STAMFORD TYRES

STAMFORD TYRES CORPORATION LTD

Unaudited Second Quarter 2014 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		
	Q2FY14 Oct'13 $'000	Q2FY13 Oct'12 $'000 (Restated)[1]	Difference %	1HFY14 Oct'13 $'000	1HFY13 Oct'12 $'000 (Restated)[1]	Difference %
Revenue	71,464	81,273	-12.07%	147,795	163,796	-9.77%
Other revenue	261	101	N.M	2,042	298	N.M
Total revenue	71,725	81,374	-11.86%	149,837	164,094	-8.69%
Cost of goods sold	54,422	66,402	-18.04%	114,049	132,288	-13.79%
Salaries and employees benefits	5,879	6,134	-4.16%	11,450	12,585	-9.02%
Marketing and distribution	2,478	2,849	-13.02%	4,933	5,766	-14.45%
Utilities, repairs and maintenance	1,501	1,559	-3.72%	2,839	3,115	-8.86%
Finance costs	1,130	1,338	-15.55%	2,273	2,866	-20.69%
Depreciation of property, plant and equipment	952	1,062	-10.36%	1,912	2,124	-9.98%
Operating lease rentals	1,580	1,621	-2.53%	3,211	3,457	-7.12%
Other operating (income)/expenses	(1,687)	3,056	N.M	2,131	8,568	N.M
Total expenditure	(66,255)	(84,021)	-21.14%	(142,798)	(170,769)	-16.38%
Share of results of joint ventures	(207)	175	N.M	(568)	11,686	N.M
Profit/(loss) before taxation	5,263	(2,472)	N.M	6,471	5,011	29.14%
Taxation	(413)	(496)	-16.73%	(1,203)	(1,172)	2.65%
Profit/(loss) for the financial period	4,850	(2,968)	N.M	5,268	3,839	37.22%
Attributable to:						
Equity holders of the company	4,850	(2,968)	N.M	5,268	3,839	37.22%
	4,850	(2,968)	N.M	5,268	3,839	37.22%

N.M - Not meaningful.

[1] Restated for comparative purpose due to retrospective application of FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures which had been early adopted by the Group.

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

	Q2FY14 Oct'13 $'000	Q2FY13 Oct'12 $'000 (Restated)[1]	1HFY14 Oct'13 $'000	1HFY13 Oct'12 $'000 (Restated)[1]
Net profit/(loss) for the financial period	4,850	(2,968)	5,268	3,839
Other comprehensive income :				
Translation adjustments arising on consolidation	(1,507)	(703)	(3,502)	(1,597)
Other comprehensive income for the financial period, net of tax	(1,507)	(703)	(3,502)	(1,597)
Total comprehensive income for the financial period	3,343	(3,671)	1,766	2,242
Total comprehensive income attributable to :				
Equity holders of the Company	3,343	(3,671)	1,766	2,242
	3,343	(3,671)	1,766	2,242

	Q2FY14 Oct'13 $'000	Q2FY13 Oct'12 $'000 (Restated)[1]	1HFY14 Oct'13 $'000	1HFY13 Oct'12 $'000 (Restated)[1]
(a) Profit/(loss) after taxation is stated after charging/(crediting) :				
Depreciation of property, plant and equipment (inclusive of charges included in cost of goods sold)	1,831	1,964	3,721	4,005
Allowance for doubtful receivables	780	890	1,465	1,985
Allowance/(write-back) for inventory obsolescence	414	(345)	840	(367)
Gain on disposal of property, plant and equipment	(5,575)	(161)	(5,597)	(514)
Foreign exchange loss	1,161	1,202	3,009	2,098
Fair value loss on other financial instruments	229	85	164	130
Property, plant and equipment written-off	-	12	1	2,772
Gain on disposal of associated company	-	-	-	(11,174)
Compensation received in respect of exit from China	-	-	(1,550)	-

[1]Restated for comparative purpose due to retrospective application of FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures which had been early adopted by the Group.

STAMFORD TYRES

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	
	31/10/13	30/04/13	30/04/12	31/10/13	30/04/13
	$'000	$'000	$'000	$'000	$'000
		(Restated)[1]	(Restated)[1]		
Non-current assets					
Property, plant and equipment	58,622	51,451	49,896	-	-
Subsidiary companies	-	-	-	44,372	44,372
Amount due from subsidiary companies	-	-	-	15,857	19,313
Joint venture companies	16,074	17,533	18,375	6,567	6,567
Associated company	233	233	233	-	-
Deferred tax assets	2,595	2,527	2,973	-	-
	77,524	71,744	71,477	66,796	70,252
Current assets					
Inventories	104,811	112,449	118,273	-	-
Trade receivables	72,957	85,956	90,710	-	-
Derivatives	51	55	175	45	6
Other receivables	9,245	10,496	9,154	183	92
Prepayments and advances	2,788	2,170	2,890	28	19
Cash and cash equivalents	20,044	21,595	14,463	365	219
	209,896	232,721	235,665	621	336
Less: Current liabilities					
Trade payables	17,138	19,101	15,927	-	-
Trust receipts (secured)	64,319	76,031	89,673	-	-
Derivatives	303	143	57	97	-
Other payables	27,284	26,833	27,544	576	652
Loans (secured)	16,443	22,773	35,651	-	-
Hire-purchase liabilities	587	770	597	-	-
Provisions	781	506	860	-	-
Provision for taxation	2,462	2,417	3,063	49	90
	129,317	148,574	173,372	722	742
Net current assets/(liabilities)	80,579	84,147	62,293	(101)	(406)
Non-current liabilities					
Amount due to subsidiary companies	-	-	-	365	365
Hire-purchase liabilities	535	967	1,077	-	-
Provisions	381	381	541	-	-
Long-term loans (secured)	36,209	31,862	16,334	-	-
Deferred tax liabilities	2,498	2,433	2,806	108	108
	39,623	35,643	20,758	473	473
Net assets	118,480	120,248	113,012	66,222	69,373
Equity					
Share capital	35,722	35,722	35,182	35,722	35,722
Reserves	82,758	84,526	77,830	30,500	33,651
	118,480	120,248	113,012	66,222	69,373

[1]Restated for comparative purpose due to retrospective application of FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures which had been early adopted by the Group.

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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/10/2013		As at 30/04/2013	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000 (Restated)[1]	$'000
81,349	-	99,574	-

Amount repayable after one year

As at 31/10/2013		As at 30/04/2013	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
36,744	-	32,829	-

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 $49,013,000 as at 31 October 2013 (30 April 2013 : $36,138,000) 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]Restated for comparative purpose due to retrospective application of FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures which had been early adopted by the Group.

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 FY2014 vs 2Q FY2013)

	Group	
	Q2FY14 Oct'13 $'000	Q2FY13 Oct'12 $'000
Cash flows from operating activities		
Profit/(loss) before taxation	5,263	(2,472)
Adjustments for:		
Depreciation of property, plant and equipment	1,831	1,964
Gain on disposal of property, plant and equipment	(5,575)	(161)
Fair value loss on other financial instruments	229	85
Property, plant and equipment w ritten-off	-	12
Bad debts w ritten-off	19	114
Foreign currency translation adjustment	(42)	(132)
Interest income	(61)	(18)
Provision for product w arranties and reinstatement cost	188	187
Write-back of impairment loss on property, plant and equipment	(2)	-
Interest expenses	1,130	1,338
Share of results of joint ventures	207	(175)
Operating profit before reinvestment in working capital	3,187	742
Decrease/(increase) in inventories	4,737	(1,722)
Decrease/(increase) in receivables	4,793	(5,308)
(Decrease)/increase in payables	(3,813)	248
Cash generated from/(used in) operations	8,904	(6,040)
Interest received	61	18
Interest paid	(1,130)	(1,338)
Income tax paid	(782)	(1,399)
Net cash provided by/(used in) operating activities	7,053	(8,759)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	6,316	228
Dividend income from associated company	-	(276)
Purchase of property, plant and equipment	(7,222)	(857)
Net cash used in investing activities	(906)	(905)
Cash flows from financing activities :		
Proceeds from long-term loans	5,589	2,083
(Repayment of)/proceeds from trust receipts	(3,289)	21,841
Repayment of revolving loans	(950)	(1,146)
Repayment of hire purchase creditors	(470)	(208)
Dividend paid to shareholders	(3,534)	(3,523)
Repayment of long-term loans	(1,969)	(1,715)
Net cash (used in)/generated from financing activities	(4,623)	17,332
Net increase in cash and cash equivalents	1,524	7,668
Cash and cash equivalents at beginning of financial period	18,752	20,921
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	(232)	(252)
Cash and cash equivalents at end of financial period	20,044	28,337

1(c)(i) CONSOLIDATED CASH FLOW STATEMENT (YTD OCT FY2014 vs YTD OCT FY2013)

	Group	
	1HFY14 Oct'13 $'000	1HFY13 Oct'12 $'000
Cash flows from operating activities		
Profit before taxation	6,471	5,011
Adjustments for:		
Depreciation of property, plant and equipment	3,721	4,005
Gain on disposal of property, plant and equipment	(5,597)	(514)
Fair value loss on other financial instruments	164	130
Property, plant and equipment written-off	1	2,772
Bad debts written-off	20	114
Foreign currency translation adjustment	(909)	(821)
Interest income	(98)	(40)
Provision for product warranties and reinstatement cost	352	363
Write-back of impairment loss on property, plant and equipment	(2)	-
Interest expenses	2,273	2,866
Share of results of joint ventures	568	(11,686)
Operating profit before reinvestment in working capital	6,964	2,200
Decrease in inventories	7,638	6,814
Decrease in receivables	13,612	176
(Decrease)/increase in payables	(1,583)	3,502
Cash generated from operations	26,631	12,692
Interest received	98	40
Interest paid	(2,273)	(2,866)
Income tax paid	(1,161)	(1,775)
Net cash provided by operating activities	23,295	8,091
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	6,383	691
Dividend income from associated company	-	18,087
Purchase of property, plant and equipment	(13,094)	(3,190)
Net cash (used in)/provided by investing activities	(6,711)	15,588
Cash flows from financing activities :		
Proceeds from long-term loans	7,814	29,098
Repayment of trust receipts	(11,712)	(6,749)
Repayment of revolving loans	(5,714)	(13,077)
Repayment of hire purchase creditors	(729)	(451)
Dividend paid to shareholders	(3,534)	(3,523)
Repayment of long-term loans	(4,083)	(14,827)
Net cash used in financing activities	(17,958)	(9,529)
Net (decrease)/increase in cash and cash equivalents	(1,374)	14,150
Cash and cash equivalents at beginning of financial period	21,595	14,463
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	(177)	(276)
Cash and cash equivalents at end of financial period	20,044	28,337

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 2012	113,012	113,012	35,182	85,542	(7,712)	424	755	(9,093)	202
Profit for the financial period	3,839	3,839	-	3,839	-	-	-	-	-
Other comprehensive income for the period	(1,597)	(1,597)	-	-	(1,597)	-	-	(1,597)	-
Total comprehensive income for the financial period	2,242	2,242	-	3,839	(1,597)	-	-	(1,597)	-
<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)	-	-	-	-	-
Total transactions with owners in their capacity as owners	(3,523)	(3,523)	-	(3,523)	-	-	-	-	-
Balance at 31 Oct 2012	111,731	111,731	35,182	85,858	(9,309)	424	755	(10,690)	202
Balance at 1 May 2013	120,248	120,248	35,722	93,850	(9,324)	424	254	(10,204)	202
Profit for the financial period	5,268	5,268	-	5,268	-	-	-	-	-
Other comprehensive income for the period	(3,502)	(3,502)	-	-	(3,502)	-	-	(3,502)	-
Total comprehensive income for the financial period	1,766	1,766	-	5,268	(3,502)	-	-	(3,502)	-
<u>Contributions by and distributions to owners</u>									
Dividend on ordinary shares	(3,534)	(3,534)	-	(3,534)	-	-	-	-	-
Total contributions by and distributions to owners	(3,534)	(3,534)	-	(3,534)	-	-	-	-	-
Total transactions with owners in their capacity as owners	(3,534)	(3,534)	-	(3,534)	-	-	-	-	-
Balance at 31 Oct 2013	118,480	118,480	35,722	95,584	(12,826)	424	254	(13,706)	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 2012	58,003	58,003	35,182	22,066	755
Profit for the financial period	15,620	15,620	-	15,620	-
Total comprehensive income for the financial period	15,620	15,620	-	15,620	-
<u>Contributions by and distributions to owners</u>					
Total contributions by and distributions to owners	(3,523)	(3,523)	-	(3,523)	-
Total transactions with owners in their capacity as owners	(3,523)	(3,523)	-	(3,523)	-
Balance at 31 Oct 2012	70,100	70,100	35,182	34,163	755
Balance at 1 May 2013	69,373	69,373	35,722	33,397	254
Profit for the financial period	383	383	-	383	-
Total comprehensive income for the financial period	383	383	-	383	-
<u>Contributions by and distributions to owners</u>					
Total contributions by and distributions to owners	(3,534)	(3,534)	-	(3,534)	-
Total transactions with owners in their capacity as owners	(3,534)	(3,534)	-	(3,534)	-
Balance at 31 Oct 2013	66,222	66,222	35,722	30,246	254

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 2013.

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 31/10/2013	Company 30/04/2013
Ordinary shares (excluding treasury shares)	235,586,244	235,586,244

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 2013.

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 2013, the Group and the Company adopted the following new and revised Financial Reporting Standards ("FRS") and Intepretations of Financial Reporting Standards ("INT FRS") that are relevant:

Description
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income
FRS 34 Interim Financial Reporting
Improvements to FRSs 2012
- Amendment to FRS 1 Presentation of Financial Statements
- Amendments to FRS 16 Property, Plant and Equipment
- Amendment to FRS 32 Financial Instruments: Presentation
- Amendments to FRS19 Employee Benefits (Revised)

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. On 1 May 2013, the Group also early adopted:

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Venture
The Group has chose to early adopt the FRS 111 and Revised FRS 28 to equity account for the investments held in joint ventures in addition to associates. Previously, the Group had applied proportionate consolidation for its joint ventures. This will result in the change in Group's financial statement presentations. Where necessary, the comparative figures have been adjusted to conform with the changes in presentation in the current period. However, there will be no impact noted to the Group's net profit and net asset for the change in accounting policy.

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	
	Q2FY14	Q2FY13	1HFY14	1HFY13
	Oct'13	Oct'12	Oct'13	Oct'12
Earning per share (EPS)				
- basic (cents)	2.06	(1.26)	2.24	1.63
- diluted (cents)	2.06	(1.26)	2.24	1.63
	$'000	$'000	$'000	$'000
Group earnings used for the calculation of EPS				
Profit/(loss) for the financial period	4,850	(2,968)	5,268	3,839
	'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	235,586	234,861	235,586	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 October 2013.

Unissued shares under share options as at 31 October 2013 comprise 795,000 (30 April 2013: 805,000) options entitling holders to subscribe at any time during the exercise period for the same number of ordinary shares in the Company.

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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	
	31/10/13	30/04/13	31/10/13	30/04/13
Net asset value per ordinary share (cents)	50.29	51.04	28.11	29.45

The net asset value per share for the Group and the Company as at 31 October 2013 are calculated based on the actual number of shares in issue of 235,586,244 ordinary shares (30 April 2013: 235,586,244 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.

2QFY14

Revenue

The Group's total revenue was 12.1% lower at S$71.5 million in 2QFY14 compared to S$81.3 million in 2QFY13. This was mainly due to weaker export sales of Sumo Firenza tyres and mining tyres.

Gross Profit and Gross Profit Margin

Gross profit was S$17.0 million in 2QFY14 compared to S$14.9 million in 2QFY13. Gross profit margin increased to 23.8% compared to 18.3% previously. This was mainly attributable to lower cost of sales and higher contributions from value-added services at its Stamford Tyres Mart retail chain and truck tyre centres.

Operating Expenses

Operating expenses were 5.1% lower at S$15.1 million in 2QFY14 compared to S$15.9 million in 2QFY13 due to cost reduction efforts.

Other Operating Expenses / Other Revenue

In addition to the above operating expenses, the Group recorded the following items:

- One-time gain on disposal of property at Balestier Tower, Singapore of S$5.6 million.
- Foreign exchange losses of S$1.2mil in 2QFY14, mainly due to unrealised translation losses from the strengthening of the Singapore Dollar against the Indonesian Rupiah.
- Allowance for inventory obsolescence of S$0.4 million. This was mainly in respect of slow moving inventories.
- Allowance for doubtful receivables of S$0.8 million. These were mainly due to collection issues in Indonesia.

Share of Results of Joint Ventures

In 2QFY14, the share of results of joint ventures amounted to a net loss of S$0.2 million, mainly arising from the start-up phase of the Falken Tyres India joint venture which was announced on 20 December 2012.

Net Profit

The Group recorded a net profit of S$4.9 million in 2QFY14, compared to a net loss of S$3.0 million recorded in 2QFY13.

Financial Position
Receivables decreased to S$73.0 million as at 31 October 2013 from S$86.0 million as at 30 April 2013, in line with lower sales and increase in collections.

Inventories decreased to S$104.8 million as at 31 October 2013 from S$112.4 million as at 30 April 2013. This is in line with the Group's strategy of rationalising its inventory levels as the Group continued to optimise its product mix.

Trade payables and trust receipts decreased to S$81.5 million as at 31 October 2013 from S$95.1 million as at 30 April 2013. The decrease was mainly due to repayment of trust receipts.

As at 31 October 2013, the Group's cash and cash equivalents stood at S$20.0 million compared to S$21.6 million as at 30 April 2013.

The Group's borrowings which comprise trust receipts, revolving credit, short-term secured loans as well as long-term secured loans stood at S$117.0 million as at 31 October 2013 compared with S$130.7 million as at 30 April 2013. The decline is mainly attributable to repayment of bank borrowings during the year. This resulted in a lower aggregate leverage of 40.7% as at 31 October 2013 versus 42.9% as at 30 April 2013.

1HFY14

Revenue

The Group's total revenue was 9.8% lower at S$147.8 million in 1HFY14 compared to S$163.8 million in 1HFY13. This was mainly due to weaker export sales of Sumo Firenza tyres and mining tyres.

Gross Profit and Gross Profit Margin

Gross profit was S$33.7 million in 1HFY14 compared to S$31.5 million in 1HFY13. Gross profit margin increased to 22.8% compared to 19.2% previously. This is mainly attributable to lower cost of sales and higher contributions from value-added services at its Stamford Tyres Mart retail chain and truck tyre centres.

Operating Expenses

Operating expenses were 4.5% lower at S$30.6 million in 1HFY14 compared to S$32.0 million in 1HFY13 due to cost reduction efforts.

Other Operating Expenses / Other Revenue

In addition to the above operating expenses, the Group recorded the following items:

- One-time gain on disposal of property at Balestier Tower, Singapore of S$5.6 million.
- One-time compensation of S$1.6 million from a principal in respect of the Group's exit from China in one of its brands. This was recorded as other revenue.
- Foreign exchange losses of S$3.0 million in 1HFY14, mainly due to unrealised translation losses from the strengthening of the Singapore Dollar against the Australian Dollar, South African Rand and Indonesian Rupiah.
- Allowance for inventory obsolescence of S$0.8 million. This was mainly in respect of slow moving inventories.
- Allowance for doubtful receivables of S$1.5 million. These were mainly due to collection issues in Indonesia, Vietnam and Australia.

Share of Results of Joint Ventures

Included in the share of results of joint ventures in 1HFY13 was a one-off gain on disposal of an associated company amounting to S$11.2 million.

In 1HFY14, the share of results of joint ventures amounted to a net loss of S$0.6 million, mainly arising from the start-up phase of the Falken Tyres India joint venture which was announced on 20 December 2012.

Net Profit

The Group recorded a net profit of S$5.3 million in 1HFY14, which is higher than the S$3.8 million recorded in 1HFY13.

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 global economic outlook remains uncertain. As a result, our operating environment will continue to be challenging.

To mitigate this challenging environment, the Group will continue to optimize its product mix and manage operating costs so as to enhance its performance.

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 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

Statement Pursuant to Rule 705(5) 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 October 2013, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dawn Wee Wai Ying
Executive Director
6 December 2013