TVS MOTOR (SINGAPORE) PTE. LIMITED

ANNUAL REPORT 2009 - 2010

Report of the Directors

The directors present their report together with the audited financial statements of the company for the financial year ended 31 March 2010.

1. **DIRECTORS**

   The directors of the company in office at the date of this report are:
   Venu Srinivasan
   Hari Hara Iyer Lakshmanan
   Seenivasan Elayalwar

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

   Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3. **DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

   The directors holding office at the end of the financial year had no interests in the share capital of the company as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act, Cap. 50.

4. **DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS**

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

5. **OPTIONS TO TAKE UP UNISSUED SHARES**

   During the financial year, no option to take up unissued shares of the company was granted.

6. **OPTIONS EXERCISED**

   During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

7. **UNISSUED SHARES UNDER OPTION**

   At the end of the financial year, there were no unissued shares under option.

8. **INDEPENDENT AUDITORS**

   The independent auditors, M/s. Rama & Co., Public Accountants and Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the board

VENU SRINIVASAN
Director

HARI HARA IYER LAKSHMANAN
Director

Singapore
1 June 2010

Statement by Directors

We, being two of the directors of the company, do hereby state that in our opinion:-

(a) the accompanying financial statements set out on pages 5 to 23 are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2010, and of the results of the business, changes in equity and cash flows of the company for the financial year ended on that date;

(b) 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, and

(c) no consolidated financial statements have been prepared as the company itself is virtually wholly-owned by another corporation which prepares consolidated financial statements.

On behalf of the Board

VENU SRINIVASAN
Director

HARI HARA IYER LAKSHMANAN
Director

Singapore
1 June 2010

Independent Auditors' report to the Members

We have audited the accompanying financial statements of TVS MOTOR (SINGAPORE) PTE. LIMITED, which comprises the statement of financial position as at 31 March 2010, and statement of comprehensive income, statement of changes in equity and statement of cash flow and a summary of significant accounting policies and other explanatory notes set out on pages 5 to 23 for the financial year ended 31 March 2010.

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act Cap. 50 (the "Act"). This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion

(a) the financial statements 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 company as at 31 March 2010 and the results, changes in equity and cash flows of the company for the year then ended on that date; and

(b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

RAMA & CO.
PUBLIC ACCOUNTANTS AND CERTIFIED PUBLIC ACCOUNTANTS SINGAPORE

Singapore, 1 June 2010

BALANCE SHEET AS AT 31 MARCH 2010

	Note	2010 S$	2009 S$
ASSETS			
Non-Current assets:			
Investment in subsidiary	(7)	**63,967,275**	35,983,275
Total non-current assets		**63,967,275**	35,983,275
Current assets:			
Bank balance	(8)	**19,340**	65,868
Total current assets		**19,340**	65,868
Total assets		**63,986,615**	36,049,143
EQUITY AND LIABILITIES			
Capital reserve:			
Share Capital	(9)	**64,364,301**	36,033,701
Accumulated Losses		**(396,516)**	(5,968)
Total equity		**63,967,785**	36,027,733
Current liabilities:			
Other payables	(10)	**18,830**	21,410
Total current liabilities		**18,830**	21,410
Total equity and liabilities		**63,986,615**	36,049,143

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

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 S$	2009 S$
Revenue		**—**	—
Other income	(11)	**—**	11,658
Administrative expenses		**(390,548)**	(6,359)
(Loss)/Profit before income tax		**(390,548)**	5,299
Income tax	(12)	**—**	—
(Loss)/Profit for the year	(13)	**(390,548)**	5,299
Other comprehensive income		**—**	—
Total comprehensive (loss)/income for the year		**(390,548)**	5,299

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Share Capital S$	Accumulated Losses S$	Total S$
Balance as at 1 April 2008	17,159,920	(11,267)	17,148,653
Issue of shares (Note 9)	18,873,781	-	18,873,781
Total comprehensive income for the year	-	5,299	5,299
Balance as at 31 March 2009	36,033,701	(5,968)	36,027,733
Issue of shares (Note 9)	28,330,600	-	28,330,600
Total comprehensive income for the year	-	(390,548)	(390,548)
Balance as at 31 March 2010	64,364,301	(396,516)	63,967,785

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

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2010

	2010 S$	2009 S$
Cash flow from operating activities:		
(Loss)/Profit before income tax and working capital changes	**(390,548)**	5,299
Other payables	**(2580)**	(4,563)
Net cash (used in)/from operating activities	**(393,128)**	736
Investing activities:		
Acquisition of investment in subsidiary	**(27,984,000)**	(18,946,780)
Net cash used in investing activities	**(27,984,000)**	(18,946,780)
Financing activities :		
Proceeds from issue of shares	**28,330,600**	18,873,781
Net cash from financing activities	**28,330,600**	18,873,781
Net decrease in cash	**(46,528)**	(72,263)
Cash at beginning of year	**65,868**	138,131
Cash at end of year	**19,340**	65,868

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The company (Registration number: 200301438H) is a private limited company, which is domiciled and incorporated in the Republic of Singapore with its registered office at:

17 Phillip Street #05-01
Grand Building
Singapore 048695

The principal activities of the company are to carry on business as investment holding company, manufacturers, importers, exporters and commission agents. However, during the financial year, the company carried on the business of investment holding company only.

The financial statements of the company for the year ended 31 March 2010 were authorised for issue in accordance with the directors' resolution dated 1 June 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2.2. Changes in accounting policies:

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for current financial year. The adoption of the above standards is assessed to have no material impact on the financial results and the financial position of the company for the year ended 31 March 2010, except for FRS 107 and the amendment to FRS 1 (revised) as indicated below.

FRS 1 Presentation of Financial Statements (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs. However, the company had adopted the one statement of comprehensive income.

FRS 107 Financial Instruments: Disclosures (Amendment) clarifies that fair value disclosures are required for each class of financial instruments separately. The amendments introduce a three-level hierarchy for fair value measurement disclosures; Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability directly or indirectly, and Level 3: Inputs for the asset or liability that are not based on observable market data; and require additional disclosures about the relative reliability of fair value measurements. In addition, the existing requirements for the disclosure of liquidity risk are clarified and enhanced. Comparative disclosure is not required in the first year of application.

2.3. FRSs and INT FRSs not yet effective

At the date of authorisation of these financial statements, the following FRS's and INT FRS's were issued but not effective:

Reference	Description	Effective for annual periods beginning on or after
FRS 24	Related Party Disclosures (Revised)	1 January 2011
FRS 27	Consolidated and Separate Financial Statements (Amendment)	1 July 2009
FRS 32	Financial Instruments: Presentation-Classification of Rights Issues (Amendment)	1 February 2010
FRS 39	Financial Instruments: Recognition and Measurement –Eligible Hedged Item	1 July 2009
FRS 101	First-time Adoption of Financial Reporting Standards (Revised)	1 July 2009
FRS 101	First-time Adoption of Financial Reporting Standards (Revised) – Additional exemptions for first-time Adopters	1 January 2010
FRS 102	Share-based Payment: Group Cash settled Share-based Payment Transactions (Amendment)	1 January 2010
FRS 103	Business Combinations (Amendment)	1 July 2009
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendment)	1 July 2009
INT FRS 114	Prepayment of a Minimum Funding Requirement (Amendment)	1 January 2011
INT FRS 119	Extinguishing Financial liabilities with Equity Instruments	1 July 2010
INT FRS 117	Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118	Transfers of Assets from Customers	1 July 2009

Improvements to FRSs issued in 2009

Reference	Description	Effective for annual periods beginning on or after
FRS 38	Intangible Assets (Amendment)	1 July 2009
FRS 102	Share-based Payment (Amendment)	1 July 2009
INT FRS 109	Reassessment of Embedded Derivatives (Amendment)	1 July 2009
INT FRS116	Hedges of a Net Investment in a Foreign Operation (Amendment)	1 July 2009
FRS 1	Presentation of Financial Statements (Amendment)	1 January 2010
FRS 7	Statement of Cash Flows (Amendment)	1 January 2010
FRS 17	Leases (Amendment)	1 January 2010
FRS 36	Impairment of Assets (Amendment)	1 January 2010
FRS 39	Financial Instruments: Recognition and Measurement	1 January 2010
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendment)	1 January 2010

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

2.4. Subsidiary

Subsidiary is an entity controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. An investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

2.5 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.6. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

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

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.7. Income Taxes

a) Current tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted.

b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is not longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

2.8. Functional and Foreign Currency

a) Functional currency

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be Singapore dollars. Revenue and majors operating expenses are primarily influenced by fluctuations in Singapore dollars.

b) Foreign currency transactions

Transactions in foreign currencies have been converted into Singapore dollars at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date have been converted into Singapore dollars at the rates of exchange approximating to those ruling at that date. Exchange differences are dealt with in the profit and loss statement.

2.9. Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes the financial statements when material.

3. FINANCIAL INSTRUMENTS

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

3.1 Financial Assets

Financial assets within the scope of FRS 39 are recognised on the balance sheet when, and only when the company becomes a party to the contractual provision of the financial instruments. The classification of financial assets depends on the purpose of which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

b) Cash and bank balances

Financial assets include only bank balances.

c) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balances sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When an other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

d) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirely, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss statement.

3.2 Financial Liabilities and Equity

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

a) Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter period.

b) Financial liabilities

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

d) Derecognition of financial liabilities

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

Where an existing financial liability is replaced by another form 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 respectively carrying amounts is recognised in the profit and loss statement.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Critical judgement in applying the group's accounting policies

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Determination of functional currency

The company measures foreign currency transactions in the respective functional currencies of the company and its subsidiary. In determining the functional currencies of the the company, 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 currency of the company is determined based on management's assessment of the economic in which the entities operate and the entities' process of determining sales prices.

b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of investment in subsidiary

The company follows the guidance of FRS 36 in determining the recoverability of its investments in subsidiary. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information.

5. FINANCIAL RISKS, MANAGEMENT OBJECTIVE AND POLICIES

5.1. Financial risks management policies and objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The directors' meets periodically to analyse, formulate and monitor the following risk management of the company and believe that the financial risks associated with these financial instruments are as follows:

The Company adopts a systematic approach towards risk assessment and management in year 2010. Risk management is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile.

There has been no change to the nature of the Company's exposure to financial risks or the manner in which it manages and measures the risk. Foreign currency risks are measured using sensitivity analysis as indicated in respective section.

a) Categories of financial assets and liabilities

The categories of financial assets and financial liabilities included in the balance sheets and the headings in which they are included are as follows:

	2010	2009
	S$	S$
Financial assets		
Bank balances	**19,340**	65,868
Financial liabilities		
Other payables	**18,830**	21,410

b) Credit Risk

Credit risk refers to risk that counterparty will default on their obligations to repay amounts owing to company resulting in a loss to the company. The carrying amount of cash at bank represents the company's maximum exposure to credit risk in relation to financial assets.

The company's policy is to place its cash and bank balances with high quality financial institutions for which credit loss is not anticipated. The company has not experienced any losses on its deposits.

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

c) Foreign Currency Risk

Foreign exchange risk arose from the change in foreign exchange rates that may have an adverse effect on the company's current reporting period and in the future years.

The company is exposed to foreign currency risk on transactions and balances that are denominated in a currency other than Singapore dollar. The currencies giving rise to this risk are primarily Indonesia Rupiah and United States dollars. Exposure to foreign currency risk is monitored on an ongoing basis by the company to ensure that the net exposure is kept at an acceptable level.

No sensitivity analysis has been prepared as the impact of foreign currency would be immaterial to the company.

d) Liquidity Risk

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the company's reputation.

The following table summarised the company's remaining contractual maturity for its non-derivative financial instruments at the balance sheet date based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to receive or pay.

2010	**Effective interest rate (%)**	**Within 1 year of repayable on demand**	**Within 2 to 5 year**	**Total**
		S$	**S$**	**S$**
Financial assets				
Bank balances	-	19,340	-	19,340
Financial liabilities				
Other payables	-	18,830	-	18,830

2009	**Effective interest rate (%)**	**Within 1 year of repayable on demand**	**Within 2 to 5 year**	**Total**
		S$	**S$**	**S$**
Financial assets				
Bank balances	-	65,868	-	65,868
Financial liabilities				
Other payables	-	21,410	-	21,410

e) Fair value of financial assets and financial liabilities

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained through discounted cash flow models as appropriate.

Management has determined that the carrying amounts of cash at banks and other payables based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

5.2. Capital risk management policies and objectives

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables less cash at banks as shown in the balance sheet. The Total capital is calculated as equity plus net debt. The company aims to maintain the gearing ratio at a reasonable level.

	2010	2009
	S$	S$
Other payables	**18,830**	**21,410**
Less: Cash at bank	**(19,340)**	**(65,868)**
Net debts	**(510)**	**(44,458)**
Total equity	**63,967,785**	**36,027,733**
Total capital	**63,967,275**	**35,983,275**
Gearing ratio	**-**	**(0.12%)**

The company is not subject to externally imposed capital requirement.

6. HOLDING COMPANY

The company is wholly-owned subsidiary of TVS Motor Company Ltd, incorporated in India. The company's ultimate holding company is Sundaram Clayton Limited, incorporated in India. The registered office of the holding company is at 29 (Old No.8) Haddows Road, Chennai 600006, India.

7. INVESTMENT IN SUBSIDIARY

	2010	2009
	S$	S$
Unquoted equity shares at cost	**63,967,275**	35,983,275

However, no impairment loss is recognised in the financial statements.

Details of the subsidiary are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership Interest		Principal activity
		2010	**2009**	
PT TVS Motor Company Indonesia	Indonesia	**68%**	54%	Manufacturers of motorcycles, motorcycles spare parts and accessories.

a) Increase in investment of a subsidiary

During the financial year, the company acquired an additional 14% equity interest in P.T. TVS Motor Company Indonesia ("PT TVS").

b) Exemption from consolidation

One set of consolidated financial statements of the company and its subsidiary is not prepared as the company itself is virtually wholly-owned by another corporation which prepares consolidated financial statements. The registered office of the ultimate holding company, TVS Motor Company Ltd, which produces consolidated financial statements available for public use is at 29 (Old No. 8) Haddows Road, Chennai 600006, India.

c) Others

The subsidiary's financial statements were audited by M/s Osman Bing Satrio & Rekan, Registered Public Accountants, in Indonesia.

The carrying amount of investment in subsidiary, which approximate its fair value are denominated in Indonesian Ruppiah.

8. BANK BALANCES

The carrying amounts of bank balances, which approximate its fair value are denominated in the United States dollars.

9. SHARE CAPITAL

			Issued capital	
	2010	2009	**2010**	2009
	Number of shares		S$	S$
Balance at beginning of year	**36,033,70**	17,159,920	**36,033,701**	17,159,920
Issue of shares	**28,330,600**	18,873,781	**28,330,600**	18,873,781
Balance at end of year	**64,364,301**	36,033,701	**64,364,301**	36,033,701

During the year, the company issued 28,330,600 ordinary shares at S$1 each for cash. The proceeds were used for investments in subsidiary. In the previous financial year, the company issued 18,873,781 ordinary shares at S$1 each for cash. The proceeds were used for investment in an subsidiary. The new ordinary shares rank pari pasu in all respect with the existing issued ordinary shares in the capital of the company.

Pursuant to the Singapore Companies (Amendment) Act 2005, effective from 30 January 2006, the concept of "par value" and "authorised capital" were abolished.

The company has one class of ordinary shares, which carry no right to fixed income.

10. OTHER PAYABLES

	2010	2009
	S$	S$
Director	**15,630**	15,630
Accrued expenses	**3,200**	5,780
	18,830	21,410

The amount due to director is unsecured, interest free and is repayable on demand.

The carrying amounts of other payables, which approximate its fair value, are denominated in Singapore dollars.

11. OTHER INCOME

	2010	2009
	S$	S$
Foreign currency exchange adjustment gain	**-**	11,658

12. INCOME TAX

No provision for income tax is made as there is no chargeable income during the year.

13. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging:

	2010	2009
	S$	S$
Foreign currency exchange adjustment loss	**351,614**	-

DETAILED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	S$	S$
Revenue	**–**	–
Other income		
Foreign currency exchange adjustment gain	–	11,658
Less: Operating expenses		
Administrative expenses		
Auditors' remuneration	**2,500**	2,500
Bank charges	**27,183**	579
Foreign currency exchange adjustment loss	**351,614**	-
Professional fee	**700**	700
Secretarial fees and charges	**8,551**	2,580
	(390,548)	(6,359)
Net (loss)/profit for the year	**(390,548)**	5,299

This schedule does not form part of the statutory audited financial statements.

RE-STATED ACCOUNTS OF
TVS MOTOR (SINGAPORE) PTE. LIMITED

BALANCE SHEET AS AT 31 MARCH 2010

	Schedule number	Singapore $ Mn. As at 31-03-2010		Rupees in crores As at 31-03-2010	
I SOURCES OF FUNDS					
1 Shareholders' funds					
(a) Capital	I	64.36		201.20	
(b) Reserves and surplus	II	(0.39)	63.97	(5.08)	196.12
2 Loan funds					
(a) Secured loans		–		–	
(b) Unsecured loans		–	–	–	–
3 Deferred tax liability (net of deferred tax asset)			–		–
Total			63.97		196.12
II APPLICATION OF FUNDS					
1 Fixed assets					
(a) Gross block		–		–	
(b) Less: Depreciation		–		–	
(c) Net block			–		–
(d) Capital work-in-progress			–		–
2 Investments	III		63.97		196.12
3 Current assets, loans and advances					
(a) Inventories		–		–	
(b) Sundry debtors		–		–	
(c) Cash and bank balances	IV	0.02		0.06	
(d) Other current assets		–		–	
(e) Loans and advances		–		–	
Total (A)		0.02		0.06	
Current liabilities and provisions					
(a) Current liabilities	V	0.02		0.06	
(b) Provisions		–		–	
Total (B)		0.02		0.06	
Net current assets (A - B)			–		–
4 Miscellaneous expenditure to the extent not written off or adjusted			–		–
Total			63.97		196.12

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Schedule number		Singapore $ Mn. Year ended 31-03-2010	Rupees in crores Year ended 31-03-2010
Gross sales			–	–
Less: Excise duty			–	–
Net sales			–	–
Other income			–	–
Total revenue		(A)	–	–
Raw materials and components consumed			–	–
Salaries and wages, stores consumed and other expenses	VI		0.03	0.13
Miscellaneous expenditure			–	–
Sub-total		(B)	0.03	0.13
Profit before Interest, depreciation and tax		(A-B)	(0.03)	(0.13)
Interest and finance charges (net)	VII		0.35	1.18
Depreciation			–	–
Profit before tax			(0.38)	(1.31)
Provision for taxation			–	–
Provision for fringe benefit tax			–	–
Provision for deferred tax			–	–
Profit for the year (after tax)			(0.38)	(1.31)
Balance profit brought forward			(0.01)	(0.02)
Profit for the year (after tax)			(0.38)	(1.31)
Total			(0.39)	(1.33)

TVS MOTOR (SINGAPORE) PTE. LIMITED

Schedules

		Singapore $ Mn. As at 31-03-2010		Rupees in crores As at 31-03-2010
I CAPITAL				
Authorised				
64,364,301 Ordinary shares of Singapore $ 1/- each		64.36		201.20
		64.36		201.20
Issued, subscribed and paid-up 64,364,301 Ordinary shares of Singapore $ 1/- each fully paid up		64.36		201.20
		64.36		201.20
II RESERVES AND SURPLUS				
(a) Foreign currency reserve				
As per last Balance Sheet	-		(3.75)	
Add: Transfer from Profit and Loss Account	-	-	-	(3.75)
(b) Surplus Balance in Profit and Loss Account		(0.39)		(1.33)
		(0.39)		(5.08)
III INVESTMENTS				
(a) INVESTMENT IN PT TVS MOTOR COMPANY, INDONESIA		63.97		196.12
		63.97		196.12
IV CASH AND BANK BALANCES				
(a) Cash and cheques on hand		-		-
(b) With scheduled banks				
(i) in current accounts		0.02		0.06
(ii) in cash credit accounts		-		-
(iii) in term deposit accounts		-		-
(c) With other banks				
		0.02		0.06
V CURRENT LIABILITIES				
Sundry creditors		0.02		0.06
		0.02		0.06

Schedules (Contd.)

	Singapore $ Mn Year ended 31-03-2010	Rupees in crores Year ended 31-03-2010
VI SALARIES AND WAGES, STORES CONSUMED AND OTHER EXPENSES		
* (a) Salaries, wages and allowances	-	-
* (b) Workmen and staff welfare expenses	-	-
* (c) Contribution to provident and other funds	-	-
* (d) Stores and tools consumed	-	-
* (e) Power and fuel	-	-
* (f) Rent	-	-
(g) Rates and taxes	-	-
* (h) Repairs and maintenance:		
(i) buildings	-	-
(ii) machinery	-	-
(iii) other assets	-	-
(i) Insurance	-	-
(j) Directors' sitting fees	-	-
(k) Commission to independent directors	-	-
(l) Audit fees	-	0.01
* (m) Travel and conveyance	-	-
* (n) Packing and freight charges	-	-
* (o) Advertisement and publicity	-	-
* (p) Other marketing expenses	-	-
* (q) Other expenses	0.03	0.12
(r) Commission to selling agents	-	-
(s) Loss on sale / scrapping of fixed assets	-	-
* net of recoveries	0.03	0.13
VII INTEREST AND FINANCE CHARGES		
(a) On fixed loans	–	–
(b) Others	0.35	1.18
Total (A)	0.35	1.18
Less: Interest income		
(a) Interest income on non-trade investments (gross)	–	–
(b) Interest on advances and deposits (gross)	–	–
Total (B)	–	–
(A - B)	0.35	1.18