

STAMFORD TYRES CORPORATION LTD

Unaudited First Quarter 2013 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			
	01/05/12- 31/07/12	01/05/11- 31/07/11	Difference	Difference
	\$'000	\$'000	\$'000	%
Revenue	91,335	85,618	5,717	6.68%
Other revenue	236	203	33	16.26%
Total revenue	91,571	85,821	5,750	6.70%
Cost of goods sold	73,128	64,185	8,943	13.93%
Salaries and employees benefits	6,694	6,201	493	7.95%
Marketing and distribution	3,575	3,353	222	6.62%
Utilities, repairs and maintenance	1,669	1,454	215	14.79%
Finance costs	1,525	1,215	310	25.51%
Depreciation of property, plant and equipment	1,111	1,143	(32)	-2.80%
Operating lease rentals	1,943	1,425	518	36.35%
Other operating (income)/expenses	(5,627)	2,138	(7,765)	N.M
Total expenditure	(84,018)	(81,114)	(2,904)	3.58%
Share of profits of associated company	-	278	(278)	N.M
Profit before taxation	7,553	4,985	2,568	51.51%
Taxation	(746)	(1,526)	780	-51.11%
Profit for the financial period	6,807	3,459	3,348	96.79%
Attributable to:				
Equity holders of the company	6,807	3,459	3,348	96.79%
	6,807	3,459	3,348	96.79%

N.M - Not meaningful.

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

	01/05/12- 31/07/12	01/05/11- 31/07/11
	\$'000	\$'000
Net profit for the financial period	6,807	3,459
Other comprehensive income :		
Translation adjustments arising on consolidation	(894)	(467)
Other comprehensive loss for the financial period, net of tax	(894)	(467)
Total comprehensive income for the financial period	5,913	2,992
Total comprehensive income attributable to :		
Equity holders of the Company	5,913	2,992
	5,913	2,992

	01/05/12- 31/07/12	01/05/11- 31/07/11
	\$'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)	2,090	2,306
Allowance for doubtful receivables	1,095	278
(Write-back of)/allowance for inventory obsolescence	(22)	520
Gain on disposal of property, plant and equipment	(353)	(41)
Foreign exchange loss	896	280
Fair value loss/(gain) on other financial instruments	45	(357)
Property, plant and equipment written off	2,760	2
Bad debts written-off	-	29
Gain on disposal of associated company	(11,174)	-

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	
	31/07/12	30/04/12	31/07/12	30/04/12
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	48,022	53,994	-	-
Investment property	3,035	-	-	-
Subsidiary companies	-	-	41,123	33,929
Amount due from subsidiary companies	-	-	33,067	25,227
Joint venture company	-	-	1,571	1,571
Associated company	233	233	-	-
Deferred tax assets	2,911	2,996	-	-
	<u>54,201</u>	<u>57,223</u>	<u>75,761</u>	<u>60,727</u>
Current assets				
Inventories	115,641	122,464	-	-
Trade receivables	90,924	95,615	-	-
Derivatives	213	175	-	44
Other receivables	6,231	5,966	140	92
Prepayments and advances	3,328	3,131	74	24
Associated company held for sale	-	8,295	-	-
Cash and cash equivalents	26,980	16,931	133	261
	<u>243,317</u>	<u>252,577</u>	<u>347</u>	<u>421</u>
Less: Current liabilities				
Trade payables	28,513	20,110	-	-
Trust receipts (secured)	62,339	90,423	-	-
Derivatives	140	57	69	-
Other payables	22,664	24,488	574	714
Loans (secured)	21,491	36,241	-	1,312
Hire-purchase liabilities	621	597	-	-
Provisions	963	860	-	-
Provision for taxation	4,987	3,254	74	74
	<u>141,718</u>	<u>176,030</u>	<u>717</u>	<u>2,100</u>
Net current assets/(liabilities)	<u>101,599</u>	<u>76,547</u>	<u>(370)</u>	<u>(1,679)</u>
Non-current liabilities				
Amount due to subsidiary companies	-	-	365	365
Hire-purchase liabilities	1,039	1,077	-	-
Provisions	541	541	-	-
Long-term loans (secured)	32,466	16,334	-	680
Deferred tax liabilities	2,829	2,806	-	-
	<u>36,875</u>	<u>20,758</u>	<u>365</u>	<u>1,045</u>
Net assets	<u>118,925</u>	<u>113,012</u>	<u>75,026</u>	<u>58,003</u>
Equity				
Share capital	35,182	35,182	35,182	35,182
Reserves	83,743	77,830	39,844	22,821
	<u>118,925</u>	<u>113,012</u>	<u>75,026</u>	<u>58,003</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 31/07/2012		As at 30/04/2012	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
84,451	-	127,261	-

Amount repayable after one year

As at 31/07/2012		As at 30/04/2012	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
33,505	-	17,411	-

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 \$32,332,000 as at 31 July 2012 (30 April 2012 : \$36,265,000) 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	
	01/05/12- 31/07/12	01/05/11- 31/07/11
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	7,553	4,985
Adjustments for:		
Depreciation of property, plant and equipment	2,090	2,306
Gain on disposal of property, plant and equipment	(353)	(41)
Gain on disposal of associated company	(11,174)	-
Fair value loss/(gain) on other financial instruments	45	(357)
Property, plant and equipment written-off	2,760	2
Foreign currency translation adjustment	(707)	8
Interest income	(23)	(38)
Provision for product warranties	176	194
Interest expenses	1,525	1,215
Share of profits of associated company	-	(278)
Operating profit before reinvestment in working capital	1,892	7,996
Decrease/(increase) in inventories	6,823	(17,584)
Decrease/(increase) in receivables	4,229	(2,374)
Increase in payables	6,217	7,410
Cash generated from/(used in) operations	19,161	(4,552)
Interest received	23	38
Interest paid	(1,525)	(1,215)
Income tax paid	(976)	(901)
Net cash provided by/(used in) operating activities	16,683	(6,630)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	463	50
Proceeds from disposal of associated company	22,243	-
Purchase of property, plant and equipment	(2,386)	(486)
Net cash provided by/(used in) investing activities	20,320	(436)
Cash flows from financing activities :		
Proceeds from long-term loans	27,015	-
(Repayment of)/proceeds from trust receipts	(28,084)	10,840
Repayment of revolving loans	(12,521)	(734)
Repayment of hire purchase creditors	(243)	(230)
Repayment of long-term loans	(13,112)	(2,741)
Net cash (used in)/provided by financing activities	(26,945)	7,135
Net increase in cash and cash equivalents	10,058	69
Cash and cash equivalents at beginning of financial period	16,931	27,743
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	(9)	(284)
Cash and cash equivalents at end of financial period	26,980	27,528

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
Group									
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	-	-	-
Total contributions by and distributions to owners	-	-	-	(51)	51	51	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	(51)	51	51	-	-	-
Balance at 31 Jul 2011	109,795	109,795	35,182	82,767	(8,154)	424	755	(9,535)	202
Balance at 1 May 2012	113,012	113,012	35,182	85,542	(7,712)	424	755	(9,093)	202
Profit for the financial period	6,807	6,807	-	6,807	-	-	-	-	-
Other comprehensive loss for the period	(894)	(894)	-	-	(894)	-	-	(894)	-
Total comprehensive income for the financial period	5,913	5,913	-	6,807	(894)	-	-	(894)	-
Balance at 31 Jul 2012	118,925	118,925	35,182	92,349	(8,606)	424	755	(9,987)	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 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
Balance at 1 May 2012	58,003	58,003	35,182	22,066	755
Profit for the financial period	17,023	17,023	-	17,023	-
Total comprehensive income for the financial period	17,023	17,023	-	17,023	-
Balance at 31 Jul 2012	75,026	75,026	35,182	39,089	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 2012.

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 31/07/12	Company 30/04/12
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 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 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 2012.

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 2012, 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 107 Disclosures - Transfers of Financial Assets

Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets

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	
	01/05/12- 31/07/12	01/05/11- 31/07/11
Earning per share (EPS)		
- basic (cents)	2.90	1.47
- diluted (cents)	2.90	1.47
	\$'000	\$'000
Group earnings used for the calculation of EPS		
Profit for the financial period	6,807	3,459
	'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

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 2012.

Unissued shares under share options as at 31 July 2012 comprise 1,565,000 (30 April 2012: 1,565,000) 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	
	31/07/12	30/04/12	31/07/12	30/04/12
Net asset value per ordinary share (cents)	50.64	48.12	31.94	24.70

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

Revenue

The Group's revenue increased 6.7% year-on-year (yoy) to S\$91.3 million in 1Q2013. The improvement in revenue was a result of higher sales across all key markets. Southeast Asia market continued to grow, as revenue rose 3.9% yoy to S\$68.7 million. In North Asia, revenue increased 31.0% yoy to S\$10.0 million. In South Africa, revenue in South African Rand increased 8.8% yoy. However, the ongoing appreciation of the Singapore Dollar against the South African Rand caused revenue to drop to S\$8.1 million compared with S\$8.8 million previously.

Gross Profit and Profit Margin

The Group's gross profit margin declined from 25.0% to 19.9% due to higher historical cost of goods sold.

Operating Expenses

Salaries and employee benefits increased 8.0% to S\$6.7 million while marketing and distribution costs increased 6.6% to S\$3.6 million. These increases are approximately in line with the higher turnover achieved by the Group.

Operating lease rental increased 36.4% to S\$1.9 million as industrial rental costs in Singapore rose.

Other Operating (Income)/Expenses

The difference of S\$7.8 million recorded between 1Q2013 and 1Q2012 is mainly due to:

- One time gain of S\$11.2 million from the sale of its 20%-owned China associate to Sumitomo Rubber Industries
- Write off of S\$2.8 million from the remaining value of the existing warehouse structure at 21/21A Lok Yang Way for redevelopment
- Provision of S\$1.1m for doubtful receivables due to slow down of collections from Europe and North Asia.
- Net foreign exchange loss of S\$0.9m due to appreciation of Singapore Dollar against South African Rand

Net Profit

As a result of the above factors, the Group's net profit increased 96.8% to S\$6.8 million.

Financial Position

Inventories went down to S\$115.6 million as at 31 July 2012 from S\$122.5 million as at 30 April 2012 as the Group continue to reduce its inventory holding.

In accordance with the applicable accounting standards, a joint venture company reclassified an amount of S\$3.0 million pertaining to an existing property from property, plant and equipment to investment properties as at 31 July 2012.

The Group's cash and cash equivalents stood at S\$27.0 million as at 31 July 2012 as compared to S\$16.9 million as at 30 April 2012.

The Group's borrowings which comprise trust receipts, revolving credits and long-term loans stood at S\$116.3 million as at 31 July 2012 compared with S\$143.0 million as at 30 April 2012. This represents an aggregate leverage of 39.1% for 1Q2013 versus 46.2% for the previous quarter. The decrease in aggregate leverage is due to the recognition of gain from the sale of its China associate.

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 macro economic outlook continues to remain uncertain. As a result, business sentiments and consumer confidence have continued to remain weak.

In spite of the above, the Group will continue to grow its core wholesale and retail business in the markets that we operate.

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.

Not applicable.

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 1st quarter ended 31 July 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
05 Sep 2012