

STAMFORD TYRES CORPORATION LTD

Unaudited Third 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			Group		
	01/11/10- 31/01/11	01/11/09- 31/01/10	Difference	01/05/10- 31/01/11	01/05/09- 31/01/10	Difference
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	89,301	81,461	9.62%	251,685	227,196	10.78%
Other revenue	268	270	-0.74%	716	753	-4.91%
Total revenue	89,569	81,731	9.59%	252,401	227,949	10.73%
Cost of goods sold	68,836	62,661	9.85%	196,578	178,198	10.31%
Salaries and employees benefits	6,186	4,767	29.77%	17,596	14,331	22.78%
Marketing and distribution	2,833	2,510	12.87%	8,836	8,240	7.23%
Utilities, repairs and maintenance	1,406	1,211	16.10%	4,178	3,631	15.06%
Finance costs	1,140	1,236	-7.77%	3,597	3,776	-4.74%
Depreciation of property, plant and equipment	1,475	1,401	5.28%	4,048	4,044	0.10%
Operating lease rentals	1,315	982	33.91%	3,766	2,959	27.27%
Other operating expenses	2,574	3,482	-26.07%	6,198	5,372	15.38%
Total expenditure	(85,765)	(78,250)	9.60%	(244,797)	(220,551)	10.99%
Share of profits of associated company	472	312	51.28%	1,265	1,270	-0.39%
Profit before taxation	4,276	3,793	12.73%	8,869	8,668	2.32%
Taxation	(1,302)	(1,426)	-8.70%	(3,045)	(3,355)	-9.24%
Profit for the financial period	2,974	2,367	25.63%	5,824	5,313	9.61%
Attributable to:						
Equity holders of the company	2,945	2,344	25.63%	5,725	5,217	9.73%
Minority interests	29	23	26.09%	99	96	3.13%
	2,974	2,367	25.63%	5,824	5,313	9.61%

N.M - Not meaningful.

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

	01/11/10- 31/01/11	01/11/09- 31/01/10	01/05/10- 31/01/11	01/05/09- 31/01/10
	\$'000	\$'000	\$'000	\$'000
Net profit for the financial period	2,974	2,367	5,824	5,313
Other comprehensive income :				
Translation adjustments arising on consolidation	(1,173)	69	(2,436)	(1,017)
Fair value gain on cash flow hedges	-	-	-	79
Other comprehensive income for the financial period, net of tax	(1,173)	69	(2,436)	(938)
Total comprehensive income for the financial period	1,801	2,436	3,388	4,375
Total comprehensive income attributable to :				
Equity holders of the Company	1,767	2,412	3,302	4,285
Minority interests	34	24	86	90
	1,801	2,436	3,388	4,375

	01/11/10- 31/01/11	01/11/09- 31/01/10	01/05/10- 31/01/11	01/05/09- 31/01/10
	\$'000	\$'000	\$'000	\$'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)	2,728	2,575	7,894	7,569
Allowance for doubtful receivables	180	197	212	311
(Write-back of)/ allowance for inventory obsolescence	(68)	1,973	(857)	3,292
Gain on disposal of property, plant and equipment	(8)	(26)	(83)	(52)
Impairment loss/(write-back of) impairment loss on property, plant and equipment	193	(7)	193	179
Foreign exchange loss/(gain)	1,384	(477)	2,044	(1,429)
Fair value (gain)/loss on other financial instruments	(845)	329	(560)	(486)
Property, plant and equipment written off	13	21	19	21

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	
	31/01/11	30/04/10	31/01/11	30/04/10
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	59,413	63,220	-	-
Subsidiary companies	-	-	32,115	30,596
Amount due from subsidiary companies	-	-	21,786	21,887
Joint venture company	-	-	1,571	1,571
Associated companies	5,573	5,354	-	-
Deferred tax assets	3,231	2,884	-	-
	<u>68,217</u>	<u>71,458</u>	<u>55,472</u>	<u>54,054</u>
Current assets				
Inventories	99,840	89,471	-	-
Trade receivables	76,452	76,330	-	-
Derivatives	678	289	119	-
Other receivables	5,822	6,101	486	518
Prepayments and advances	2,210	2,661	39	21
Cash and bank deposits	21,772	35,604	328	666
	<u>206,774</u>	<u>210,456</u>	<u>972</u>	<u>1,205</u>
Less: Current liabilities				
Trade payables	20,999	26,428	-	-
Trust receipts (secured)	77,132	73,986	-	-
Derivatives	1	161	-	-
Other payables	19,873	16,319	793	689
Loans (secured)	20,421	24,455	1,233	1,187
Hire-purchase liabilities	768	778	-	-
Provisions	1,149	679	-	-
Provision for taxation	2,909	3,795	25	90
	<u>143,252</u>	<u>146,601</u>	<u>2,051</u>	<u>1,966</u>
Net current assets/(liabilities)	<u>63,522</u>	<u>63,855</u>	<u>(1,079)</u>	<u>(761)</u>
Non-current liabilities				
Amount due to subsidiary companies	-	-	365	365
Hire-purchase liabilities	1,057	867	-	-
Provisions	210	210	-	-
Long-term loans (secured)	26,826	33,750	2,310	3,240
Deferred tax liabilities	2,748	2,174	-	-
	<u>30,841</u>	<u>37,001</u>	<u>2,675</u>	<u>3,605</u>
Net assets	<u>100,898</u>	<u>98,312</u>	<u>51,718</u>	<u>49,688</u>
Equity				
Share capital	35,182	33,677	35,182	33,677
Reserves	65,051	64,056	16,536	16,011
	<u>100,233</u>	<u>97,733</u>	<u>51,718</u>	<u>49,688</u>
Minority interests	<u>665</u>	<u>579</u>	<u>-</u>	<u>-</u>
	<u>100,898</u>	<u>98,312</u>	<u>51,718</u>	<u>49,688</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 31/01/2011		As at 30/04/2010	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
98,321	-	99,219	-

Amount repayable after one year

As at 31/01/2011		As at 30/04/2010	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
27,883	-	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 \$40,919,202 as at 31 Jan 2011 (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 (3Q FY2011 vs 3Q FY2010)

	Group	
	01/11/10- 31/01/11 \$'000	01/11/09- 31/01/10 \$'000
Cash flows from operating activities		
Profit before taxation	4,276	3,793
Adjustments for:		
Depreciation of property, plant and equipment	2,728	2,575
Gain on disposal of property, plant and equipment	(8)	(26)
Fair value (gain)/loss on other financial instruments	(845)	329
Property, plant and equipment written off	13	21
Foreign currency translation adjustment	67	(345)
Interest income	(40)	(37)
Provision for product warranties and reinstatement cost	413	105
Impairment loss/(write-back of) impairment loss on property, plant and equipment	193	(7)
Interest expenses	1,140	1,236
Share of profits of associated company	(472)	(312)
Operating profit before reinvestment in working capital	7,465	7,332
Decrease/(increase) in inventories	6,932	(2,570)
Increase in receivables	(2,897)	(5,798)
Increase in payables	60	1,721
Cash generated by operations	11,560	685
Interest received	40	37
Interest paid	(1,140)	(1,236)
Income tax paid	(1,393)	(1,071)
Net cash generated by/(used in) operating activities	9,067	(1,585)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	16	65
Purchase of property, plant and equipment	(1,770)	(1,280)
Net cash used in investing activities	(1,754)	(1,215)
Cash flows from financing activities :		
Proceeds from long-term loans	934	4,250
(Repayment of)/proceeds from trust receipts	(8,704)	1,280
(Repayment of)/proceeds from hire purchase creditors	(264)	241
Repayment of long-term loans	(4,069)	(2,394)
Net cash (used in)/provided by financing activities	(12,103)	3,377
Net (decrease)/increase in cash and cash equivalents	(4,790)	577
Cash and cash equivalents at beginning of financial period	16,182	6,756
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	131	(208)
Cash and cash equivalents at end of financial period	11,523	7,125
Cash and cash equivalents consist of :		
Cash and bank deposits	21,772	18,465
Short-term revolving loan	(10,249)	(11,340)
	11,523	7,125

1(C)(i) CONSOLIDATED CASH FLOW STATEMENT (YTD JAN FY2011 vs YTD JAN FY2010)

	Group	
	01/05/10- 31/01/11 \$'000	01/05/09- 31/01/10 \$'000
Cash flows from operating activities		
Profit before taxation	8,869	8,668
Adjustments for:		
Depreciation of property, plant and equipment	7,894	7,569
Gain on disposal of property, plant and equipment	(83)	(52)
Fair value gain on other financial instruments	(560)	(486)
Property, plant and equipment written off	19	21
Foreign currency translation adjustment	(306)	30
Interest income	(78)	(173)
Provision for product warranties and reinstatement cost	611	240
Impairment loss on property, plant and equipment	193	179
Interest expenses	3,597	3,776
Share of profits of associated company	(1,265)	(1,270)
Operating profit before reinvestment in working capital	18,891	18,502
(Increase)/decrease in inventories	(10,369)	5,146
Decrease/(increase) in receivables	608	(12,366)
(Decrease)/increase in payables	(2,011)	7,119
Cash generated by operations	7,119	18,401
Interest received	78	173
Interest paid	(3,597)	(3,776)
Income tax paid	(3,704)	(2,407)
Net cash (used in)/generated by operating activities	(104)	12,391
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	165	136
Proceeds from share issuance	1,505	-
Dividend income from associated company	506	-
Purchase of property, plant and equipment	(4,499)	(3,339)
Net cash used in investing activities	(2,323)	(3,203)
Cash flows from financing activities :		
Proceeds from long-term loans	999	14,250
Proceeds from trust receipts	3,146	3,979
(Repayment of)/proceeds from hire purchase creditors	(889)	278
Dividend paid to shareholders	(2,307)	-
Repayment of long-term loans	(10,116)	(7,028)
Net cash (used in)/provided by financing activities	(9,167)	11,479
Net (decrease)/increase in cash and cash equivalents	(11,594)	20,667
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	(397)	(239)
Cash and cash equivalents at end of financial period	11,523	7,125
Cash and cash equivalents consist of :		
Cash and bank deposits	21,772	18,465
Short-term revolving loan	(10,249)	(11,340)
	11,523	7,125

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	-	-	-	5,217	-	-	5,217	96	5,313
Other comprehensive income/(loss) for the period	-	-	-	-	79	(1,011)	(932)	(6)	(938)
Total comprehensive income/(loss) for the financial period	-	-	-	5,217	79	(1,011)	4,285	90	4,375
Balance at 31 Jan 2010	33,677	321	755	64,222	-	(5,584)	59,714	528	93,919
Balance at 1 May 2010	33,677	347	755	68,386	-	(5,432)	64,056	579	98,312
Profit for the financial period	-	-	-	5,725	-	-	5,725	99	5,824
Other comprehensive loss for the period	-	-	-	-	-	(2,423)	(2,423)	(13)	(2,436)
Total comprehensive income/(loss) for the financial period	-	-	-	5,725	-	(2,423)	3,302	86	3,388
Transfer from retained earnings to capital reserves	-	13	-	(13)	-	-	-	-	-
Dividend	-	-	-	(2,307)	-	-	(2,307)	-	(2,307)
New share issue	1,505	-	-	-	-	-	-	-	1,505
Balance at 31 Jan 2011	35,182	360	755	71,791	-	(7,855)	65,051	665	100,898

	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	-	-	623	623	623
Total comprehensive income for the financial period	-	-	623	623	623
Balance at 31 Jan 2010	33,677	755	15,467	16,222	49,899
Balance at 1 May 2010	33,677	755	15,256	16,011	49,688
Profit for the financial period	-	-	2,832	2,832	2,832
Total comprehensive income for the period	-	-	2,832	2,832	2,832
Dividend	-	-	(2,307)	(2,307)	(2,307)
New share issue	1,505	-	-	-	1,505
Balance at 31 Jan 2011	35,182	755	15,781	16,536	51,718

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.

Issuance of new shares

On 21 September 2010, the Group announced a proposed subscription of 4,300,000 new shares by Sumitomo Rubber Industries Ltd at the price of S\$0.35 per share. The share placement was completed on 14 October 2010. Following the allotment and issuance of new shares, the number of issued shares has increased to 234,861,244 shares.

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 31/01/11	Company 30/04/10
Ordinary shares (excluding treasury shares)	234,861,244	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		Group	
	01/11/10- 31/01/11	01/11/09- 31/01/10	01/05/10- 31/01/11	01/05/09- 31/01/10
Earning per share (EPS)				
- basic (cents)	1.25	1.02	2.44	2.26
- diluted (cents)	1.25	1.02	2.44	2.26
	\$'000	\$'000	\$'000	\$'000
Group earnings used for the calculation of EPS				
Profit for the financial period	2,945	2,344	5,725	5,217
	'000	'000	'000	'000
Number of shares used for the calculation of basic and diluted EPS:				
Weighted average number of ordinary shares in issue used for the calculation of basic EPS	234,861	230,561	234,861	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 Jan 2011.

Unissued shares under share options as at 31 Jan 2011 comprise 2,000,000 (30 Apr 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	
	31/01/11	30/04/10	31/01/11	30/04/10
Net asset value per ordinary share (cents)	42.68	42.39	22.02	21.55

The net asset value per share ratios for the Group and the Company as at 31 January 2011 are calculated based on the actual number of shares in issue of 234,861,244 ordinary shares (30 April 2010: 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.

3QFY11

Stamford Tyres' profit after tax increased by 25.6% to S\$3.0 million in 3QFY11 from S\$2.4 million in 3QFY10. The higher earnings was primarily due to better tyres sales.

Revenue

The Group's revenue improved by 9.6% to S\$89.3 million in 3QFY11 from S\$81.5 million in 3QFY10, backed by a 39.0% year-on-year growth in tyres sales revenues in South Africa.

Gross Profit and Gross Profit Margin

Gross profit rose by 8.9% to S\$20.5 million in 3QFY11, in-line with the increase in revenue. Gross profit margin dipped slightly to 22.9% from 23.1% over the same period, largely caused by higher purchase prices of tyres from manufacturers, in tandem with increasing rubber price.

Operating Expenses

Salaries and employees benefits went up from S\$4.8 million in 3QFY10 to S\$6.2 million in 3QFY11 on the reinstatement of staff salary cuts made since January 2009 to pre-crisis levels and expansion of South Africa sales team.

Operating lease rental grew by 33.9% to S\$1.3 million due to inventory expansion in Singapore.

Other operating expenses came down by 26.1% to S\$2.6 million in 3QFY11 mainly due to write-back of inventory obsolescence by S\$0.1 million in 3QFY11. In contrast, S\$2.0 million of allowance for inventory obsolescence was recorded in 3QFY10.

9MFY11

Profit after tax climbed by 9.6% to S\$5.8 million in 9MFY11 from S\$5.3 million in 9MFY10, driven by higher demand for the Group's tyres.

Revenue

Turnover for the Group grew by 10.8% to S\$251.7 million in 9MFY11 from S\$227.2 million in 9MFY10, backed by a 48.7% year-on-year growth in tyres sales revenues in South Africa.

Gross Profit and Gross Profit Margin

Gross profit increased by 12.5% to S\$55.1 million in 9MFY11, in-line with the increase in revenue. Gross profit margin went up to 21.9% from 21.6% over the same period. This was mainly due to higher gross profit margin in 1QFY2011.

Operating Expenses

Salaries and employees benefits went up from S\$14.3 million in 9MFY10 to S\$17.6 million in 9MFY11 on the reinstatement of staff salary cuts made since January 2009 to pre-crisis levels and expansion of South Africa sales team.

Operating lease rental grew by 27.3% to S\$3.8 million due to inventory expansion in Singapore.

Other operating expenses increased by 15.4% to S\$6.2 million in 9MFY11, mainly due to foreign exchange losses arising from the weakening of the USD against SGD. This increase was partially offset by the write-back of inventory obsolescence on inventory sold.

Financial Position

Inventories increased to S\$99.8 million as at 31 January 2011 from S\$89.5 million as at 30 April 2010. More inventories were held to meet the anticipated rise in tyres prices.

The Group's cash and cash equivalents stood at S\$11.5 million compared to S\$7.1 million at the end of the same period 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 in the last quarter of FY2011.

Market conditions remain challenging as tyre manufacturers continue to increase prices due to rising rubber prices. The Group is committed to continue increasing sales productivity, optimizing product mix and managing 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 Jan 2011.

**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 3rd quarter ended 31 Jan 2011, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dawn Wee Wai Ying
Director
9 March 2011