

STAMFORD TYRES CORPORATION LTD

Unaudited Second Quarter 2012 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		
	01/08/11- 31/10/11	01/08/10- 31/10/10	Difference	01/05/11- 31/10/11	01/05/10- 31/10/10	Difference
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	83,846	82,085	2.15%	169,464	162,384	4.36%
Other revenue	181	238	-23.95%	384	448	-14.29%
Total revenue	84,027	82,323	2.07%	169,848	162,832	4.31%
Cost of goods sold	64,460	64,127	0.52%	128,645	127,742	0.71%
Salaries and employees benefits	6,316	5,854	7.89%	12,517	11,410	9.70%
Marketing and distribution	3,304	2,810	17.58%	6,657	6,003	10.89%
Utilities, repairs and maintenance	1,674	1,400	19.57%	3,128	2,772	12.84%
Finance costs	1,461	1,277	14.41%	2,676	2,457	8.91%
Depreciation of property, plant and equipment	1,142	1,288	-11.34%	2,285	2,573	-11.19%
Operating lease rentals	1,428	1,267	12.71%	2,853	2,451	16.40%
Other operating expenses	3,836	2,573	49.09%	5,974	3,624	64.85%
Total expenditure	(83,621)	(80,596)	3.75%	(164,735)	(159,032)	3.59%
Share of profits of associated company	681	583	16.81%	959	793	20.93%
Profit before taxation	1,087	2,310	-52.94%	6,072	4,593	32.20%
Taxation	(757)	(619)	22.29%	(2,283)	(1,743)	30.98%
Profit for the financial period	330	1,691	-80.48%	3,789	2,850	32.95%
Attributable to:						
Equity holders of the company	330	1,656	-80.07%	3,789	2,780	36.29%
Non-controlling interest	-	35	N.M	-	70	N.M
	330	1,691	-80.48%	3,789	2,850	32.95%

N.M - Not meaningful.

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

	01/08/11- 31/10/11	01/08/10- 31/10/10	01/05/11- 31/10/11	01/05/10- 31/10/10
	\$'000	\$'000	\$'000	\$'000
Net profit for the financial period	330	1,691	3,789	2,850
Other comprehensive income :				
Translation adjustments arising on consolidation	413	(1,049)	(54)	(1,263)
Other comprehensive income for the financial period, net of tax	413	(1,049)	(54)	(1,263)
Total comprehensive income for the financial period	743	642	3,735	1,587
Total comprehensive income attributable to :				
Equity holders of the Company	743	624	3,735	1,535
Non-controlling interest	-	18	-	52
	743	642	3,735	1,587

	01/08/11- 31/10/11	01/08/10- 31/10/10	01/05/11- 31/10/11	01/05/10- 31/10/10
	\$'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)	2,276	2,566	4,582	5,166
Allowance for/(write-back of) doubtful receivables	129	(135)	407	32
Allowance for/(write-back of) inventory obsolescence	348	(355)	868	(789)
Gain on disposal of property, plant and equipment	(19)	(1)	(60)	(75)
Foreign exchange loss	2,343	969	2,623	660
Fair value loss/(gain) on other financial instruments	115	277	(242)	285

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	
	31/10/11	30/04/11	31/10/11	30/04/11
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	53,980	57,886	-	-
Subsidiary companies	-	-	34,215	33,202
Amount due from subsidiary companies	-	-	23,004	23,264
Joint venture company	-	-	1,571	1,571
Associated companies	6,991	6,082	-	-
Deferred tax assets	2,889	2,874	-	-
	<u>63,860</u>	<u>66,842</u>	<u>58,790</u>	<u>58,037</u>
Current assets				
Inventories	147,522	95,105	-	-
Trade receivables	79,906	80,403	-	-
Derivatives	24	611	-	-
Other receivables	6,844	5,725	173	72
Prepayments and advances	5,372	2,162	28	22
Cash and bank deposits	18,630	27,743	431	856
	<u>258,298</u>	<u>211,749</u>	<u>632</u>	<u>950</u>
Less: Current liabilities				
Trade payables	26,956	22,695	-	-
Trust receipts (secured)	114,557	76,170	-	-
Derivatives	313	1,207	116	133
Other payables	19,448	19,263	631	888
Loans (secured)	26,417	21,648	1,279	1,248
Hire-purchase liabilities	420	644	-	-
Provisions	1,046	768	-	-
Provision for taxation	3,573	3,259	26	98
	<u>192,730</u>	<u>145,654</u>	<u>2,052</u>	<u>2,367</u>
Net current assets/(liabilities)	<u>65,568</u>	<u>66,095</u>	<u>(1,420)</u>	<u>(1,417)</u>
Non-current liabilities				
Amount due to subsidiary companies	-	-	365	365
Hire-purchase liabilities	1,088	1,038	-	-
Provisions	210	210	-	-
Long-term loans (secured)	18,329	22,040	1,345	1,992
Deferred tax liabilities	2,786	2,846	-	-
	<u>22,413</u>	<u>26,134</u>	<u>1,710</u>	<u>2,357</u>
Net assets	<u>107,015</u>	<u>106,803</u>	<u>55,660</u>	<u>54,263</u>
Equity				
Share capital	35,182	35,182	35,182	35,182
Reserves	71,833	71,621	20,478	19,081
	<u>107,015</u>	<u>106,803</u>	<u>55,660</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 31/10/2011		As at 30/04/2011	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
141,394	-	98,462	-

Amount repayable after one year

As at 31/10/2011		As at 30/04/2011	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
19,417	-	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 \$36,179,000 as at 31 Oct 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.

1(c)(i) CONSOLIDATED CASH FLOW STATEMENT (2Q FY2012 vs 2Q FY2011)

	Group	
	01/08/11- 31/10/11	01/08/10- 31/10/10
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	1,087	2,310
Adjustments for:		
Depreciation of property, plant and equipment	2,276	2,566
Gain on disposal of property, plant and equipment	(19)	(1)
Fair value loss on other financial instruments	115	277
Property, plant and equipment written off	-	5
Foreign currency translation adjustment	271	(633)
Interest income	(30)	(26)
Provision for product warranties and reinstatement cost	144	79
Interest expenses	1,461	1,277
Share of profits of associated company	(681)	(583)
Operating profit before reinvestment in working capital	4,624	5,271
Increase in inventories	(34,833)	(6,943)
(Increase)/decrease in receivables	(1,458)	2,423
Decrease in payables	(3,023)	(1,690)
Cash used in operations	(34,690)	(939)
Interest received	30	26
Interest paid	(1,461)	(1,277)
Income tax paid	(1,143)	(1,545)
Net cash used in operating activities	(37,264)	(3,735)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	50	2
Proceeds from share issuance	-	1,505
Dividend income from associated company	475	-
Purchase of property, plant and equipment	(394)	(1,533)
Net cash generated by/(used in) investing activities	131	(26)
Cash flows from financing activities :		
Proceeds from long-term loans	-	65
Proceeds from trust receipts	27,547	6,861
Repayment of hire purchase creditors	(239)	(334)
Dividend paid to shareholders	(3,523)	(2,307)
Repayment of long-term loans	(2,435)	(3,172)
Net cash provided by financing activities	21,350	1,113
Net decrease in cash and cash equivalents	(15,783)	(2,648)
Cash and cash equivalents at beginning of financial period	18,675	19,279
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	(83)	(449)
Cash and cash equivalents at end of financial period	2,809	16,182
Cash and cash equivalents consist of :		
Cash and bank deposits	18,630	25,563
Short-term revolving loan	(15,821)	(9,381)
	2,809	16,182

1(c)(i) CONSOLIDATED CASH FLOW STATEMENT (YTD OCT FY2012 vs YTD OCT FY2011)

	Group	
	01/05/11- 31/10/11 \$'000	01/05/10- 31/10/10 \$'000
Cash flows from operating activities		
Profit before taxation	6,072	4,593
Adjustments for:		
Depreciation of property, plant and equipment	4,582	5,166
Gain on disposal of property, plant and equipment	(60)	(75)
Fair value (gain)/loss on other financial instruments	(242)	285
Property, plant and equipment written-off	2	6
Foreign currency translation adjustment	279	(373)
Interest income	(68)	(38)
Provision for product warranties and reinstatement cost	338	198
Interest expenses	2,676	2,457
Share of profits of associated company	(959)	(793)
Operating profit before reinvestment in working capital	12,620	11,426
Increase in inventories	(52,417)	(17,301)
(Increase)/decrease in receivables	(3,832)	3,505
Increase/(decrease) in payables	4,387	(2,071)
Cash used in operations	(39,242)	(4,441)
Interest received	68	38
Interest paid	(2,676)	(2,457)
Income tax paid	(2,044)	(2,311)
Net cash used in operating activities	(43,894)	(9,171)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	100	149
Proceeds from share issuance	-	1,505
Dividend income from associated company	475	506
Purchase of property, plant and equipment	(880)	(2,729)
Net cash used in investing activities	(305)	(569)
Cash flows from financing activities :		
Proceeds from long-term loans	-	65
Proceeds from trust receipts	38,387	11,850
Repayment of hire purchase creditors	(469)	(625)
Dividend paid to shareholders	(3,523)	(2,307)
Repayment of long-term loans	(5,176)	(6,047)
Net cash provided by financing activities	29,219	2,936
Net decrease in cash and cash equivalents	(14,980)	(6,804)
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	(367)	(528)
Cash and cash equivalents at end of financial period	2,809	16,182
Cash and cash equivalents consist of :		
Cash and bank deposits	18,630	25,563
Short-term revolving loan	(15,821)	(9,381)
	2,809	16,182

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 total \$'000	Equity attributable to 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	2,850	2,780	-	2,780	-	-	-	-	-	70
Other comprehensive loss for the period	(1,263)	(1,245)	-	-	(1,245)	-	-	(1,245)	-	(18)
Total comprehensive income/(loss) for the financial period	1,587	1,535	-	2,780	(1,245)	-	-	(1,245)	-	52
<u>Contributions by and distributions to owners</u>										
Transfer from revenue reserve to capital reserve	-	-	-	(13)	13	13	-	-	-	-
Dividend on ordinary shares	(2,307)	(2,307)	-	(2,307)	-	-	-	-	-	-
New share issuance	1,505	1,505	1,505	-	-	-	-	-	-	-
Total contributions by and distributions to owners	(802)	(802)	1,505	(2,320)	13	13	-	-	-	-
Balance at 31 Oct 2010	99,097	98,466	35,182	68,846	(5,562)	360	755	(6,677)	-	631
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	3,789	3,789	-	3,789	-	-	-	-	-	-
Other comprehensive loss for the period	(54)	(54)	-	-	(54)	-	-	(54)	-	-
Total comprehensive income/(loss) for the financial period	3,735	3,735	-	3,789	(54)	-	-	(54)	-	-
<u>Contributions by and distributions to owners</u>										
Transfer from revenue reserve to capital reserve	-	-	-	(51)	51	51	-	-	-	-
Dividend on ordinary shares	(3,523)	(3,523)	-	(3,523)	-	-	-	-	-	-
Total contributions by and distributions to owners	(3,523)	(3,523)	-	(3,574)	51	51	-	-	-	-
Balance at 31 Oct 2011	107,015	107,015	35,182	79,574	(7,741)	424	755	(9,122)	202	-

	Equity total \$'000	Equity attributable to owners of the Company total \$'000	Share capital \$'000	Revenue reserve \$'000	Other reserves total \$'000
Company					
Balance at 1 May 2010	49,688	49,688	33,677	15,256	755
Profit for the financial period	1,277	1,277	-	1,277	-
Total comprehensive income for the financial period	1,277	1,277	-	1,277	-
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares	(2,307)	(2,307)	-	(2,307)	-
New share issuance	1,505	1,505	1,505	-	-
Total contributions by and distributions to owners	(802)	(802)	1,505	(2,307)	-
Balance at 31 Oct 2010	50,163	50,163	35,182	14,226	755
Balance at 1 May 2011	54,263	54,263	35,182	18,326	755
Profit for the financial period	4,920	4,920	-	4,920	-
Total comprehensive income for the financial period	4,920	4,920	-	4,920	-
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares	(3,523)	(3,523)	-	(3,523)	-
Total contributions by and distributions to owners	(3,523)	(3,523)	-	(3,523)	-
Balance at 31 Oct 2011	55,660	55,660	35,182	19,723	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 31/10/11	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		Group	
	01/08/11- 31/10/11	01/08/10- 31/10/10	01/05/11- 31/10/11	01/05/10- 31/10/10
Earning per share (EPS)				
- basic (cents)	0.14	0.71	1.61	1.18
- diluted (cents)	0.14	0.71	1.61	1.18
	\$'000	\$'000	\$'000	\$'000
Group earnings used for the calculation of EPS				
Profit for the financial period	330	1,656	3,789	2,780
	'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	234,861	234,861	234,861

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 Oct 2011.

Unissued shares under share options as at 31 Oct 2011 comprise 1,875,000 (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	
	31/10/11	30/04/11	31/10/11	30/04/11
Net asset value per ordinary share (cents)	45.57	45.47	23.70	23.10

The net asset value per share ratios for the Group and the Company as at 31 Oct 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.

The Group's net profit increased 32.9% to \$3.8m in 1HFY12 due to steady growth in the South East Asia market.

2QFY12

Revenue

The Group's total revenue increased by 2.1% yoy to S\$83.8 million in 2QFY12 compared to S\$82.1 million recorded in 2QFY11. The slowdown in revenue growth momentum was mainly due to lower sales in Thailand as a result of the floods.

Gross Profit and Gross Profit Margin

The better sales mix improved both gross profit and gross profit margin. Gross profit rose 8.0% from S\$18.0 million in 2QFY11 to S\$19.4 million in 2QFY12; gross profit margin rose to 23.1% in 2QFY12 compared to 21.9% in 2QFY11.

Operating Expenses

Operating expenses went up 16.5% yoy to S\$17.7 million in 2QFY12 from S\$15.2 million in 2QFY11. The increase in expenses was mainly due to the foreign exchange loss of S\$2.1 million in 2QFY12 arising from the weakening of the South African Rand against the Singapore Dollar. In contrast, a foreign exchange gain of S\$0.2 million was recorded in 2QFY11.

Net Profit

The Group's net profit decreased 80.5% yoy to S\$0.3 million in 2QFY12 from S\$ 1.7 million in 2QFY11.

Financial Position

Inventories increased to S\$147.5 million as at 31 October 2011 from S\$95.1 million as at 30 April 2011. More inventories are held to meet anticipated seasonal rise in tyre demand.

As at 31 October 2011, the Group's cash and cash equivalents stood at S\$2.8 million compared to S\$16.2 million at the end of the same period a year earlier.

1HFY12

On a half-yearly basis, the Group's sales increased by 4.4% to S\$169.5 million in 1HFY12, while net profit jumped 32.9% to S\$3.8 million in 1HFY12.

Revenue

Revenue for the Group grew by 4.4% to S\$169.5 million in 1HFY12 from S\$162.4 million in 1HFY11. This was primarily contributed by steady growth in the South East Asia market.

Gross Profit and Gross Profit Margin

The better sales mix improved both gross profit and gross profit margin. Gross profit climbed 17.8% from S\$34.6 million in 1HFY11 to S\$40.8 million in 1HFY12; gross profit margin rose to 24.1% in 1HFY12 compared to 21.3% in 1HFY11.

Operating Expenses

Operating expenses went up 15.9% yoy to S\$33.4 million in 1HFY12 from S\$28.8 million in 1HFY11. It was mainly due to foreign exchange losses.

Increases in operating lease rental and allowance for inventory obsolescence is mainly due to inventory expansion in Singapore.

Net Profit

The Group's net profit increased 32.9% yoy to S\$3.8 million in 1HFY12 from S\$ 2.9 million in 1HFY11.

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 grow steadily, especially in Singapore and Malaysia markets.

However business conditions in Thailand remain tough as the severe flood situation has affected the Group's wholesale and manufacturing businesses there.

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 Oct 2011.

13. If the Group has obtained a general mandate from shareholder for IPTs, the aggregate value of such transactions as required under Rule 9201(1)(a)(iii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

**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 2nd quarter ended 31 Oct 2011, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "Dawn Wee Wai Ying".

Dawn Wee Wai Ying
Director
7 December 2011