

STAMFORD TYRES CORPORATION LTD

Unaudited First Quarter 2011 Financial Statements

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) CONSOLIDATED INCOME STATEMENT

	Group			
	01/05/10- 31/07/10	01/05/09- 31/07/09	Difference	Difference
	\$'000	\$'000	\$'000	%
Revenue	80,299	69,414	10,885	15.68%
Other revenue	210	208	2	0.96%
Total revenue	80,509	69,622	10,887	15.64%
Cost of goods sold	63,615	56,158	7,457	13.28%
Salaries and employees benefits	5,556	4,861	695	14.30%
Marketing and distribution	3,193	2,609	584	22.38%
Utilities, repairs and maintenance	1,372	1,121	251	22.39%
Finance costs	1,180	1,372	(192)	-13.99%
Depreciation of property, plant and equipment	1,285	1,308	(23)	-1.76%
Operating lease rentals	1,184	1,004	180	17.93%
Other operating expenses/(income)	1,051	(231)	1,282	N.M
Total expenditure	(78,436)	(68,202)	(10,234)	15.01%
Share of profits of associated company	210	474	(264)	-55.70%
Profit before taxation	2,283	1,894	389	20.54%
Taxation	(1,124)	(952)	(172)	18.07%
Profit for the financial period	1,159	942	217	23.04%
Attributable to:				
Equity holders of the company	1,124	905	219	24.20%
Minority interests	35	37	(2)	-5.41%
	1,159	942	217	23.04%

N.M - Not meaningful.

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01/05/10- 31/07/10 \$'000	01/05/09- 31/07/09 \$'000
Net profit for the financial period	1,159	942
Other comprehensive income :		
Translation adjustments arising on consolidation	(214)	(336)
Fair value gain on cash flow hedges	-	79
Other comprehensive income for the financial period, net of tax	(214)	(257)
Total comprehensive income for the financial period	945	685
Total comprehensive income attributable to :		
Equity holders of the Company	911	656
Minority interests	34	29
	945	685

	01/05/10- 31/07/10 \$'000	01/05/09- 31/07/09 \$'000
(a) Profit after taxation is stated after charging/ (crediting):		
Depreciation of property, plant and equipment (inclusive of charges included in cost of goods sold)	2,600	2,485
Allowance for doubtful receivables	167	49
(Writeback of)/ allowance for inventory obsolescence	(434)	278
Gain on disposal of property, plant and equipment	(74)	(19)
Foreign exchange gain	(309)	(1,426)
Fair value loss/(gain) on other financial instruments	8	(70)
Property, plant and equipment written off	1	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/07/10	30/04/10	31/07/10	30/04/10
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	62,181	63,220	-	-
Subsidiary companies	-	-	30,596	30,596
Amount due from subsidiary companies	-	-	22,460	21,887
Joint venture company	-	-	1,571	1,571
Associated companies	4,847	5,354	-	-
Deferred tax assets	2,826	2,884	-	-
	<u>69,854</u>	<u>71,458</u>	<u>54,627</u>	<u>54,054</u>
Current assets				
Inventories	99,829	89,471	-	-
Trade receivables	75,222	76,330	-	-
Derivatives	369	289	-	-
Other receivables	6,240	6,101	559	518
Prepayments and advances	2,548	2,661	35	21
Cash and bank deposits	28,568	35,604	208	666
	<u>212,776</u>	<u>210,456</u>	<u>802</u>	<u>1,205</u>
Less: Current liabilities				
Trade payables	24,624	26,428	-	-
Trust receipts (secured)	78,975	73,986	-	-
Derivatives	249	161	-	-
Other payables	17,755	16,319	800	689
Loans (secured)	20,786	24,455	1,202	1,187
Hire-purchase liabilities	830	778	-	-
Provisions	785	679	-	-
Provision for taxation	4,059	3,795	90	90
	<u>148,063</u>	<u>146,601</u>	<u>2,092</u>	<u>1,966</u>
Net current assets/(liabilities)	<u>64,713</u>	<u>63,855</u>	<u>(1,290)</u>	<u>(761)</u>
Non-current liabilities				
Amount due to subsidiary companies	-	-	365	365
Hire-purchase liabilities	1,147	867	-	-
Provisions	210	210	-	-
Long-term loans (secured)	31,743	33,750	2,934	3,240
Deferred tax liabilities	2,210	2,174	-	-
	<u>35,310</u>	<u>37,001</u>	<u>3,299</u>	<u>3,605</u>
Net assets	<u><u>99,257</u></u>	<u><u>98,312</u></u>	<u><u>50,038</u></u>	<u><u>49,688</u></u>
Equity				
Share capital	33,677	33,677	33,677	33,677
Reserves	64,967	64,056	16,361	16,011
	<u>98,644</u>	<u>97,733</u>	<u>50,038</u>	<u>49,688</u>
Minority interests	<u>613</u>	<u>579</u>	<u>-</u>	<u>-</u>
	<u><u>99,257</u></u>	<u><u>98,312</u></u>	<u><u>50,038</u></u>	<u><u>49,688</u></u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/07/2010		As at 30/04/2010	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
100,591	-	99,219	-

Amount repayable after one year

As at 31/07/2010		As at 30/04/2010	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
32,890	-	34,617	-

Details of any collateral

The Group's freehold land, certain leasehold land and buildings, leasehold improvements and certain plant and equipment with a total net book value of \$43,428,017 as at 31 July 2010 (30 April 2010 : \$43,917,656) are subject to legal mortgages in connection with bank facilities granted to the Group.

The trust receipts of subsidiary companies are secured primarily by corporate guarantees from the Company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(C)(i) CONSOLIDATED CASH FLOW STATEMENT

	Group	
	01/05/10- 31/07/10 \$'000	01/05/09- 31/07/09 \$'000
Cash flows from operating activities		
Profit before taxation	2,283	1,894
Adjustments for:		
Depreciation of property, plant and equipment	2,600	2,485
Gain on disposal of property, plant and equipment	(74)	(19)
Fair value loss/(gain) on other financial instruments	8	(70)
Property, plant and equipment written off	1	-
Foreign currency translation adjustment	260	712
Interest income	(12)	(23)
Provision for product warranties and reinstatement cost	119	69
Interest expenses	1,180	1,372
Share of profits of associated company	(210)	(474)
Operating profit before reinvestment in working capital	6,155	5,946
(Increase)/decrease in inventories	(10,358)	12,408
Decrease in receivables	1,082	367
Decrease in payables	(381)	(5,168)
Cash (used in)/ generated by operations	(3,502)	13,553
Interest received	12	23
Interest paid	(1,180)	(1,372)
Income tax paid	(766)	(443)
Net cash (used in)/generated by operating activities	(5,436)	11,761
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	147	70
Dividend income from associated company	506	-
Purchase of property, plant and equipment	(1,196)	(659)
Net cash used in investing activities	(543)	(589)
Cash flows from financing activities :		
Proceeds from long-term loans	-	5,000
Proceeds from/(repayment of) trust receipts	4,989	(9,600)
Repayment of hire purchase creditors	(291)	(81)
Repayment of long-term loans	(2,875)	(1,230)
Net cash provided by/(used in) financing activities	1,823	(5,911)
Net (decrease)/increase in cash and cash equivalents	(4,156)	5,261
Cash and cash equivalents at beginning of financial period	23,514	(13,303)
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	(79)	(39)
Cash and cash equivalents at end of financial period	19,279	(8,081)
Cash and cash equivalents consist of :		
Cash and bank balances	28,568	18,379
Short-term revolving loan	(9,289)	(26,460)
	19,279	(8,081)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

	Share capital \$'000	Capital reserve \$'000	Employee share option reserve \$'000	Revenue reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Total reserves \$'000	Minority Interests \$'000	Total equity \$'000
Group									
Balance at 1 May 2009	33,677	321	755	59,005	(79)	(4,573)	55,429	438	89,544
Profit for the financial period	-	-	-	905	-	-	905	37	942
Other comprehensive income/(loss) for the period	-	-	-	-	79	(328)	(249)	(8)	(257)
Total comprehensive income/(loss) for the financial period	-	-	-	905	79	(328)	656	29	685
Balance at 31 Jul 2009	33,677	321	755	59,910	-	(4,901)	56,085	467	90,229
Balance at 1 May 2010	33,677	347	755	68,386	-	(5,432)	64,056	579	98,312
Profit for the financial period	-	-	-	1,124	-	-	1,124	35	1,159
Other comprehensive loss for the period	-	-	-	-	-	(213)	(213)	(1)	(214)
Total comprehensive income/(loss) for the financial period	-	-	-	1,124	-	(213)	911	34	945
Balance at 31 Jul 2010	33,677	347	755	69,510	-	(5,645)	64,967	613	99,257

	Share capital \$'000	Employee share option reserve \$'000	Revenue reserve \$'000	Total reserves \$'000	Total \$'000
Company					
Balance at 1 May 2009	33,677	755	14,844	15,599	49,276
Profit for the financial period	-	-	622	622	622
Total comprehensive income for the financial period	-	-	622	622	622
Balance at 31 July 2009	33,677	755	15,466	16,221	49,898
Balance at 1 May 2010	33,677	755	15,256	16,011	49,688
Profit for the financial period	-	-	350	350	350
Total comprehensive income for the period	-	-	350	350	350
Balance at 31 Jul 2010	33,677	755	15,606	16,361	50,038

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.

There was no change in the Company's number of shares since 30 April 2010.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company 31/07/10	Company 30/04/10
Ordinary shares (excluding treasury shares)	230,561,244	230,561,244

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable. There is no treasury share as at the end of the current financial period reported on.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with those of the audited financial statements as at 30 April 2010.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

On 1 May 2010, the Group and the Company adopted the following new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are relevant:

Description

Amendments to FRS 27 Consolidated and Separate Financial Statements

Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

Revised FRS 103 Business Combinations

Amendments to FRS 105 Non-current Assets to held for Sale and Discontinued Operations

INT FRS 117 Distributions of Non-cash Assets to Owners

Amendments to FRS 102 – Group Cash-settled Share-based Payment Transactions

Amendments to FRS 32 Classification of Rights Issues

Improvements to FRS issued in 2009

The adoption of the above FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and did not have any significant impact on the Group and the Company.

6. Earnings per ordinary share of the group for the current year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	01/05/10- 31/07/10	01/05/09- 31/07/09
Earning per share (EPS)		
- basic (cents)	0.49	0.39
- diluted (cents)	0.49	0.39
	\$'000	\$'000
Group earnings used for the calculation of EPS	1,124	905
Profit for the financial period		
	'000	'000
Number of shares used for the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares in issue used for the calculation of basic EPS	230,561	230,561

Basic earning per share ("EPS") is calculated on the Group's profit for the financial period attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the financial period.

Diluted EPS is calculated on the same basis as basic EPS as there are no dilutive potential ordinary shares as at 31 July 2010.

Unissued shares under share options as at 31 July 2010 comprise 2,025,000 (2010 : 2,075,000) options entitling holders to subscribe at any time during the exercise period for the same number of ordinary shares in the Company.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:- (a) current financial year reported on; and (b) immediately preceding financial year.

	Group		Company	
	31/07/10	30/04/10	31/07/10	30/04/10
Net asset value per ordinary share (cents)	42.78	42.39	21.70	21.55

The Group and the Company net asset value per share as at 31 July 2010 and as at 30 April 2010 are calculated based on the actual number of shares in issue of 230,561,244 ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

For the three months ended 31 July 2010 (1QFY11), the Group increased its net profit by 24.2% from S\$0.9 million in 1QFY10 to S\$1.1 million.

Revenue

The Group's revenue for the quarter increased by 15.7% to S\$80.3 million, boosted by stronger sales contribution in Singapore, Malaysia and South Africa. Both domestic demand for tyres in Singapore and sales for Falken brand tyres in Malaysia improved. Likewise, Falken brand tyres sales in South Africa continued to grow.

Gross Profit and Gross Profit Margin

Gross profit in 1QFY11 climbed to S\$16.7 million from S\$13.3 million. This was due to higher proportion of major brand passenger car tyres in the sales mix.

Operating Expenses

Operating expenses increase was in line with revenue growth while the decrease of 14% in finance costs was attributed to lower utilization of short-term revolving loan.

Other operating expenses increased to S\$1.1 million in 1QFY11, from an income of S\$0.2 million in 1QFY10. This was primarily due to a lower foreign exchange gain of S\$0.3 million in 1QFY11, as compared to a gain of S\$1.4 million in 1QFY10.

Financial Position

Inventories rose by 11.6% to S\$99.8 million as at 31 July 2010 from S\$89.5 million as at 30 April 2010 ("FY10") primarily due to increase in sales.

Cash and cash equivalents at close of the reporting period amounted to S\$19.3 million compared to negative cash position of S\$8.1 million a year earlier.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group expects its core wholesale and retail business to continue to perform, especially in Singapore, Malaysia and South Africa.

Market conditions remain challenging. The Group strives to continue to increase sales productivity, optimize product mix and actively manage its operating costs.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended for the period ended 31 July 2010.

**Statement Pursuant to Rule 705(4) of the Listing Manual
of the Singapore Exchange Securities Trading Limited**

The directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial statements of Stamford Tyres Corporation Limited for the 1st quarter ended 31 July 2010, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD



Dawn Wee Wai Ying
Director
13 September 2010