

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			
	01/05/11- 31/07/11	01/05/10- 31/07/10	Difference	Difference
	\$'000	\$'000	\$'000	%
Revenue	85,618	80,299	5,319	6.62%
Other revenue	203	210	(7)	-3.33%
Total revenue	85,821	80,509	5,312	6.60%
Cost of goods sold	64,185	63,615	570	0.90%
Salaries and employees benefits	6,201	5,556	645	11.61%
Marketing and distribution	3,353	3,193	160	5.01%
Utilities, repairs and maintenance	1,454	1,372	82	5.98%
Finance costs	1,215	1,180	35	2.97%
Depreciation of property, plant and equipment	1,143	1,285	(142)	-11.05%
Operating lease rentals	1,425	1,184	241	20.35%
Other operating expenses	2,138	1,051	1,087	103.43%
Total expenditure	(81,114)	(78,436)	(2,678)	3.41%
Share of profits of associated company	278	210	68	32.38%
Profit before taxation	4,985	2,283	2,702	118.35%
Taxation	(1,526)	(1,124)	(402)	35.77%
Profit for the financial period	3,459	1,159	2,300	198.45%
Attributable to:				
Equity holders of the company	3,459	1,124	2,335	207.74%
Non-controlling interest	-	35	(35)	N.M
	3,459	1,159	2,300	198.45%

N.M - Not meaningful.

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

	01/05/11- 31/07/11	01/05/10- 31/07/10
	\$'000	\$'000
Net profit for the financial period	3,459	1,159
Other comprehensive income :		
Translation adjustments arising on consolidation	(467)	(214)
Other comprehensive income for the financial period, net of tax	(467)	(214)
Total comprehensive income for the financial period	2,992	945
Total comprehensive income attributable to :		
Equity holders of the Company	2,992	911
Non-controlling interest	-	34
	2,992	945

	01/05/11- 31/07/11	01/05/10- 31/07/10
	\$'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)	2,306	2,600
Allowance for doubtful receivables	278	167
Allowance for/(write-back of) inventory obsolescence	520	(434)
Gain on disposal of property, plant and equipment	(41)	(74)
Foreign exchange loss/(gain)	280	(309)
Fair value (gain)/loss on other financial instruments	(357)	8

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

	Group		Company	
	31/07/11	30/04/11	31/07/11	30/04/11
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	55,685	57,886	-	-
Subsidiary companies	-	-	34,215	33,202
Amount due from subsidiary companies	-	-	24,841	23,264
Joint venture company	-	-	1,571	1,571
Associated companies	6,703	6,082	-	-
Deferred tax assets	2,681	2,874	-	-
	<u>65,069</u>	<u>66,842</u>	<u>60,627</u>	<u>58,037</u>
Current assets				
Inventories	112,689	95,105	-	-
Trade receivables	78,774	80,403	-	-
Derivatives	368	611	-	-
Other receivables	5,351	5,725	137	72
Prepayments and advances	6,539	2,162	56	22
Cash and bank deposits	27,528	27,743	293	856
	<u>231,249</u>	<u>211,749</u>	<u>486</u>	<u>950</u>
Less: Current liabilities				
Trade payables	28,889	22,695	-	-
Trust receipts (secured)	87,010	76,170	-	-
Derivatives	574	1,207	34	133
Other payables	20,514	19,263	938	888
Loans (secured)	19,858	21,648	1,263	1,248
Hire-purchase liabilities	430	644	-	-
Provisions	927	768	-	-
Provision for taxation	3,764	3,259	98	98
	<u>161,966</u>	<u>145,654</u>	<u>2,333</u>	<u>2,367</u>
Net current assets/(liabilities)	<u>69,283</u>	<u>66,095</u>	<u>(1,847)</u>	<u>(1,417)</u>
Non-current liabilities				
Amount due to subsidiary companies	-	-	365	365
Hire-purchase liabilities	1,219	1,038	-	-
Provisions	210	210	-	-
Long-term loans (secured)	20,355	22,040	1,670	1,992
Deferred tax liabilities	2,773	2,846	-	-
	<u>24,557</u>	<u>26,134</u>	<u>2,035</u>	<u>2,357</u>
Net assets	<u>109,795</u>	<u>106,803</u>	<u>56,745</u>	<u>54,263</u>
Equity				
Share capital	35,182	35,182	35,182	35,182
Reserves	74,613	71,621	21,563	19,081
	<u>109,795</u>	<u>106,803</u>	<u>56,745</u>	<u>54,263</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 31/07/2011		As at 30/04/2011	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
107,298	-	98,462	-

Amount repayable after one year

As at 31/07/2011		As at 30/04/2011	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
21,574	-	23,078	-

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 \$37,095,000 as at 31 July 2011 (30 April 2011 : \$40,672,000) 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.

	Group	
	01/05/11- 31/07/11	01/05/10- 31/07/10
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	4,985	2,283
Adjustments for:		
Depreciation of property, plant and equipment	2,306	2,600
Gain on disposal of property, plant and equipment	(41)	(74)
Fair value (gain)/loss on other financial instruments	(357)	8
Property, plant and equipment written-off	2	1
Foreign currency translation adjustment	8	260
Interest income	(38)	(12)
Provision for product warranties and reinstatement cost	194	119
Interest expenses	1,215	1,180
Share of profits of associated company	(278)	(210)
Operating profit before reinvestment in working capital	7,996	6,155
Increase in inventories	(17,584)	(10,358)
(Increase)/decrease in receivables	(2,374)	1,082
Increase/(decrease) in payables	7,410	(381)
Cash used in operations	(4,552)	(3,502)
Interest received	38	12
Interest paid	(1,215)	(1,180)
Income tax paid	(901)	(766)
Net cash used in operating activities	(6,630)	(5,436)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	50	147
Dividend income from associated company	-	506
Purchase of property, plant and equipment	(486)	(1,196)
Net cash used in investing activities	(436)	(543)
Cash flows from financing activities :		
Proceeds from trust receipts	10,840	4,989
Repayment of hire purchase creditors	(230)	(291)
Repayment of long-term loans	(2,741)	(2,875)
Net cash provided by financing activities	7,869	1,823
Net increase/(decrease) in cash and cash equivalents	803	(4,156)
Cash and cash equivalents at beginning of financial period	18,156	23,514
Exchange rate adjustment to cash and cash equivalents at beginning of period	(284)	(79)
Cash and cash equivalents at end of financial period	18,675	19,279
Cash and cash equivalents consist of :		
Cash and bank deposits	27,528	28,568
Short-term revolving loan	(8,853)	(9,289)
	18,675	19,279

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.

	Equity attributable to Equity total \$'000	owners of the Company total \$'000	Share capital \$'000	Revenue reserve \$'000	Other reserves total \$'000	Capital reserve \$'000	Employee share option reserve \$'000	Foreign currency translation reserve \$'000	Discount on acquisition of non-controlling interest \$'000	Non- controlling Interest \$'000
Group										
Balance at 1 May 2010	98,312	97,733	33,677	68,386	(4,330)	347	755	(5,432)	-	579
Profit for the financial period	1,159	1,124	-	1,124	-	-	-	-	-	35
Other comprehensive loss for the period	(214)	(213)	-	-	(213)	-	-	(213)	-	(1)
Total comprehensive income/(loss) for the financial period	945	911	-	1,124	(213)	-	-	(213)	-	34
Balance at 31 Jul 2010	99,257	98,644	33,677	69,510	(4,543)	347	755	(5,645)	-	613
Balance at 1 May 2011	106,803	106,803	35,182	79,359	(7,738)	373	755	(9,068)	202	-
Profit for the financial period	3,459	3,459	-	3,459	-	-	-	-	-	-
Other comprehensive loss for the period	(467)	(467)	-	-	(467)	-	-	(467)	-	-
Total comprehensive income/(loss) for the financial period	2,992	2,992	-	3,459	(467)	-	-	(467)	-	-
<u>Contributions by and distributions to owners</u>										
Transfer from revenue reserve to capital reserve	-	-	-	(51)	51	51	-	-	-	-
Balance at 31 Jul 2011	109,795	109,795	35,182	82,767	(8,154)	424	755	(9,535)	202	-

	Equity total \$'000	Equity attributable to owners of the Company total \$'000	Share capital \$'000	Revenue reserve \$'000	Employee share option reserve \$'000
Company					
Balance at 1 May 2010	49,688	49,688	33,677	15,256	755
Profit for the financial period	350	350	-	350	-
Total comprehensive income for the financial period	350	350	-	350	-
Balance at 31 Jul 2010	50,038	50,038	33,677	15,606	755
Balance at 1 May 2011	54,263	54,263	35,182	18,326	755
Profit for the financial period	2,482	2,482	-	2,482	-
Total comprehensive income for the financial period	2,482	2,482	-	2,482	-
Balance at 31 Jul 2011	56,745	56,745	35,182	20,808	755

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 2011.

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

	Company 31/07/11	Company 30/04/11
Ordinary shares (excluding treasury shares)	234,861,244	234,861,244

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 year reported on

Not applicable. There is no treasury share as at the end of the current financial year 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 and the Company 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 2011.

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 2011, 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

INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments

Revised FRS 24 Related Party Disclosures

Improvements to FRS issued in 2010

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	
	01/05/11- 31/07/11	01/05/10- 31/07/10
Earning per share (EPS)		
- basic (cents)	1.47	0.49
- diluted (cents)	1.47	0.49
	\$'000	\$'000
Group earnings used for the calculation of EPS	3,459	1,124
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	234,861	230,561

Basic earning per share ("EPS") is calculated on the Group's profit for the financial year 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 2011.

Unissued shares under share options as at 31 July 2011 comprise 1,885,000 (30 April 2011: 1,890,000) 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	
	31/07/11	30/04/11	31/07/11	30/04/11
Net asset value per ordinary share (cents)	46.75	45.47	24.16	23.10

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

1Q2012

The Group experienced both revenue and profit growth for the quarter ended 31 July 2011 (1Q2012) as demand grew for the Group's products.

Revenue

The Group's total revenue improved by 6.6% to S\$85.6 million in 1Q2012 compared to the S\$80.3 million recorded in 1Q2011. The improvement in revenue was attributed to steady growth momentum in our South East Asia markets. Revenue of South East Asia markets increased 7.9% from S\$61.3 million in 1Q2011 to S\$66.2 million in 1Q2012.

Gross Profit and Gross Profit Margin

Gross profit margin improved by 4.2% due to better sales mix of high performance tyres and earthmover tyres. Gross profit margin was 25.0% in 1Q2012 compared to 20.8% in 1Q2011.

Consequently, the Group's gross profit went up 28.5% yoy to S\$21.4 million in 1Q2012 from S\$16.7 million in 1Q2011.

Operating Expenses

Owing to an increase in distribution, service and value-added capacity, salaries and employee benefits went up 11.6% yoy to S\$6.2 million in 1Q2012.

Other operating expenses increased 103% to S\$2.1 million as the Group increased allowance for stock obsolescence in line with the inventory level as of 31 July 2011.

Net Profit

The Group's net profit tripled to S\$3.5 million in 1Q2012 from S\$1.2 million in 1Q2011.

Financial Position

In anticipation of rising tyre prices, inventories increased to S\$112.7 million as at 31 July 2011 from S\$95.1 million as at 30 April 2011.

The Group's cash and cash equivalents stood at S\$18.7 million compared to S\$19.3 million the previous year.

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 year and the next 12 months.

The Group expects its core wholesale and retail businesses to continue to perform well, especially in Southeast Asia.

Business conditions remain challenging as the price of natural and synthetic rubber is expected to remain firm. Consequently tyre purchase prices will remain high.

The Group will continue to increase sales productivity, optimize product mix and manage 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 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 1st quarter ended 31 July 2011, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

A handwritten signature in blue ink, appearing to read "Dawn Wee Wai Ying", with a long horizontal stroke extending to the right.

Dawn Wee Wai Ying
Director
2 September 2011