

STAMFORD TYRES CORPORATION LTD

Unaudited Third 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		
	01/11/11- 31/01/12	01/11/10- 31/01/11	Difference	01/05/11- 31/01/12	01/05/10- 31/01/11	Difference
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	88,862	89,301	-0.49%	258,326	251,685	2.64%
Other revenue	219	268	-18.28%	603	716	-15.78%
Total revenue	89,081	89,569	-0.54%	258,929	252,401	2.59%
Cost of goods sold	70,168	68,836	1.94%	198,813	196,578	1.14%
Salaries and employees benefits	5,885	6,186	-4.87%	18,402	17,596	4.58%
Marketing and distribution	2,167	2,833	-23.51%	8,824	8,836	-0.14%
Utilities, repairs and maintenance	1,549	1,406	10.17%	4,677	4,178	11.94%
Finance costs	1,617	1,140	41.84%	4,293	3,597	19.35%
Depreciation of property, plant and equipment	1,322	1,475	-10.37%	3,607	4,048	-10.89%
Operating lease rentals	1,664	1,315	26.54%	4,517	3,766	19.94%
Other operating expenses	2,637	2,574	2.45%	8,611	6,198	38.93%
Total expenditure	(87,009)	(85,765)	1.45%	(251,744)	(244,797)	2.84%
Share of profits of associated company	917	472	94.28%	1,876	1,265	48.30%
Profit before taxation	2,989	4,276	-30.10%	9,061	8,869	2.16%
Taxation	(748)	(1,302)	-42.55%	(3,031)	(3,045)	-0.46%
Profit for the financial period	2,241	2,974	-24.65%	6,030	5,824	3.54%
Attributable to:						
Equity holders of the company	2,241	2,945	-23.90%	6,030	5,725	5.33%
Non-controlling interest	-	29	N.M	-	99	N.M
	2,241	2,974	-24.65%	6,030	5,824	3.54%

N.M - Not meaningful.

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

	01/11/11- 31/01/12	01/11/10- 31/01/11	01/05/11- 31/01/12	01/05/10- 31/01/11
	\$'000	\$'000	\$'000	\$'000
Net profit for the financial period	2,241	2,974	6,030	5,824
Other comprehensive income :				
Translation adjustments arising on consolidation	746	(1,173)	692	(2,436)
Other comprehensive income for the financial period, net of tax	746	(1,173)	692	(2,436)
Total comprehensive income for the financial period	2,987	1,801	6,722	3,388
Total comprehensive income attributable to :				
Equity holders of the Company	2,987	1,767	6,722	3,302
Non-controlling interest	-	34	-	86
	2,987	1,801	6,722	3,388

	01/11/11- 31/01/12	01/11/10- 31/01/11	01/05/11- 31/01/12	01/05/10- 31/01/11
	\$'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)	2,403	2,728	6,985	7,894
Allowance for doubtful receivables	947	180	1,354	212
Allowance for/(write-back of) inventory obsolescence	566	(68)	1,434	(857)
Gain on disposal of property, plant and equipment	(159)	(8)	(219)	(83)
Impairment loss on property, plant and equipment	-	193	-	193
Foreign exchange loss	331	1,384	2,954	2,044
Fair value gain on other financial instruments	(149)	(845)	(391)	(560)
Property, plant and equipment written off	1	13	3	19

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	
	31/01/12	30/04/11	31/01/12	30/04/11
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	55,516	57,886	-	-
Subsidiary companies	-	-	34,215	33,202
Amount due from subsidiary companies	-	-	24,254	23,264
Joint venture company	-	-	1,571	1,571
Associated companies	8,554	6,082	-	-
Deferred tax assets	3,144	2,874	-	-
	<u>67,214</u>	<u>66,842</u>	<u>60,040</u>	<u>58,037</u>
Current assets				
Inventories	154,953	95,105	-	-
Trade receivables	84,445	80,403	-	-
Derivatives	157	611	-	-
Other receivables	5,912	5,725	54	72
Prepayments and advances	5,416	2,162	35	22
Cash and bank deposits	13,471	27,743	253	856
	<u>264,354</u>	<u>211,749</u>	<u>342</u>	<u>950</u>
Less: Current liabilities				
Trade payables	28,699	22,695	-	-
Trust receipts (secured)	110,486	76,170	-	-
Derivatives	273	1,207	36	133
Other payables	19,278	19,263	806	888
Loans (secured)	36,822	21,648	1,296	1,248
Hire-purchase liabilities	451	644	-	-
Provisions	1,223	768	-	-
Provision for taxation	2,584	3,259	1	98
	<u>199,816</u>	<u>145,654</u>	<u>2,139</u>	<u>2,367</u>
Net current assets/(liabilities)	<u>64,538</u>	<u>66,095</u>	<u>(1,797)</u>	<u>(1,417)</u>
Non-current liabilities				
Amount due to subsidiary companies	-	-	365	365
Hire-purchase liabilities	1,023	1,038	-	-
Provisions	210	210	-	-
Long-term loans (secured)	17,700	22,040	1,015	1,992
Deferred tax liabilities	2,817	2,846	-	-
	<u>21,750</u>	<u>26,134</u>	<u>1,380</u>	<u>2,357</u>
Net assets	<u>110,002</u>	<u>106,803</u>	<u>56,863</u>	<u>54,263</u>
Equity				
Share capital	35,182	35,182	35,182	35,182
Reserves	74,820	71,621	21,681	19,081
	<u>110,002</u>	<u>106,803</u>	<u>56,863</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 31/01/2012		As at 30/04/2011	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
147,759	-	98,462	-

Amount repayable after one year

As at 31/01/2012		As at 30/04/2011	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
18,723	-	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 \$37,099,000 as at 31 Jan 2012 (30 Apr 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 (3Q FY2012 vs 3Q FY2011)

	Group	
	01/11/11- 31/01/12	01/11/10- 31/01/11
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	2,989	4,276
Adjustments for:		
Depreciation of property, plant and equipment	2,403	2,728
Gain on disposal of property, plant and equipment	(159)	(8)
Fair value gain on other financial instruments	(149)	(845)
Property, plant and equipment written off	1	13
Foreign currency translation adjustment	(81)	67
Interest income	(29)	(40)
Provision for product warranties and reinstatement cost	229	413
Impairment loss on property, plant and equipment	-	193
Interest expenses	1,617	1,140
Share of profits of associated company	(917)	(472)
Operating profit before reinvestment in working capital	<u>5,904</u>	<u>7,465</u>
(Increase)/decrease in inventories	(7,431)	6,932
Increase in receivables	(3,651)	(2,897)
Increase in payables	1,522	60
Cash (used in)/generated by operations	<u>(3,656)</u>	<u>11,560</u>
Interest received	29	40
Interest paid	(1,617)	(1,140)
Income tax paid	(1,961)	(1,393)
Net cash (used in)/generated by operating activities	<u>(7,205)</u>	<u>9,067</u>
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	144	16
Purchase of property, plant and equipment	(3,560)	(1,770)
Net cash used in investing activities	<u>(3,416)</u>	<u>(1,754)</u>
Cash flows from financing activities :		
Proceeds from long-term loans	1,560	934
Repayment of trust receipts	(4,071)	(8,704)
Proceeds from revolving loans	10,747	868
Repayment of hire purchase creditors	(352)	(264)
Repayment of long-term loans	(2,531)	(4,069)
Net cash generated by/(used in) financing activities	<u>5,353</u>	<u>(11,235)</u>
Net decrease in cash and cash equivalents	(5,268)	(3,922)
Cash and cash equivalents at beginning of financial period	18,630	25,563
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	109	131
Cash and cash equivalents at end of financial period	<u>13,471</u>	<u>21,772</u>

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

	Group	
	01/05/11- 31/01/12	01/05/10- 31/01/11
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	9,061	8,869
Adjustments for:		
Depreciation of property, plant and equipment	6,985	7,894
Gain on disposal of property, plant and equipment	(219)	(83)
Fair value gain on other financial instruments	(391)	(560)
Property, plant and equipment written-off	3	19
Foreign currency translation adjustment	198	(306)
Interest income	(97)	(78)
Provision for product warranties and reinstatement cost	567	611
Impairment loss on property, plant and equipment	-	193
Interest expenses	4,293	3,597
Share of profits of associated company	(1,876)	(1,265)
Operating profit before reinvestment in working capital	18,524	18,891
Increase in inventories	(59,848)	(10,369)
(Increase)/decrease in receivables	(7,483)	608
Increase/(decrease) in payables	5,909	(2,011)
Cash (used in)/generated by operations	(42,898)	7,119
Interest received	97	78
Interest paid	(4,293)	(3,597)
Income tax paid	(4,005)	(3,704)
Net cash used in operating activities	(51,099)	(104)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	244	165
Proceeds from share issuance	-	1,505
Dividend income from associated company	475	506
Purchase of property, plant and equipment	(4,440)	(4,499)
Net cash used in investing activities	(3,721)	(2,323)
Cash flows from financing activities :		
Proceeds from long-term loans	1,560	999
Proceeds from trust receipts	34,316	3,146
Proceeds from/(repayment of) revolving loans	16,981	(1,841)
Repayment of hire purchase creditors	(821)	(889)
Dividend paid to shareholders	(3,523)	(2,307)
Repayment of long-term loans	(7,707)	(10,116)
Net cash generated by/(used in) financing activities	40,806	(11,008)
Net decrease in cash and cash equivalents	(14,014)	(13,435)
Cash and cash equivalents at beginning of financial period	27,743	35,604
Exchange rate adjustment to cash and cash equivalents at beginning of period	(258)	(397)
Cash and cash equivalents at end of financial period	13,471	21,772

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	5,824	5,725	-	5,725	-	-	-	-	-	99
Other comprehensive loss for the period	(2,436)	(2,423)	-	-	(2,423)	-	-	(2,423)	-	(13)
Total comprehensive income/(loss) for the financial period	3,388	3,302	-	5,725	(2,423)	-	-	(2,423)	-	86
<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 Jan 2011	100,898	100,233	35,182	71,791	(6,740)	360	755	(7,855)	-	665
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	6,030	6,030	-	6,030	-	-	-	-	-	-
Other comprehensive income for the period	692	692	-	-	692	-	-	692	-	-
Total comprehensive income for the financial period	6,722	6,722	-	6,030	692	-	-	692	-	-
<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 Jan 2012	110,002	110,002	35,182	81,815	(6,995)	424	755	(8,376)	202	-

	Equity	Equity attributable to owners of the	Share	Revenue	Other reserves
	total	Company total	capital	reserve	total
	\$'000	\$'000	\$'000	\$'000	\$'000
Company					
Balance at 1 May 2010	49,688	49,688	33,677	15,256	755
Profit for the financial period	2,832	2,832	-	2,832	-
Total comprehensive income for the financial period	2,832	2,832	-	2,832	-
<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 Jan 2011	51,718	51,718	35,182	15,781	755
Balance at 1 May 2011	54,263	54,263	35,182	18,326	755
Profit for the financial period	6,123	6,123	-	6,123	-
Total comprehensive income for the financial period	6,123	6,123	-	6,123	-
<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 Jan 2012	56,863	56,863	35,182	20,926	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 31/01/12	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	
	01/11/11- 31/01/12	01/11/10- 31/01/11	01/05/11- 31/01/12	01/05/10- 31/01/11
Earning per share (EPS)				
- basic (cents)	0.95	1.25	2.57	2.44
- diluted (cents)	0.95	1.25	2.57	2.44
	\$'000	\$'000	\$'000	\$'000
Group earnings used for the calculation of EPS				
Profit for the financial period	2,241	2,945	6,030	5,725
	'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 Jan 2012.

Unissued shares under share options as at 31 Jan 2012 comprise 1,565,000 (30 Apr 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	
	31/01/12	30/04/11	31/01/12	30/04/11
Net asset value per ordinary share (cents)	46.84	45.47	24.21	23.10

The net asset value per share ratios for the Group and the Company as at 31 Jan 2012 are calculated based on the actual number of shares in issue of 234,861,244 ordinary shares (30 Apr 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.

3QFY12

Revenue

The Group's revenue for the three months ended 31 January 2012 (3QFY12) dipped 0.5% to S\$88.9 million in 3QFY12 from S\$89.3 million in 3QFY11.

This is mainly attributable to the following factors:

Lower sales in Thailand as a result of the flood

Malaysia sales reduced due to higher tyre cost during the quarter

Lower Singapore Dollar sales equivalent due to weakening of the South Africa Rand against the Singapore Dollar

Gross Profit and Gross Profit Margin

Gross profit dropped by 8.7% to S\$18.7 million in 3QFY12, representing a lower gross profit margin of 21.0% in 3QFY12 (3QFY11: 22.9%) largely due to sales mix and higher cost of inventories.

Operating Expenses

The Group's operating expenses declined by 3.6% to S\$15.2 million in line with the decrease in revenue.

The increase in operating lease rental is mainly due to inventory expansion in Singapore and Malaysia.

Finance costs

Finance costs increased by 41.8% from S\$1.1 million to S\$1.6 million due to higher utilization of trust receipts and short term revolving loans.

Net Profit

The Group's net profit decreased by 23.9% to S\$2.2 million in 3QFY12 from S\$2.9m in 3QFY11.

9MFY12

Revenue

Turnover for the Group grew by 2.6% to S\$258.3 million for the nine months ended 31 January 2012 (9MFY12) mainly due to the stronger performance in the first half six months of the Group's financial year.

Gross Profit and Gross Profit Margin

Gross profit increased 8.0% to S\$59.5 million in 9MFY12 mainly due to higher gross margin of 23.0% versus 21.9% previously.

Operating Expenses

Operating expenses increased 9.0% to S\$48.6 million in 9MFY12 from S\$44.6 million in 9MFY11.

The increase in operating lease rental is mainly due to inventory expansion in Singapore and Malaysia. The increase in foreign exchange loss is due to weaker South Africa Rand against the Singapore Dollar.

Finance costs

Finance costs increased by 19.4% from S\$3.6 million to S\$4.3 million due to higher utilization of trust receipts and short term revolving loans.

Financial Position

Inventories increased to S\$155.0 million as at 31 January 2012 from S\$95.1 million as at 30 April 2011.

The build-up of inventories was a decision taken in early FY12 to maximize the supply of proprietary brand tyres for 2HFY12 sales. The Group's inventory holding of proprietary brand tyres from September 2011 onwards was up in anticipation of cost increase in tyre prices.

As at 31 January 2012, the Group's cash and cash equivalents stood at S\$13.5 million compared to S\$21.8 million at the end of the same period a year earlier. This was primarily due to repayment of trust receipts.

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

In its FY2011 announcement dated 22 June 2011, the Group disclosed that "it expects its core wholesale and retail businesses to continue to perform and is cautiously optimistic that FY2012 will outperform FY2011."

Based on information currently available and barring any unforeseen circumstances, the Group expects net profit after tax for FY2012 to be lower than that in FY2011.

The lower performance is mainly due to lower than anticipated sales and foreign exchange fluctuations.

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 be maintained.

Over the next three to six months, the Group expects to gradually reduce its inventories and as such, improve its cash flow.

As such, the Group is confident of a profitable 4QFY12 and remains cautiously optimistic of its long-term growth prospects.

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 2012.

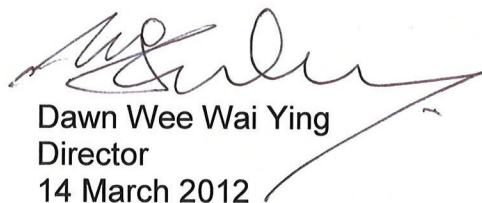
13. If the Group has obtained a general mandate from shareholder for IPTs, the aggregate value of such transactions as required under Rule 9201(1)(a)(iii). If no IPT mandate has been obtained, a statement to that effect.

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 3rd quarter ended 31 Jan 2012, 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", with a long horizontal stroke extending to the right.

Dawn Wee Wai Ying
Director
14 March 2012