,899	4,320
Operating lease rentals		6,048	6,879
Other operating expenses		6,221	10,744
Total expenditure		(281,993)	(316,768)
Share of results of joint ventures		(718)	13,151
Profit before taxation	9	10,573	14,514
Taxation	10	(557)	(2,956)
Profit for the financial year		10,016	11,558
Attributable to:			
Equity holders of the Company		10,016	11,558
Non-controlling interest		–	–
		10,016	11,558
Earnings per share:	11		
- basic (cents)		4.25	4.92
- diluted (cents)		4.25	4.92

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 2014
(In Singapore Dollars)

	2014 $'000	2013 $'000 (Restated)
Net profit for the financial year	10,016	11,558
Other comprehensive income:		
Foreign currency translation adjustments arising on consolidation	(4,232)	(76)
Other comprehensive income for the year, net of tax	(4,232)	(76)
Total comprehensive income for the year	5,784	11,482
Total comprehensive income attributable to:		
Equity holders of the Company	5,784	11,482
Non-controlling interest	–	–
	5,784	11,482

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

Balance Sheets

As at 30 April 2014
(In Singapore Dollars)

	Note	Group 2014 $'000	Group 2013 $'000 (Restated)	Group 2012 $'000 (Restated)	Company 2014 $'000	Company 2013 $'000
Non-current assets						
Property, plant and equipment	12	65,106	51,451	49,896	–	–
Subsidiary companies	13	–	–	–	56,130	44,372
Amounts due from subsidiary companies	13	–	–	–	14,510	19,313
Joint venture companies	14	16,111	17,533	18,375	6,567	6,567
Associated company	15	233	233	233	–	–
Deferred tax assets	28	2,559	2,527	2,973	–	–
		84,009	71,744	71,477	77,207	70,252
Current assets						
Inventories	16	102,575	112,449	118,273	–	–
Trade receivables	17	74,601	85,956	90,710	–	–
Derivatives	18	–	55	175	–	6
Other receivables	19	4,041	10,496	9,154	88	92
Prepayments and advances	19	2,597	2,170	2,890	19	19
Cash and cash equivalents	20	18,637	21,595	14,463	1,714	219
		202,451	232,721	235,665	1,821	336
Less: Current liabilities						
Trade payables	21	22,319	19,101	15,927	–	–
Trust receipts (secured)	22	61,806	76,031	89,673	–	–
Derivatives	18	265	143	57	79	–
Other payables	23	20,752	26,833	27,544	519	652
Loans (secured)	24	13,796	22,773	35,651	–	–
Hire-purchase liabilities	25	775	770	597	–	–
Provisions	26	520	506	860	–	–
Provision for taxation		2,502	2,417	3,063	93	90
		122,735	148,574	173,372	691	742
Net current assets / (liabilities)		79,716	84,147	62,293	1,130	(406)
Non-current liabilities						
Amounts due to subsidiary companies	13	–	–	–	5,881	365
Hire-purchase liabilities	25	805	967	1,077	–	–
Provisions	26	640	381	541	–	–
Long-term loans (secured)	27	39,111	31,862	16,334	–	–
Deferred tax liabilities	28	671	2,433	2,806	108	108
		41,227	35,643	20,758	5,989	473
		122,498	120,248	113,012	72,348	69,373
Equity						
Share capital	29	35,722	35,722	35,182	35,722	35,722
Reserves	30	86,776	84,526	77,830	36,626	33,651
		122,498	120,248	113,012	72,348	69,373

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 2014
(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 2012		113,012	113,012	35,182	85,542	(7,712)	424	755	(9,093)	202
Profit for the financial year		11,558	11,558	–	11,558	–	–	–	–	–
Reclassification of foreign currency translation reserves to profit or loss arising from disposal of associate		(1,035)	(1,035)	–	–	(1,035)	–	–	(1,035)	–
Other comprehensive income for the financial year		(76)	(76)	–	–	(76)	–	–	(76)	–
Total comprehensive income for the financial year		10,447	10,447	–	11,558	(1,111)	–	–	(1,111)	–
Contributions by and distributions to owners										
Forfeiture of employee share options		–	–	–	273	(273)	–	(273)	–	–
Dividend on ordinary shares	31	(3,523)	(3,523)	–	(3,523)	–	–	–	–	–
Exercise of employee share options		312	312	540	–	(228)	–	(228)	–	–
Total contributions by and distributions to owners		(3,211)	(3,211)	540	(3,250)	(501)	–	(501)	–	–
Balance at 30 April 2013		120,248	120,248	35,722	93,850	(9,324)	424	254	(10,204)	202
Balance at 1 May 2013		120,248	120,248	35,722	93,850	(9,324)	424	254	(10,204)	202
Profit for the financial year		10,016	10,016	–	10,016	–	–	–	–	–
Other comprehensive income for the financial year		(4,232)	(4,232)	–	–	(4,232)	–	–	(4,232)	–
Total comprehensive income for the financial year		5,784	5,784	–	10,016	(4,232)	–	–	(4,232)	–
Contributions by and distributions to owners										
Dividend on ordinary shares	31	(3,534)	(3,534)	–	(3,534)	–	–	–	–	–
Total contributions by and distributions to owners		(3,534)	(3,534)	–	(3,534)	–	–	–	–	–
Balance at 30 April 2014		122,498	122,498	35,722	100,332	(13,556)	424	254	(14,436)	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 (Cont'd)

For the year ended 30 April 2014
(In Singapore Dollars)

	Note	Equity, total $'000	Equity attributable to owners of the Company, total $'000	Share capital $'000	Revenue reserve $'000	Employee share option reserve $'000
Company						
Balance at 1 May 2012		58,003	58,003	35,182	22,066	755
Profit for the financial year		14,581	14,581	–	14,581	–
Total comprehensive income for the financial year		14,581	14,581	–	14,581	–
Contributions by and distributions to owners						
Forfeiture of employee share options		–	–	–	273	(273)
Dividend on ordinary shares	31	(3,523)	(3,523)	–	(3,523)	–
Exercise of employee share options		312	312	540	–	(228)
Total contributions by and distributions to owners		(3,211)	(3,211)	540	(3,250)	(501)
Balance at 30 April 2013 and 1 May 2013		69,373	69,373	35,722	33,397	254
Profit for the financial year		6,509	6,509	–	6,509	–
Total comprehensive income for the financial year		6,509	6,509	–	6,509	–
Contributions by and distributions to owners						
Dividend on ordinary shares	31	(3,534)	(3,534)	–	(3,534)	–
Total contributions by and distributions to owners		(3,534)	(3,534)	–	(3,534)	–
Balance at 30 April 2014		72,348	72,348	35,722	36,372	254

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 2014
(In Singapore Dollars)

	Note	2014 $'000	2013 $'000 (Restated)
Cash flows from operating activities:			
Profit before taxation		10,573	14,514
Adjustments for:			
Depreciation of property, plant and equipment		7,389	8,032
Gain on disposal of property, plant and equipment		(5,644)	(409)
Fair value loss on derivatives		177	206
Property, plant and equipment written-off		2	2,639
Bad debts written-off		54	146
Foreign currency translation adjustment		(1,234)	(2,145)
Interest income		(137)	(107)
Provision for/(write-back of) product warranties and reinstatement cost		446	(180)
Write-back of impairment loss on property, plant and equipment		(8)	(765)
Interest expenses		4,309	5,387
Share of results of joint ventures		718	(13,151)
Operating cash flows before changes in working capital		16,645	14,167
Decrease in inventories		9,874	5,824
Decrease in receivables		17,329	3,986
(Decrease)/increase in payables		(3,027)	2,281
Cash flows from operations		40,821	26,258
Interest received		137	107
Interest paid		(4,309)	(5,387)
Income tax paid		(2,266)	(3,529)
Net cash flows from operating activities		34,383	17,449
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		6,499	674
Proceeds from exercise of employee share options		–	312
Dividend income from associated company		–	17,941
Purchase of property, plant and equipment		(22,956)	(10,350)
Investment in joint venture company		–	(2,560)
Net cash flows (used in)/generated from investing activities		(16,457)	6,017
Cash flows from financing activities:			
Proceeds from long-term loans		13,955	32,145
Repayment of trust receipts		(14,225)	(13,642)
Repayment of revolving loans		(7,664)	(11,071)
Repayment of hire-purchase liabilities		(1,146)	(889)
Dividend paid to shareholders		(3,534)	(3,523)
Repayment of long-term loans		(8,019)	(18,424)
Net cash flows used in financing activities		(20,633)	(15,404)
Net (decrease)/increase in cash and cash equivalents		(2,707)	8,062
Cash and cash equivalents at beginning of financial year		21,595	14,463
Effects of exchange rate changes on cash and cash equivalents at beginning of financial year		(251)	(930)
Cash and cash equivalents at end of financial year	20	18,637	21,595

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

Notes to the Financial Statements

For the financial year ended 30 April 2014
(In Singapore Dollars)

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 which are effective for annual financial periods beginning on or after 1 May 2013. The adoption of these standards had the following effect on the financial performance or position of the Group and the Company.

On 1 May 2013, the Group early adopted the FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements, FRS 112 Disclosure of Interests in other Entities, and the consequential amendments to Revised FRS 27 Separate Financial Statements, and Revised FRS 28 Investments in Associates and Joint Ventures, which are effective for annual periods beginning on or after 1 January 2014.

FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements

FRS 110 establishes a new control model that applies to all entities including special purpose entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations.

Upon application of FRS 110, the Group has reassessed its investments in accordance with the new definition of control. The reassessment did not result in any material financial impact to the financial statements.

FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

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

2.2 Changes in accounting policies (cont'd)

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 uses the principle of control in FRS 110 to define joint control and removes the option to account for joint ventures using proportionate consolidation. Accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the parties a right to the underlying assets and obligations is accounted for by recognising the share of those assets and obligations. Joint ventures that give the parties a right to the net assets is 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 adoption of FRS 111 resulted in the Group having to revise its method of accounting for its joint arrangements. Investments in jointly controlled entities were previously accounted for under the proportionate consolidation method. Under FRS 111, these arrangements are classified as joint ventures and accounted for under the equity accounting method.

This change in accounting policy has been applied in accordance with the transitional provision in FRS 111. This resulted in changes to the Group's financial statements presentation. Where necessary, the comparative figures have been adjusted to conform with the changes in presentation in the current period. The change in accounting policy did not result in any impact to the Group's net profit and net asset. The effects of adoption of FRS 111 on the financial statements are as follows:

	2013	**2013**	**2012**	**2012**
	$'000	$'000	$'000	$'000
	(As restated)	(As previously stated)	(As restated)	(As previously stated)
Balance sheet				
Non-current assets	71,744	58,250	71,477	57,223
Current assets	232,721	253,550	235,665	252,577
Non-current liabilities	35,643	35,643	20,758	20,758
Current liabilities	148,574	155,909	173,372	176,030
Equity	120,248	120,248	113,012	113,012
Consolidated income statement				
Total revenue	318,131	352,017		
Total expenditure	(316,768)	(337,306)		
Share of results of joint ventures	13,151	–		
Taxation	(2,956)	(3,153)		
Profit after tax	11,558	11,558		

FRS 112 Disclosure of Interest in Other Entities

FRS 112 establishes the 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. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 39: *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
INT FRS 121 *Levies*	1 January 2014
Amendments to FRS 19: *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	1 July 2014
Improvements to FRSs (February 2014)	1 July 2014

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

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.

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.

Basis of consolidation prior to 1 May 2010

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 has not been restated.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

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

(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), that are present ownership interests and entitle their holders to a proportionate share of net assets in event of liquidation, 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.

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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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 prior to 1 May 2010 (cont'd)

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.

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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.6 Foreign currency (cont'd)

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD 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 2.19.

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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.7 Property, plant and equipment (cont'd)

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	–	33⅓% per annum
Furniture and fittings	–	10% per annum

Freehold land has an unlimited useful life and is therefore not depreciated. No depreciation is provided for construction-in-progress until it is completed and available for use.

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 of disposal 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 of disposals, 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.8 Impairment of non-financial assets (cont'd)

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, 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.

2.9 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.

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 40.

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.

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

2.10 Associates (cont'd)

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.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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 40.

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's interest in joint ventures is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.11 Joint ventures (cont'd)

Under the equity method, the investment in joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of results of operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint ventures.

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

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

The financial statements of the joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would have been required if that joint venture had directly disposed of the related assets or liabilities.

If the Group's ownership interest in a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, interests in joint ventures are accounted for at cost less impairment losses. Details of the joint venture companies are set out in Note 40.

2.12 Financial instruments

(a) ***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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.12 Financial instruments (cont'd)

(a) ***Financial assets (cont'd)***

Subsequent measurement

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

(i) Financial assets at fair value through profit or loss

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.

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 measured at fair value with changes in fair value recognised in 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.

(ii) 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.

The Company classifies the following financial assets as loans and receivables:

- cash and cash equivalents;
- trade and other receivables, amounts due from the subsidiary companies.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.12 Financial instruments (cont'd)

(a) ***Financial assets (cont'd)***

Subsequent measurement (cont'd)

(iii) 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 de-recognition 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.

(b) ***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.

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

2.12 Financial instruments (cont'd)

(b) ***Financial liabilities (cont'd)***

Subsequent measurement

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

(i) 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.

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.

(ii) 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.

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

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 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.

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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.13 Impairment of financial assets (cont'd)

(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.

2.14 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

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 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.

2.19 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.

2.20 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.20 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.21 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.

2.22 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.

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 2.23(g). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 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.

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

2.23 Revenue recognition (cont'd)

(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 the reporting period or credited against cost of goods sold in profit or loss if the goods have been sold at the end of the 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.

2.24 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.24 Taxes (cont'd)

(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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.24 Taxes (cont'd)

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

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.

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.

2.25 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.25 Derivative financial instruments (cont'd)

(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.

2.26 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 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.

2.28 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.

2.29 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

2.29 Contingencies (cont'd)

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.

2.30 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.

(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).

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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 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. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Useful lives of plant and equipment

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 2014 was $21,927,000 (2013: $23,479,000). Changes in the expected level of usage, technological developments as well as consumer preferences could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised and could have an impact on the profit in future years.

(ii) Allowance for inventories' obsolescence

Allowance for inventories' obsolescence is estimated based on the best available facts and circumstances at the 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 2014 is $102,575,000 (2013: $112,449,000).

(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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

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

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) Income taxes

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's provision for taxation, deferred tax assets and deferred tax liabilities at 30 April 2014 were $2,502,000 (2013: $2,417,000), $2,559,000 (2013: $2,527,000) and $671,000 (2013: $2,433,000) 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 Notes 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 2014 is $74,601,000 (2013: $85,956,000).

(iv) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

4. Revenue

	Group 2014 $'000	Group 2013 $'000 (Restated)
Tyres and wheels:		
- Wholesale and distribution	231,271	253,025
- Retail and fleet	59,344	64,437
	290,615	317,462

5. Other revenue

	Group 2014 $'000	Group 2013 $'000 (Restated)
Interest income from bank deposits	137	107
Sundry income	2,532	562
	2,669	669

6. Cost of goods sold

	Group 2014 $'000	Group 2013 $'000 (Restated)
Inventories recognised as an expense in cost of goods sold	217,600	242,458

7. Salaries and employee benefits

	Group 2014 $'000	Group 2013 $'000 (Restated)
Employee benefits expenses (including executive directors):		
Salaries, wages and bonuses	21,590	22,203
Contributions to defined contribution plans	1,125	1,188
Others	3,544	3,538
	26,259	26,929
Employee benefits are included in the following line items in profit or loss:		
- Cost of goods sold	3,308	3,236
- Salaries and employee benefits	22,951	23,693
	26,259	26,929

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(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 2014 will 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 2014	Weighted average exercise price in the financial year 2014 ($)	Number of options 2013	Weighted average exercise price in the financial year 2013 ($)
Outstanding at beginning of year	805,000	0.430	1,565,000	0.430
Forfeited during the year	(25,000)	0.430	(35,000)	0.430
Exercised during the year	–	0.430	(725,000)	0.430
Outstanding at end of year	780,000	0.430	805,000	0.430
Exercisable at end of year	780,000	0.430	805,000	0.430

There is no share option expense in the current financial year (2013: 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

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

7. Salaries and employee benefits (cont'd)

Employee share option plans (cont'd)

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	
	2014	**2013**
	$'000	$'000
		(Restated)
Interest expense on:		
- Bank overdrafts, trust receipts and hire-purchase liabilities	2,293	3,060
- Bank loans	2,016	2,327
	4,309	5,387

9. Profit before taxation

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

	Group	
	2014	**2013**
	$'000	$'000
		(Restated)
Professional fees	796	1,050
Foreign exchange loss	3,509	1,661
Allowance for inventory obsolescence	1,443	581
Fair value loss on other financial instruments	177	206
Gain on disposal of property, plant and equipment	(5,644)	(409)
Property, plant and equipment written-off	2	2,639
Write-back of impairment loss of property, plant and equipment	(8)	(765)
Bad debts written-off directly to profit or loss	54	146
Allowance for doubtful trade receivables	2,696	2,331
Gain on disposal of associated company	–	(11,174)
Compensation received in respect of exit from China	(1,551)	–
Audit fees:		
- Auditors of the Company	385	415
- Other auditors	182	210

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

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

10. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 30 April 2014 and 2013 are:

	Note	Group 2014 $'000	Group 2013 $'000 (Restated)
Income statement			
Current income taxation			
- Current income taxation		2,464	3,185
- Under/(over)-provision of tax in respect of prior years		47	(240)
		2,511	2,945
Deferred income taxation	28		
- Origination of temporary differences		220	(504)
- Write-back of deferred tax liabilities relating to plant and equipment		(2,174)	–
- Under-provision of tax in respect of prior years		–	515
		(1,954)	11
Income tax expenses recognised in profit or loss		557	2,956

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 2014 and 2013 are as follows:

	Group 2014 $'000	Group 2013 $'000 (Restated)
Profit before taxation	10,573	14,514
Less: Share of results of joint ventures*	718	(13,151)
	11,291	1,363
Taxation at statutory tax rate of 17% (2013: 17%)	1,919	232
Adjustments:		
- Expenses not deductible for income tax purposes	123	1,040
- Effects of different tax rates in other countries	93	360
- Deferred tax assets not recognised in the current year	654	888
- Partial tax exemption and tax relief	(52)	(52)
- Write-back of deferred tax liabilities in relation to plant and equipment	(2,174)	–
- Others	(53)	213
- Under-provision of tax in respect of prior years	47	275
Taxation	557	2,956

* These are presented net of tax in profit or loss.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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10. Taxation (cont'd)

Due to a change in the application of certain tax rules, a subsidiary company wrote-back $2,174,000 during the year in deferred tax liabilities relating to plant and equipment.

As at 30 April 2014, the Group, primarily through its subsidiary companies, has unutilised tax losses of approximately $16,821,000 (2013: $15,168,000) 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 $4,957,000 (2013: $4,303,000) 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	
	2014	**2013**
	$'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	10,016	11,558
	'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	235,586	235,053

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 2014 (2013: Nil).

780,000 (2013: 805,000) 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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 2012 (Restated)	4,850	566	32,299	8,163	67,869	6,141	35	119,923
Foreign currency translation adjustment	43	–	114	142	1,768	(146)	1	1,922
Additions	–	–	2,602	688	3,953	685	3,379	11,307
Disposals/write-off	–	–	(5,178)	(668)	(982)	(597)	–	(7,425)
Reclassification	–	–	–	–	18	–	(18)	–
At 30 April 2013 and 1 May 2013 (Restated)	4,893	566	29,837	8,325	72,626	6,083	3,397	125,727
Foreign currency translation adjustment	(342)	–	(558)	(324)	(3,708)	(337)	(3)	(5,272)
Additions	–	–	260	943	4,182	1,277	17,283	23,945
Disposals/write-off	–	–	(1,300)	(58)	(962)	(407)	–	(2,727)
Reclassification	–	–	20,560	(179)	296	–	(20,677)	–
At 30 April 2014	4,551	566	48,799	8,707	72,434	6,616	–	141,673
Accumulated depreciation and impairment:								
At 1 May 2012	–	283	11,873	5,752	48,308	3,813	–	70,029
Foreign currency translation adjustment	–	–	101	81	1,203	(51)	–	1,334
Charge for the financial year	–	–	859	549	5,846	778	–	8,032
Write-back of impairment loss	–	–	(8)	–	(757)	–	–	(765)
Disposals/write-off	–	–	(2,387)	(578)	(879)	(510)	–	(4,354)
At 30 April 2013 and 1 May 2013 (Restated)	–	283	10,438	5,804	53,721	4,030	–	74,276
Foreign currency translation adjustment	–	–	(258)	(189)	(2,573)	(200)	–	(3,220)
Charge for the financial year	–	–	860	567	5,197	765	–	7,389
Write-back of impairment loss	–	–	(8)	–	–	–	–	(8)
Disposals/write-off	–	–	(578)	(58)	(909)	(325)	–	(1,870)
Reclassification	–	–	–	(127)	127	–	–	–
At 30 April 2014	–	283	10,454	5,997	55,563	4,270	–	76,567
Net book value:								
At 30 April 2014	4,551	283	38,345	2,710	16,871	2,346	–	65,106
At 30 April 2013	4,893	283	19,399	2,521	18,905	2,053	3,397	51,451

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

Change in estimates

During the financial year, the Group revised its method of computing depreciation from a full year basis charge for newly acquired assets to a pro-rata basis based on the month of acquisition or when the asset is available for use. The revisions were accounted for prospectively as a change in accounting estimates in the current year resulting in the lower depreciation charge of $1,372,000 for the year.

Depreciation charge included in cost of goods sold

Depreciation charge amounting to $3,488,000 (2013: $3,712,000) was included in cost of goods sold during the financial year.

Assets pledged as security

The Group's property, plant and equipment with a total net book value of $50,482,000 as at 30 April 2014 (2013: $36,138,000) are subject to legal mortgages and floating charges referred to in Notes 22, 24 and 27.

Assets held under hire-purchase

Additions to plant and equipment for the financial year includes $989,000 (2013: $957,000) acquired under hire-purchase agreements. The carrying amount of plant and equipment acquired under hire-purchase agreements amounted to $2,141,000 as at 30 April 2014 (2013: $2,227,000). These assets are pledged as security for the related hire-purchase liabilities.

13. Investment in subsidiaries

		Company	
	Note	**2014**	**2013**
		$'000	$'000
Cost of investment			
Unquoted equity shares, at cost	40	73,132	59,498
Less: Impairment loss		(17,002)	(15,126)
		56,130	44,372

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

13. Investment in subsidiaries (cont'd)

Movement in impairment loss accounts:

	Company	
	2014	**2013**
	$'000	$'000
At 1 May	15,126	13,342
Charge for the financial year	1,876	1,784
At 30 April	17,002	15,126

Amounts due from/(to) subsidiary companies

Loan to a subsidiary company (unsecured)	13,767	13,767
Amounts due from subsidiary companies (non-trade)	4,108	10,703
	17,875	24,470
Less: Allowance for doubtful non-trade receivables from subsidiary companies	(3,365)	(5,157)
Amounts due from subsidiary companies	14,510	19,313
Amounts due to subsidiary companies (non-trade)	(5,881)	(365)

Movement in allowance for doubtful non-trade receivables accounts:

	Company	
	2014	**2013**
	$'000	$'000
At 1 May	5,157	3,330
(Write-back of)/allowance for the financial year	(1,792)	1,827
At 30 April	3,365	5,157

For the year ended 30 April 2014, a write-back of impairment loss of $1,792,000 (2013: impairment loss of $1,827,000) was recognised in profit or loss of the Company subsequent to a debt recovery assessment performed on amounts due from subsidiary companies as at 30 April 2014 and 30 April 2013 respectively.

The loan to a subsidiary company is unsecured, bears fixed interest at 2.89% (2013: 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 in 2013, an amount of $7,062,000 due from subsidiary companies beared interest at rates ranging from 1.91% 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 40.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

14. Joint venture companies

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Tyre Pacific (HK) Limited	13,640	12,718	1,571	1,571
Falken Tyre India Private Limited	2,471	4,815	4,996	4,996
	16,111	17,533	6,567	6,567

Movement in investment in joint ventures during the year:

	Group	
	2014	**2013**
	$'000	$'000
Balance at beginning of the year	17,533	18,375
Acquisition of ownership interest in joint venture	–	4,996
Share of total comprehensive income	(718)	13,151
Dividends received	(163)	(17,941)
Exchange and other adjustments	(541)	(1,048)
Balance at end of the year	16,111	17,533

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

14. Joint venture companies (cont'd)

	Tyre Pacific (HK) Limited		Falken Tyre India Private Limited	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Summarised balance sheet				
Cash and cash equivalents	13,822	14,458	1,145	9,678
Other current assets	26,043	28,306	7,935	2,360
Total current assets	39,865	42,764	9,080	12,038
Non-current assets				
	8,051	8,078	1,898	–
Total assets	47,916	50,842	10,978	12,038
Current financial liabilities (excluding trade, other payables and provisions)	3,280	4,724	–	–
Other current liabilities	17,356	20,682	3,900	–
Total current liabilities	20,636	25,406	3,900	–
Other non-current liabilities	–	–	900	–
Total non-current liabilities	–	–	900	–
Total liabilities	20,636	25,406	4,800	–
Net assets	27,280	25,436	6,178	12,038

	Tyre Pacific (HK) Limited		Falken Tyre India Private Limited	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Summarised statement of comprehensive income				
Revenue	48,136	67,772	12,290	–
Cost of goods sold	(38,618)	(58,600)	(8,005)	–
Depreciation and amortisation	(321)	(354)	(1,215)	–
Interest expense	(544)	(284)	(50)	–
Other (expenditure)/income	(5,290)	18,547	(7,789)	(482)
Profit/(loss) before tax	3,363	27,081	(4,769)	(482)
Income tax expense	(984)	(394)	–	–
Total comprehensive income	2,379	26,687	(4,769)	(482)

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

14. Joint venture companies (cont'd)

A reconciliation of the summarised financial information to the carrying amounts of Tyre Pacific (HK) Limited and Falken Tyre India Private Limited is as follows:

	Group	
	2014	**2013**
Tyre Pacific (HK) Limited	$'000	$'000
Group share of 50% of net assets	13,640	12,718
Falken Tyre India Private Limited		
Group share of 40% of net assets	2,471	4,815

Details of the joint venture companies are set out in Note 40.

15. Associated company

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	72	72	72	72
Share of post-acquisition reserves	341	341	–	–
Foreign currency translation adjustment	(180)	(180)	–	–
	233	233	72	72
Less: Impairment loss	–	–	(72)	(72)
	233	233	–	–

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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15. Associated company (cont'd)

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

	2014	2013
	$'000	$'000
Assets and liabilities:		
Total assets	452	490
Total liabilities	(2)	(3)
Net assets	450	487

Details of the associated company are set out in Note 40.

16. Inventories

	Group	
	2014	2013
	$'000	$'000
		(Restated)
Inventories for sale	93,779	102,583
Raw materials	6,030	7,440
Work-in-progress - aluminium alloy wheels	2,766	2,426
Total inventories at lower of cost and net realisable value	102,575	112,449
Inventories for sale are stated after deducting allowance for obsolescence of	11,648	10,915

17. Trade receivables

	Group	
	2014	2013
	$'000	$'000
		(Restated)
External parties	81,209	93,150
Less: Allowance for doubtful trade receivables	(6,608)	(7,194)
	74,601	85,956
Bad debts written-off directly to profit or loss	54	146

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

17. Trade receivables (cont'd)

Trade receivables are denominated in the following currencies:

	Group	
	2014	**2013**
	$'000	$'000
		(Restated)
Ringgit Malaysia	25,988	26,033
Singapore Dollars	12,904	14,206
United States Dollars	12,687	18,631
Thai Baht	8,658	8,903
South African Rand	5,285	7,148
Indonesian Rupiah	4,123	3,492
Australian Dollars	3,685	5,056
Hong Kong Dollars	423	1,879
Others	848	608
	74,601	85,956

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 $827,000 (2013: $425,000) 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 $21,073,000 (2013: $24,805,000) 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	
	2014	**2013**
	$'000	$'000
		(Restated)
Trade receivables past due:		
Lesser than 30 days	7,607	6,614
30 - 60 days	3,431	3,547
61 - 90 days	1,011	3,913
91 - 120 days	788	2,709
More than 120 days	8,236	8,022
	21,073	24,805

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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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 2014 $'000	Group 2013 $'000 (Restated)
Trade receivables – nominal amounts	6,608	7,194
Less: Allowance for doubtful trade receivables	(6,608)	(7,194)
	–	–
Movement in allowance accounts:		
At 1 May	7,194	6,030
Charge for the year	2,696	2,331
Written-off against allowance	(2,681)	(746)
Foreign currency translation adjustment	(601)	(421)
At 30 April	6,608	7,194

For the year ended 30 April 2014, an impairment loss of $2,696,000 (2013: $2,331,000) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade receivables as at 30 April 2014.

18. Derivatives

		Group			
		2014 Fair value		2013 Fair value	
	Note	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Non-hedging instrument					
- Forward currency contracts	(a)	–	(207)	55	(79)
- Interest rate swap	(b)	–	(58)	–	(64)
		–	(265)	55	(143)

		Company			
		2014 Fair value		2013 Fair value	
	Note	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Non-hedging instrument					
- Forward currency contracts	(a)	–	(79)	6	–

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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 and inter-company receivables and payables. 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	
	2014	**2013**
	$'000	$'000
To sell Singapore Dollars for:		
- United States Dollars	1,979	1,691
- Euro	–	326
	1,979	2,017
To sell South African Rand for		
- Singapore Dollars	3,325	209
- United States Dollars	70	90
	3,395	299
To sell Thai Baht for United States Dollars	514	3,662

	Group contractual/notional amounts	
	2014	**2013**
	$'000	$'000
To buy Singapore Dollars for:		
- United States Dollars	6,974	6,527
- South African Rand	4,721	–
- Australian Dollars	1,844	3,196
- Euro	–	734
	13,539	10,457
To buy Thai Baht for:		
- United States Dollars	3,542	1,830
	3,542	1,830

	Company contractual/notional amounts	
	2014	**2013**
	$'000	$'000
To buy Singapore Dollars for Australian Dollars	4,382	2,615

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

18. Derivatives (cont'd)

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

A subsidiary company entered into an interest rate swap of $12 million in 2012 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 0.9%. The interest rate swap matures on 15 May 2015.

19. Other receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000 (Restated)	$'000	$'000
Financial assets				
Amounts due from:				
- Joint venture company	–	–	53	53
- Shareholders of subsidiary companies	–	–	243	243
Sundry receivables	3,140	9,165	1	5
Deposits to suppliers	1,005	1,314	–	–
Staff loans	107	228	–	–
	4,252	10,707	297	301
Less: Allowance for doubtful receivables	(211)	(211)	(209)	(209)
	4,041	10,496	88	92
Non-financial assets				
Prepayments and advances				
Prepaid operating expenses	753	824	19	19
Advance payment for purchases	1,844	1,346	–	–
	2,597	2,170	19	19
Movement in allowance accounts:				
At 1 May	211	211	209	209
Written-off	–	–	–	–
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% (2013: 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 from these suppliers.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

20. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
		(Restated)		
Cash at bank and on hand	18,637	21,595	1,714	219

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
		(Restated)		
Singapore Dollars	6,090	4,906	1,708	218
Ringgit Malaysia	4,003	8,350	–	–
South African Rand	3,017	2,552	–	–
Thai Baht	1,314	1,545	–	–
Hong Kong Dollars	1,254	1,842	–	–
United States Dollars	1,029	837	6	1
Indonesian Rupiah	984	1,059	–	–
Others	946	504	–	–
	18,637	21,595	1,714	219

Cash at bank earns interest at floating rates based on daily bank deposits rates ranging from 0.10% to 3.00% (2013: 0.05% to 5.00%) per annum.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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21. Trade payables

Trade payables are denominated in the following currencies:

	Group	
	2014	**2013**
	$'000	$'000
		(Restated)
Ringgit Malaysia	6,345	3,511
United States Dollars	5,877	6,454
Singapore Dollars	3,037	3,226
Australian Dollars	2,330	1,566
Thai Baht	1,602	1,537
South African Rand	1,543	858
Indonesian Rupiah	791	1,158
Others	794	791
	22,319	19,101

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 (2013: 6) months and are secured by corporate guarantees from the Company, a negative pledge over the assets, excluding its leasehold buildings, of subsidiary companies. These facilities are subject to compliance with certain financial covenants.

The trust receipts bear interest at rates ranging from 1.28% to 12.75% (2013: 1.32% to 11.75%) per annum. The weighted average interest rate of the Group's trust receipts is 3.87% (2013: 3.91%).

Trust receipts are denominated in the following currencies:

	Group	
	2014	**2013**
	$'000	$'000
		(Restated)
Ringgit Malaysia	15,331	24,254
Singapore Dollars	13,221	15,064
United States Dollars	11,696	22,133
Thai Baht	10,801	3,575
South African Rand	5,560	6,534
Australian Dollars	2,641	2,348
Indonesian Rupiah	2,245	1,210
Hong Kong Dollars	311	913
	61,806	76,031

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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23. Other payables

	Group 2014 $'000	Group 2013 $'000 (Restated)	Company 2014 $'000	Company 2013 $'000
Financial liabilities				
Amounts due to associated company	89	89	89	89
Payroll and staff related expenses	4,405	4,213	–	–
Sundry payables	6,026	11,616	11	35
Accrued operating expenses	10,232	10,915	419	528
	20,752	26,833	519	652

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

24. Loans (secured)

	Note	Group 2014 $'000	Group 2013 $'000 (Restated)	Company 2014 $'000	Company 2013 $'000
Short-term loans (revolving credit facilities)		7,037	14,701	–	–
Long-term loans - current portion	27	6,759	8,072	–	–
		13,796	22,773	–	–

The short-term loans are secured by negative pledge over the assets of certain subsidiary companies, excluding their hire-purchase assets, and corporate guarantees from the Company. The short-term loans bear interest at rates ranging from 1.00% to 12.75% (2013: 2.50% to 6.60%) per annum. The weighted average interest rate of the Group's short-term loans is 4.49% (2013: 4.31%).

Short-term loans are denominated in the following currencies:

	Group			
	Effective interest rate			
	2014 %	2013 %	2014 $'000	2013 $'000 (Restated)
Thai Baht loans	4.64	5.18	3,841	8,929
Ringgit Malaysia loans	4.14	–	3,196	–
Singapore Dollars loans	–	2.96	–	4,500
Others	–	6.00	–	1,272
			7,037	14,701

Notes to the Financial Statements (Cont'd)

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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 2014	**Present value of payments 2014**	**Minimum payments 2013**	**Present value of payments 2013**
	$'000	$'000	$'000	$'000
Within one year	859	775	873	770
After one year but not more than five years	886	805	1,105	967
	886	805	1,105	967
Total minimum hire-purchase payments	1,745	1,580	1,978	1,737
Less: Amounts representing finance charges	(165)	–	(241)	–
Present value of minimum hire-purchase payments	1,580	1,580	1,737	1,737

Effective interest rates on the hire-purchase arrangements range from 2.52% to 9.66% (2013: 3.45% to 8.06%) per annum.

26. Provisions

	Group	
	2014	**2013**
	$'000	$'000
Current liabilities:		
Provision for product warranties		
Balance at beginning	506	860
Provision/(write-back) for the year	187	(180)
Provision utilised during the year	(173)	(174)
Balance at 30 April	520	506

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	
	2014	**2013**
Non-current liabilities:		
Provision for reinstatement cost		
Balance at beginning	381	541
Provision/(write-back) for the year	259	(160)
Balance at 30 April	640	381

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

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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27. Long-term loans (secured)

	Group			
	Effective interest rate			
	2014	2013	2014	2013
	%	%	$'000	$'000
Current (Note 24)				
Singapore Dollar loans	2.88	3.52	4,589	4,385
Thai Baht loan	7.15	6.74	1,143	3,010
United States Dollar loan	1.78	–	535	–
Ringgit Malaysia loan	4.63	4.57	333	616
Indonesian Rupiah loan	12.93	–	91	–
British Pound loan	1.51	1.78	68	61
Total			6,759	8,072
Non-current				
Singapore Dollar loans	2.88	3.52	35,109	25,897
Ringgit Malaysia loan	4.63	4.57	3,048	3,557
United States Dollar loan	–	1.46	–	1,611
Thai Baht loan	7.15	6.74	397	586
Indonesian Rupiah loan	12.93	–	393	–
British Pound loan	1.51	1.78	164	211
Total			39,111	31,862

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 subsidiaries, excluding their hire-purchase assets.

Included in the Singapore dollar loans as at 30 April 2014 is one loan (2013: one loan) with current and non-current portions amounting to $2,400,000 (2013: $2,400,000) and $17,400,000 (2013: $19,800,000), 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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28. Deferred taxation

		Group		Company	
	Note	2014	2013	2014	2013
		$'000	$'000 (Restated)	$'000	$'000
At beginning of financial year		(94)	(167)	108	–
Foreign currency translation adjustment		160	62	–	–
Write-back/(provision) for the financial year	10	220	(504)	–	65
Write-back of deferred tax liabilities relating to plant and equipment	10	(2,174)	–	–	–
Under-provision of deferred tax in respect of prior years	10	–	515	–	43
At 30 April		(1,888)	(94)	108	108
Represented by:					
- Deferred tax assets		(2,559)	(2,527)	–	–
- Deferred tax liabilities		671	2,433	108	108

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

Group

2014

	Property, plant and equipment	Receivables	Inventories	Unremitted foreign sourced income	Provision, accruals and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At beginning of the financial year	2,395	(1,005)	(1,658)	108	66	(94)
Movement for the year	(1,750)	195	(277)	–	(122)	(1,954)
Foreign currency translation adjustment	77	112	(78)	–	49	160
At the end of the financial year	722	(698)	(2,013)	108	(7)	(1,888)

Notes to the Financial Statements (Cont'd)

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28. Deferred taxation (cont'd)

Group

2013 (Restated)

	Property, plant and equipment	Receivables	Inventories	Unremitted foreign sourced income	Provision, accruals and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At beginning of the financial year	2,833	(975)	(1,498)	–	(527)	(167)
Movement for the year	(439)	(76)	(173)	108	591	11
Foreign currency translation adjustment	1	46	13	–	2	62
At the end of the financial year	2,395	(1,005)	(1,658)	108	66	(94)

The deferred tax liabilities of the Company relate to unremitted foreign sourced income.

29. Share capital

	Group and Company			
	Number of shares 2014	Share capital 2014	Number of shares 2013	Share capital 2013
	'000	$'000	'000	$'000
Issued and fully paid:				
At 1 May	235,586	35,722	234,861	35,182
Exercise of employee share options	–	–	725	540
30 April	235,586	35,722	235,586	35,722

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 2014 comprise 780,000 (2013: 805,000) 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 (2013: $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.

Notes to the Financial Statements (Cont'd)

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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.

(d) ***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.

(e) ***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	
	2014	2013
	$'000	$'000
Final exempt (one-tier) dividend of 1.5 cent (2013: 1.5 cent), per share in respect of the previous financial year	3,534	3,523
Dividend declared and paid during the year	3,534	3,523

The directors have proposed a final exempt (one-tier) dividend of 1.5 cent (2013: 1.5 cent) per share amounting to approximately $3,534,000 (2013: $3,534,000) to be paid in respect of the financial year ended 30 April 2014. 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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32. 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.

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	
	2014	**2013**
	$'000	$'000
		(Restated)
Within one year	4,030	5,825
Within two to five years	7,368	6,410
After five years	9,051	9,274
	20,449	21,509

(ii) ***Capital commitments***

Commitments in respect of contracts placed for the purchase/ construction of property, plant and equipment	2,393	20,614

33. Contingencies

	Company	
	2014	**2013**
	$'000	$'000
Corporate guarantees		
Guarantees issued for bank facilities granted to subsidiary companies	114,713	130,666

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

Notes to the Financial Statements (Cont'd)

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34. 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	
	2014	**2013**
	$'000	$'000
Income from services rendered to a joint venture company	325	298
Management fee paid to other shareholder of a joint venture company	(107)	(80)
Purchase of motor vehicle from a related party	–	(20)

(b) *Compensation of key management personnel*

Salaries, bonus and other benefits-in-kind	3,255	3,377
Directors' fees	377	287
Contribution to defined contribution plan	67	74
Total	3,699	3,738
Comprises amounts paid/payable to:		
- Directors of the Company	2,085	2,130
- Directors of subsidiary companies	553	454
- Other key management personnel	1,061	1,154
	3,699	3,738

35. 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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35. Financial risk management objectives and policies (cont'd)

(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 derivative financial instruments are set out in Note 2.25.

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 2013.

		(Decrease)/increase Profit net of tax	
		2014	**2013**
		$'000	$'000 **(Restated)**
USD	– strengthened by 5% against SGD (2013: 5%)	(220)	(536)
	– weakened by 5% against SGD (2013: 5%)	220	536
ZAR	– strengthened by 5% against SGD (2013: 5%)	165	615
	– weakened by 5% against SGD (2013: 5%)	(165)	(615)

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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35. Financial risk management objectives and policies (cont'd)

(b) *Interest rate risk*

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Group's financial conditions and/or results. The primary source of the Group's interest rate risk is its borrowings from banks and other financial institutions primarily in Singapore, Malaysia and Thailand. The Group ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions. Where appropriate, the Group uses interest rate swaps to hedge its interest rate exposure for specific underlying debt obligations. 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 2% (2013: 6%) 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
2014							
Fixed rate							
Interest rate swap	58	–	–	–	–	–	58
Obligations under hire-purchase	681	372	119	86	78	–	1,336
Bank loans	91	111	111	111	60	–	484
Floating rate							
Obligations under hire-purchase	94	82	41	27	–	–	244
Trust receipts	61,806	–	–	–	–	–	61,806
Bank loans	13,705	4,933	4,511	14,703	2,130	12,441	52,423
2013 (Restated)							
Fixed rate							
Interest rate swap	64	–	–	–	–	–	64
Obligations under hire-purchase	668	436	232	139	14	–	1,489
Bank loans	5,772	–	–	–	–	–	5,772
Floating rate							
Obligations under hire-purchase	102	77	57	12	–	–	248
Trust receipts	76,031	–	–	–	–	–	76,031
Bank loans	17,001	5,149	3,835	3,383	13,582	5,913	48,863

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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35. 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
2014		
- Singapore Dollars	50	266
- Ringgit Malaysia	50	98
- United States Dollars	50	61
- Thai Baht	50	61
- Singapore Dollars	(50)	(266)
- Ringgit Malaysia	(50)	(98)
- United States Dollars	(50)	(61)
- Thai Baht	(50)	(61)
2013		
- Singapore Dollars	50	230
- Ringgit Malaysia	50	147
- United States Dollars	50	119
- Thai Baht	50	36
- Singapore Dollars	(50)	(230)
- Ringgit Malaysia	(50)	(147)
- United States Dollars	(50)	(119)
- Thai Baht	(50)	(36)

(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.

Notes to the Financial Statements (Cont'd)

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

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

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 $114,713,000 (2013: $130,666,000) relating to corporate guarantees provided by the Company to banks for subsidiaries' bank facilities.

Surplus funds are placed with reputable financial institutions.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of each reporting period is as follows:

	2014		2013	
	$'000	% of total	$'000	% of total
Group			**(Restated)**	
By country:				
Malaysia	28,412	38.09	26,103	30.37
Singapore	11,427	15.32	18,048	21.00
Thailand	8,658	11.61	8,910	10.37
South Africa	5,285	7.08	7,150	8.32
Indonesia	5,167	6.93	7,645	8.89
Australia	3,685	4.94	5,056	5.88
Others	11,967	16.03	13,044	15.17
	74,601	100.00	85,956	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 Notes 17 and 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
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35. 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 $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
2014				
Group				
Financial assets				
Trade and other receivables	78,642	–	–	78,642
Cash and cash equivalents	18,637	–	–	18,637
Total undiscounted financial assets	97,279	–	–	97,279
Financial liabilities				
Trade payables, trust receipts and other payables	104,877	–	–	104,877
Derivatives	265	–	–	265
Hire-purchase liabilities	859	886	–	1,745
Loans and borrowings	14,356	27,520	12,825	54,701
Total undiscounted financial liabilities	120,357	28,406	12,825	161,588
Total net undiscounted financial liabilities	(23,078)	(28,406)	(12,825)	(64,309)

	1 year or less $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
2014				
Company				
Financial assets				
Other receivables	88	–	–	88
Cash and cash equivalents	1,714	–	–	1,714
Total undiscounted financial assets	1,802	–	–	1,802
Financial liabilities				
Other payables	519	–	–	519
Total undiscounted financial liabilities	519	–	–	519
Total net undiscounted financial assets	1,283	–	–	1,283

Notes to the Financial Statements (Cont'd)

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35. 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
2013 (Restated)				
Group				
Financial assets				
Trade and other receivables	96,452	–	–	96,452
Derivatives	55	–	–	55
Cash and cash equivalents	21,595	–	–	21,595
Total undiscounted financial assets	118,102	–	–	118,102
Financial liabilities				
Trade payables, trust receipts and other payables	121,965	–	–	121,965
Derivatives	143	–	–	143
Hire-purchase liabilities	873	1,105	–	1,978
Loans and borrowings	23,831	26,860	6,143	56,834
Total undiscounted financial liabilities	146,812	27,965	6,143	180,920
Total net undiscounted financial liabilities	(28,710)	(27,965)	(6,143)	(62,818)

	1 year or less $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
2013				
Company				
Financial assets				
Other receivables	92	–	–	92
Derivatives	6	–	–	6
Cash and cash equivalents	219	–	–	219
Total undiscounted financial assets	317	–	–	317
Financial liabilities				
Trade and other payables	652	–	–	652
Total undiscounted financial liabilities	652	–	–	652
Total net undiscounted financial liabilities	(335)	–	–	(335)

Notes to the Financial Statements (Cont'd)

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36. Classification of financial instruments

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
		(Restated)		
Loans and receivables				
Trade receivables	74,601	85,956	–	–
Other receivables	4,041	10,496	88	92
Cash and cash equivalents	18,637	21,595	1,714	219
Amounts due from subsidiary companies	–	–	14,510	19,313
	97,279	118,047	16,312	19,624
Financial liabilities measured at amortised cost				
Trade payables	(22,319)	(19,101)	–	–
Trust receipts (secured)	(61,806)	(76,031)	–	–
Other payables	(20,752)	(26,833)	(519)	(652)
Loans (secured)	(52,907)	(54,635)	–	–
Hire-purchase liabilities	(1,580)	(1,737)	–	–
Amounts due to subsidiary companies	–	–	(5,881)	(365)
	(159,364)	(178,337)	(6,400)	(1,017)
Fair value through profit or loss				
Forward currency contracts				
- Derivatives assets	–	55	–	6
- Derivatives liabilities	(207)	(79)	(79)	–
Interest rate swap	(58)	(64)	–	–

Notes to the Financial Statements (Cont'd)

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37. 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)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		$'000	$'000	$'000
Group				
2014				
Financial liabilities				
Forward currency contracts	18	–	(207)	–
Interest rate swap	18	–	(58)	–
2013				
Financial assets				
Forward currency contracts	18	–	55	–
Financial liabilities				
Forward currency contracts	18	–	(79)	–
Interest rate swap	18	–	(64)	–
Company				
2014				
Financial liabilities				
Forward currency contracts	18	–	(79)	–
2013				
Financial assets				
Forward currency contracts	18	–	6	–

Notes to the Financial Statements (Cont'd)

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

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

Fair value hierarchy

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

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

Determination of fair value

Forward currency contracts and interest rate swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swaps models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, interest rate curves and forward rate curves.

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 approximate 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.

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

38. 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 2014 and 30 April 2013.

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	
	2014	**2013**
	$'000	$'000
		(Restated)
Trust receipts	61,806	76,031
Loans (secured)	52,907	54,635
Bank borrowings	114,713	130,666
Equity attributable to the equity holders of the Company	122,498	120,248
Less: Statutory reserve fund	(424)	(424)
Distributable net assets	122,074	119,824
Gearing ratio (times)	0.94	1.09

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 2014 and 30 April 2013.

39. 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

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

39. Segment information (cont'd)

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.

Transfer prices between operating segments are based on terms agreed between parties.

	South East Asia①	North Asia②	Africa	Others③	Total of segments	Elimination	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014							
Revenue:							
External revenue	242,194	3,573	29,597	15,251	290,615	–	290,615
Inter-segment revenue	43,523	1,187	111	–	44,821	(44,821)	–
Other revenue:							
- Interest income	34	–	76	27	137	–	137
- Others	568	1,795	–	169	2,532	–	2,532
Total revenue	286,319	6,555	29,784	15,447	338,105	(44,821)	293,284
Finance costs	(4,267)	(83)	(488)	(147)	(4,985)	676	(4,309)
Segment result	12,756	290	(944)	(1,414)	10,688	676	11,364
Less: Unallocated expenses							(73)
Share of results of joint ventures							(718)
Profit before taxation							10,573
Taxation							(557)
Profit for the financial year							10,016
Other information							
Segment assets	226,783	4,828	24,892	11,054	267,557	–	267,557
Associated and joint venture company	6,800	12,069	–	(2,525)	16,344	–	16,344
Unallocated assets	–	–	–	–	–	–	2,559
Total assets	233,583	16,897	24,892	8,529	283,901	–	286,460
Segment liabilities	147,494	946	7,728	4,990	161,158	–	161,158
Unallocated liabilities	–	–	–	–	–	–	2,804
Total liabilities	147,494	946	7,728	4,990	161,158	–	163,962

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

39. Segment information (cont'd)

	South East Asia①	North Asia②	Africa	Others③	Total of segments	Elimination	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014							
Other segment information							
Additions to non-current assets							
- Property, plant and equipment	23,625	20	198	102	23,945	–	23,945
Significant non-cash expenses:							
Amortisation and depreciation	6,913	88	298	90	7,389	–	7,389
Allowance for/(write-back of) doubtful receivables	2,245	(61)	95	417	2,696	–	2,696
Allowance for inventory obsolescence	819	155	428	41	1,443	–	1,443
Write-back of impairment on property, plant and equipment	(8)	–	–	–	(8)	–	(8)
Bad debts written-off directly to profit or loss	–	–	53	1	54	–	54

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

39. Segment information (cont'd)

	South East Asia①	North Asia②	Africa	Others③	Total of segments	Elimination	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2013 (Restated)							
Revenue:							
External revenue	261,947	4,176	33,376	17,963	317,462	–	317,462
Inter-segment revenue	50,127	–	–	–	50,127	(50,127)	–
Other revenue:							
- Interest income	42	–	52	13	107	–	107
- Others	185	218	–	152	555	–	555
	312,301	4,394	33,428	18,128	368,251	(50,127)	318,124
Unallocated revenue							7
Total revenue							318,131
Finance costs	(5,334)	(178)	(703)	(131)	(6,346)	959	(5,387)
Segment result	6,415	(2,777)	(3,074)	(111)	453	959	1,412
Add: Unallocated revenue							7
Less: Unallocated expenses							(56)
Share of results of joint ventures							13,151
Profit before taxation							14,514
Taxation							(2,956)
Profit for the financial year							11,558
Other information							
Segment assets	234,398	9,441	26,397	13,936	284,172	–	284,172
Associated and joint venture company	6,800	11,147	–	(181)	17,766	–	17,766
Unallocated assets	–	–	–	–	–	–	2,527
Total assets	241,198	20,588	26,397	13,755	301,938	–	304,465
Segment liabilities	163,204	3,141	8,283	4,739	179,367	–	179,367
Unallocated liabilities	–	–	–	–	–	–	4,850
Total liabilities	163,204	3,141	8,283	4,739	179,367	–	184,217

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

39. Segment information (cont'd)

	South East Asia①	North Asia②	Africa	Others③	Total of segments	Elimination	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2013 (Restated)							
Other segment information							
Additions to non-current assets							
- Property, plant and equipment	10,650	103	292	262	11,307	–	11,307
Significant non-cash expenses:							
Amortisation and depreciation	7,484	77	369	102	8,032	–	8,032
Allowance for doubtful receivables	702	1,091	532	6	2,331	–	2,331
Allowance for/(write-back of) inventory obsolescence	646	(6)	(7)	(52)	581	–	581
Write-back of impairment on property, plant and equipment	(765)	–	–	–	(765)	–	(765)
Bad debts written-off directly to profit or loss	–	–	146	–	146	–	146

Note:

① Includes Singapore, Malaysia, Philippines, Thailand, Indonesia, Vietnam and Brunei

② Includes Hong Kong and People's Republic of China

③ Includes North America/Latin America, Australia and India

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

39. Segment information (cont'd)

Business information

	Revenue		Non-current assets	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
		(Restated)		**(Restated)**
Distribution	258,285	284,842	69,489	53,926
Manufacturing	34,999	33,289	14,520	17,818
	293,284	318,131	84,009	71,744

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

40. Subsidiary, associated and joint venture companies

The subsidiary, associated and joint venture companies as at 30 April 2014 are:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Percentage of equity held by the Group	
			2014	**2013**	**2014**	**2013**
			$'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)	STC Tyre Mart Sdn Bhd (formerly known as 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

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Percentage of equity held by the Group	
			2014	2013	2014	2013
			$'000	$'000	%	%
	Subsidiary companies (cont'd)					
	Held by the Company:					
(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)	6,523	4,708	100	100
(4)	Boon Tyre Holdings Limited (Hong Kong)	Investment and property holding company (Hong Kong and United Kingdom)	@	@	100	100
##	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)	14,554	9,317	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)	4,132	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

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

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

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Percentage of equity held by the Group	
			2014	2013	2014	2013
			$'000	$'000	%	%
	Subsidiary companies (cont'd)					
	Held by the Company:					
(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)	19,898	16,571	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	6,189	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	2,493	100	100
##	Stamford Tyres Do Brazil Participacoes LTDA (Brazil)	Dormant (Brazil)	281	221	100	100
++	Stamford Tyres Vietnam Company Limited	Wholesale of tyres and wheels (Vietnam)	126	126	100	100
(13) #	Stamford Tyres (B) Sdn Bhd	Wholesale of tyres and wheels (Brunei)	25	–	100	–
			73,132	59,498		

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

40. 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 2014 %	2013 %
	Subsidiary companies			
	Held by Stamford Tyres (Hong Kong) Limited:			
(4)	Stamford Tyres (Guangzhou) Limited (People's Republic of China)	Dormant (People's Republic of China)	100	100
	Held by Stamford Tyres (M) Sdn Bhd:			
(2)	Stamford Retread Industries (M) 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 companies			
	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
(14) +++	Falken Tyre India Private Ltd (India)	Distribution and sale of replacement tyres	40	40
	Held by Tyre Pacific (HK) Limited:			
(8) +	Real Courage Limited (Hong Kong)	Property holding company (Hong Kong)	50	50
(12) +	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

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

40. 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 2014 %	2013 %
	Associated company *Held by the Company:*			
##	Stamford Tyres (Thailand) Co., Ltd (Thailand)	Inactive (Thailand)	49	49

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

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

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

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

Auditors

(1) Ernst & Young LLP, Singapore, Public Accountants and Chartered 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) CIB Accountants & Advisors, Australia, Chartered Accountants

(7) Manuel Valdez, Ngo & Associates, Philippines, Certified Public Accountants

(8) Ernst & Young, 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) Guangzhou Zexin Certified Public Accountants Co., Ltd, China, Certified Public Accountants

(13) WKA Associates, Brunei, Certified Public Accountants and Auditors

(14) BSR & Company, India, Chartered Accountants

Notes to the Financial Statements (Cont'd)

For the financial year ended 30 April 2014
(In Singapore Dollars)

41. 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 2014 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	Disclosure based on scheduled repayment dates
		$'000	$'000
Balance sheets			
Long-term loans (secured) – current portion	24	6,759	6,671
Long-term loans (secured)	27	39,111	39,199

42. Authorisation of financial statements for issue

The financial statements for the year ended 30 April 2014 were authorised for issue in accordance with a resolution of the directors on 31 July 2014.

List of Major Properties

As at 30 April 2014

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 renewed in 2013 until 2035 (22 yrs)	13,122.1 (land area) 22,591.09 (gross floor area)	Truck service centre 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 renewed in 2010 until 2031 (20 yrs)	144.0	Office with warehouse, retail and service centre
Lot D-4 Jalan Kuala Kuningan Kuala Kencana, Light Industrial Park Tembagapura, Mimika Baru Papua, Indonesia	10 year lease from 2004	12,000.0	Office with truck service centre, warehouse and retreading plant
Jalan Projakal Rt. 047 Kelurahan Batu Ampar Kecamatan Balikpapan Utara	30 year lease from 2013	2,973.0	Office with warehouse
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 15 July 2014 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	41,699,554	17.70%	49,551,319	21.03%
Mrs Dawn Wee Wai Ying	13,637,567	5.79%	77,613,306	32.94%
Wah Holdings Pte Ltd	35,913,752	15.24%	-	-
Lim & Tan Securities Pte Ltd	23,886,000	10.14%	-	-

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. In addition, 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 held by Mrs Dawn Wee Wai Ying	13,637,567
Shares held 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 held by Mr Wee Kok Wah	41,699,554
Shares held by Wah Holdings Pte Ltd	35,913,752
Total	77,613,306

Total Number of issued shares: 235,586,244 ordinary shares as at 15 July 2014

Statistics of Shareholdings

As at 15 July 2014

Number of shares issued	:	235,586,244 ordinary shares
Class of share	:	Ordinary shares
Voting Rights	:	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS		NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 -	999	110	4.00	33,020	0.01
1,000 -	10,000	1,412	51.36	8,612,392	3.66
10,001 -	1,000,000	1,207	43.91	62,958,149	26.72
1,000,001	AND ABOVE	20	0.73	163,982,683	69.61
TOTAL:		2,749	100.00	235,586,244	100.00

Based on the information available to the Company as at 15 July 2014, approximately 48.51% 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	41,699,554	17.70
2.	WAH HOLDINGS PTE LTD	35,913,752	15.24
3.	LIM & TAN SECURITIES PTE LTD	25,961,000	11.02
4.	KWOK WAI YING DAWN	13,637,567	5.79
5.	HSBC (SINGAPORE) NOMINEES PTE LTD	10,692,000	4.54
6.	CHIA KEE KOON	5,226,000	2.22
7.	DAIWA CAPITAL MARKETS SINGAPORE LIMITED	4,300,000	1.83
8.	SEE LOP FU JAMES @ SHI LAP FU JAMES	3,800,000	1.61
9.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,405,500	1.45
10.	DBS NOMINEES (PRIVATE) LIMITED	2,850,000	1.21
11.	KWOK WENG FAI	2,830,060	1.20
12.	PHILLIP SECURITIES PTE LTD	1,946,750	0.83
13.	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,730,500	0.73
14.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,630,000	0.69
15.	TEO KWANG CHWEE	1,590,000	0.67
16.	LIM YEW HOE	1,588,000	0.67
17.	TAN YONG CHIANG OR TAN HUI LIANG	1,585,000	0.67
18.	CITIBANK NOMINEES SINGAPORE PTE LTD	1,325,000	0.56
19.	CHIANG KOK MENG	1,190,000	0.51
20.	QUEK KAI CHUAN	1,082,000	0.46
	TOTAL	**163,982,683**	**69.60**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of the shareholders of the Company will be held on Friday, 29 August 2014 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 2014 together with the Auditor's Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of up to $377,000 for the financial year ending 30 April 2015. *[See explanatory note (a)]* **Resolution 2**

3. To declare and approve a first and final tax exempt (one-tier) dividend of 1.5 cents per ordinary share for the financial year ended 30 April 2014. **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 Goh Chee Wee (Article 99) **Resolution 5**

5. To re-appoint Mr Leslie Mah Kim Loong who is retiring under Section 153(6) of the Companies Act, Cap 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting. *[See explanatory note (c)]* **Resolution 6**

6. To re-appoint Ernst & Young LLP as Auditor for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 7**

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 Resolution:

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 ("SGX-ST"), authority be given to the Directors of the Company 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 shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company, (as calculated in accordance with sub-paragraph (ii) below);

Notice of Annual General Meeting (Cont'd)

(ii) [subject to such manner of calculation as may be prescribed by SGX-ST] for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company 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, the 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 8**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 9 September 2014 for the purpose of determining shareholders' entitlements to the first and final dividend for the year ended 30 April 2014.

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 8 September 2014 will be registered, before shareholders' entitlement to the proposed dividend is determined.

Shareholders (being Depositors) whose securities accounts with the Central Depository (Pte) Limited ("CDP"), are credited with shares as at 5.00 p.m. on 8 September 2014, will rank for the proposed dividend.

The proposed dividend, if approved at the Annual General Meeting of the Company to be held on 29 August 2014, will be paid on 18 September 2014.

By Order Of The Board

Lo Swee Oi
Company Secretary
Dated: 13 August 2014

Notice of Annual General Meeting (Cont'd)

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 the financial year ending 30 April 2015. The amount of the Directors' fees is computed based on the anticipated number of Board meetings for the financial year ending 30 April 2015, 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. The comparative amount for Directors' fees for the financial year ended 30 April 2014 was unchanged at S$377,000.

(b) Mr Sam Chong Keen, if re-elected, will continue to serve as Chairman of the Board, Nominating and Remuneration Committees and a member of the Audit Committee. Mr Sam is considered by the Board of Directors to be an Independent Director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(c) Mr Leslie Mah Kim Loong, an Independent Director, if re-appointed, will continue to serve as a member of the Audit Committee. Mr Mah is considered an Independent Director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(d) The proposed ordinary resolution 8 above, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting, to issue further shares in the 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.

Note:

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

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

3. The form of proxy must be signed by the appointor or his attorney duly authorized in writing. In case of joint shareholders, all holders must sign the proxy form.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

ANNUAL GENERAL MEETING
PROXY FORM

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 at the Annual General Meeting of the Company (the "**Meeting**") to be held on 29 August 2014 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 2015		
3.	Declaration of first and final tax exempt (one-tier) dividend		
4.	Re-election of Mr Sam Chong Keen as Director		
5.	Re-election of Mr Goh Chee Wee as Director		
6.	Re-appointment of Mr Leslie Mah Kim Loong as Director		
7.	Re-appointment of Ernst & Young LLP as Auditor		
	Special Business		
8.	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 ___________________ 2014

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.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 August 2014.


SUMO
FIRENZA
A Premium Brand From Singapore
TRUE
PERFORMANCE
AT-186
ST-07
SV-053
ST-05A*
SSR05A
SSM10
SSD08
STAMFORD TYRES


SSW®
PERFORMANCE WHEELS
SPORT BY SSW
GENESIS
HIGH END
SSW
PERFORMANCE WHEELS
GS801 (R) 20x10
GS801 (F) 20x8.5
GENESIS
HIGH-END SPORT
GS801
GS802
GS803