ANNUAL REPORT 2006

Tiger Wheels Ltd Annual Report 2006

TIGER WHEELS LIMITED ("TIWHEEL"), WHICH IS LISTED ON THE JSE LIMITED ("JSE"), COMPRISES A GROUP OF COMPANIES FOCUSED ON THE AUTOMOTIVE ALUMINIUM WHEEL AND PASSENGER CAR TYRE INDUSTRIES. THE GROUP OPERATES INTERNATIONALLY, WITH WHEEL MANUFACTURING PLANTS IN GERMANY, POLAND, SOUTH AFRICA AND THE UNITED STATES OF AMERICA ("USA"), AND WHOLESALE WHEEL AND TYRE DISTRIBUTION IN THE UNITED KINGDOM ("UK") AND SOUTH AFRICA.

THE GROUP'S 45 TIGER WHEEL & TYRE RETAIL STORES IN SOUTHERN AFRICA (32 OWNED AND 13 FRANCHISED) COVER ALL MAJOR CENTRES AND HOLD A SIGNIFICANT SHARE OF THE REPLACEMENT PASSENGER TYRE AND WHEEL BUSINESS IN THE REGION.

ATS GROUP*

EUROPE

ATS Stahlschmidt & Maiworm GmbH
Germany (74%)
Aluminium wheel manufacturer

ATS Stahlschmidt & Maiworm Sp. Z.o.o.
Poland (74%)
Aluminium wheel manufacturer

ATS Leichtmetallräder GmbH & Co.KG
Germany (74%)
Sales arm of manufacturing operations

ATS Stahlschmidt & Maiworm Technics GmbH
Germany (74%)
Technology, research and development

UNITED STATES OF AMERICA

ATS Light Alloy Wheels (Alabama) Inc.
(74%)
Aluminium wheel manufacturer

ATS Engineering USA, LLC
(74%)
Technology, research and development

ATS Light Alloy Wheels (Kentucky) Inc.***
(74%)
Aluminium wheel manufacturer

SOUTH AFRICA

ATS Light Alloy Wheels South Africa (Pty) Limited
(74%)
Aluminium wheel manufacturer

ATS Alustar Wheels Trading GmbH
Germany (74%)
Wholesaler of ATS, WSL and Alustar wheels

ATS Alustar Polska Sp. Z.o.o.
Poland (74%)
Wholesaler of ATS, WSL and Alustar wheels

TSW Alustar Scandinavia
Sweden (74%)
Wholesaler of all group wheels

Tiger Wheels GmbH
Germany
Investment holding company

ATS Beteiligungsgesellschaft mbH
Germany (74%)
Investment holding company

UNITED STATES OF AMERICA

ATS Holding USA Inc.
(74%)
Investment holding company

BALANCE OF GROUP

EUROPE

Yokohama HPT Limited
United Kingdom (50.8%) ("YHPT")
Wholesale distributor of TSW wheels and Yokohama tyres in the UK

Tiger Wheel & Tyre Limited
United Kingdom
Wholesaler of TSW wheels and Velocity tyres in the United Kingdom and internationally

Taunus Limited
Guernsey
Investment company

Tiger Wheel & Tyre Limited
United Kingdom
Investment holding company

SOUTH AFRICA

Yokohama Southern Africa (Pty) Limited
Wholesale distributor of Yokohama, Runway and Nankang branded tyres in southern Africa and TSW aftermarket wheels in South Africa and internationally

Tiger Wheel & Tyre (Pty) Limited
Retailer of wheels and tyres through 45 retail stores in southern Africa (including 13 franchised)

Basfour 2006 (Pty) Limited**
(33%) ("Basfour")
Associated property holding company

- Manufacturing
- Wholesale
- Retail
- Group services

All companies are effectively 100% owned unless otherwise indicated.

** Throughout this report reference to ATS includes all the companies and businesses in which Tiger Wheels GmbH directly or indirectly has a 74% shareholding and which are managed by the ATS management team.*

*** Equity accounted.*

**** Became a subsidiary with effect from 3 August 2005.*

Business structure	IFC
Salient features	1
Directorate	2
Distribution of wealth	4
Executive overview	5
Financial highlights	8
Corporate governance	10
Social report	19
Group social activities	19
Report on safety, health and environment	20
Group annual financial statements	21
Share data	74
Analysis of shareholders	75
Shareholder's diary	76
Notice of annual general meeting	77
Administration	IBC
Form of proxy	

SALIENT FEATURES for the year ended 30 June 2006

Headline earnings per share down

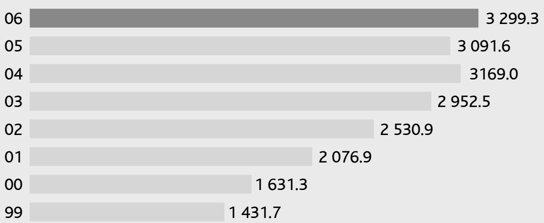
40,4%

Revenue up

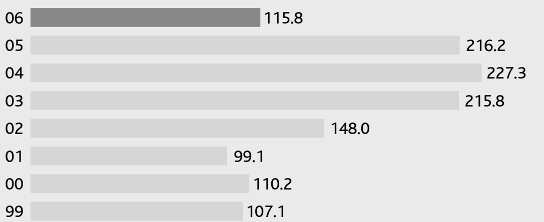
6,7%

Financial performance @ a glance

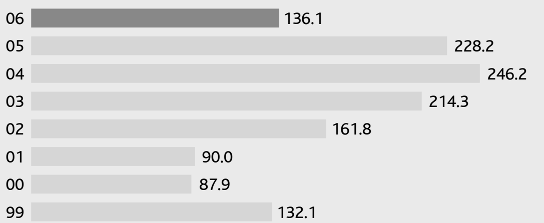
Revenue (R'm) CAGR* 12.7%



Operating income (R'm) CAGR* 1.1%



Headline earnings per share (cents) CAGR* 0.4%%



*Compound annual growth rate (over the last four years)

Highlights	2006 R'm	2005 (Restated) R'm	% change
Revenue	**3 299.3**	3 091.6	6.7
Operating income	**115.8**	216.2	(46.4)
Profit before taxation	**95.1**	195.5	(51.4)
Attributabale earnings	**75.7**	110.9	(31.7)
Headline earnings	**82.3**	137.1	(40.0)

Performance per share	2006 cents	2005 (Restated) cents	% change
Attributable earnings per share	**125.3**	184.7	(32.2)
Headline earnings per share	**136.1**	228.2	(40.4)
Distribution per share*	**51.0**	73.0	(30.1)
Net tangible asset value per share	**1 614**	1 468	9.9

Financial ratios	2006 %	2005 (Restated) %	% change
Return on equity	**7.8**	12.3	(36.6)
Return on assets	**2.5**	4.7	(46.8)
Operating margin	**3.5**	7.0	(50.0)

The company distributed the equivalent of 51 cents per ordinary share from the share premium account. Although technically not a dividend, the distribution to shareholders is accounted for as such. The base cost of Tiwheel shares for capital gains tax purposes is reduced by 51 cents.

DIRECTORATE

EXECUTIVE DIRECTORS

Edward Ivor Keizan
(Born 1944)●◆
Executive chairman
Appointed to the board on 29 December 1972
34 years of service

After serving accounting articles and studying at Wits University, Eddie entered the motor component business in various sales positions. He bought into Tiger Wheels (with prize money from winning a motor sport championship in 1972) when it was a very small business and has been the executive chairman and driving force of the group since then. He attended the Owners' and Presidents' Management Programme at Harvard Business School from 1987 to 1990. Eddie was a motor sport competitor, having participated in various forms of motor sport from saloon cars to Formula 1 and the winner of many championships from 1969 to 1979.

Jozua Johannes Georg Loots
(Born 1963)
BCom, BCompt Hons, CA(SA), SEP, CFA
Group financial director
Appointed to the board on 15 May 2001
10 years of service

After qualifying as a chartered accountant in 1987, Josh joined his family's construction and property development business in 1990. In 1996 he joined Tiger Wheel & Tyre (Pty) Limited as franchise and development manager. In 1997 he was promoted to operations director and in 2000 to managing director. In May 2001, Josh moved out of retail to corporate head office with his appointment as group financial director. By completing the required examinations in 2004 Josh earned the right to use the Chartered Financial Analyst designation. In addition to leading the group's new business development and corporate finance ventures, Josh's responsibilities include communicating with analysts, stockbrokers and investors as well as all corporate governance functions.

Siegfried Franz Teichert
(Born 1943)#
Chief executive officer – Manufacturing
Appointed to the board on 12 May 1998
18 years of service

After qualifying as a banker, Siegfried was employed by IBM and then joined Arthur Andersen in 1969 as a consultant. In 1979, he joined Montblanc/Dunhill (a Rembrandt group company) initially as managing director, but from 1980 to 1983 he focused his responsibilities as managing director – manufacturing. In 1983, Siegfried became CEO of Dupli Color, where he was responsible for European production and their trading organisation. He joined Lippert GmbH in 1985 as CEO. In 1986, he returned to Arthur Andersen as a partner, where he was actively involved as a member of the worldwide Steering Group of Productivity Improvement Projects and headed the manufacturing consulting of the German business. Since 1988, Siegfried has been chairman of the ATS Group, the position he currently holds.

Keith William Rivers
(Born 1947) ●
Chief executive officer – retail and SA wholesale
Appointed to the board on 1 April 1982
30 years of service

After starting off as a salesman in the group's discontinued motorcycle division in 1977, Keith was appointed to the board in 1982 as an executive director representing motorcycle products. In 1984 he took over the responsibility of the wholesale wheel and tyre distribution and in 1986 was appointed managing director of Tiger Wheels Natal (Pty) Limited, where he initiated the development of the Tiger Wheel & Tyre brand and store concept. In 1987, Keith was appointed managing director of Tiger Wheel & Tyre (Pty) Limited, being primarily responsible for expanding the Tiger Wheel & Tyre network. In 2000 he was appointed chief executive officer of Tiger Wheel & Tyre (Pty) Limited and Yokohama Southern Africa (Pty) Limited, which positions he currently holds.

NON-EXECUTIVE DIRECTORS

Phillip Vallet
(Born 1946)
Deputy chairman and chairman of the board of directors
Appointed to the board on 6 December 2004
1 year of service

Phil qualified with a BA LLB from the University of the Witwatersrand in 1971 and was admitted as an attorney in 1972. Phillip was appointed a senior partner of Raphaely-Weiner prior to its merger with Fluxmans in 1990. In 1997, he was appointed senior partner of the merged firm and on its incorporation in 2004 was appointed CEO. He is presently the deputy chairman of Super Group Limited, having served previously as its chairman. Phil is also a director of Caxton and CTP Printing and Publishing Limited and Spescom Limited. Phil is cited in Chambers Global (The World's Leading Lawyers for Business – Client's Guide) as "one of the leading commercial lawyers in South Africa". Phil has been Tiwheels' corporate attorney for 26 years.

Martin Barry Glatt
(Born 1946)◆✖■
BCom, MBL
Appointed to the board on 3 July 1987
19 years of service

Martin has had broad experience in a number of operating businesses culminating in a career of executive or non-executive directorships in more than 10 public listed companies. Previously non-executive chairman, Martin now acts only as a non-executive director. Other business directorships include chairmanship of a listed South African bank, Sasfin Holdings Limited.

Brian Joffe
(Born 1947)
CA(SA)
Appointed to the board on 25 January 2005
1 year of service

Directorships include non-executive director of EnviroServ Holdings Limited and of numerous Bidvest companies. Since founding Bid Corporation Limited in 1988, Brian served as executive chairman until his appointment as chief executive in 2004. He has over 30 years' local and international commercial experience. He was one of the *Sunday Times* top businessmen in 1992 and is a past recipient of the Jewish Business Achiever of the Year award. Brian was voted South Africa's Top Manager of the Year in 2002 in the corporate Research Foundation's publication *South Africa's Leading Managers* and was selected as South Africa's candidate for the coveted "Ernst & Young Entrepreneur of the Year" award 2003.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ian Michael Groves
(Born 1945)✖●■◆
CA(SA)
Appointed to the board on 14 March 2003
3 years of service

After qualifying as a chartered accountant in 1968, Mike spent a short time in the financial services sector whereafter he pursued a career in the shipping industry. From 1980 to 1999 he worked for the Grindrod Group, initially as managing director of Unicorn Lines (Pty) Limited and then as managing director of Grindrod Limited from 1986 when the company was listed on the JSE. He is currently also a non-executive director of Grindrod Limited, Marriott Holdings Limited, Marriott Merchant Bank Limited, Marriott Property Fund Managers (Pty) Limited and Value Group Limited. Mike is also a past President of SA Shipowners Association.

Rainer Hagemann
(Born 1938)#✖◆■
MBA
Appointed to the board on 1 October 2000
6 years of service

Rainer's professional career commenced in 1967 when he joined Chicago-based management consultants AT Kearney Inc. Rainer later moved to the Düsseldorf subsidiary where he was promoted to Principal in 1992. During the period 1978 to 1996 he joined BMW AG in Munich in a senior management position. Rainer occupied several positions during his stay with BMW AG, which culminated in him being assigned to South Africa to hold the position of managing director of BMW SA from which he retired at the end of August 1996. Although retired he still serves as senior advisor to AT Kearney in SA. He has been an honorary treasurer of SACOB since 1996.

ALTERNATE DIRECTOR

Sybrand Gerhardus Pretorius
(Born 1948)
MCom Business Economics
Appointed as alternate to Brian Joffe on 21 February 2005
1 year of service

Brand has 30 years' experience in the motor industry (manufacturing and retail) and is a member of various advisory boards. He is chief executive of McCarthy Limited, a board member of the Marketing Federation of Southern Africa, the National Business Initiative and the president of the South African Retail Motor Industry Association. Brand is also a director of numerous McCarthy subsidiaries and Bidfreight.

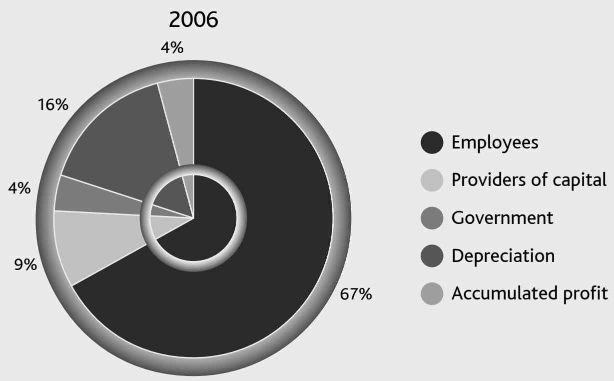
#German
✖Member of audit committee
◆Member of remuneration committee
● Member of risk committee
■ Member of nominations committee

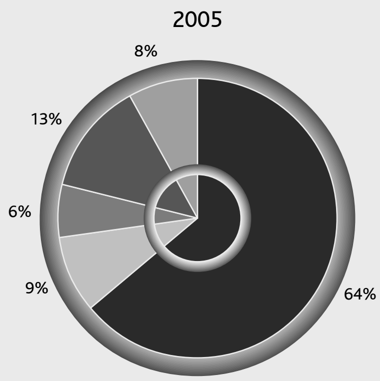
DISTRIBUTION OF WEALTH

A measure of the wealth created by the group is the amount of value added by its diverse businesses to the cost of raw materials, products and services purchased.

This statement shows the total wealth created and how it was distributed, taking into account the amount retained and reinvested in the group for the replacement of assets and development of operations and staff.

	2006 R'000	%	2005 (Restated) R'000	%
Revenue	**3 299 295**		3 091 576	
Paid to suppliers for materials and services	**(2 423 169)**		(2 248 125)	
Wealth created by trading operations	**876 126**		843 451	
Interest income	**19 148**		14 998	
Total wealth created	**895 274**		858 449	
Wealth utilised as follows:				
Employees	**600 902**	**67**	546 933	64
Providers of capital	**83 945**	**9**	78 360	9
Interest on borrowings	**39 815**	**4**	35 747	4
Distributions	**44 130**	**5**	42 613	5
Government*	**33 910**	**4**	53 889	6
Reinvested in the group to maintain and develop operations	**176 517**	**20**	179 267	21
Depreciation	**144 911**	**16**	110 935	13
Accumulated profit	**31 606**	**4**	68 332	8
Total wealth distributed	**895 274**	**100**	858 449	100





Wealth distributed to government comprises normal income tax and secondary tax on companies and excludes employee taxes, VAT and customs and excise duties.

EXECUTIVE overview

Highlights

- Solid performance by the domestic trading businesses.
- Unbundling to unlock shareholder value.
- Customer service excellence and intense focus on cost containment.

Introduction

The Tiger Wheels Limited ("Tiwheel") group is sharply focused on the automotive aluminium wheel and passenger car tyre industries. The group's two main business units are its international wheel manufacturing arm – which has plants in Germany, Poland, South Africa and the USA – and its (primarily South African) trading operations. These comprise 45 Tiger Wheel & Tyre retail stores in southern Africa – 32 owned and 13 franchised – which cover all major centres and hold a significant share of the replacement passenger tyre and wheel aftermarket business in the region. This business unit is also engaged in wholesale wheel and tyre distribution in the United Kingdom and South Africa.

As announced on SENS on 11 July 2006, and reiterated in the preliminary profit statement of 6 September 2006, the board intends unbundling the group's trading businesses into a new company separately listed on the JSE.

A detailed motivation to shareholders and further information on this process is provided in the two separate documents – a circular to shareholders and a prelisting statement – which accompany this annual report.

Results overview

While the results for the year under review are disappointing in overall terms, much has nevertheless been achieved. Capital expenditure during the year of more than R400 million in the OEM aluminium wheel manufacturing business has broadened and solidified the ATS Group's platform for growth, especially in the USA. Furthermore, productivity and efficiency investments implemented in the European operations are expected to bolster their future ability to compete profitably in the OEM wheel market.

EXECUTIVE OVERVIEW *(continued)*

The group's trading businesses, the largest part of which is Tiger Wheel & Tyre, continue to deliver solid results.

The full year's results of the group, as forecast in the half-year report, again reflect the contrasting strong performance of the domestic trading business and the poor results of the international wheel manufacturing operations. The reasons for the manufacturing setbacks this year are laid out in the divisional report below. Group revenue grew by 6.7%, operating income declined by 46.4% and headline earnings per share were 40.4% lower.

ATS group

The comments made in the half-year results announcement remain relevant for the full financial year. The lag effect of higher aluminium prices – which rose to a record high in May 2006 – continued during the second half. Order book volatility, pricing pressure – caused by over-capacity in the industry – and the tail-end of start-up losses in the new USA plants, all continued to impact negatively on the results.

Management has continued to focus on productivity improvement and cost containment in all plants, in relentless pursuit of the goal of cost leadership in our industry.

Trading business

The 14% increase in turnover in the trading businesses resulted in a 5% rise in operating income for the year, during which four new retail stores were opened and new wheel and tyre products were introduced into the wholesale operation. The new stores are expected to become contributors in the years ahead.

The UK wholesale business had a vastly improved year.

Prospects

ATS Group

The long-term benefits of recent investments in capacity growth and productivity improvements should start to impact on the results during the forthcoming year, more so in the second half, when earnings should return to historical levels. In terms of the three-year plan which has been prepared based on current knowledge and market conditions, the group's order book is well matched to its available and planned global capacity. The most significant future contributor to growth in earnings should be the two US plants, accompanied by a return to historic performance levels from the two European plants. The SA plant continues to suffer the effects of a strong rand and is budgeting to maintain a break-even scenario if last year's average exchange rates prevail into the future.

Appreciation

Our thanks go to our fellow board members, as well as to management and staff, for all that has been achieved in a difficult year. Their dedication and passion over the years has served our business so well.

Thanks, also, to shareholders and financiers for their continued faith in our long-term growth objectives.

We have also enjoyed the loyal support of our many suppliers of both of goods and services. Without them, we would not have a business.

Most of all, a big thank you to the group's customers all over the world. You are the purpose of our existence.

After nearly 18 years of service, as the CEO of the ATS Group and eight years as a member of the Tiwheel board, Mr Siegfried Teichert will retire at the end of 2006. We wish him well for a well-deserved rest in good health. He has competently overseen the growth of the ATS Group from a German family business into a major global player in the alloy wheel industry. We thank him for and congratulate him on all his achievements.

Eddie Keizan

Executive chairman

Josh Loots

Group financial director

Midrand

6 September 2006

FINANCIAL HIGHLIGHTS for the year ended 30 June 2006

	2006 R'm	2005 (Restated) R'm	2004 (Restated) R'm	2003# R'm	2002# R'm	2001# R'm	2000# R'm	1999# R'm
Operations								
Revenue	**3 299.3**	3 091.6	3 169.0	2 952.5	2 530.9	2 076.9	1 631.3	1 431.7
Operating income	**115.8**	216.2	227.3	215.8	148.0	99.1	110.2	107.1
Attributable earnings	**75.7**	110.9	144.5	112.7	79.5	49.1	32.5	61.9
Headline earnings	**82.3**	137.1	146.3	126.2	96.1	52.4	49.7	72.4
Financial position								
Non-current assets	**1 643**	1 213	961	821	785	609	543	464
Current assets	**1 445**	1 133	1 131	989	1 119	783	664	508
Total assets	**3 088**	2 346	2 092	1 810	1 904	1 392	1 207	972
Capital and reserves	**977**	900	761	595	668	485	411	368
Minority interest	**281**	253	189	143	79	62	57	47
Non-current liabilities	**766**	320	369	276	293	151	186	144
Current liabilities	**1 064**	873	773	796	864	694	553	413
Total equity and liabilities	**3 088**	2 346	2 092	1 810	1 904	1 392	1 207	972
Dividend								
Distribution/dividend per share (cents)	***51.0**	*73.0	71.0	50.0	36.0	36.0	24.0	56.0
Dividend yield at year end (%)	**2.3**	3.0	3.4	3.8	2.6	3.0	1.7	1.7
Dividend cover (times)	**2.5**	2.5	3.4	3.9	3.8	2.4	2.5	2.1
Earnings								
Attributable earnings per share (cents)	**125.3**	184.7	243,2	191.3	133.9	84.4	57.5	112.9
Headline earnings per share (cents)	**136.1**	228.2	246,2	214.3	161.8	90.0	87.9	132.1
Headline earnings yield at year end (%)	**6.2**	9.5	11.7	16.4	11.7	7.4	6.2	4.1
Free cash flow per share (cents)	**60.6**	239.7	198.5	293.7	(106.3)	(290.0)	34.9	(224.0)

**Capital reduction deemed as a dividend.*

#Results for the financial years 2003 and before have not been restated in terms of IFRS.

	2006	2005 (Restated)	2004 (Restated)	2003#	2002#	2001#	2000#	1999#
Solvency and liquidity								
Current ratio (times)	**1.4**	1.3	1.5	1.3	1.3	1.1	1.2	1.2
Quick ratio (times)	**0.9**	0.8	0.9	0.7	0.8	0.6	0.7	0.7
Gearing ratio	**58**	32	46	50	57	59	52	47
Gearing ratio (net of cash)	**47**	14	21	41	52	59	34	44
Interest cover (times)	**2.9**	6.0	7.1	4.2	3.5	3.6	4.1	16.3
Net asset turn	**2.6**	2.7	3.3	4.0	3.4	3.8	3.5	3.4
Net tangible asset value per share (cents)	**1 614**	1 468	1 273	984	1 097	807	728	672
Productivity								
Number of employees	**2 968**	2 827	2 909	2 680	2 412	2 635	2 473	2 474
Revenue per employee (R'm)	**1.10**	1.09	1.09	1.10	1.05	0.79	0.66	0.58
Operating income per employee (R'm)	**0.04**	0.08	0.08	0.08	0.06	0.04	0.04	0.04

Note: Definitions are defined in notes on pages 46 and 47.

CORPORATE GOVERNANCE

The Tiwheel board of directors ("the board") continually aspires to values of good corporate governance. The directors recognise the need to conduct the enterprise with integrity and in accordance with generally acceptable corporate practices. This is entrenched in the group's established systems of internal control and procedures and policies governing corporate conduct.

Statement of compliance

The Listings Requirements of the JSE Limited ("JSE") require that JSE-listed companies report on the extent to which they comply with the principles incorporated in the Code of Corporate Practices and Conduct, as set out in the second King Report ("King II Report").

This corporate governance statement outlines the key principles and governance practices of Tiwheel, with the intention of honestly and fairly informing our internal and external stakeholders through fair and understandable disclosure.

Other than mentioned below, the board is of the opinion that the group complies substantially, in all material respects, with the principles incorporated in the King II Report and the JSE Listings Requirements.

- The King II Report recommends that an independent non-executive director be the chairman of the risk committee. However, the board is of the opinion that the group financial director has a better and more in-depth knowledge and understanding of the risks facing the group.

Chairman and board of directors

The board accepts its responsibility for being ultimately accountable for the performance and affairs of the group.

The Tiwheel board charter, which has been adopted by the board, has the following key elements:

- a determination of the strategy required to enable the group to achieve its purpose and to implement its values;
- the determination of policies, procedures and levels of materiality to ensure the integrity of the group's risk management and internal controls;
- the continuous monitoring of operational performance and management;
- director selection and succession planning.
- thorough assessments of possible conflict of interest and independence;
- establishing subcommittees to assist the board in discharging its duties;
- presentation of a balanced and understandable assessment of the group's position in reporting to all stakeholders, through regular and effective communication; and
- a firm commitment to the principles of fairness, accountability, responsibility and transparency and to the enhancement of shareholder value in the long term also considering the wider interests of society.

As recommended by the King II Report, Tiwheel has a unitary board structure, headed by an effective board that can both lead and control the board. The majority of directors are non-executive, who are independent of management to ensure that no one individual has unfettered powers of decision making and authority, ensuring that shareowner interests are protected.

The board currently comprises five non-executive directors, two of whom are independent, and four executive directors. To ensure that there is a clearly accepted division of responsibilities at the head of the company, the roles of chairman and chief executive officer ("CEO") are separate. The role of the executive chairman is carried by Eddie Keizan, who as an executive director continues to lead the group as he has done for the past 34 years. He is supported by Phil Vallet in the capacity of deputy chairman and chairman of the board of directors. The role of CEO has been divided into two positions, with Siegfried Teichert as CEO for the international manufacturing operations, with Keith Rivers taking responsibility for the southern African wholesale and retail operations. Phil Vallet, Martin Glatt and Brian Joffe, the three non-executive directors, are supported by Rainer Hagemann and Mike Groves as the two independent non-executive directors. The independent non-executive directors are of sufficient calibre and seniority for their views to carry significant weight in the board's decisions. They contribute an independent view to matters under consideration and add to the breadth and depth of experience of the board. They receive neither share options nor significant benefits, and are compensated for their services through directors' fees and occasional fees for consulting.

The guidelines contained in the JSE Listings Requirements were used to test the independence and category most applicable to each director.

All board members are required to disclose their direct and indirect shareholdings in Tiwheel and all interests in contracts.

South African directors have no fixed term of appointment, but, in terms of the company's articles of association, at least one third of the directors retire by rotation annually, and, if available for re-election, are considered for re-appointment at the company's annual general meeting. The names of directors submitted for election or re-election are accompanied by brief biographical details (refer to page 77 of this annual report) to enable shareowners to make an informed decision in respect of their election.

Common practice for directors of German companies is to have fixed service contracts of between three to four years. The contract with Siegfried Teichert terminates on 31 December 2006.

Details of remuneration fees and other benefits earned by directors in the past year are disclosed in note 20 to the audited group financial statements.

Board meetings are held at least quarterly, with additional meetings called where circumstances necessitate such meetings.

The board held five meetings during the past financial year. The company secretary acts as secretary to the board and its committees and attends all meetings. Details of attendance at the meetings are provided on page 18.

Effective chairmanship and a formal agenda, ensure that proceedings are conducted efficiently and that all matters requiring the board's attention are addressed. The board thereby retains full and effective control over the group and monitors executive management.

In the case of ATS, the group exercises its rights and fulfils its obligations through the ATS shareholders' committee. The shareholder's committee has a hybrid function in that it firstly directs the strategic direction of the ATS executive management, and, secondly, protects the rights of Tiwheel and the minority shareholder. The responsibility of the day-to-day management of ATS rests with the ATS CEO ("Geschaftsfuhrer"). Unanimous shareholder consent is required for most issues that fall outside of the ordinary course of business.

Eddie Keizan, in his capacity of executive chairman, represents the interests of Tiwheel at meetings of the ATS shareholders' committee.

Despite South African standards of corporate governance differing from those of Europe, in particular Germany and Poland, audit, risk and remuneration committees were established within ATS, with the Tiwheel appointed chairman reporting back to Tiwheel's respective committees. Decisions of the ATS audit and risk committees are enacted via the ATS shareholders' committee.

The board formally evaluates the function and effectiveness of the sub-committees, as well as the individual directors, as well as the executive and deputy chairmen and CEO's.

Independent non-executives play an active role in all the sub-committees established by the board. The sub-committees operate within the defined terms of reference laid down by the board and perform an invaluable function to the board.

The company secretary

Marco Nel, as the company secretary, is responsible for providing the board collectively, and each director individually, with guidance on the discharge of the responsibilities in terms of the legislation and regulatory requirements of the relevant jurisdictions.

The directors have unlimited access to the advice and services of the company secretary. The company secretary ensures that the board and its sub-committees are supplied with comprehensive and timely information to ensure that the directors have all the relevant information and facts, to enable them to discharge their responsibilities.

The directors of the company keep the company secretary advised of all their dealings in securities. The company secretary monitors that the directors receive approval from the chairman, or a designated director, for any dealings in securities, and ensures adherence to the JSE's requirements with regard to closed periods.

Board sub-committees

While the board remains accountable and responsible for the performance and affairs of the company, it delegates to management and sub-committees certain functions to assist it to properly discharge its duties. Appropriate structures for those delegations are in place, accompanied by monitoring and reporting systems.

Each sub-committee acts within agreed written terms of reference. The chairman of each sub-committee reports at each scheduled meeting of the board and minutes of sub-committee meetings are circulated to the board.

Audit committee

Members: Mike Groves (chairman), Rainer Hagemann and Martin Glatt.

The committee comprises the two independent non-executive directors and a non-executive director.

The group financial director and other executives may, at the discretion of the chairman of the committee, be invited to attend and be heard at the meeting. No attendee has voting rights.

The committee met four times during the financial year, with the external auditors, internal auditors and Tiwheel's executive management in attendance when required, to review accounting, auditing and financial reporting matters to ensure that an effective control environment is maintained throughout the entire group. The external and internal auditors have unlimited access to the audit committee. Details of attendance at the meetings are provided in the table on page 18.

The committee identifies and continuously evaluates the group's exposure to significant risks and reviews the appropriateness and adequacy of the systems of internal and operational controls. Shortcomings are addressed and the implementation of adequate controls is followed through.

The committee also reviews accounting policies and financial information issued to the public ensuring that information is accurate, transparent and fairly presented.

One of the functions of the committee is to ensure that the external auditors continue to observe the highest level of business and professional ethics and, in particular, that their independence is not impaired in any way.

The committee also sets the principles by which the external auditors are used for non-audit services.

The committee liaises with the risk committee and assists the board in reviewing the effectiveness and adequacy of the group's risk management procedures.

Mike Groves also represents Tiwheel's interests as chairman of the newly established ATS audit committee. This committee meets twice a year and reports to the ATS shareholders' committee. The ATS audit committee functions in a supporting capacity to the Tiwheel audit committee. The other members of the committee are Josh Loots and Karsten Obenhaus (ATS internal auditor). Siegfried Teichert (as the minority shareholder representative), Eddie Keizan, and Christian Dohnke (ATS legal consultant) and the external auditors of ATS are invited to attend the meetings.

The board has determined that the audit committee has, in compliance with its approved terms of reference, discharged all its responsibilities for the year under review.

Risk committee

Members: Josh Loots (chairman), Eddie Keizan, Keith Rivers and Mike Groves.

The committee comprises one independent non-executive director and three executive directors. In keeping with good corporate governance principles, Mike Groves, in his capacity as an independent non-executive director, has served the committee since the previous financial year.

Although the King II Report recommends that an independent non-executive director be the chairman of the committee, the board is of the opinion that Josh Loots, as the group financial director, has a better and more in-depth knowledge and understanding of the risks facing the group.

The board of directors assumes ultimate responsibility for managing the group's risks and opportunities, establishing appropriate policies and communicating these throughout the company in the interests of all stakeholders.

The committee met three times during the financial year to identify, assess and monitor all forms of risks throughout the group and to assess management's monitoring thereof. Details of attendance at the meetings are provided in the table on page 18.

Management is involved in a continuous process of developing and enhancing its comprehensive risk and control procedures to improve on the current mechanisms for identifying and monitoring risks. These risks encompass such areas as client markets, skills and people risks, technology, competitors, corporate reputation, compliance with all forms of regulations and legislation, professional liability and the general operating, financial and treasury risks.

Operational and financial risks are managed through detailed systems of operating and financial controls. Exposure to currency, aluminium pricing and interest rate risk is managed on a decentralised basis with each entity required to remain within the risk parameters dictated by the risk committee. Deviations from formal policies requires prior authorisation and are carefully monitored during the period of exposure.

In consultation with external insurance experts, risks are assessed and adequate insurance cover purchased for all identifiable and quantifiable risks with predetermined self-insured limits. Levels of cover are assessed annually and adjusted according to any changes in circumstances.

The ATS risk committee, which is chaired by Eddie Keizan, is charged with the duty of identifying, assessing and monitoring the risks facing the ATS Group. The other members of this committee are Josh Loots, Karsten Obenhaus (the ATS internal auditor) and Siegfried Teichert (the ATS minority shareholder's representative). The committee members are supported by key personnel from the ATS Group to enable a broad exposure and understanding of the worldwide risks that might require the committee's assessment.

The board has determined that the risk committee has, in compliance with its approved terms of reference, discharged all its responsibilities for the year under review.

Remuneration committee

Members: Rainer Hagemann (chairman), Martin Glatt, Mike Groves and Eddie Keizan.

The committee comprises one non-executive director, two independent non-executive directors and the executive chairman. Eddie Keizan as the executive chairman serves on this committee within the committee's approved terms of reference.

No committee member participates in discussions or decisions in the determination of their own remuneration.

The committee met once during the financial year, with occasional remuneration changes circulated to the committee members for their prior approval. Details of attendance at the meeting are provided in the table on page 18.

The remuneration philosophy of the group is to ensure that all employees are fairly, but responsibly rewarded for their contribution to the group's operating and financial performance at levels that take cognisance of industry, market and geographical benchmarks. Remuneration is set at realistic levels in order to attract and retain individuals of sufficient calibre to manage the group successfully. Careful attention is paid to succession plans and the retention of key executives.

The committee is responsible for the development and determination of the company's general policy on executive and senior management remuneration packages.

The remuneration committee has formed a sub-committee to act as nomination committee with the same composition as the main remuneration committee with the exclusion of Eddie Keizan.

Meetings for the nomination committee are held on an *ad hoc* basis, with any of the committees' members being able to call a meeting at any stage during the year.

This committee considers the composition of the board and its subcommittees, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the board for their consideration.

Executive directors are considered for appointment to the board on the basis of their experience, skills and level of contribution to, and impact upon, the group. Non-executive directors are selected for recommendation on the basis of industry knowledge, professional skills and experience.

All directors are subject to retirement and re-election by shareholders at least once every three years in accordance with the company's articles of association. After receiving recommendations from the nomination committee, the appointments of new directors are dealt with directly by the board in a formal and transparent manner.

The board has determined that the remuneration committee has, in compliance with its approved terms of reference discharged all its responsibilities for the year under review.

Internal controls and internal audit

The board is responsible for the implementation of the group's systems of internal control and for reviewing its effectiveness and addressing identified shortcomings. The systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, but never absolute, assurance against material misstatement of results or losses for shareholders.

All group companies undertake an ongoing process to identify, evaluate, manage, monitor and report on the significant risks faced by them. The potential impact of these risks to the group as a whole is separately and objectively assessed by the risk committee.

Internal controls comprise methods, policies and procedures adopted by management to assist in achieving the objectives of safeguarding assets, preventing and detecting error and fraud, ensuring the accuracy and completeness of accounting records and preparing reliable financial information.

A full-time internal audit function has been implemented at ATS, with reporting lines to the ATS shareholders' committee through the ATS audit committee. The internal audit function, serving the rest of the group, operates under the direction of, and report, directly to the Tiwheel audit committee.

The primary mandate of the group's internal auditors is to examine and evaluate the effectiveness of the operational activities, the individual and global business risks and the systems of internal operational and financial control, so as to bring material deficiencies, instances of non-compliance and development needs to the attention of the relevant audit committee, external auditors and operational management, for resolution.

Internal audit plans that take account of changing and dynamic business needs are drawn up annually and are presented to the relevant audit committee for review and approval. Follow-up audits are undertaken in areas where weaknesses were found to determine if policies and procedures implemented by management are sufficient to obtain reasonable assurance that the risks have been adequately addressed. Internal audit plans are risk based and address issues highlighted and concerns raised by the audit committee and management. The nature of the internal audit plans is so as to identify not only residual or existing, but also emerging risks.

The internal audit functions are performed by appropriately qualified and experienced employees who are affiliated with relevant authoritative bodies and undergo continuous education to maintain and expand knowledge levels.

An internal audit charter defining the function, responsibility and authority of the group internal audit activity has been adopted by the audit committee and approved by the board.

External audit

The group's external auditors provide an independent assessment of systems of internal financial control and express an independent opinion on the reasonability of the annual financial statements. The external auditors complement the work of the internal audit department and review all internal audit reports on an annual basis. The external audit function offers reasonable, but never absolute assurance on the accuracy of information disclosed. External auditors are required to carry out their work with due regard for the findings and work of the internal audit function.

Going concern

The annual financial statements presented on pages 23 to 73 have been prepared on the going-concern basis as the directors, after due deliberation at the last board meeting, have every reason to believe that the group has adequate resources in place to continue as a going concern for the foreseeable future.

Insider trading

No employee or director may deal, directly or indirectly, in the company's shares with the knowledge of unpublished price-sensitive information regarding the business or affairs of the company. Closed trading periods extend from the start of the interim and year-end dates to the date of the announcement of the financial results and during cautionary periods.

Corporate code of conduct

All employees are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which in all reasonable circumstances are above reproach.

Code of ethics

Tiwheel and all its divisions are committed to a policy of fair dealing and integrity in the conduct of their business. This commitment, which is actively endorsed by the board of directors, is based on a fundamental belief that business should be conducted honestly, fairly and legally. All employees are expected to share this commitment to high moral, ethical and legal standards. The key aspects of the code are:

- compliance with all applicable laws and regulations, which relate to their activities for and on behalf of Tiwheel;
- conscientious and honest performance of duties in accordance with the best interests of Tiwheel to optimise business objectives;
- a commitment to taking every reasonable precaution to ensure a safe work environment for all employees;
- the accurate and timely recording of all business transactions;
- achieving complete, accurate and timely communication with all parties with whom it conducts business, as well as all levels of stakeholders. In addition, prompt and effective internal communication is encouraged; and
- the reliability, accuracy and confidentiality of all business information to be maintained.

Employment equity

Tiwheel supports employment equity in the workplace and seeks to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise, hard work and loyalty in their position.

The group is committed to providing equal opportunities for its employees regardless of their ethnic origin, religious beliefs or gender. Affirmative action strategies are in place to ensure that employee profiles will be more representative of the demographics in which the group conducts its business activities.

HIV/AIDS

The human tragedy that is being caused by the HIV/AIDS pandemic is addressed both internally and externally. The main objective of our internal HIV/AIDS programme is to minimise its impact on the group and its employees.

It is the policy of the group to provide a safe working environment for all its employees. The group's policy not only promotes the well-being and safety of the affected individual, but also of fellow employees and customers.

The group policy with regard to HIV/AIDS specifically entails the following:

- permitting infected persons to continue their duties as long as they are capable of doing so, with reasonable accommodation;
- prospective/current employees will not be tested for HIV/AIDS without their prior consent;
- an employee with HIV/AIDS is under no obligation to disclose his/her condition;
- particulars of employees' confirmed to have AIDS or be HIV positive will be dealt with in strict confidence;
- fellow employees and health care personnel must take appropriate preventative action when coming into physical contact with employees involved in workplace injuries;
- a zero tolerance approach has been adopted towards any form of harassment and discrimination;
- information and education programmes on HIV/AIDS are made available to all employees to ensure an awareness and understanding of the risks associated with HIV/AIDS;
- condoms are made readily available and accessible;
- appropriate support and counselling services are made available for employees and their family members;
- the group will identify reputable organisations which employees can approach to have themselves tested for HIV/AIDS if they so desire;
- the provision of health services for the treatment of sexually transmitted diseases; and
- the group entered into partnerships with other organisations aimed at seeking to minimise the spread of the HIV/AIDS pandemic within the employee base, their families and other members of the community.

Report of attendance of meetings during the financial year

	Board	Audit	Remuneration	Risk
Total number of meetings	**5**	**4**	**1**	**3**
Martin Glatt	4	3	1	
Mike Groves	5	4	1	3
Rainer Hagemann	5	4	1	
Brian Joffe	1			
Eddie Keizan	5		1	3
Josh Loots	5			3
Brand Pretorius				
Keith Rivers	5			2
Phil Vallet	5			
Siegfried Teichert	5			

Directors' interest in shares

	Beneficial		Non-beneficial			
	Direct	**Indirect**	**Direct**	**Indirect**	**Total**	**% of total**
30 June 2006						
Brian Joffe*[1]	**31 422**	**126 648**	**—**	**—**	**158 070**	**0.26**
Eddie Keizan	**—**	**6 442 957**	**—**	**—**	**6 442 957**	**10.41**
Josh Loots	**50 000**	**—**	**—**	**—**	**50 000**	**0.08**
Keith Rivers	**—**	**—**	**210 000**	**480 706**	**690 706**	**1.12**
Martin Glatt	**—**	**—**	**—**	**2 701 577**	**2 701 577**	**4.36**
	81 422	**6 569 605**	**210 000**	**3 182 283**	**10 043 310**	**16.23**
30 June 2005						
Brian Joffe*[1]	31 422	126 648	—	—	158 070	0.26
Eddie Keizan	—	6 442 957	—	—	6 442 957	10.41
Josh Loots	50 000	—	—	—	50 000	0.08
Keith Rivers	—	—	210 000	480 706	690 706	1.12
Martin Glatt	—	—	—	2 701 577	2 701 577	4.36
	81 422	6 569 605	210 000	3 182 283	10 043 310	16.23

**[1]Brian Joffe, who serves as a non-executive director on the Tiwheel board, also acts as chief executive officer of Bidvest Group Limited ("Bidvest"). Brian has a 1% interest in the issued share capital of Bidvest, whilst Bidvest has an interest of 19.49% in the issued share capital of Tiwheel.*

Share options

Josh Loots	50 000 share options at R7.80 and 400 000 share options at R21.58
Keith Rivers	400 000 share options at R21.58

The company has not been notified of any change of the interests indicated above between 1 July 2006 and the date of this report.

SOCIAL REPORT

Our members, the employees and officers of the group, are expected to act in furtherance of the Tiwheel's human rights mission statement, which is set out below:

- we believe that the success and vitality of our group lies with the contentment of our members;
- we believe in the fundamental principles of human rights;
- we believe in equality and freedom from discrimination in the workplace;
- we believe in open communication and freedom of expression in the workplace;
- we believe in equal opportunity for all members and we are committed to the training and development of all members; and
- we encourage participation in planning at all levels of the group.

We believe that the recognition of these basic principles will create a work environment where all members can together break down mistrust, misunderstandings and improve relationships between people at all levels of the group.

GROUP SOCIAL ACTIVITIES

Business Against Crime

As a founding member of Business Against Crime, Tiwheel is committed to social upliftment and has made significant contributions to Business Against Crime over the last number of years. Non-executive director, Martin Glatt, is actively involved in Business Against Crime.

Health

ATS Light Alloy Wheels South Africa (Pty) Limited supports the Moretele Sunrise Hospice in Themba. This is a community service that helps support HIV/AIDS patients.

Education

For the third year consecutively the group has been involved in the JSE/Liberty schools challenge, which is aimed at introducing South African high school learners to economic and commercial dynamics. Targeting grades 10 and 11 the challenge coaches learners in the fundamentals of investment strategy, and encourages them to research and strategise around the trading of JSE-listed company shares.

Participating school teams test their share trading skills through an ongoing annual ("ghost trading") programme in which their performance is tracked and measured in a race against other teams. Teams started the trading process with a fixed notional amount in March 2006 and progress through to the end of September 2006. The challenge finally culminates in an awards ceremony in October 2006 to honour the winning teams and their schools.

The company adopted Equinisweni Secondary School situated in Ivory Park, near Tembisa. The Adopt a School programme has contributed to the upliftment of social and educational standards throughout South Africa.

General

The South African retail operations have a continuous involvement in charitable drives throughout South Africa in the communities where they are situated.

REPORT ON SAFETY, HEALTH AND ENVIRONMENT

Management

The Tiwheel group of companies and all its employees endeavour to align with local legislation and international best practices in safety, health and environmental issues.

ATS Light Alloy Wheels South Africa (Pty) Limited operates with ISO/TS 16949, Q1, ISO 14001 and ISO 18000 certification. This integrates environmental understanding and control into other systems and procedures under the direction of the senior management with the support of all employees, suppliers and contractors, whilst complying with applicable health and safety requirements. The plant is currently undergoing the required processes to obtain the QSB accreditation for General Motors.

The South African operations (both retail and manufacturing) comply with the requirements as specified in the Occupational Health and Safety Act.

The European operations enjoy full compliance in respect of ISO/TS 16949, ISO 9001, Q1 and ISO 14001 as well as the regulations stipulated by the Water Resources Management Act in Germany.

The plants in the United States are ISO 14001 and ISO/TS 16949 certified. The plant in Alabama is also a member of the Alabama Automotive Manufacturers Association.

Safety, health and environmental matters are addressed on the highest levels and the formulation of policy, setting standards, monitoring compliance and reporting on compliance are in line with the accepted corporate norms. Policies were drawn up to align it with international best practices. Safety, health and environmental aspects monitored were incident analysis, medical surveillance, hazardous goods and an occupational health and safety risk assessment.

Safety

Safety meetings are held at regular intervals, which comply with the Occupational Health and Safety Act requirements. Meetings are minuted and action is taken on any non-conforming issues. The managing directors sign off these action plans.

Safety representatives complete a monthly inspection report that is discussed with the relevant departmental manager.

Occupational health

ATS Light Alloy Wheels South Africa (Pty) Limited provides an occupational health service whereby a registered occupational health nurse is in attendance at the clinic on the company's premises on a full-time basis and an occupational health qualified medical practitioner attends the clinic on a weekly basis. This complies with legislation regarding occupational health and safety.

The clinic addresses primary health, occupational and preventative care.

Environment

The group endeavours to comply with all applicable environmental laws, regulations and standards of the jurisdiction in which it operates.

To achieve this objective the companies undertake to:

- evaluate environmental risks associated with their activities and products and to take appropriate action to minimise potential risks;
- seek continuing improvement through the setting and reviewing of objectives and targets;
- comply with national and provincial legislation;
- provide environmental awareness training and development; and
- conduct regular reviews and audits.

The involvement of all employees and external interested affected parties in our environmental policy is encouraged through effective communication procedures.

GROUP ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2006

Contents

Approval of the annual financial statements	22
Company secretary's certificate	22
Auditors' report	23
Directors' report	24
Balance sheets	26
Cash flow statements	27
Income statements	28
Statements of changes in equity	29
Segment report	30
Principal accounting policies	32
Definitions	46
Notes to the annual financial statements	48

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out in this report have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and are based on appropriate accounting policies, which are supported by reasonable and prudent judgements and estimates.

The directors of the company are responsible for the preparation of the annual financial statements and related financial information to fairly present the state of affairs and the results of the company and the group.

Management fulfils its responsibilities by maintaining adequate accounting records to ensure the integrity of the financial statements. This is accomplished by systems of internal controls designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable.

The financial statements have been prepared on the going-concern basis, since the directors have every reason to believe that the company and the group have adequate resources in place to continue in operation for the foreseeable future.

The annual financial statements for the year ended 30 June 2006, which appear on pages 23 to 73, were approved by the board and are signed on its behalf by:

Eddie Keizan

Executive chairman

Josh Loots

Group financial director

Midrand

6 September 2006

COMPANY SECRETARY'S CERTIFICATE

In terms of section 268G (d) of the Companies Act, I certify that, to the best of my knowledge, the company has lodged with the Registar of Companies all such returns as are required of a public company, in terms of the Companies Act, and that all such returns are true, correct and up to date.

Marco Nel

Company secretary

Midrand

6 September 2006

AUDITORS' REPORT for the year ended 30 June 2006

Report of the independent auditors to the members of Tiger Wheels Limited

We have audited the annual financial statements and group annual financial statements of Tiger Wheels Limited, set out on pages 24 to 74, for the year ended 30 June 2006. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2006, and the results of their operations, and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PKF (Jhb) Inc.

Registration number 1994/001166/21

Chartered Accountants (SA)

Registered Auditors

Johannesburg

6 September 2006

DIRECTORS' REPORT

The directors of Tiger Wheels Limited ("the company" or "Tiwheel") have pleasure in presenting their report and audited financial statements for the year ended 30 June 2006.

Nature of business

The Tiger Wheels Limited group of companies' principal activities remain the manufacture of aluminium wheels and the distribution of aluminium wheels and tyres.

Share capital

Authorised

There has been no change in the authorised share capital of the company.

Issued

At 30 June 2006, the issued share capital of the company was R619 000, comprising 61 900 001 shares of R0.01 each.

2 298 496 (2005: 1 228 393) shares are held as treasury shares by Tiger Wheel & Tyre (Pty) Limited and zero (2005: 231 231) shares are held by the share trusts.

Review of results

The results of the business operations of the company and its subsidiaries (collectively "the group") during the year and the state of their affairs are set out in the attached financial statements and do not, in our opinion, require any further comment or elucidation. Commentary on significant matters is contained in the executive overview on pages 5 to 7.

The Tiger Wheels Limited Employee Share Trust (2000)

Reconciliation of options granted

	Numbers of options	
	2006	2005
Balance at beginning of year	**2 250 795**	1 871 320
Options granted	**—**	1 033 500
Options exercised	**(288 433)**	(450 975)
Options forfeited	**(75 453)**	(203 050)
Balance at end of year	**1 886 909**	2 250 795

3 157 533 options were granted in the financial year ended 30 June 2001 at R7.80 per share and expire on 20 June 2011. 40 000 options were granted in the financial year ended 30 June 2002 at R12.80 per share and expire on 28 February 2012. During the financial year ended 30 June 2005, 1 033 500 options were granted at R21.58 per share and expire on 29 June 2015.

Options may only be exercised as follows: 25% after the first anniversary from the option date, another 25% after the third anniversary, a further 25% after the fifth anniversary and the final 25% after the seventh anniversary, with the exception of 400 000 options granted to K W Rivers on 29 June 2005 which may be exercised proportionately over the ensuing five year period.

Of the 1 886 909 (2005: 2 250 795) options, 641 551 (2005: 185 375) options are currently exercisable by employees.

Distribution to shareholders

A capital distribution of 51 cents per ordinary share will be distributed in lieu of the annual dividend for the year to 30 June 2006 (2005: distribution of 73 cents per share), will be paid to shareholders recorded in the register of the company on Friday, 15 December 2006. Shareholders were advised that the last day to trade *"cum"* distribution will be Friday, 8 December 2006. The shares will trade *"ex"* distribution as from Monday, 11 December 2006 and the record date will be Friday, 15 December 2006.

Share certificates may not be dematerialised or rematerialised between Monday, 11 December 2006 and Friday, 15 December 2006, both dates inclusive. Payment is to be made on Monday, 18 December 2006.

Directorate

There have been no resignations from the board since the date of the last annual report. In terms of the articles of association, Messrs I M Groves, B Joffe and P Vallet retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Secretary

The company secretary is Marco Nel. His business address is Cnr Old Pretoria Road and K101, Midrand, 1685 and the postal address is PO Box 6007, Halfway House, 1685 South Africa.

Subsidiary companies

Details of the interest in subsidiary companies are set out in notes 4 and 32 to the annual financial statements.

As announced on SENS on 8 August 2005, the group, through its 74% interest in ATS, acquired an automotive alloy wheel manufacturing plant in Kentucky (USA) with effect from 3 August 2005. The motivation for the acquisition is to increase the group's footprint in the USA's OEM market. The plant was acquired for a purchase consideration of USD 26 million, which is USD 19 million below the net asset value. The company, ATS Light Alloy Wheels (Kentucky) Inc., is being consolidated into the groups' results from that date onwards.

With effect from 1 July 2005 the Polish subsidiaries of the ATS Group adopted the euro as their functional currency as the underlying transactions, events and conditions facing the company is denominated in euro. The effect of this change is applied prospectively.

International Financial Reporting Standards ("IFRS")

The group adopted IFRS with effect from 1 July 2004, resulting in the 2005 comparative information having been adjusted for the impact of:

- change in useful lives of property, plant and equipment;
- reclassification of computer software to intangible assets; and
- discounts and rebates received or allowed.

Full disclosure of the above restatements has been made in these financial statements (refer to note 24 for more information).

Post-balance sheet event

The board of directors of Tiwheel, has resolved to restructure the group by the unbundling of the southern African based retail business, Tiger Wheel & Tyre (Proprietary) Limited, and the wholesale wheel and tyre businesses in the United Kingdom and South Africa, and to list these as a separate entity on the JSE Limited, under the name Tiger Automotive Limited ("TAL"). The timing and implementation is being evaluated, but is envisaged to occur prior to June 2007. The unbundling and subsequent listing will be subject to all applicable shareholder and regulatory approvals.

The rationale behind the proposed unbundling can be summarised as follows:

- the TAL trading operations have grown and matured to a size that clearly warrants its own listing on the JSE;
- the vertical integration and interdependence between the two Tiwheel arms, namely the 74% owned ATS Group and the TAL trading businesses, is no longer relevant nor necessary;
- TAL and ATS have been managed as two separate entities for some time (each with their own CEO);
- the differences between the two entities demand specifically tailored management and workforce skills and expertise. They have very different capital requirements and need boards of directors with vastly different strategic inputs; and
- Tiwheel has in recent years received approaches and suggestions from the market, shareholders and analysts to list the two entities separately, which they believe will unlock shareholder value and allow greater investor flexibility.

Special resolutions

A full list of special resolutions passed by the company and its subsidiaries during the year will be made available to shareholders on request.

Management by a third party

None of the businesses of the company or that of any of its subsidiaries were managed under contract by a third party during the year.

Litigation statement

Apart from the matter disclosed below, the directors are not aware of any other legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

A dormant subsidiary of the group has received a summons from the North West Development Corporation for the reinstatement of premises previously occupied by the group. It is the opinion of legal counsel, and the directors, that the claim of R5.4 million has extinguished by prescription. No provision has been made for this matter in the financial results for the year ending 30 June 2006.

Auditors

PKF (Jhb) Inc., subject to approval from the annual general meeting, together with Ernst & Young AG will continue in office in accordance with section 270 (2) of the Companies Act as group auditors.

BALANCE SHEETS as at 30 June 2006

	Notes	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 R'000
Assets					
Property, plant and equipment	1	**1 465 567**	1 096 201	**—**	—
Intangible assets	2	**4 519**	3 982	**—**	—
Goodwill	3	**14 836**	13 105	**—**	—
Investment in subsidiaries	4	**—**	—	**66 417**	66 417
Investment in associate	5	**0**	0	**—**	—
Other investments	6	**64**	51	**—**	—
Financial assets	7	**4 509**	5 676	**25 273**	23 184
Investment tax credit		**105 744**	70 050	**—**	—
Deferred tax assets	8	**47 543**	24 121	**—**	—
Non-current assets		**1 642 782**	1 213 186	**91 690**	89 601
Inventories	9	**507 261**	453 311	**—**	—
Trade and other receivables	10	**600 684**	424 240	**—**	2 119
Loans to subsidiaries	4	**—**	—	**145 211**	169 344
Taxation refundable		**11 720**	67	**—**	—
Non-current assets held for trade	22.5	**177 810**	53 526	**—**	—
Bank and cash balances	22.5	**148 232**	201 537	**—**	—
Current assets		**1 445 707**	1 132 681	**145 211**	171 463
Total assets		**3 088 489**	2 345 867	**236 901**	261 064
Equity and liabilities					
Capital and reserves					
Share capital	11	**596**	606	**619**	619
Share premium	11	**214 938**	280 583	**256 614**	301 784
Share option reserve	11	**3 210**	829	**3 210**	829
Other reserves	12	**98 078**	34 085	**12 912**	11 126
Accumulated profit		**659 969**	584 233	**(39 748)**	(57 638)
Equity attributable to the parent		**976 791**	900 336	**233 607**	256 720
Minority interest		**280 833**	253 425	**—**	—
Total equity		**1 257 624**	1 153 761	**233 607**	256 720
Interest-bearing liabilities	13	**585 725**	195 112	**—**	—
Financial liabilities	14	**1 673**	4 411	**—**	—
Operating lease liabilities	15	**17 948**	14 688	**—**	—
Deferred income		**106 044**	70 050	**—**	—
Deferred tax liabilities	8	**55 475**	35 426	**2 190**	1 550
Non-current liabilities		**766 865**	319 687	**2 190**	1 550
Trade and other payables	16	**779 431**	575 477	**86**	84
Provisions	17	**124 729**	95 907	**—**	—
Interest-bearing liabilities	13	**123 290**	150 208	**—**	—
Short-term borrowings	18 & 22.5	**26 672**	22 255	**—**	—
Taxation payable		**9 878**	28 572	**1 018**	2 710
Current liabilities		**1 064 000**	872 419	**1 104**	2 794
Total liabilities		**1 830 865**	1 192 106	**3 294**	4 344
Total equity and liabilities		**3 088 489**	2 345 867	**236 901**	261 064

CASH FLOW STATEMENTS for the year ended 30 June 2006

		Group		Company	
		2006	2005	**2006**	2005
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities		**255 412**	321 672	**(4 857)**	(70 512)
Cash receipts from customers		**3 213 079**	3 180 421	**2 119**	(76 852)
Cash paid to suppliers and employees		**(2 894 168)**	(2 817 437)	**(1 479)**	6 340
Cash generated from operations	22.1	**318 911**	362 984	**640**	(70 512)
Taxation paid	22.2	**(63 499)**	(41 312)	**(5 497)**	—
Cash flows from investing activities		**(412 096)**	(177 669)	**—**	149 613
Proceeds on disposal of financial assets		**—**	3 215	**—**	—
Investing activity – net cash inflow		**—**	(12)	**—**	149 613
Additions to property, plant and equipment		**(225 879)**	(182 759)	**—**	—
Proceeds on disposal of trademark		**2 748**	—	**—**	—
Acquisition of new subsidiary	22.3	**(193 329)**	—	**—**	—
Proceeds on disposal of property, plant and equipment		**4 364**	1 887	**—**	—
Cash flows from financing activities		**208 668**	(132 450)	**4 857**	(79 101)
(Repurchase of shares)/proceeds on issue		**(21 525)**	4 807	**—**	4 807
Loans receivable		**1 316**	—	**—**	—
Operating lease liabilities		**5 861**	1 325	**—**	—
Long-term interest-bearing debt		**326 444**	(127 608)	**—**	—
Amounts owed by subsidiaries		**—**	—	**26 516**	(62 318)
Current portion of long-term interest-bearing debt		**(38 631)**	52 388	**—**	—
Finance income		**19 148**	14 998	**90**	3 134
Finance costs		**(39 815)**	(35 747)	**(15)**	2 537
Dividends received		**—**	—	**23 436**	16 250
Capital distribution	22.4	**(44 130)**	(42 613)	**(45 170)**	(43 511)
Movement in cash resources		**51 984**	11 553	**—**	—
Cash resources at beginning of year		**232 808**	221 713	**—**	—
Foreign entities translation adjustment		**14 578**	(458)	**—**	—
Cash resources at end of year	22.5	**299 370**	232 808	**—**	—

INCOME STATEMENTS for the year ended 30 June 2006

		Group		Company	
		2006	2005 (Restated)	**2006**	2005
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	19	**3 299 295**	3 091 576	**—**	—
Cost of sales		**(2 523 854)**	(2 314 034)	**—**	—
Gross profit		**775 441**	777 542	**—**	—
Other income		**38 649**	40 407	**23 436**	16 250
Selling and distribution costs		**(104 994)**	(133 153)	**(660)**	—
Administrative and other expenses		**(593 256)**	(468 575)	**(819)**	(96 916)
Operating profit/(loss)	20	**115 840**	216 221	**21 957**	(80 666)
Finance income		**19 148**	14 998	**90**	3 134
Finance costs		**(39 815)**	(35 747)	**(15)**	2 537
Profit/(loss) before taxation		**95 173**	195 472	**22 032**	(74 995)
Taxation	21	**(16 102)**	(38 472)	**(4 142)**	(2 374)
Profit/(loss) for the year		**79 071**	157 000	**17 890**	(77 369)
Attributable to:					
Equity holders of the parent		**75 736**	110 945	**17 890**	(77 369)
Minority interest		**3 335**	46 055	**—**	—
Profit/(loss) for the year		**79 071**	157 000	**17 890**	(77 369)

		Group	
Reconciliation of headline earnings			
Earnings attributable to equity holders of the parent		**75 736**	110 945
Adjusted for:			
Closure costs		**6 536**	—
Sale of investments (loss on disposal)		**—**	24 787
Write down of investments/loans		**—**	560
Impairment of fixed assets		**—**	824
Headline earnings		**82 272**	137 116
Ordinary shares ('000)			
In issue*1		**59 602**	60 440
Used in calculating earnings per share*1		**60 439**	60 076
Earnings per share (cents)			
Attributable		**125.3**	184.7
Headline		**136.1**	228.2
Diluted earnings per share (cents)			
Attributable		**122.8**	180.3
*1Headline		**133.4**	222.8
Distribution per share (cents)		**51.0**	73.0

*1*Reflected net of treasury shares.*

STATEMENTS OF CHANGES IN EQUITY for the year ended 30 June 2006

Group

	Notes	Share capital R'000	Share premium R'000	Share-based compen-sation R'000	Other reserves R'000	Accumu-lated profit R'000	Total R'000	Minority interest R'000	Total equity R'000
Previously reported at 30 June 2004		600	275 783	—	(8 950)	414 124	681 557	171 018	852 575
Adjusted for adoption of IFRS	23	—	—	—	(14 772)	93 869	79 097	18 521	97 618
Restated balance at 30 June 2004		600	275 783	—	(23 722)	507 993	760 654	189 539	950 193
Issue of shares to share trust		6	4 800	—	—	—	4 806	—	4 806
Share-based compensation	20	—	—	829	—	—	829	—	829
Movement in foreign currency translation reserve (restated)		—	—	—	44 166	—	44 166	18 487	62 653
Hedging reserve (restated)		—	—	—	22 074	—	22 074	4 236	26 310
Associate company profits		—	—	—	(525)	—	(525)	—	(525)
Profit for the year (restated)		—	—	—	—	110 945	110 945	46 055	157 000
Dividend paid		—	—	—	—	(42 613)	(42 613)	(5 433)	(48 046)
Transfer to accumulated profit		—	—	—	(7 908)	7 908	—	541	541
Balance at 30 June 2005		**606**	**280 583**	**829**	**34 085**	**584 233**	**900 336**	**253 425**	**1 153 761**
Issue of shares to share trust		**—**	**957**	**—**	**—**	**—**	**957**	**—**	**957**
Share-based compensation	20	**—**	**—**	**2 381**	**—**	**—**	**2 381**	**—**	**2 381**
Movement in foreign currency translation reserve		**—**	**—**	**—**	**46 532**	**—**	**46 532**	**19 439**	**65 971**
Hedging reserve		**—**	**—**	**—**	**17 461**	**—**	**17 461**	**4 634**	**22 095**
Treasury shares		**(10)**	**(22 472)**	**—**	**—**	**—**	**(22 482)**	**—**	**(22 482)**
Profit for the year		**—**	**—**	**—**	**—**	**75 736**	**75 736**	**3 335**	**79 071**
Capital distribution		**—**	**(44 130)**	**—**	**—**	**—**	**(44 130)**	**—**	**(44 130)**
Balance at 30 June 2006		**596**	**214 938**	**3 210**	**98 078**	**659 969**	**976 791**	**280 833**	**1 257 624**

Company

	Share capital R'000	Share premium R'000	Share option reserve R'000	Non-dis-tributable reserve R'000	Accumu-lated profit R'000	Total R'000
Balance at 30 June 2004	613	296 982	—	6 808	63 242	367 645
Issue of shares to employees via the share trusts	6	4 802	—	—	—	4 808
Share election reserve	—	—	829	—	—	829
Hedging reserve	—	—	—	4 318	—	4 318
Attributable earnings for the year	—	—	—	—	(77 369)	(77 369)
Dividend paid	—	—	—	—	(43 511)	(43 511)
Balance at 30 June 2005	**619**	**301 784**	**829**	**11 126**	**(57 638)**	**256 720**
Issue of shares to employees via the share trusts	**—**	**—**	**—**	**—**	**—**	**—**
Share election reserve	**—**	**—**	**2 381**	**—**	**—**	**2 381**
Hedging reserve	**—**	**—**	**—**	**1 786**	**—**	**1 786**
Attributable earnings for the year	**—**	**—**	**—**	**—**	**17 890**	**17 890**
Capital distribution	**—**	**(45 170)**	**—**	**—**	**—**	**(45 170)**
Balance at 30 June 2006	**619**	**256 614**	**3 210**	**12 912**	**(39 748)**	**233 607**

SEGMENT REPORT for the year ended 30 June 2006

	Revenue (R'm)					Operating income (R'm)				
	Manu-facturing	Whole-sale	Retail	Group services	Total	Manu-facturing	Whole-sale	Retail	Group services	Total
2006										
ATS Group										
Europe	**1 465**	**57**	**—**	**(24)**	**1 498**	**106**	**4**	**—**	**(24)**	**86**
SA	**419**	**—**	**—**	**(25)**	**394**	**3**	**—**	**—**	**—**	**3**
USA	**454**	**—**	**—**	**—**	**454**	**(62)**	**—**	**—**	**—**	**(62)**
	2 338	**57**	**—**	**(49)**	**2 346**	**47**	**4**	**—**	**(24)**	**27**
Balance of group										
SA	**—**	**333**	**483**	**(101)**	**715**	**—**	**32**	**48**	**1**	**81**
Europe	**—**	**238**	**—**	**—**	**238**	**—**	**7**	**—**	**—**	**7**
	—	**571**	**483**	**(101)**	**953**	**—**	**39**	**48**	**1**	**88**
TOTAL	**2 338**	**628**	**483**	**(150)**	**3 299**	**47**	**43**	**48**	**(23)**	**115**
2005										
ATS Group										
Europe	1 679	58	—	(45)	1 692	155	5	—	(13)	147
SA	434	—	—	—	434	12	—	—	85	97
USA	155	—	—	—	155	(24)	—	—	—	(24)
	2 268	58	—	(45)	2 281	143	5	—	72	220
Balance of group										
SA	—	286	439	(137)	588	—	25	44	(75)	(6)
Europe	—	223	—	—	223	—	2	—	—	2
	—	509	439	(137)	811	—	27	44	(75)	(4)
TOTAL	2 268	567	439	(182)	3 092	143	32	44	(3)	216

	Capital expenditure (R'm)					Depreciation (R'm)				
	Manu-facturing	Whole-sale	Retail	Group services	Total	Manu-facturing	Whole-sale	Retail	Group services	Total
2006										
ATS Group										
Europe	**86**	**1**	**—**	**1**	**88**	**72**	**1**	**—**	**2**	**75**
SA	**16**	**—**	**—**	**—**	**16**	**25**	**—**	**—**	**—**	**25**
USA	**278**	**—**	**—**	**—**	**278**	**38**	**—**	**—**	**—**	**38**
	380	**1**	**—**	**1**	**382**	**135**	**1**	**—**	**2**	**138**
Balance of group										
SA	**—**	**—**	**5**	**3**	**8**	**—**	**2**	**4**	**(1)**	**5**
Europe	**—**	**1**	**—**	**—**	**1**	**—**	**1**	**—**	**—**	**1**
	—	**1**	**5**	**3**	**9**	**—**	**3**	**4**	**(1)**	**6**
TOTAL	**380**	**2**	**5**	**4**	**391**	**135**	**4**	**4**	**1**	**144**
2005										
ATS Group										
Europe	126	1	—	—	127	59	1	—	7	67
SA	17	—	—	—	17	23	—	—	—	23
USA	25	—	—	—	25	11	—	—	—	11
	168	1	—	—	169	93	1	—	7	101
Balance of group										
SA	—	—	6	7	13	—	2	5	2	9
Europe	—	—	—	—	—	—	1	—	—	1
	—	—	6	7	13	—	3	5	2	10
TOTAL	168	1	6	7	182	93	4	5	9	111

	Segment assets (R'm)					Segment liabilities (R'm)				
	Manu-facturing	Whole-sale	Retail	Group services	Total	Manu-facturing	Whole-sale	Retail	Group services	Total
2006										
ATS Group										
Europe	**1 365**	**41**	**—**	**(194)**	**1 212**	**575**	**9**	**—**	**692**	**1 276**
SA	**287**	**—**	**—**	**—**	**287**	**82**	**—**	**—**	**—**	**82**
USA	**716**	**—**	**—**	**—**	**716**	**177**	**—**	**—**	**—**	**177**
	2 368	**41**	**—**	**(194)**	**2 215**	**834**	**9**	**—**	**692**	**1 535**
Balance of group										
SA	**—**	**106**	**327**	**26**	**459**	**—**	**73**	**112**	**40**	**225**
Europe	**—**	**111**	**—**	**303**	**414**	**—**	**67**	**—**	**4**	**71**
	—	**217**	**327**	**329**	**873**	**—**	**140**	**112**	**44**	**296**
TOTAL	**2 368**	**258**	**327**	**135**	**3 088**	**834**	**149**	**112**	**736**	**1 831**
2005										
ATS Group										
Europe	1 275	32	—	(301)	1 006	654	22	—	13	689
SA	288	—	—	—	288	124	—	—	—	124
USA	230	—	—	—	230	115	—	—	—	115
	1 793	32	—	(301)	1 524	893	22	—	13	928
Balance of group										
SA	—	85	203	127	415	—	44	93	52	189
Europe	—	112	—	293	405	—	70	—	5	75
	—	197	203	420	820	—	114	93	57	264
TOTAL	1 793	229	203	119	2 344	893	136	93	70	1 192

PRINCIPAL ACCOUNTING POLICIES

1. General

Tiger Wheels Limited is domiciled in and a company incorporated in 1970 under the laws of the Republic of South Africa under the Companies Act. The address of the registered office is given on the inside back cover.

The consolidated financial statements of the company for the year ended 30 June 2006 comprise the company and its subsidiaries, and the group's interest in its associate, together referred to as the "group".

The financial statements were authorised for issue by the directors on 6 September 2006.

The financial statements of the group and the company are presented in South African rand, being the currency of the primary economic environment in which the group operates, and is rounded to the nearest thousand (unless otherwise indicated). Foreign operations are included in accordance with the policies set out below.

2. Statement of compliance with International Financial Reporting Standards ("IFRS")

The consolidated financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board ("IASB"). These are the group's first consolidated financial statements under IFRS and as a consequence IFRS 1 – First-time adoption of International Financial Reporting Standards has been applied. An overview of how the transition to IFRS has affected the reported financial position and financial performance of the group is provided in note 23.

The group resolved to adopt the following new and revised standards before the required implementation date during the current year:

- IAS 21 (AC 112) – The effects of changes in foreign exchange rates, amended for Net investment in a foreign operation;
- IFRIC Interpretation 8 – Scope of IFRS 2 (share based payments).

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision only affects that year, or in the year of revision and future years if the revision affects both current and future years.

The accounting policies set out below have been applied consistently to all years presented in the consolidated financial statements and in preparing an opening IFRS balance sheet at 1 July 2004 for the purpose of transition to IFRS.

All accounting policies have been applied consistently by all group entities.

The group made the following adjustments to its financial statements in order to restate the information in terms of IFRS:

2.1 IAS 16 – Useful lives and residual values

IAS 16 – Property, plant and equipment (IAS 16) differs in certain respects from the previous AC 123 – Property, plant and equipment (AC 123), applied by the group until 30 June 2005.

IAS 16 requires that the useful lives of the individual components of property, plant and equipment items be reviewed at least annually, whereas the requirement under AC 123 has been to review the useful lives of property, plant and equipment on a non-mandatory periodic basis. The group has re-assessed the useful lives of all individual components of property, plant and equipment and adjusted the carrying value of some items at the date of transition accordingly.

The adjustments to the useful lives of certain items of property, plant and equipment and the corresponding change in their carrying values at 1 July 2004 has also impacted depreciation charges subsequent to 1 July 2004.

2.2 Reclassification of computer software from property, plant and equipment to intangible assets

The group reclassified certain computer software from “property, plant and equipment” to “intangible assets” on its balance sheet. Computer software is required to be classified as an intangible asset in terms of IAS 38 – Intangible assets, unless the software is an integral part of the related hardware. This adjustment had no impact on the group’s income statements or its net equity.

3. Accounting policies and basis of preparation

The financial statements are prepared in accordance with the historical-cost convention, as modified by the restatement of certain financial instruments to fair value. The financial statements incorporate the following principal accounting policies, which conform to IFRS.

These policies are consistent in all material respects with those applied in the previous year, except for the impact of conversion to IFRS as disclosed in note 23.

The principal accounting policies adopted by the group are set out below.

3.1 Basis of consolidation

The consolidated annual financial statements incorporate the financial statements of the company and entities controlled by the company up to 30 June each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

The results of special-purpose entities that, in substance, are controlled by the group, are consolidated.

All inter-company transactions, balances, income and expenses between group entities are eliminated on consolidation.

Accounting policies for subsidiaries are changed where necessary to ensure a consistent application of the policies adopted by the group. If it is not practical to change the policies, the appropriate adjustments are on the consolidation to ensure consistency within the group.

The purchase method of accounting is used to account for the acquisition of subsidiaries in the group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority’s proportion of the fair values of the assets and liabilities recognised.

3.2 Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are determined at the actual interest charge for borrowings raised specifically to finance the assets or at the weighted average borrowing rate where the general pool of borrowing is utlised. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost eligible for capitalisation. All other borrowing costs are recognised in profit and loss in the period in which they are incurred. Imputed interest is excluded from the cost of assets where the assets have been brought into use.

3.3 Cash and cash equivalents

Cash and cash equivalents are stated at cost or fair value. For purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts, investments in money market instruments and variable rate cumulative redeemable preference shares, all of which are available for use by the group unless otherwise stated.

3.4 Comparative figures

When an accounting policy is altered, comparative figures are restated in accordance with the new policy where material. The comparative figures have been restated by the prior year adjustments detailed in the note 23 to the financial statements.

3.5 Dividends and capitalisation awards

Dividends declared to equity holders are included in the statement of changes in equity in the year in which they are declared. Taxation incurred on dividends is charged to income in the year in which dividends are declared.

3.6 Employee benefits

The group provides retirement benefits for its full-time employees primarily by means of monthly contributions to defined contribution funds. The assets of these funds are generally held in separate trustee-administered funds. The group's contributions to retirement funds are recognised as an expense in the period during which the employees render the related service.

Payments to defined contribution retirement benefit plans are charged as an expense as and when they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined-contribution plans.

The cost of all short-term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions is recognised during the period in which the employee renders the related service.

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

If the benefits fall due more than 12 months after the balance sheet date, they are discounted to their present value.

The group has no obligations in respect of post-retirement medical aid or other past services of employees.

Leave pay, classified as employee service related provisions, is provided in full as the service is rendered to the company, based on the total cost to the company.

3.7 Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual obligations of the instrument.

Trade receivables

Trade and other receivables originated by the group are stated at fair value or cost, less provision for doubtful debts.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Other investments are classified as either held for trade or available for sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trade purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available for sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Financial liability and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities.

Financial liabilities are recognised at amortised cost, namely original debt less principal payments and amortisations, except for derivatives which are subsequently measured at fair value. If a financial liability is designated as a hedged item, it is subject to measurement under hedge accounting provisions.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Convertible loan notes

Convertible loan notes are regarded as convertible instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the group, is included in equity.

Issue costs are apportioned between the liability and the equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Trade payables

Trade payables are not interest bearing and are stated at their fair value.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and aluminium prices. The group uses forward, swap and option contracts to hedge exposures to fluctuations in interest rates, foreign currencies and aluminium prices.

The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives. For a derivative financial instrument to be classified as a hedge, the following requirements have to be met:

- the hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured throughout the duration of the hedge;
- there is adequate documentation of the hedging relationship at the inception of the hedge; and
- for cash flow hedges, the forecasted transaction that is the subject of the hedge must be highly probable.

Changes in fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time an asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognised in the profit and loss in the same period in which the hedged item affects net profit or loss.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from remeasuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Gains and losses on subsequent measurement are recognised as follows:

- gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss for the period in which they arise; and
- gains and losses from measuring fair value hedging instruments, including fair value hedges for foreign currency-denominated transactions, are recognised immediately in net profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging item recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the profit and loss.

3.8 Foreign currencies

Transactions and balances

Transactions in currencies other than South African Rand are recorded at the exchange rate prevailing on the dates of the transactions.

At the balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing when the fair value was determined. Gains and losses on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Functional currency

A functional currency reflects the underlying transactions, events and conditions that are relevant to the company. Accordingly, once determined, the functional currency does not change unless there is a change in those underlying transactions, events and conditions. The effect of a change in functional currency is accounted for prospectively.

The Polish subsidiaries adopted the euro as their functional currency with effect from 1 July 2005.

In the conversion to a functional currency, an entity translates all items into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost. Exchange differences arising from the translation of a foreign operation previously classified in equity in accordance with IAS 21 are not recognised in profit or loss until the disposal of the operation.

The functional currency for all group companies is the currency of the country the subsidiary resides within, except for Poland (ATS Stahlschmidt & Maiworm SP. Z.o.o. and ATS Alustar Polska Sp. Z.o.o.). The functional currency of ATS Poland was converted from zloty to euro with effect from 1 July 2005.

3.9 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit and loss and is not subsequently reversed.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions by the group before the date of transition to AC 140 (1 July 2004) has been retained at the values previously recognised under South African Statements of Generally Accepted Accounting Practice ("SA GAAP"), subject to being tested for impairment at each reporting date. Goodwill written off to reserves under SA GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal of any such investments.

3.10 Government grants

Government grants towards staff-retraining costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

3.11 Impairment of tangible and intangible assets (excluding goodwill)

An intangible asset is recognised at cost if it is probable that future economic benefits will flow to the enterprise. Amortisation is charged on a systematic basis over the estimated useful lives of the intangible assets.

The estimated maximum useful life of patents and similar intangible assets is 20 years.

Subsequent expenditure on capitalised intangible assets is capitalised only if it increases the future benefits embodied in the specified asset to which it relates.

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition and is stated net of relevant purchase incentives. Fixed production overheads are allocated on the basis of normal capacity. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.13 Investments in associates

An associate is an enterprise over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when classified as held for sale (see below). Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the group's share of the net assets of the associate, less any impairment value of individual investments. Losses of the associates in excess of the group's interest in those associates are only recognised to the extent that the group has incurred obligations in respect of the associate.

Equity accounted income represents the group's proportionate share of profits of the entity and the share of taxation thereon. The retained earnings of an associate, net of any dividends, are classified as distributable reserves. This is a change in accounting policy as these earnings were previously transferred to a non-distributable reserve. Prior periods have been restated to reflect this change.

Any excess of the cost of acquisition over the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit and loss in the period of acquisition.

Where a group company transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

3.14 Investment tax credit and deferred income

The value of expected future benefits that will flow to the group, resulting from the utilisation of investment tax credits, and which arise from capital expenditure incurred in qualifying countries, are recognised as an asset on the face of the balance sheet. The annual tax charge is transferred from the investment tax credit line on the balance sheet to the income statement, whilst the corresponding amount is released from the deferred income account.

The probable future value of the investment tax credit and the deferred income is re-assessed annually for an increase in value or impairment. The face value of both the investment tax credit and deferred income is adjusted accordingly.

3.15 Leases

Leases involving land and buildings, and plant and equipment, whereby the lessor provides finance to the group with the asset as security and where the group assumes substantially all the benefits and risks of ownership, are classified as finance leases.

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's policy on borrowing costs (see above).

Leases of assets to the group, under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Operating lease rentals (including operating leases with fixed escalation rates) are charged against trading profit on a straight-line basis over the term of the relevant lease, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term. The impact of this treatment is that the charge reflected in the income statement is the same over the period of the lease.

3.16 Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or settle on a net basis, all related financial effects are offset.

3.17 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

3.18 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation on buildings is charged to income.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Direct costs and preproduction expenses relating to the erection, commissioning and installation of major capital projects are capitalised until the projects are in operation.

Depreciation is charged so as to write the cost or valuation of assets down to their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	40 – 50 years
Computer equipment and software	3 – 5 years
Dies and moulds	3 years
Furniture, fittings and other equipment	6 – 10 years
Heat treatment, paint plant, shelving	20 years
Machine shop machines, conveyors	10 years
Melting furnaces, casting machines, X-ray	15 years
Motor vehicles	4 – 5 years

The useful life is either the period of time over which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of the asset. The estimated useful lives of assets and their residual values are re-assessed periodically, with any changes in such accounting estimates being adjusted in the current financial year of re-assessment and applied prospectively.

Items of property, plant and equipment are capitalised in components where components have a different useful life to the main item of property, plant and equipment to which the component can be logically assigned to.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

Maintenance and repairs which neither materially add to the value of assets nor appreciably prolong their useful lives are charged against income.

3.19 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the group's liability.

3.20 Research and development costs

Research and development costs are charged against income until they result in projects that are evaluated as being technically or commercially feasible, the group has sufficient resources to complete development and can demonstrate how the asset will generate future economic benefits, in which case these costs are capitalised and amortised on the straight-line basis over the estimated useful life of the project or asset. The carrying amounts are reviewed at each balance sheet date to determine whether there is any indication of impairment.

3.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sale incentives, value added tax and sales between group companies. Revenue from the sale of goods is recognised when risks and rewards of ownership are transferred to customers.

Royalties, rebates and benefits emanating from the Motor Industry Development Programme are recognised on an actual basis in accordance with the substance of the relevant agreements.

Interest income is accrued on the time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable over the period to maturity, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3.22 Segmental reporting

Segment accounting policies are consistent with those adopted for the preparation of the financial statements of the consolidated group. The primary basis for reporting segment information is business segments and the secondary basis is by significant geographical region, which is based on the location of assets. The basis is consistent with internal reporting for management purposes as well as the source and nature of business risks and returns. Transactions between segments are concluded on an arm's length market-related basis.

Manufacturing

The ATS Group's European manufacturing emanates from factories in Germany (ATS Stahlschmidt & Maiworm GmbH) and Poland (ATS Stahlschmidt & Maiworm SP. Z.o.o.), the United States comprising of the plant in Alabama (ATS Light Alloy Wheels (Alabama) Inc.) and the plant in Kentucky (ATS Light Alloy Wheels (Kentucky) LLC), whilst the South African manufacturing operations are conducted in Babelegi (ATS Light Alloy Wheels South Africa (Pty) Limited).

Revenue comprises aluminium wheels and bedplates sold to Original Equipment Manufacturers, aftermarket customers and the "Balance of group" wholesale businesses.

Wholesale

The ATS Group's wholesalers distribute ATS, Alustar and the WSL wheel brands in Germany, Poland, Scandinavia and the Benelux countries.

"Balance of group" distributes tyres and wheels in Europe and southern Africa (South Africa and Namibia).

Retail

Wheels and tyres are retailed through the Tiger Wheel & Tyre stores situated throughout southern Africa.

Group services

Intergroup revenue and operating profits are eliminated.

Shares held by the employee share trusts are eliminated upon the consolidation of these trusts.

3.23 Share-based payment

The group adopted IFRS 2 in the previous financial year. This standard requires an expense to be recognised in the income statement based on the fair value of share option awards, measured at the date of grant. Previously no expense was recognised. The group has adopted the transitional provisions of AC 139 in respect of share options and has applied the requirements of the standard only to share options granted after 7 November 2002. The option expense is computed using the Jennergen and Naslund amended Black Scholes option model, with allowance being made for the probability that the employee will remain employed until the option expires. The option cost is expensed over the vesting period, with a corresponding increase in equity.

Share appreciation rights are expensed in the income statement based upon the fair market value of the rights granted to employees, being the market value over and above the exercise price of rights granted, allowing for the probability of non-exercise at the end of the term of the share appreciation right. Share appreciation rights are cash settled. While the employee is subject to a vesting period, a liability ("share appreciation liability") is credited in the balance sheet ("share option reserve"). In the event that a subsidiary is liable to settle the entity issuing the share appreciation right, the contribution is taken to equity.

3.24 Taxation

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

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss 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 deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utlised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial acquisition (other than a business acquisition) of other assets and liabilities in a transaction, which does not affect either taxable or accounting income.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the profit and loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Secondary tax on companies ("STC") is recognised as part of the current tax charge in the profit and loss when the related dividend or capital distribution from tainted equity is declared.

3.25 Treasury shares and employee share trusts

Where subsidiaries hold shares in the holding company's issued share capital, the consideration paid to acquire the shares, including any attributable incremental costs, is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or re-issued, any consideration received is included in shareholders' equity. Shares issued to or held by share incentive trusts within the group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

3.26 Significant estimates and judgements made by management

The following significant estimates and judgements have been made by management in the process of applying the group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The use of available information and the application of judgement are inherent in the formation of estimates. Actual results may differ from these estimates.

The following accounting policies have been identified as involving particularly complex or subjective judgements or estimates:

- Asset lives and residual values

  Property, plant and equipment are depreciated over their useful lives, taking into account residual values, where appropriate. The useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Refer to note 1 for more information.

- Deferred tax assets

  Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which it can be utilised. Future taxable profits, derived from forecasts for the next two to four years, are estimates based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates, and competitive forces. Refer to note 8 for more information.

- Allowance for doubtful debts

  Refer to note 10 for more information.

- Share-based payments

  In applying IFRS 2 management had to make certain judgements in respect of the fair value models to be used in determining the various share based arrangements in respect of employees, as well as the variable elements used in these models. Refer to note 29 for more information.

- Goodwill impairment testing

  The annual impairment tests for goodwill uses forecasts of the underlying cash generating unit which are estimates based on business plans, and includes estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces.

3.27 Recently issued accounting standards

The International Accounting Standards Board ("IASB") issued a number of standards, amendments to standards and interpretations during 2005 and 2006. These amendments will therefore be implemented by the group during the financial year starting 1 July 2006.

The amendments that have been made to IAS 39 include amendments to the accounting of cash flow hedges of forecast intergroup transactions, financial guarantee contracts and an amendment to the fair value option. These amendments were made during April, June and August 2005 with immediate effect. The group will adopt these amendments during its financial year ending 30 June 2007 and is currently evaluating the effects of these amendments.

The amendments to IAS 1 – Presentation of Financial Statements: Capital Disclosures states that an entity shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The group will adopt these amendments during its financial year ending 30 June 2007 and is currently evaluating the effects of these amendments.

IFRS 7 – Financial Instruments: Disclosures was issued on 18 August 2005, with an effective date of 1 January 2007. This new standard adds certain new disclosures about financial instruments to those currently required by IAS 32 – Financial Instruments: Presentation and Disclosures. The group will adopt these amendments during its financial year ending 30 June 2007 and is currently evaluating the effects of these amendments.

The IASB has also amended the accounting treatment of monetary items in IAS 21 – The Effect of Changes in Foreign Exchange Rates during December 2005 with immediate effect. The amendment stated that if a monetary item forms part of an entity's investment in a foreign operation, the accounting treatment in the consolidated financial statements should not be dependent on the currency of the monetary item. Also, the accounting should not depend on which entity within the group conducts a transaction with the foreign operation. The group will adopt these amendments during its financial year ending 30 June 2007 and is currently evaluating the effects of the standard.

IFRIC Interpretation 4 ("Determining whether an Arrangement contains a Lease") was issued by the IASB and is effective for annual periods beginning on or after 1 January 2006, and the interpretation specifies that an arrangement that meets certain criteria is, or contains, a lease that should be accounted for in accordance with IAS 17 – Leases. The group will adopt these amendments during its financial year ending 30 June 2007 and is currently evaluating the effects of the standard.

IFRIC Interpretation 8 ("Scope of IFRS 2") clarifies that IFRS 2 – Sharebased Payments applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. IFRIC 8 is effective for annual periods beginning on or after 1 May 2006, and the group will adopt these amendments during its financial year ending 30 June 2007 and is currently evaluating the effects of the standard. IFRIC Interpretation 9 ("Reassessment of Embedded Derivatives") clarifies that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party in the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. IFRIC 9 is effective for annual periods beginning on or after 1 June 2006, and the group will adopt these amendments during its financial year ending 30 June 2007 and is currently evaluating the effects of the standard.

AC 503 – Accounting for Black Economic Empowerment ("BEE") transactions states that if equity instruments are granted at a discount to a BEE partner, this must be expensed. BEE credentials acquired as part of a business combination shall be subsumed in goodwill and not recognised as a separate intangible asset. Where the BEE transaction includes service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised over the period of the service conditions. Where the BEE transaction includes no service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised immediately on grant date. AC 503 is effective for annual periods beginning on or after 1 May 2006, and the group will adopt these amendments during its financial year ending 30 June 2007 and is currently evaluating the effects of the standard.

DEFINITIONS

1. Dividend

1.1 Dividend policy

Interim dividends are not declared. A final distribution of 51 cents per share (2005: 73 cents) has been declared for the year under review. For 2006 the company has elected to distribute the equivalent of 51 cents per share (2005: 73 cents) from the share premium account in lieu of a dividend, being 40% of attributable earnings.

1.2 Dividend yield at year end

Dividend per share expressed as a percentage of the year-end share price.

1.3 Dividend cover

The degree to which dividends declared is covered by attributable earnings.

2. Earnings per share

2.1 Attributable earnings per share

Net profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares in issue during the year, net of treasury shares.

2.2 Free cash flow per share

The aggregated cash flow from operating and investing activities (excluding investments in new subsidiaries) divided by the weighted average number of ordinary shares in issue during the year, net of treasury shares.

2.3 Headline earnings per share

Net profit attributable to ordinary shareholders of Tiger Wheels Limited for the year adjusted for non-recurring items and capital profits or losses net of tax and minority interests thereof, divided by the weighted average number of ordinary shares in issue during the year net of treasury shares.

2.4 Headline earnings yield

Headline earnings per share as a percentage of the year-end share price.

2.5 Market capitalisation

Share price at year end multiplied by the number of ordinary shares issued.

2.6 Price/earnings ratio

Share price at year end divided by headline earnings per share.

2.7 Fully diluted

Attributable earnings are adjusted by the after tax interest saving, assuming the conversion of a convertible bond where the effect is dilutive. The weighted average number of shares in issue is increased by the number of additional shares in issue assuming conversion of the dilutive convertible bond. Disclosure of diluted earnings per share is done only when there is an expected dilution in attributable earnings as a result of the conversion of the dilutive convertible bond.

3. Effective rate of taxation

Taxation charge per the income statement expressed as a percentage of profit before taxation.

4. Gearing ratio

Interest-bearing debt expressed as a percentage of total shareholders' funds.

5. Gearing ratio (net of cash)

Interest-bearing debt expressed net of cash on hand as a percentage of total shareholders' funds.

6. Interest cover

Profit before financing cost divided by finance costs.

7. Net assets

Segment assets expressed net of segment liabilities.

8. Net asset turn

Revenue divided by net assets.

9. Net tangible asset value per share

Interest of shareholders adjusted to eliminate goodwill, divided by the total number of ordinary shares in issue, net of treasury shares.

10. Operating income per employee

Operating income for the year divided by the number of employees.

11. Operating margin

Operating profit expressed as a percentage of revenue.

12. Current ratio

Current assets divided by current liabilities.

13. Quick ratio

Current assets (excluding inventory) divided by current liabilities.

14. Return on assets

Attributable earnings expressed as a percentage of total assets.

15. Return on equity

Attributable earnings expressed as a percentage of equity attributable to ordinary shareholders.

16. Revenue per employee

Revenue for the year divided by the number of employees.

17. Segment assets

Comprises current and non-current assets split by operating and geographical segment.

18. Segment liabilities

Comprises current and non-current liabilities split by operating and geographical segment.

19. Segment result

Segment result represents operating profit plus any other items that are directly attributable to segments, including fair value adjustments and goodwill amortisation (for 2005). Interest costs are excluded due to the centralised nature of the group's treasury operations.

20. Total assets

Fixed and intangible assets, other non-current assets and current assets.

21. Total borrowings

Total liabilities excluding non-interest-bearing liabilities, trade and other payables and provisions.

22. Total liabilities

Current liabilities and long-term liabilities. Deferred taxation is excluded.

23. Wealth created per employee

Wealth created during the year divided by the number of employees.

	2006		
	Cost R'000	**Accumulated depreciation and impairments R'000**	**Net book value R'000**
1. Property, plant and equipment			
Group			
Land and buildings	**386 822**	**33 368**	**353 454**
Furniture, fittings and equipment	**26 561**	**6 319**	**20 242**
Motor vehicles	**983**	**22**	**961**
Plant and machinery	**1 426 587**	**368 558**	**1 058 029**
Leased assets	**43 971**	**11 090**	**32 881**
	1 884 924	**419 357**	**1 465 567**

Included above is property, plant and equipment with a net book value of R27 million (2005: R388 million) held as security for the long-term debt as disclosed in note 13.
The replacement value of the group's property, plant and equipment for insurance purposes as at 30 June 2006 amounted to R2 542 million (2005: R2 578 million).
A register containing details of land and buildings is available for inspection at the registered office of the company.

	2005		
	Cost R'000	Accumulated depreciation and impairments R'000	Net book value R'000
Group			
Land and buildings	315 220	20 837	294 383
Furniture, fittings and equipment	65 996	46 550	19 446
Motor vehicles	741	(60)	801
Plant and machinery	964 288	214 526	749 762
Leased assets	42 793	10 984	31 809
	1 389 038	292 837	1 096 201

	Land and buildings R'000	Furniture, fittings and equipment R'000	Motor vehicles R'000	Plant and machinery R'000	Leased assets R'000	Total R'000

1. Property, plant and equipment *(continued)*

Group

Movement of property, plant and equipment

	Land and buildings R'000	Furniture, fittings and equipment R'000	Motor vehicles R'000	Plant and machinery R'000	Leased assets R'000	Total R'000
2005						
Net balance at 1 July 2004 (restated)	200 622	24 484	174	669 956	31 142	926 378
Additions	48 949	4 713	426	125 922	2 479	182 489
Transfers	30 523	365	250	(32 857)	952	(767)
Net translation differences	25 003	2 773	—	70 307	1 806	99 889
	305 097	32 335	850	833 328	36 379	1 207 989
Disposals	(347)	(398)	(62)	(885)	(632)	(2 324)
Depreciation	(10 367)	(12 490)	13	(81 858)	(3 938)	(108 640)
Previously reported	(8 511)	(14 902)	(98)	(92 408)	(3 938)	(119 857)
Reclassified to intangible assets	—	2 295	—	—	—	2 295
Adjusted for IFRS	(1 856)	117	111	10 550	—	8 922
Impairment	—	—	—	(824)	—	(824)
Net balance at 30 June 2005	**294 383**	**19 447**	**801**	**749 761**	**31 809**	**1 096 201**
2006						
Additions	**37 763**	**7 179**	**383**	**347 103**	**2 359**	**394 787**
Transfers	**561**	**(388)**	**—**	**(2 279)**	**—**	**(2 106)**
Net translation differences	**30 555**	**683**	**8**	**88 497**	**2 522**	**122 265**
	363 262	**26 921**	**1 192**	**1 183 082**	**36 690**	**1 611 147**
Disposals	**(72)**	**(391)**	**(122)**	**(1 787)**	**(1 637)**	**(4 009)**
Depreciation	**(9 736)**	**(6 288)**	**(109)**	**(123 267)**	**(2 171)**	**(141 571)**
Net balance at 30 June 2006	**353 454**	**20 242**	**961**	**1 058 028**	**32 882**	**1 465 567**

	Notes	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 (Restated) R'000
2. Intangible assets*					
Cost					
At beginning of year		**21 829**	19 761	**—**	—
Additions		**436**	270	**—**	—
Transfers		**3 326**	1 214	**—**	—
Disposals		**(99)**	(1 665)	**—**	—
Translation difference		**3 449**	2 249	**—**	—
At end of year		**28 941**	21 829	**—**	—
Amortisation					
At beginning of year		**17 847**	14 998	**—**	—
Depreciation	20	**2 532**	2 295	**—**	—
Transfers		**1 219**	447	**—**	—
Disposals		**(99)**	(1 567)	**—**	—
Translation difference		**2 923**	1 674	**—**	—
At end of year		**24 422**	17 847	**—**	—
Carrying amount at end of year		**4 519**	3 982	**—**	—
**Intangible assets comprise computer software which was previously classified as furniture, fittings and equipment as part of property, plant and equipment.*					
3. Goodwill					
Carrying amount at beginning of year		**13 105**	12 050	**—**	—
Translation difference		**1 731**	1 055	**—**	—
Carrying amount at end of year		**14 836**	13 105	**—**	—

Goodwill relates to the ATS Group.

For the purpose of impairment testing, the recoverable amount of the cash-generating unit, has been determined based on a value in use calculation. The value in use calculation is based on a discounted cash flow valuation, utilising a three year budget/forecast approved by senior management. The discount and growth rates applied in the valuation was 16.27% (2005: 14.25%) and 2.5% (2005: 2.5%) respectively.

	Group		Company	
	2006	2005 (Restated)	**2006**	2005 (Restated)
	R'000	R'000	**R'000**	R'000
4. Investment in subsidiaries				
Investments at historical cost	**—**	—	**186 719**	186 719
Goodwill portion of cost written off against share premium at acquisition	**—**	—	**(120 302)**	(120 302)
	—	—	**66 417**	66 417
Loans to subsidiaries	**—**	—	**145 211**	169 344
Net investment in subsidiaries	**—**	—	**211 628**	235 761
Aggregate profits/(losses) of subsidiaries				
Profits	**217 140**	348 848	**—**	—
Losses	**(159 294)**	(160 534)	**—**	—
Net profits	**57 846**	188 314	**—**	—

	Group	
	2006	2005
	R'000	R'000
5. Investment in associate		
Carrying amount	**—**	—
Comprising		
Basfour 2006 (Pty) Limited – SA: 33% (2005: 33%)*[1]	**0**	0
	0	0

Directors' net asset valuation: R0,87 million (2005: R0.097 million), being a *pro rata* share of the associates' tangible net asset value.

At 30 June 2006 the cumulative loss of the associate company that exceeds the investment value amounts to R1.873 million (2005: R0.391 million).

*[1] *Property holding company.*

5. Investment in associate *(continued)*

The group's effective share of income statement, balance sheet and cash flow of associates (comprising 33% of Basfour (2005: 33%)) is as follows:

	Group 2006 R'000	Group 2005 (Restated) R'000
Balance sheet		
Assets		
Non-current assets	**8 612**	5 599
Current assets	**21**	11
Total assets	**8 633**	5 610
Equity and liabilities		
Shareholders' funds	**2 611**	292
Non-current liabilities	**5 999**	5 304
Current liabilities	**23**	14
Total equity and liabilities	**8 633**	5 610
Income statement		
Revenue	**—**	—
Cost of sales	**—**	—
Gross profit	**—**	—
Rental income	**1 608**	564
Selling and distribution costs	**—**	—
Administrative and other expenses	**(17)**	(9)
Operating profit	**1 591**	555
Net finance costs	**(771)**	(517)
Profit/(loss) before taxation	**820**	38
Taxation	**(438)**	—
Profit/(loss) after taxation	**382**	38
Revaluation of occupied building reclassified to non-distributable reserve	**(1 765)**	(530)
Loss of associate in excess of investment value	**1 383**	492
Profit accounted for	**—**	—
Cash flow statement		
Cash flow from:		
Operating activities	**2 395**	546
Investing activities	**—**	—
Financing activities	**(2 388)**	(544)
Movement in cash resources	**7**	2

	Group		Company	
	2006	2005 (Restated)	**2006**	2005 (Restated)
	R'000	R'000	**R'000**	R'000
6. Other investments				
Investment in German listed company BBS AG, reflected at market value	**18**	16	**—**	—
Other unlisted investments	**46**	35	**—**	—
	64	51	**—**	—
7. Financial assets				
Endowment policy	**—**	—	**25 273**	23 184
Long-term loans receivable	**4 509**	5 676	**—**	—
Total amount receivable	**12 244**	9 524	**—**	—
Reflected as trade and other receivables	**(7 735)**	(3 848)	**—**	—
	4 509	5 676	**25 273**	23 184
Long-term loans receivable arose from the disposal of businesses and bear interest at market related rates. The loans are secured by the assets of the business and through personal sureties from vendors.				
8. Deferred taxation				
Asset/(liability) at beginning of year previously reported	**(11 305)**	2 147	**(1 550)**	—
IFRS adjustment	**—**	(32 336)	**—**	—
Restated opening balance	**(11 305)**	(30 189)	**(1 550)**	—
Non-distributable reserves	**(16 496)**	5 866	**(303)**	(1 887)
Income statement	**18 748**	15 416	**(337)**	337
Net translation difference	**1 121**	(2 398)	**—**	—
Net deferred tax liability	**(7 932)**	(11 305)	**(2 190)**	(1 550)
Comprising				
Deferred tax asset	**47 543**	24 121	**—**	—
Deferred tax liability	**(55 475)**	(35 426)	**(2 190)**	(1 550)
Net deferred tax asset/(liability)	**(7 932)**	(11 305)	**(2 190)**	(1 550)
9. Inventories				
Raw materials	**40 374**	43 074	**—**	—
Work in progress	**84 225**	66 093	**—**	—
Manufactured products	**168 060**	155 004	**—**	—
Merchandise for resale	**133 394**	117 863	**—**	—
Consumable stores	**81 208**	71 277	**—**	—
	507 261	453 311	**—**	—

	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 (Restated) R'000
10. Trade and other receivables				
Trade accounts receivable	**466 535**	365 383	**—**	—
Provisions raised against accounts receivable	**(599)**	(715)	**—**	—
Foreign exchange derivative fair value	**8 627**	2 377	**—**	—
Aluminium forward exchange derivative fair value	**30 010**	—	**—**	—
Current portion of loans receivable	**7 736**	3 848	**—**	—
Value added taxation	**21 851**	8 526	**—**	—
Staff loans	**1 883**	1 113	**—**	—
Deposits	**2 402**	352	**—**	—
Claims receivable	**13 993**	15 460	**—**	—
Prepayments	**33 262**	17 450	**—**	—
Sundry receivables	**14 984**	10 446	**—**	2 119
	600 684	424 240	**—**	2 119
11. Share capital, premium and option reserve				
Authorised				
100 000 000 ordinary shares of one cent each	**1 000**	1 000	**1 000**	1 000
Issued shares and premium				
Ordinary shares	**596**	606	**619**	619
Ordinary shares of one cent each	**619**	619	**619**	619
Treasury shares	**(23)**	(12)	**—**	—
(Purchase)/sale of share trust shares	**—**	(1)	**—**	—
Share premium	**214 938**	280 583	**256 614**	301 784
Balance at beginning of year	**280 583**	275 783	**301 784**	296 982
Arising from issue of options to employees	**957**	4 800	**—**	4 802
Capital distribution	**(44 130)**	—	**(45 170)**	—
Treasury shares	**(22 472)**	—	**—**	—
Share-based compensation	**3 210**	829	**3 210**	829
	218 744	282 018	**260 443**	303 232
Number of issued shares				
In issue at beginning of year	**61 900 001**	61 283 687	**61 900 001**	61 283 687
Options issued to employees via share trusts	**—**	616 314	**—**	616 314
Total shares in issue	**61 900 001**	61 900 001	**61 900 001**	61 900 001
Treasury shares	**(2 298 496)**	(1 228 393)	**—**	—
Unallocated shares of share trusts	**—**	(231 231)	**—**	—
Total shares in issue net of treasury shares and share trust shares	**59 601 505**	60 440 377	**61 900 001**	61 900 001

	Group		Company	
	2006	2005 (Restated)	**2006**	2005 (Restated)
	R'000	R'000	**R'000**	R'000
12. Other reserves				
Foreign currency translation reserve	**79 105**	32 573	**—**	—
Balance at beginning of year	**32 573**	(10 052)	**—**	—
Movement during the year	**46 532**	42 625	**—**	—
Hedging reserves*[1]	**18 973**	1 512	**—**	—
Balance at beginning of year	**1 512**	(20 562)	**—**	—
Movement for the year	**17 461**	22 074	**—**	—
Accumulated profit of associated companies	**—**	—	**—**	—
Balance at beginning of year	**—**	6 892	**—**	—
Associate company profits transferred to accumulated profit	**—**	(6 892)	**—**	—
Revaluation reserve	**—**	—	**12 910**	11 124
Investment assets at fair value	**—**	—	**15 100**	13 011
Deferred taxation on the above	**—**	—	**(2 190)**	(1 887)
Other	**—**	—	**2**	2
	98 078	34 085	**12 912**	11 126

[1]Cash flow hedges arose from aluminium and currency forward contracts.

	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 (Restated) R'000
13. Interest-bearing liabilities				
The liabilities bear interest at rates between 4.1% p.a. and rates varying with, but not exceeding, prime.				
Repayable in monthly instalments of R10.2 million (2005: R12.5 million), inclusive of interest	**709 015**	345 320	**—**	—
Current portion transferred to current liabilities	**(123 290)**	(150 208)	**—**	—
	585 725	195 112	**—**	—
Carrying value of assets pledged as security				
Europe	**7 232**	412 614	**—**	—
Property, plant and equipment	**7 232**	327 918	**—**	—
Inventory	**—**	35 872	**—**	—
Accounts receivable	**—**	48 824	**—**	—
South Africa				
Property, plant and equipment	**19 702**	59 806	**—**	—
Total	**26 934**	472 420	**—**	—
Repayment terms				
Year 1	**123 290**	150 208	**—**	—
Year 2 – 5	**585 725**	169 736	**—**	—
Thereafter	**—**	25 376	**—**	—
	709 015	345 320	**—**	—
Analysis of total borrowings per currency				
South African rand	**40 364**	99 219	**—**	—
US dollar equivalent	**85 885**	32 131	**—**	—
Euro equivalent	**582 766**	213 970	**—**	—
	709 015	345 320	**—**	—
The euro and US dollar equivalent borrowings are repayable out of operations conducted in the currency of the liability.				
Foreign borrowings				
Euro	**64 213**	26 663	**—**	—
US dollar	**12 015**	4 825	**—**	—

	Group		Company	
	2006	2005 (Restated)	**2006**	2005 (Restated)
	R'000	R'000	**R'000**	R'000
14. Financial liabilities				
Interest rate swap	**1 673**	4 411	**—**	—
15. Operating lease liabilities				
Long-term operating lease liabilities	**17 948**	14 688	**—**	—
16. Trade and other payables				
Trade accounts payable	**684 846**	483 630	**—**	—
Accruals	**30 827**	31 649	**—**	—
Employment related payables	**24 160**	24 202	**—**	—
Value added taxation	**17 259**	13 092	**—**	—
Deposits held	**1 185**	187	**—**	—
Foreign exchange derivative fair value	**—**	971	**—**	—
Sundry payables	**21 154**	21 746	**86**	84
	779 431	575 477	**86**	84

17. Provisions

	2006			2005 (Restated)		
	Employee service related R'000	**Other R'000**	**Total R'000**	Employee service related R'000	Other R'000	Total R'000
Group						
Movement of provisions						
Balance at beginning of year	**67 107**	**28 800**	**95 907**	60 551	21 369	81 920
Amounts added	**35 913**	**49 454**	**85 367**	26 417	37 715	64 132
Amounts used	**(37 509)**	**(21 331)**	**(58 840)**	(22 749)	(21 156)	(43 905)
Amounts reversed unused	**(1 503)**	**(8 639)**	**(10 142)**	(1 046)	(10 527)	(11 573)
Net translation adjustments	**6 378**	**6 059**	**12 437**	3 934	1 399	5 333
Balance at end of year	**70 386**	**54 343**	**124 729**	67 107	28 800	95 907

Employee service related

The provisions relate to leave pay, annual bonuses and performance bonuses due to staff at the year end. The amount provided represents the actual amounts due to staff based on available facts and applicable legislation.

Other

Other provisions represent expected advertising costs as well as warranty and insurance provisions. Advertising provision is based on actual services rendered, but not invoiced as yet. Warranty provisions relate to warranty claims, based on claims notified and past experience. Insurance provision is based on claims received post-balance sheet date, which relates to before balance sheet date incidents.

	Group		Company	
	2006	2005 (Restated)	**2006**	2005 (Restated)
	R'000	R'000	**R'000**	R'000
18. Short-term borrowings				
Bank overdrafts and money market borrowings	**26 672**	22 255	**—**	—

The group optimises its cost of funds by utilising some money market and some overdraft facilities, mainly repayable on demand and the group also has access to unutilised term facilities.

- Local borrowings are secured through cross-guarantees by domestic group companies.
- Foreign borrowings are unsecured. No cross-guarantees exist between South Africa and any offshore companies.
- Local interest is charged on overdraft balances at rates limited to, but not exceeding, prime.
- Foreign interest is charged on overdraft balances at foreign rates linked to EURIBOR*.

	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 (Restated) R'000
Analysis of borrowings per currency	**26 672**	22 255	**—**	—
South African rand	**6 476**	1	**—**	—
Euro equivalent	**20 196**	21 565	**—**	—
Sterling equivalent	**—**	689	**—**	—

**Euro interbank offered rate.*

19. Revenue

	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 (Restated) R'000
Revenue comprises the following:				
Manufacturing sales	**2 337 657**	2 265 959	**—**	—
Wholesale sales	**629 554**	567 761	**—**	—
Retail sales	**483 431**	438 891	**—**	—
Group services and intergroup eliminations	**(151 347)**	(181 035)	**—**	—
Total revenue	**3 299 295**	3 091 576	**—**	—

	Group		Company	
	2006	2005 (Restated)	**2006**	2005 (Restated)
	R'000	R'000	**R'000**	R'000

20. Operating profit

Operating profit is stated after taking account of the following items:

	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 (Restated) R'000
Income				
Dividends received – subsidiary companies	**—**	—	**23 436**	16 250
Net profit on disposal of property, plant and equipment	**355**	—	**—**	—
Net profit on foreign exchange transactions	**5 988**	—	**—**	—
Net profit on disposal of trademark	**2 748**	—	**—**	—
Expenditure				
Auditors' remuneration	**5 735**	5 396	**—**	—
Audit fees	**4 331**	2 492	**—**	—
Other services*	**1 404**	2 904	**—**	—
Depreciation	**144 103**	110 935	**—**	—
Furniture, fittings and equipment	**6 288**	12 490	**—**	—
Land and buildings	**9 736**	10 367	**—**	—
Motor vehicles	**109**	(13)	**—**	—
Plant and machinery	**123 267**	81 858	**—**	—
Intangible assets	**2 532**	2 295	**—**	—
Leased assets	**2 171**	3 938	**—**	—
Impairment of property, plant and equipment	**—**	824	**—**	—
Impairment of investment of subsidiaries	**—**	—	**—**	6 970
Loss on disposal of subsidiary	**—**	—	**—**	95 387
Net loss on disposal of property, plant and equipment	**—**	621	**—**	—
Net loss on foreign exchange transactions	**—**	6 179	**—**	—
Operating lease charges	**68 935**	52 618	**—**	—
Property	**54 251**	38 639	**—**	—
Motor vehicles	**2 192**	2 195	**—**	—
Plant and equipment	**12 492**	11 784	**—**	—
Research and development costs	**3 693**	3 156	**—**	—
Staff costs (excluding directors' emoluments)	**586 475**	535 051	**—**	—
Share based payments	**2 381**	829	**—**	—

**Comprises services rendered for tax advice, general consulting and out-of-pocket expenses.*

							Company	
							2006 R'000	2005 R'000

20. Operating profit *(continued)*

Directors' emoluments paid by subsidiaries

Name	Basic salary	Entertainment and travel allowance	Company car	Pension fund contribution	Medical aid contribution	Bonuses#	**Total**	Total
Independent non-executive directors								
I M Groves	110	—	—	—	—	—	**110**	100
R Hagemann	110	—	—	—	—	—	**110**	116
						Total (A)	**220**	216
Non-executive directors								
M B Glatt	109	—	50	—	17	—	**176**	404
P Vallet*1	250	—	—	—	—	—	**250**	243
B Joffe	110	—	—	—	—	—	**110**	—
						Total (B)	**536**	647
Executive directors								
E I Keizan	649	72	—	53	19	—	**793**	1 006
J J G Loots	1 798	34	49	137	34	400	**2 452**	1 950
S F Teichert*	4 825	—	219	575	45	—	**5 664**	5 079
K W Rivers	1 332	120	—	108	42	777	**2 379**	2 155
						Total (C)	**11 288**	10 190
						Total emoluments (A + B + C)	**12 044**	11 053

#Determined on performance for the year ended 30 June 2006.
**Euro denominated.*
**1Fees for consulting.*

Share options

On 29 June 2005, Josh Loots and Keith Rivers were awarded 400 000 share options each at an exercise price of R21.58.

Share options

Josh Loots	50 000	shares @ R7.80 and
	400 000	shares @ R21.58
Keith Rivers	400 000	shares @ R21.58

50% of the 50 000 options issued to Josh was exercisable from 21 March 2006 and the balance becomes exercisable on 21 March 2008.

The 400 000 options issued to Josh are exercisable in equal parts on 29 June 2006, 29 June 2008, 29 June 2010 and 29 June 2012. The 400 000 options issued to Keith are exercisable proportionally over five years until 29 June 2010.

	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 (Restated) R'000
21. Taxation				
Charge to income				
Normal tax	**29 116**	53 888	**(1 530)**	2 711
Current year	**29 798**	43 117	**26**	2 711
Prior year	**(682)**	10 771	**(1 556)**	—
Deferred tax	**(18 748)**	(15 416)	**336**	(337)
Current year	**(18 748)**	(12 650)	**336**	(337)
IFRS adjustment	**—**	(2 985)	**—**	—
Rate adjustment	**—**	219	**—**	—
Secondary tax on companies	**5 336**	—	**5 336**	—
Capital gains tax	**398**	—	**—**	—
	16 102	38 472	**4 142**	2 374
Comprising				
South African normal taxation	**22 550**	24 787	**(1 530)**	2 711
Deferred tax	**—**	—	**336**	(337)
Secondary tax on companies	**4 520**	(337)	**5 336**	—
Foreign taxes	**(11 367)**	14 022	**—**	—
Capital gains tax	**399**	—	**—**	—
	16 102	38 472	**4 142**	2 374
Reconciliation of taxation rate				
Standard rate – South Africa	**29%**	29%	**29%**	29%
The standard rate of South African normal taxation has been affected by:				
Prior year	**(0.5%)**	5.5%	**(7.1%)**	—
Exempt income	**(38.7%)**	(21.5%)	**(30.8%)**	7.3%
Disallowable expenditure	**9.0%**	2.1%	**2.0%**	(39.9%)
Foreign tax rate variances	**(3.2%)**	5.4%	**—**	—
Secondary tax on companies	**4.8%**	(0.2%)	**24.2%**	—
Capital gains tax	**(0.4%)**	—	**—**	—
Deferred tax	**20.2%**	(2.4%)	**—**	—
Assessed losses utilised (no deferred tax asset utilised)	**(3.3%)**	—	**—**	—
Companies with losses (no deferred tax asset raised)	**0.4%**	1.7%	**—**	—
Other	**(0.4%)**	—	**—**	—
STC	**—**	0.1%	**1.5%**	0.4%
Effective tax rate	**16.9%**	19.7%	**18.8%**	(3.2%)
Estimated tax losses available for set-off against future taxable income	**390 614**	265 494	**—**	—

22. Notes to the cash flow statements

	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 (Restated) R'000
22.1 Cash generated from operations				
	259 154	329 760	**(1 479)**	6 271
Operating income/(loss) before interest and taxation	**115 840**	216 221	**(1 479)**	(96 916)
Adjusted for:				
Impairment of trademarks	**—**	85	**—**	—
Depreciation of intangible assets	**2 532**	2 295	**—**	—
Depreciation of property, plant and equipment	**141 571**	108 640	**—**	—
Impairment of investments in subsidiaries	**—**	—	**—**	6 970
Impairment of other investments	**—**	8	**—**	—
Loss on disposal of subsidiary	**—**	—	**—**	95 387
Profit on disposal of trademark	**(2 748)**	—	**—**	—
Net (profit)/loss on disposal of property, plant and equipment	**(355)**	621	**—**	—
Impairment of property, plant and equipment	**—**	824	**—**	—
Other non-cash items	**2 314**	1 066	**—**	830
Working capital changes	**59 757**	33 224	**2 119**	(76 783)
Inventories	**(446)**	(42 356)	**—**	—
Trade and other receivables	**(86 216)**	78 717	**2 119**	(76 783)
Trade and other payables	**146 419**	(3 137)	**—**	—
	318 911	362 984	**640**	(70 512)
22.2 Taxation paid				
Owing at beginning of year	**(28 505)**	(16 523)	**(2 710)**	—
Net translation difference	**1 697**	594	**—**	—
Normal tax charges and secondary tax on companies	**(34 850)**	(53 888)	**(3 806)**	2 710
Owing at end of year	**(1 841)**	28 505	**1 019**	(2 710)
	(63 499)	(41 312)	**(5 497)**	—
22.3 Acquisition of new subsidiary				
Property, plant and equipment	**169 344**	—	**—**	—
Inventory	**14 161**	—	**—**	—
Accounts receivable	**13 214**	—	**—**	—
Accounts payable	**(3 390)**	—	**—**	—
	193 329	—	**—**	—
22.4 Capital distribution				
Current year	**(44 130)**	(42 613)	**(45 170)**	(43 511)

	Group		Company	
	2006	2005 (Restated)	**2006**	2005 (Restated)
	R'000	R'000	**R'000**	R'000

22. Notes to the cash flow statements *(continued)*

	Group 2006 R'000	Group 2005 (Restated) R'000	Company 2006 R'000	Company 2005 (Restated) R'000
22.5 Cash resources at end of year				
Financial assets held for trade	**177 810**	53 526	**—**	—
Bank and cash balances	**148 232**	201 537	**—**	—
Short-term borrowings	**(26 672)**	(22 255)	**—**	—
	299 370	232 808	**—**	—

Financial assets held for trade are short-term preference share investments earning dividends at the equivalent of market related interest rates.

23. Adoption of International Reporting Standards

The effect of the conversion of the basis of accounting from South African Statements of Generally Accepted Accounting Practice to International Financial Reporting Standards has had the following effects on the group's financial statements at the effective implementation date of 1 July 2004.

	June 2005 R'000			June 2004 R'000		
BALANCE SHEETS EXTRACT ASSET/(LIABILITY)	Reported	Cumulative adjustment	Restated	Reported	Cumulative adjustment	Restated
Property, plant and equipment	949 456	146 745	1 096 201	801 973	124 405	926 378
Intangible assets	—	3 982	3 982	—	4 763	4 763
Financial assets	8 053	(2 377)	5 676	—	—	—
Trade and other receivables	420 247	3 993	424 240	483 339	2 414	485 753
Inventory	455 155	(1 844)	453 311	404 781	(1 627)	403 154
Retained income	(488 990)	(95 243)	(584 233)	(414 124)	(93 869)	(507 993)
Other reserves	(36 825)	2 740	(34 085)	8 950	14 772	23 722
Minority interest	(221 166)	(32 259)	(253 425)	(171 018)	(18 521)	(189 539)
Deferred taxation (net)	14 432	(25 737)	(11 305)	2 148	(32 337)	(30 189)

SUMMARISED INCOME STATEMENT	Reported	Adjustment	Restated
Revenue	3 102 644	(11 068)	3 091 576
Cost of sales	(2 341 836)	27 802	(2 314 034)
Gross profit	760 808	16 734	777 542
Other income	68 426	(28 019)	40 407
Administration expenses	(476 556)	7 981	(468 575)
Distribution costs	(144 221)	11 068	(133 153)
Operating profit	208 457	7 764	216 221
Finance income	14 998	—	14 998
Finance costs	(35 747)	—	(35 747)
Profit before taxation	187 708	7 764	195 472
Taxation	(41 457)	2 985	(38 472)
Attributable income	146 251	10 749	157 000
Minority interest	(36 681)	(9 374)	(46 055)
Profit for the year	109 570	1 375	110 945

24. Related-party transaction

During the year the group's subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with related parties. These transactions occurred under terms that are no more favourable than those arranged with third parties. Intergroup transactions are eliminated on consolidation.

Basfour is the group's only associate company. During the year R2.6 million (2005: R2.4 million) was paid to Basfour in terms of operating lease commitments. Future lease obligations payable to Basfour are disclosed in note 31.

Subsidiaries

Details of investments in subsidiaries are disclosed in notes 4 and 32.

Directors

Details regarding directors' remuneration and interest are disclosed in note 20 and in the corporate governance section of this report.

Options granted to directors

Details regarding share options granted to directors are disclosed in note 20.

Shareholder

The principal shareholders of the company are disclosed on page 75.

25. Director service contract

Siegfried Teichert, an executive director, has a service contract with the group which terminates at the end of December 2006. None of the other directors have service contracts.

26. Financial instruments

The group's objectives in using financial instruments are to reduce the uncertainty over future cash flows arising from movements in currency, interest rates and aluminium prices. Senior executives meet on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecast. Derivative instruments which are used by the group for hedging purposes comprise forward exchange contracts ("FECs"), options and interest rate swaps.

Foreign currency risk

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The group manages exchange rate exposures using FECs, natural hedges and where appropriate, open positions are maintained when the market trends are favourable.

Foreign currency borrowings (foreign subsidiaries) are uncovered, as corresponding foreign assets naturally hedge these exposures.

Imported capital equipment and trade-related imports are managed through the use of the natural hedges arising from export revenue as well as FECs.

Exports are covered by using natural hedges and FECs.

Price hedging

Prices for future purchases of aluminium are generally established on normal commercial terms directly with suppliers and are naturally hedged in that customers' pricing is adjusted upwards or downwards quarterly, bi-annually and annually in arrears. However, basis risk exists due to timing delays.

Interest rate risk

The group is exposed to interest rate risk as it borrows and places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. The group makes use of interest rate swaps to unhedge or hedge specific exposures.

26. Financial instruments *(continued)*

Credit risk

Credit risk relates to potential exposure on cash and cash equivalents, investments, trade receivables and hedged positions. The group limits its counterparty exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. Trade accounts receivable consist mainly of a large widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application, and the limits are continuously reviewed and updated. At the balance sheet date the group did not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. No guarantees exist between ATS and South African group companies.

27. Financial risk management

27.1 Treasury risk management

Senior executives meet regularly to update treasury policies and objectives, analyse currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Compliance with group treasury policies and objectives of the board and exposure limits are reviewed at meetings of the audit and risk committees.

27.2 Foreign currency management

Material forward exchange contracts at 30 June 2006 are summarised below. Except for zero cost collars the writing of option contracts is prohibited. Currency options are purchased as an alternative to forward exchange contracts. The amounts represent the net rand equivalents of commitments, to purchase and sell foreign currencies and all of these commitments mature within one year. Accordingly, the average rates shown include the cost of forward cover for a period of up to 12 months.

	Foreign currency '000	Derivative fair value R'000	Contract equivalent R'000	Average exchange rate
Foreign exchange contracts for rand and/or euro imports and (exports)				
As at 30 June 2006				
Europe				
US dollar import	**1 490**	**(46)**	**10 585**	**9.14**
Polish zloty import	**24 000**	**(317)**	**10 585**	**9.12**
South Africa				
US dollar import	**8 382**	**3 254**	**56 976**	**6.80**
Euro export	**(1 410)**	**(1 642)**	**(11 303)**	**8.02**
Yen import	**1 276 259**	**6 538**	**69 341**	**16.96**

27. Financial risk management *(continued)*

27.2 Foreign currency management *(continued)*

	Foreign currency '000	Derivative fair value R'000	Contract equivalent R'000	Average exchange rate
As at 30 June 2005				
Europe				
US dollar import	3 028	526	18 770	6.20
South Africa				
US dollar import	5 863	1 275	38 219	6.52
Euro export	(1 602)	(149)	(13 186)	8.23
Sterling imports	4	(2)	51	12.52
Yen import	427 000	748	27 974	15.26

The company and certain of its subsidiaries, in terms of approved policy limits, manage short-term foreign currency exposures relating to trade imports, exports and interest flows on foreign borrowings. Net uncovered foreign currency exposures at 30 June 2006 amounted to R Nil (2005: R Nil). The group policy is to limit the net aggregate exposure to between 80% and 125% of total foreign order exposure.

	€'000	
	2006	2005
Euro denominated aluminium as well as premium forward contracts (with embedded dollar denominated derivative)	**12 213**	25 427

	$'000	
	2006	2005
US dollar denominated aluminium as well as premium forward contracts	**5 472**	2 598
The euro denominated contracts have an embedded dollar denominated derivative	**34 077**	32 374

The above are cash flow hedges falling due within the next 12 months. The hedge arises from the sale of wheels to customers. A portion of the selling price relates to the aluminium content of the wheel which is based upon the prior period's aluminium and currency component.

The group has also entered into various put and call agreements to manage the foreign currency exposure.

	Foreign currency '000	Derivative value '000	Contract equivalent '000	Average exchange rate
South Africa				
Euro put agreements	**€8 387**	**R915**	**R72 018**	**R8.59**
Euro call agreements	**€8 387**	**(R4 155)**	**(R77 754)**	**R9.27**
US dollar put agreements	**$3 981**	**R834**	**R27 449**	**R6.89**
US dollar call agreements	**$3 981**	**(R2 119)**	**R29 107**	**R7.31**
Europe				
US dollar put agreements	**$11 050**	**Net (€324)**	**€8 997**	**1.23**
US dollar call agreements	**$11 050**		**€8 509**	**1.30**

27. Financial risk management *(continued)*

27.3 Interest rate management

As part of the process of managing the group's fixed and floating rate interest-bearing debt and cash and cash equivalents mix, the interest rate characteristics of new and the refinancing of existing loans are positioned according to expected movements in interest rates. The interest rate repricing profile at 30 June 2006 is summarised as follows:

	Total R'000	At floating rate R'000	At fixed rate R'000
Cash deposits by currency 2006			
US dollar	**31 895**	**31 895**	**—**
Euro	**61 244**	**61 244**	**—**
Sterling	**14 545**	**14 545**	**—**
Zloty	**25 773**	**25 773**	**—**
South African rand	**189 795**	**79 795**	**110 000**
Swedish krona	**2 790**	**2 790**	**—**
	326 042	**216 042**	**110 000**
Cash deposits by currency 2005			
US dollar	5 701	5 701	—
Euro	34 923	34 923	—
Sterling	4 135	4 135	—
Zloty	92 182	92 182	—
South African rand	118 122	118 122	—
	255 063	255 063	—

	Notional amount 2006	Interest % 2006	Term structure
Interest rate swaps ('000)			
Pay fixed/receive floating			
Germany (Swiss franc)*	**3 756**	**4.93**	**NACQ*3**
Germany (zloty)	**24 390**	**4.07**	**NACQ*3**
South Africa (rand)			
Interest rate swaps < one year	**27 000**	**11.50**	**NACQ*3**
Interest rate swaps beyond one year	**23 108**	**13.90**	**NACQ*3**
Pay floating/receive fixed			
Interest rate swaps > one year	**R15 586**	**JIBAR*1**	**NACM*2**
Interest rate cap			
Interest rate cap > one year	**€20 113**	**4.00**	**NACS*4**
Interest rate cap > one year	**€10 888**	**4.00**	**NACQ*3**
Interest rate cap > one year	**R15 586**	**14.78**	**NACM*2**

		Interest % Cap	Interest % Floor	
Interest rate collars				
Interest rate collars > one year	**€5 938**	**4.00**	**3.25**	**NACS**
Interest rate collars > one year	**€4 063**	**4.00**	**3.25**	**NACQ**

27. Financial risk management *(continued)*

27.3 Interest rate management *(continued)*

	Notional amount 2005	Interest % 2005	Term structure
Interest rate swaps ('000)			
Pay fixed/receive floating			
Germany (Swiss franc)*	4 844	4.93	NACQ
Germany (zloty)	24 930	4.07	NACQ
South Africa (rand)			
Interest rate swaps < one year	23 108	13.90	NACQ
Interest rate swaps beyond one year	50 109	11.50	NACQ
Pay floating/receive fixed			
Interest rate swaps > one year	15 872	JIBAR	NACM
Interest rate cap			
Interest rate cap > one year	15 872	14.78	NACM*3

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings and anticipated peak additional borrowings, the company and certain of its subsidiaries make use of interest rate derivatives, only as approved in terms of group policy limits.

* *The underlying liability is managed through a currency swap (CHF/EUR) for which the profit has been accounted for in the income statement.*
*1 *Johannesburg Interbank acceptance rate.*
*2 *Nominal annual compounded monthly.*
*3 *Nominal annual compounded quarterly.*
*4 *Normal annual compounded bi-annually.*

	Company 2006 R'000	Company 2005 R'000
27.4 Liquidity risk		
• Unutilised banking facilities The group has minimised its risk of illiquidity, as shown by its adequate banking facilities and reserve borrowing capacity:		
ATS Group	**810 233**	179 760
Total banking and loan facilities	**1 504 431**	501 892
Actual interest-bearing debt	**(694 198)**	(322 132)
Balance of group	**381 000**	366 000
Total banking and loan facilities	**422 489**	411 443
Actual interest-bearing debt	**(41 489)**	(45 443)
Total unutilised banking facilities	**1 191 233**	545 760

- Reserve capacity
  In terms of the company's articles of association, the company has unlimited borrowing powers.
- No cross-guarantees exist between South African and any offshore group companies.
- The total unutilised banking facilities excludes cash on hand and liquid investments amounting to R124.9 million (2005: R149.9 million) in the ATS Group and R201.1 million (2005: R105.2 million) in the balance of the group.

	Group 2006 R'000	Group 2005 (Restated) R'000
28. Contingent liabilities		
Guarantees in respect of banking and other facilities granted to subsidiaries	**42 593**	38 700
In respect of future operating lease obligations of subsidiaries	**137 475**	187 222
– Due within one year	**31 054**	26 751
– Due thereafter	**106 421**	160 471

29. Employee benefits

South African group

The group provides retirement benefits for staff, other than those required by legislation to be members of various industry funds, by way of a pension fund and a provident fund. The Tiger Wheels Pension Fund and Negotiated Provident Fund which are governed by the Pension Funds Act of 1956, are defined contribution funds and accordingly are not subject to actuarial valuation. In respect of the pension fund, employees' contributions vary between 0%, 6% and 7.5%, the employer's contribution increased to 8% from 1 January 2006 for all South African operations excluding the manufacturing operation whose contribution remained at 7%. For the provident fund, members contribute 6% and the employer contributes 7%. The employer's contribution to the pension and provident fund is charged against income in the year it is incurred. Membership of, and employer contributions to each fund at 30 June 2006 were:

	Members 2006	Members 2005	Employer contributions 2006 R'000	Employer contributions 2005 R'000
Tiger Wheels Pension Fund	**1 022**	938	**7 014**	6 615
Tiger Wheels Provident Fund	**3**	411	**8**	1 448

The South African group has no post-retirement medical aid or pension fund obligations for current or retired employees.

Staff share incentive scheme

The value of options granted under the scheme are estimated at the date of the grant using the Black-Scholes option-pricing model, adjusted for the probability that the option holder will remain employed by the group until the option expires.

	2006
Historical volatility (9 years)	**38%**
Risk free rate	**8.5%**
Expected dividend yield	**2.5%**
Period to maturity (years)	**10**
Forfeiture rate	**3.5%**

The fair value of the options that were granted on 29 June 2005 amounts to R2,3 million (2005: R0,8 million) and is recognised as an expense in the income statement for the period.

Refer to the directors' report for the reconciliation of options granted.

29. Employee benefits *(continued)*

ATS Group

All German and Polish employees of the ATS Group are compulsory members of the statutory pension insurance funds administered by the German and Polish governments. Employees in the USA do not have to contribute to the pension fund. Membership of, and employer and employee contributions to each fund as at 30 June 2006 were:

	United States		Germany		Poland	
	2006	2005	**2006**	2005	**2006**	2005
Employee contributions	**15%**	15%	**9.65%**	9.65%	**18.71%**	18.71%
Employer contributions	**5%**	5%	**9.65%**	9.65%	**20.41%**	20.41%
Members	**231**	98	**345**	475	**800**	825

Pensioners draw an income from these pension funds administered by the state. The ATS Group has no post-retirement pension or medical aid obligations for current or retired employees.

In terms of German legislation all employees of 55 years and older are entitled to termination benefits. Full provision has been made for future liabilities. Employees in Poland and the USA are not entitled to termination benefits.

	2006 **R'000**	2005 R'000
Termination benefits for German group companies	**3 643**	6 902

	Group	
	2006 **R'000**	2005 (Restated) R'000
30. Capital commitments		
Capital expenditure		
Contracted	**102 661**	41 104
Approved, not yet contracted	**188 949**	147 483
	291 610	188 587

The capital expenditure will be financed in the financial year ending 30 June 2007 from profits, tighter working capital asset management, cash resources and term borrowings.

	Group	
	2006	2005 (Restated)
	R'000	R'000

31. Commitments under leases

The group leases the majority of its properties under non-cancellable operating leases. These commitments are for the operating and administrative facilities used by the business segments. Lease terms vary between five and fifteen years. Many lease contracts contain renewal options at fair market rates.

At 30 June 2006, the future minimum property operating lease commitments are due as follows:

	2006 R'000	2005 (Restated) R'000
	268 205	406 575
Within one year	**62 838**	56 196
Between one and five years	**176 353**	230 970
After five years	**29 014**	119 409

Included in the operating lease commitments in respect of property above, is an amount of R26 million (2005: R28 million), which is due to Basfour, an associate company (refer note 5). The commitment extends up to the end of 2013.

The group also leases certain plant and equipment under operating leases that are cancellable at various short-term notice periods by either party. Plant and equipment commitments are mainly for plant and equipment used in the manufacturing of wheels.

The average lease term of these assets is five years.

At 30 June 2006, the future minimum plant and equipment operating lease commitments are due as follows:

	2006 R'000	2005 (Restated) R'000
	7 377	17 712
Within one year	**4 020**	5 460
Between one and five years	**3 357**	12 252

Contingent rentals

The group has no contingent rentals in respect of finance leases.

	Country	Type	Issued capital Currency	Issued capital Amount	Effective percentage holdings 2006 %	Effective percentage holdings 2005 %	Interest of holding company Shares 2006 R'000	Shares 2005 R'000	Indebtedness 2006 R'000	Indebtedness 2005 R'000
32. Principal subsidiary companies										
Directly owned										
Tiger Wheel & Tyre (Pty) Limited	RSA	R	ZAR	6	**100**	100	**—**	—	**140 459**	86 119
Tiger Wheel & Tyre Limited	UK	H/W	GBP	23 131 691	**100**	100	**184 716**	184 716	**—**	—
Yokohama Southern Africa (Pty) Limited	RSA	W	ZAR	100	**100**	100	**—**	—	**—**	—
Taunus Limited	GSY	I	GBP	7	**100**	100	**—**	—	**—**	—
Other immaterial subsidiaries	RSA				**100**	100	**2 003**	2 003	**4 752**	3 462
Indirectly owned										
Tiger Wheels GmbH	GER	H	EUR	23 600 000	**100**	100	**—**	—	**—**	—
ATS Beteiligungsgesellschaft mbH	GER	I/H	EUR	7 700 000	**74**	74	**—**	—	**—**	79 763
ATS Stahlschmidt & Maiworm GmbH	GER	M	EUR	2 556 459	**74**	74	**—**	—	**—**	—
ATS Stahlschmidt & Maiworm Sp. Z.o.o.	POL	M/T	EUR	205 682	**74**	74	**—**	—	**—**	—
ATS Light Alloy Wheels (Alabama) Inc.	USA	M	USD	5 390	**74**	74	**—**	—	**—**	—
ATS Stahlschmidt & Maiworm Technics GmbH	GER	T	EUR	25 565	**74**	74	**—**	—	**—**	—
ATS Leichtmetallräder GmbH & Co. KG	GER	M	EUR	511 292	**74**	74	**—**	—	**—**	—
ATS Alustar Wheels Trading GmbH	GER	W	EUR	25 565	**74**	74	**—**	—	**—**	—
ATS Alustar Polska Sp. Z.o.o.	POL	W	EUR	14 021	**74**	74	**—**	—	**—**	—
TSW Alustar Wheels Trading Scandinavia AB	SWE	W	EUR	11 875	**74**	74	**—**	—	**—**	—
ATS Light Alloy Wheels South Africa (Pty) Limited	RSA	M/T	ZAR	109	**74**	74	**—**	—	**—**	—
Yokohama HPT Limited	UK	W	GBP	417 000	**51**	51	**—**	—	**—**	—
							186 719	186 719	**145 211**	169 344

Country of incorporation

RSA Republic of South Africa
UK United Kingdom
GSY Guernsey
GER Germany
POL Poland
USA United States of America
SWE Sweden

Keys to type of subsidiary

H Holding company
R Retailing operation
M Manufacturing operation
W Wholesale operation
I Investment company
T Technology, research and development

A full list of subsidiaries and a list of special resolutions of those companies are available to shareholders, on request, from the registered office of the company.

33. Foreign currency exchange rates

The approximate rand cost of a unit of the following currencies at 30 June was:

	2006	2005	2004	2003	2002	2001	2000	1999
At year end (closing rate)								
US dollar	**7.15**	6.66	6.09	7.35	10.31	7.97	6.73	5.93
Pound sterling	**13.11**	11.94	10.98	12.12	15.79	11.13	10.18	9.35
Euro	**9.09**	8.03	7.38	8.44	10.23	6.67	6.71	6.08
Polish zloty	**2.24**	1.98	1.63	1.89	2.56	2.01	1.55	1.54
Average for the year								
US dollar	**6.45**	6.20	6.64	8.74	9.97	7.53	6.34	6.06
Pound sterling	**11.46**	11.50	11.56	13.82	14.37	10.80	10.05	9.95
Euro	**7.87**	7.88	7.92	9.11	8.95	6.63	6.25	6.55
Polish zloty	**1.99**	1.88	1.71	2.18	2.42	1.79	1.55	1.62

SHARE DATA for the year ended 30 June 2006

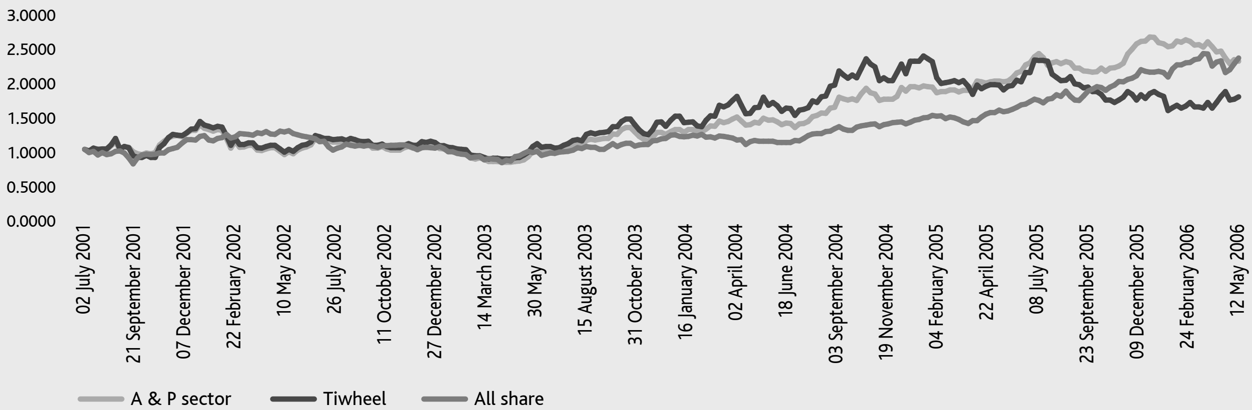
	2006	2005 (Restated)	2004 (Restated)	2003	2002	2001	2000	1999
Number of ordinary shares issued (m)*	**61.9**	61.9	61.3	60.6	59.9	58.6	56.8	55.9
Shares issued – weighted average (m)	**60.4**	60.1	59.4	58.9	59.4	58.2	56.5	54.8
Market price per ordinary share (R)								
– at year end	**22.05**	24.00	21.05	13.06	13.80	12.10	14.20	32.50
– highest	**29.00**	31.04	23.00	15.99	18.00	14.50	33.05	40.00
– lowest	**19.50**	18.50	12.65	10.50	10.80	7.65	11.05	20.00
Shares traded								
– Number of ordinary shares traded (m)	**26.8**	26.5	16.7	12.7	15.8	24.0	21.8	6.2
– Number of transactions ('000)	**3.6**	2.9	2.3	1.7	1.9	4.0	6.2	1.5
– Value of ordinary shares traded (R'm)	**624**	668	293	170	217	263	472	173
– % of issued ordinary shares traded	**43.3**	42.8	27.2	21.0	26.4	41.0	38.4	11.1
Market capitalisation at year end (R'm)	**1 365**	1 486	1 290	792	826	709	806	1 817
Price/earnings ratio at year end (times)	**16.2**	10.5	8.6	6.1	8.5	13.4	16.2	24.6
Tiger Wheels Limited share price index (base: 1998 = 100)*[1]	**62**	69	60	37	39	35	41	93
JSE Actuaries Index								
All share (base: 1998 = 100)*[1]	**337**	175	123	87	110	106	116	97
Industrial (base: 1998 = 100)*[1], *[2]	**—**	—	—	—	67	69	70	77
Automotive & Parts ("A & P") (base: 2002 = 100)*[1]	**214**	187	136	92	100	—	—	—

Base cost of Tiwheel shares for capital gains tax ("CGT") purposes:

- The share price at 1 October 2001 was R11.00.
- For the capitalisation dividend awarded in respect of the year ended 30 June 2001 and paid on 15 October 2001, the base cost was nil. Capitalisation shares were issued to shareholders in the ratio of 3.58371 capitalisation shares for every 100 shares held.
- For the capitalisation dividend awarded in respect of the year ended 30 June 2002 and paid on 28 October 2002, the base cost was R13.24. Capitalisation shares were issued to shareholders in the ratio of 2.712 capitalisation shares for every 100 shares held.
- Shareholders are advised that the capital distribution of 73 cents per share done in 2005, reduces the base cost of their shares by 73 cents per share.
- Shareholders are advised that the capital distribution of 51 cents done in 2006, reduces the base cost of their shares by 51 cents.

** Actual number of shares in issue.* **[1] Restated.* **[2] Tiwheel moved from Transport sector to Automobile & Parts.*

Tiwheel vs A & P sector and all share relative to themselves



ANALYSIS OF SHAREHOLDERS as at 30 June 2006

	Number of shareholders	%	Holdings	%
Range of shareholdings				
1 – 1 000 shares	815	56.68	260 667	0.42
1 001 – 5 000 shares	334	23.23	786 832	1.27
5 001 – 10 000 shares	61	4.24	435 945	0.70
10 001 – 50 000 shares	121	8.41	2 812 026	4.54
50 001 – 100 000 shares	33	2.29	2 410 317	3.89
100 001 – 500 000 shares	52	3.62	12 038 102	19.46
500 001 – and more shares	22	1.53	43 156 112	69.72
	1 438	100.00	61 900 001	100.00
Distribution of shareholders				
Banks	37	2.57	1 801 741	2.91
Companies and other corporations	67	4.66	21 179 872	34.21
Individuals	1 008	70.10	1 987 861	3.21
Insurance companies	25	1.74	3 751 409	6.06
Investment companies	190	13.21	28 830 044	46.58
Nominee and trust companies	111	7.72	4 349 074	7.03
	1 438	100.00	61 900 001	100.00
Non-public and public shareholders				
Non-public shareholders				
1. Group directors	4	0.28	257 681	0.42
2. Associates of group directors	12	0.83	9 855 102	15.92
3. Trustees of the company's share trust and retirement funding schemes	—	—	—	—
4. Shareholders who, by virtue of an agreement, have a right to nominate board members	—	—	—	—
5. Shareholders interested in 10% or more of the issued ordinary shares	1	0.07	12 065 087	19.49
6. Group employee trust – unallocated shares	—	—	—	—
7. Treasury shares	1	0.07	2 298 496	3.71
Total non-public shareholders	18	1.25	24 476 366	39.54
Public shareholders	1 420	98.75	37 423 635	60.46
	1 438	100.00	61 900 001	100.00
Beneficial shareholders above 5%				
BB Investment Company (Pty) Limited			12 065 086	19.49
E I Keizan*			6 442 957	10.41
Coronation			5 131 244	8.29
Sanlam Limited			3 658 609	5.91
			27 297 896	44.10

**Shares indirectly under the control of the individuals/director.*

SHAREHOLDERS' DIARY

Financial year end	30 June
Annual general meeting	28 November 2006

Financial reporting

Interim report for the half-year ending 31 December	Early March
Preliminary announcement of annual results	Early September

Distribution

Last day to trade "*cum*" the distribution	Friday, 8 December 2006
Trading commences "*ex*" the distribution	Monday, 11 December 2006
Record date	Friday, 15 December 2006
Payment date	Monday, 18 December 2006

Share certificates may not be dematerialised or rematerialised between Monday, 11 December 2006 and Friday, 15 December 2006, both dates inclusive.

Dealings and settlements on the JSE are now exclusively in electronic form through the STRATE system, with the result that share certificates are no longer good for delivery on that exchange. Shareholders resident in South Africa who currently retain their share certificates and who may wish to deal on the JSE are advised to contact Computershare or their own professional advisor regarding the options available to enable them to do so through the STRATE system.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of members will be held at the Tiger Wheels Limited head office, Cnr Old Pretoria Road and K101, Midrand, Gauteng, South Africa, on Tuesday, 28 November 2006 at 10h00 to transact the following business:

1. To receive and adopt the audited annual financial statements for the year ended 30 June 2006.

2. To re-elect the following directors, who retire in terms of the company's articles of association and, being eligible, offer themselves for re-election:

   2.1 Messrs Mike Groves;

   2.2 Brian Joffe; and

   2.3 Phil Vallet.

   (Please refer to pages 2 and 3 for abbreviated biographical details of these directors.)

3. To approve:

   3.1 the directors' remuneration for 2006 as reflected in note 20 to the annual financial statements;

   3.2 the proposed fees payable to non-executive directors for the 2007 financial year:

   3.2.1 *Rainer Hagemann:*

   R110 000 per annum which includes all services to subcommittees.

   3.2.2 *Mike Groves:*

   R110 000 per annum which includes all services to subcommittees.

   3.2.3 *Martin Glatt:*

   R110 000 per annum which includes all services to subcommittees.

   3.2.4 *Phil Vallet*

   R250 000 per annum.

4. To confirm the appointment of PKF (Jhb) Inc. as the auditors for the forthcoming financial year.

5. To consider and, if deemed fit, to pass with or without modification the following ordinary resolutions:

   5.1 Ordinary resolution number 1

   "Resolved that, 10% (ten percent) of the unissued shares in the capital of the company be and are hereby placed under the control of the directors until the next annual general meeting of the company for allotment and issue to such persons and upon such terms subject to such conditions as the directors in their sole discretion may determine from time to time, but at all times subject to sufficient unissued shares being available for issue, the provisions of the Companies Act and the Listings Requirements of the JSE Limited ("JSE")."

   5.2 Ordinary resolution number 2

   "Resolved that, subject to meeting the requirements of the JSE, the directors have the powers to allot and issue any shares of any class already in issue in the capital of the company for cash when the directors consider it appropriate in the circumstances, subject to the following:

   - this authority shall not endure beyond the next annual general meeting of the company nor shall it endure beyond 15 (fifteen) months from the date of the meeting;
   - there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by Listings Requirements of the JSE) and not to related parties;
   - upon any issue of shares which, together with prior issues during any financial year, will constitute 5% (five percent) or more of the number of shares of the class in issue, the company shall, by way of a paid press announcement in terms of 11.22 Listings Requirements of the JSE, give full details thereof, including the effect on the net asset value of the company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 (thirty) days prior to the date that the price of such issue was determined or agreed by the company's directors;
   - that issues in the aggregate in any one financial year may not exceed 10% (ten percent) of the number of shares of that class of the company's issued shares (including instruments which are compulsorily convertible into shares of that class)

at the date of application less any shares of that class issued, or to be issued in the future arising from options convertible securities issued during the current financial year, plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which the final terms have been announced; and

- the maximum discount at which securities may be issued at 10% (ten percent) of the weighted average traded price to those securities over the 30 (thirty) business days prior to the date that the issue is determined or agreed by the directors."

The approval of a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at this meeting is required for this ordinary resolution to become effective.

5.3 Ordinary resolution number 3

"Resolved that, in terms of article 70 of the company's articles of association and subject to the company obtaining a declaration of the directors that:

- the company as well as the company and its subsidiaries ("the group") would be able, after the proposed repayments, to pay its debts as they become due in the ordinary course of business; and
- the consolidated assets of the company and the group, fairly valued would, after the proposed repayments, not be less than the consolidated liabilities of the company and the group

the directors of the company shall be entitled, from time to time, to pay by way of a reduction of share premium, capital distributions pro-rata, to all shareholders of the company in lieu of a dividend. Such distributions shall be in the amounts which the directors would have declared and paid out of the profits of the company as interim and final dividends in respect of the financial year ended 30 June 2007. This authority shall not extend beyond the earlier date of the annual general meeting following the annual general meeting at which this resolution is being proposed or 15 months from the date of the resolution."

In terms of the Listings Requirements of the JSE any general payment(s) may not exceed 20% (twenty percent) of the company's issued share capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year.

Pursuant to and in terms of the Listings Requirements of the JSE, the directors of the company hereby state:

1. that the intention of the company and/or any of its subsidiaries is to utilise the general authority to make capital payments to shareholders if at some future date the cash resources of the company are in excess of its requirements. In this regard the directors will take account, *inter alia,* an appropriate capitalisation structure for the company, the long-term cash needs of the company, and will ensure that any such utilisation is in the interest of shareholders;
2. that the method by which the company intends to make capital payments to shareholders in terms of a general authority and the date on which such payments will take place, has not yet been determined; and
3. that after considering the effect of a maximum permitted general capital payment and the repurchase, the company and its subsidiaries are, as at the date of this notice convening the annual general meeting of the company, able to fully comply with the Listings Requirements of the JSE;
   - the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;

- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;
- the company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements of the JSE and will not commence any repurchase programme or capital payment until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation;
- the company and the group will be able in the ordinary course of business to pay its debt for the period of twelve months after the date of notice of annual general meeting; and
- the assets of the company and the group will be in excess of the liabilities for the period of twelve months after the date of notice of annual general meeting.

The capital distribution is subject to the South African Reserve Bank. The following is a summary of certain of the South African Exchange Control regulations insofar as they are applicable to shareholders in relation to this document. Shareholders should consult their professional advisors in this regard:

Emigrants from the common monetary area

Certificated shares

The capital distribution due to shareholders who have not dematerialised their shares, who are emigrants from the common monetary area and whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, will be deposited in a blocked rand account with the authorised dealer in foreign exchange in South Africa controlling the shareholders' blocked assets in accordance with his instructions, or failing such nomination, with the company to be held in trust as an interim measure until such time as an authorised dealer is appointed and shall not bear interest.

Dematerialised shares

The capital distribution due to shareholders who are emigrants from the common monetary area and have dematerialised their shares will be credited directly to the blocked rand bank account of the duly appointed Central Securities Depository Participants ("CSDP") of the shareholders and will be held to the order of the authorised dealers in foreign exchange in South Africa controlling such shareholders' blocked accounts.

Other non-residents of the common monetary area

The capital distribution due to shareholders whose registered addresses are outside the common monetary area controlled in terms of the Exchange Control regulations, will be dealt with as follows:

Certificated shares

- Any share certificates that might be issued to non-resident shareholders will be endorsed "Non-Resident";
- In the case of shareholders who have not dematerialised their Tiwheel shares, the capital distribution, dividend and residual payments will be forwarded to the Authorised Dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the Authorised Dealer in foreign exchange controlling their blocked asset. It will be incumbent on the shareholders concerned to instruct the nominated Authorised Dealer as to the disposal of the amount concerned. Any new share certificates will be endorsed "Non-Resident"; and
- Capital distribution and residual cash payments due to non-residents are freely transferable from the Republic.

Dematerialised shares

- In the case of the shareholders who have dematerialised their Tiwheel shares, the capital distribution will be credited directly to the bank account with an Authorised Dealer in foreign exchange controlling their blocked assets, by their duly appointed CSDP. If the information regarding the Authorised Dealer is not supplied, the cash consideration will be held in trust by the company for the shareholders concerned pending receipt of the necessary information and instruction. No interest will accrue or be paid on any capital distributions so held in trust; and

- Capital distribution and residual cash payments due to non-residents are freely transferable from the Republic.

6. To consider and, if deemed fit, to pass, with or without modification, the following special resolutions:

6.1 Special resolution number 1

"Resolved that, the company hereby approves, as a general approval contemplated in sections 85(2), 85(3) and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), and in terms of the company's articles of association, the acquisition by the company or any of its subsidiaries from time to time of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but, subject to the articles of association of the company, the provisions of the Act and the Listings Requirements of the JSE, as presently constituted and which may be amended from time to time, and provided:

- that any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company or any of its subsidiaries and the counterparty;
- that this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- that a paid press announcement will be published as soon as the company or its subsidiaries has/have acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, and in respect of every 3% (three percent) thereafter, which announcement shall contain full details of such acquisitions;
- that acquisitions by the company and its subsidiaries of ordinary shares in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital from the date of the grant of this general authority;
- that no subsidiary of the company will acquire more than 10% of the company's issued ordinary share capital at any one time;
- that in determining the price at which the company's ordinary shares are acquired by the company or any of its subsidiaries in terms of this general authority, the maximum price at which such ordinary shares may be acquired will be at a premium of no more than 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares by the company or any of its subsidiaries;
- that the company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf;
- that the company or any of its subsidiaries may only undertake a repurchase if, after such a repurchase, it shall still comply with the spread requirements of the JSE Listings Requirements; and

- that the company or any of its subsidiaries may not repurchase securities during a prohibited period, as defined in the Listings Requirements of the JSE".

The reason for the special resolution is to grant the company or any of its subsidiaries a general authority in terms of the Act for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

Information required in terms of the Listings Requirements of the JSE with regard to the above resolutions for the company or any of its subsidiaries to which this notice of annual general meeting is annexed as indicated below:

- Directors of the company: pages 2 and 3
- Major shareholders: page 75
- Directors' interest in securities: page 18
- Material changes: since the end of the last financial period there are no material changes other than those indicated on page 25
- Litigation statement: page 25
- Share capital of the company: page 24

The directors, whose names are given on pages 2 and 3 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and notice of general meeting contains all information required by the JSE Listings Requirements.

Pursuant to and in terms of the Listings Requirements of the JSE, the directors of the company hereby state:

1. that the intention of the company and or any of its subsidiaries is to utilise the general authority to repurchase securities if at some future date the cash resources of the company are in excess of its requirements. In this regard the directors will take account, *inter alia,* an appropriate capitalisation structure for the company, the long-term cash needs of the company, and will ensure that any such utilisation is in the interest of shareholders;
2. that the method by which the company and or any of its subsidiaries intends to repurchase its securities and the date on which such repurchase will take place, has not yet been determined;
3. that after considering the effect of a maximum permitted repurchase of securities, the company and its subsidiaries are, as at the date of this notice convening the annual general meeting of the company, able to fully comply with the Listings Requirements of the JSE. Nevertheless, at the time that the contemplated repurchase is to take place, the directors of the company will ensure that the working capital statement as stated on page 78 is complied with; and
4. the company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not

commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

7. To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and, on a poll vote in his/her stead. A proxy need not be a member of the company. Proxy forms must reach the company's transfer secretaries by no later than 10h00 on Friday, 24 November 2006.

Members who have already dematerialised their shares in the company and who have not selected own name registration and wish to attend the annual general meeting or be represented by proxy must timeously contact their CSDP or broker who will furnish them with the necessary authority in terms of the custody agreement entered into between the dematerialised member and the CSDP or broker.

Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders and are unable to attend the general meeting but wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the Transfer Secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 10h00 on Friday, 24 November 2006.

By order of the board

Marco Nel

Company secretary

Tiger Wheels Limited

Incorporated in the Republic of South Africa

Registration number 1970/011662/06

Share code: TIW; ISIN number: ZAE000007407

Midrand

6 September 2006

Shareholders are referred to the separate circular mailed along with this document for the terms, conditions and proposed resolutions in respect of the unbundling of the group as referred to in the directors' report.

Incorporated in the Republic of South Africa
Registration number 1970/011662/06
Share code: TIW; ISIN number: ZAE000007407
("the company")

Form of Proxy

For use ONLY by certificated shareholders and own name dematerialised shareholders at the annual general meeting of the company's shareholders to be held on Tuesday, 28 November 2006 at Tiger Wheels Limited, Cnr Old Pretoria Road and the K101, Midrand, at 10h00, or such later time that may be applicable ("the annual general meeting").

I/We

(PLEASE PRINT NAMES IN FULL)

of (address)

being a member/s of the company and being the registered owner/s of ordinary shares in the company

hereby appoint or failing him/her,

or failing him/her,

the chairman of the meeting, as my/our proxy to attend the annual general meeting of the company, to be held on Tuesday, 28 November 2006 at 10h00 or any adjournment thereof and to speak and act for me/us and, on a poll, to vote on my/our behalf. My/our proxy shall vote as follows:

		In favour of*	Against*	Abstain*
1.	Adoption of the annual financial statements for the year ended 30 June 2006			
2.	Re-election of directors insofar as it relates to: ■ Mike Groves ■ Brian Joffe ■ Phil Vallet			
3.	To approve:			
	3.1 the directors' remuneration for 2006;			
	3.2 the fees payable to non-executive directors for 2007.			
4.	To confirm the reappointment of the auditors, PKF (Jhb) Inc, for the forthcoming financial year			
5.	*5.1* Ordinary resolution number 1: Place 10% of unissued authorised share capital under control of directors			
	5.2 Ordinary resolution number 2: Authorise directors to issue shares for cash			
	5.3 Ordinary resolution number 3: Payments to shareholders			
6.1	Special resolution number 1: Repurchase by company of own shares			
7.	Other business			

**Please place an X in the appropriate space above to indicate how you wish your votes to be cast.*

Signed at on 2006

Signature(s)

(Assisted by me where applicable)

Please refer overleaf for instructions for signing and lodging this proxy.

INSTRUCTIONS FOR SIGNING AND LODGING THIS PROXY

Notes

1. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and vote (either on a poll or by show of hands) in place of that member at the annual general meeting.
2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting the words "the chairman of the annual general meeting". All deletions must be individually initialled by the members, failing which they will not have been validly effected. The person whose name appears first on the form of proxy and who is present at the annual general meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.
3. Voting instructions for each of the resolutions must be completed by filling the number of votes (one per ordinary share) under the "In favour of", "Against" or "Abstain" headings of the proxy form. If no instructions are filled in on the proxy form, the chairman of the annual general meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.
4. A member or his/her proxy is entitled but not obliged to vote in respect of all ordinary shares held by the member. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the member.
5. If this form has been signed by a person in a representative capacity, the document authorising that person to sign must be attached, unless previously recorded by the company's transfer secretaries or waived by the chairman of the annual general meeting.
6. The chairman of the annual general meeting may reject or accept any form of proxy that is completed and/or received other than in accordance with these instructions and notes.
7. Any alterations or corrections to this form of proxy have to be initialled by the signatory/signatories.
8. The completion and lodging of this form of proxy does not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the member.
9. Forms of proxy have to be lodged with or posted to the company, c/o Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2017) to be received by not later than 10h00 on Friday, 24 November 2006.
10. This proxy form is to be completed only by those members who either still hold shares in a certificated form, or whose shares are recorded in their own name in dematerialised electronic form in the subregister.
11. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary letter of authority to attend the annual general meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.

ADMINISTRATION

Tiger Wheels Limited

Incorporated in the Republic of South Africa
Registration No. 1970/011662/06
Share code: TIW
ISIN number: ZAE000007407

Company secretary

Marco Nel

Registered office

Cnr Old Pretoria Road and K101
Midrand 1685
South Africa

PO Box 6007
Halfway House 1685
South Africa

Telephone: +27 11 256 4500
Facsimile: +27 11 256 4515
Website: www.tiwheel.co.za
E-mail: corporate@tiw.co.za

Auditors

South Africa

PKF (Jhb) Inc.
Registration number 1994/001166/21

PKF House
15 Girton Road
Parktown 2193
South Africa

Telephone: +27 11 480 2300
Facsimile: +27 11 484 1721
www.pkf.co.za

Germany

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Mergenthaleralle 3–5
Eschborn
65728
Germany

Telephone: +49 6196 996 24209
Facsimile: +49 6196 996 27247
www.de.ey.com

Attorneys

Fluxmans – South Africa

Freshfields Bruckhaus Deringer – Germany

Sponsors

Sasfin Capital – a division of Sasfin Bank Limited

Registration number 1951/002280/06

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
Registration number 2004/003647/07

PO Box 61051
Marshalltown 2017

70 Marshall Street
Johannesburg 2001
South Africa

Telephone: +27 11 370 5000

Bankers

South Africa

First National Bank of Southern Africa Limited

ABSA Bank Limited

The Standard Bank of South Africa Limited

Commerzbank AG

Germany

Deutsche Bank AG

Vereinigte Bank AG

Westdeutsche Landesbank AG

Commerzbank AG

United States

Comerica Bank

BASTION GRAPHICS