

STAMFORD TYRES CORPORATION LTD

Unaudited Third 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		
	Q3FY14 Jan'14 \$'000	Q3FY13 Jan'13 \$'000 (Restated) ¹	Difference %	9MFY14 Jan'14 \$'000	9MFY13 Jan'13 \$'000 (Restated) ¹	Difference %
Revenue	71,494	73,682	-2.97%	219,289	237,478	-7.66%
Other revenue	216	201	7.46%	2,258	499	N.M
Total revenue	71,710	73,883	-2.94%	221,547	237,977	-6.90%
Cost of goods sold	54,875	56,722	-3.26%	168,924	189,010	-10.63%
Salaries and employees benefits	5,323	5,235	1.68%	16,773	17,820	-5.88%
Marketing and distribution	2,214	2,753	-19.58%	7,147	8,519	-16.11%
Utilities, repairs and maintenance	1,424	1,375	3.56%	4,263	4,490	-5.06%
Finance costs	972	1,386	-29.87%	3,245	4,252	-23.68%
Depreciation of property, plant and equipment	1,021	1,095	-6.76%	2,933	3,219	-8.88%
Operating lease rentals	1,544	1,715	-9.97%	4,755	5,172	-8.06%
Other operating expenses	3,522	1,361	N.M	5,653	9,929	-43.07%
Total expenditure	(70,895)	(71,642)	-1.04%	(213,693)	(242,411)	-11.85%
Share of results of joint ventures	366	398	-8.04%	(202)	12,084	N.M
Profit before taxation	1,181	2,639	-55.25%	7,652	7,650	0.03%
Taxation	(343)	(395)	-13.16%	(1,546)	(1,567)	-1.34%
Profit for the financial period	838	2,244	-62.66%	6,106	6,083	0.38%
Attributable to:						
Equity holders of the company	838	2,244	-62.66%	6,106	6,083	0.38%
	838	2,244	-62.66%	6,106	6,083	0.38%

N.M - Not meaningful.

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

	Q3FY14 Jan'14 \$'000	Q3FY13 Jan'13 \$'000 (Restated) ¹	9MFY14 Jan'14 \$'000	9MFY13 Jan'13 \$'000 (Restated) ¹
Net profit for the financial period	838	2,244	6,106	6,083
Other comprehensive income :				
Translation adjustments arising on consolidation	(1,020)	956	(4,522)	(641)
Other comprehensive income for the financial period, net of tax	(1,020)	956	(4,522)	(641)
Total comprehensive income for the financial period	(182)	3,200	1,584	5,442
Total comprehensive income attributable to :				
Equity holders of the Company	(182)	3,200	1,584	5,442
	(182)	3,200	1,584	5,442

	Q3FY14 Jan'14 \$'000	Q3FY13 Jan'13 \$'000 (Restated) ¹	9MFY14 Jan'14 \$'000	9MFY13 Jan'13 \$'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)	1,868	2,006	5,589	6,011
Allowance/(write-back) for doubtful receivables	1,554	(14)	3,019	1,971
Allowance/(write-back) for inventory obsolescence	467	337	1,307	(30)
Gain on disposal of property, plant and equipment	(10)	(25)	(5,607)	(539)
Foreign exchange loss/(gain)	1,191	(68)	4,200	2,030
Fair value (gain)/loss on other financial instruments	(495)	97	(331)	227
Property, plant and equipment written-off	1	5	2	2,777
Gain on disposal of associated company	-	-	-	(11,174)
Compensation received in respect of exit from China	-	-	(1,552)	-

¹Restated 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(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	
	31/01/14 \$'000	30/04/13 \$'000 (Restated) ¹	30/04/12 \$'000 (Restated) ¹	31/01/14 \$'000	30/04/13 \$'000
Non-current assets					
Property, plant and equipment	61,659	51,451	49,896	-	-
Subsidiary companies	-	-	-	56,105	44,372
Amount due from subsidiary companies	-	-	-	4,147	19,313
Joint venture companies	16,900	17,533	18,375	6,567	6,567
Associated company	233	233	233	-	-
Deferred tax assets	3,056	2,527	2,973	-	-
	<u>81,848</u>	<u>71,744</u>	<u>71,477</u>	<u>66,819</u>	<u>70,252</u>
Current assets					
Inventories	107,902	112,449	118,273	-	-
Trade receivables	75,568	85,956	90,710	-	-
Derivatives	301	55	175	81	6
Other receivables	8,504	10,496	9,154	222	92
Prepayments and advances	3,359	2,170	2,890	37	19
Cash and cash equivalents	13,847	21,595	14,463	249	219
	<u>209,481</u>	<u>232,721</u>	<u>235,665</u>	<u>589</u>	<u>336</u>
Less: Current liabilities					
Trade payables	21,998	19,101	15,927	-	-
Trust receipts (secured)	60,639	76,031	89,673	-	-
Derivatives	58	143	57	-	-
Other payables	26,601	26,833	27,544	726	652
Loans (secured)	17,579	22,773	35,651	-	-
Hire-purchase liabilities	509	770	597	-	-
Provisions	914	506	860	-	-
Provision for taxation	2,542	2,417	3,063	49	90
	<u>130,840</u>	<u>148,574</u>	<u>173,372</u>	<u>775</u>	<u>742</u>
Net current assets/(liabilities)	78,641	84,147	62,293	(186)	(406)
Non-current liabilities					
Amount due to subsidiary companies	-	-	-	365	365
Hire-purchase liabilities	380	967	1,077	-	-
Provisions	381	381	541	-	-
Long-term loans (secured)	38,875	31,862	16,334	-	-
Deferred tax liabilities	2,555	2,433	2,806	108	108
	<u>42,191</u>	<u>35,643</u>	<u>20,758</u>	<u>473</u>	<u>473</u>
Net assets	118,298	120,248	113,012	66,160	69,373
Equity					
Share capital	35,722	35,722	35,182	35,722	35,722
Reserves	82,576	84,526	77,830	30,438	33,651
	<u>118,298</u>	<u>120,248</u>	<u>113,012</u>	<u>66,160</u>	<u>69,373</u>

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

Amount repayable in one year or less, or on demand

As at 31/01/2014		As at 30/04/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000 (Restated) ¹	\$'000
78,727	-	99,574	-

Amount repayable after one year

As at 31/01/2014		As at 30/04/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
39,255	-	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 \$52,716,000 as at 31 January 2014 (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.

¹Restated 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 (3Q FY2014 vs 3Q FY2013)

	Q3FY14 Jan'14 \$'000	Q3FY13 Jan'14 \$'000
Cash flows from operating activities		
Profit before taxation	1,181	2,639
Adjustments for:		
Depreciation of property, plant and equipment	1,868	2,006
Gain on disposal of property, plant and equipment	(10)	(25)
Fair value (gain)/loss on other financial instruments	(495)	97
Property, plant and equipment written-off	1	5
Bad debts written-off/(recovered)	37	(2)
Foreign currency translation adjustment	(645)	732
Interest income	-	(24)
Provision for product warranties and reinstatement cost	150	177
Interest expenses	972	1,386
Share of results of joint ventures	(366)	(398)
Operating profit before reinvestment in working capital	2,693	6,593
Increase in inventories	(3,091)	(9,363)
(Increase)/decrease in receivables	(2,478)	6,463
Increase in payables	4,163	5,418
Cash generated from operations	1,287	9,111
Interest received	-	24
Interest paid	(972)	(1,386)
Income tax paid	(667)	(1,265)
Net cash (used in)/provided by operating activities	(352)	6,484
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	30	57
Proceeds from exercise of employee share options	-	226
Dividend income from associated company	-	(119)
Purchase of property, plant and equipment	(5,517)	(3,657)
Investment in joint venture company	-	(2,560)
Net cash used in investing activities	(5,487)	(6,053)
Cash flows from financing activities :		
Proceeds from long-term loans	4,218	1,395
Repayment of trust receipts	(3,680)	(1,699)
Proceeds from/(repayment of) revolving loans	1,524	(1,347)
Repayment of hire purchase creditors	(337)	(230)
Repayment of long-term loans	(1,940)	(1,702)
Net cash used in financing activities	(215)	(3,583)
Net decrease in cash and cash equivalents	(6,054)	(3,152)
Cash and cash equivalents at beginning of financial period	20,044	28,337
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	(143)	(548)
Cash and cash equivalents at end of financial period	13,847	24,637

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

	9MFY14 Jan'14 \$'000	9MFY13 Jan'13 \$'000
Cash flows from operating activities		
Profit before taxation	7,652	7,650
Adjustments for:		
Depreciation of property, plant and equipment	5,589	6,011
Gain on disposal of property, plant and equipment	(5,607)	(539)
Fair value (gain)/loss on other financial instruments	(331)	227
Property, plant and equipment written-off	2	2,777
Bad debts written-off	57	112
Foreign currency translation adjustment	(1,556)	(89)
Interest income	(98)	(64)
Provision for product warranties and reinstatement cost	502	540
Interest expenses	3,245	4,252
Share of results of joint ventures	202	(12,084)
Operating profit before reinvestment in working capital	<u>9,657</u>	<u>8,793</u>
Decrease/(increase) in inventories	4,547	(2,549)
Decrease in receivables	11,134	6,639
Increase in payables	2,580	8,920
Cash generated from operations	<u>27,918</u>	<u>21,803</u>
Interest received	98	64
Interest paid	(3,245)	(4,252)
Income tax paid	(1,828)	(3,040)
Net cash provided by operating activities	<u>22,943</u>	<u>14,575</u>
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	6,413	748
Proceeds from exercise of employee share options	-	226
Dividend income from associated company	-	17,968
Purchase of property, plant and equipment	(18,611)	(6,847)
Investment in joint venture company	-	(2,560)
Net cash (used in)/provided by investing activities	<u>(12,198)</u>	<u>9,535</u>
Cash flows from financing activities :		
Proceeds from long-term loans	12,032	30,493
Repayment of trust receipts	(15,392)	(8,448)
Repayment of revolving loans	(4,190)	(14,424)
Repayment of hire purchase creditors	(1,066)	(681)
Dividend paid to shareholders	(3,534)	(3,523)
Repayment of long-term loans	(6,023)	(16,529)
Net cash used in financing activities	<u>(18,173)</u>	<u>(13,112)</u>
Net (decrease)/increase in cash and cash equivalents	(7,428)	10,998
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	(320)	(824)
Cash and cash equivalents at end of financial period	<u>13,847</u>	<u>24,637</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

	Equity attributable to		Share capital	Revenue reserve	Other reserves total	Employee share option reserve	Foreign currency translation reserve	Discount on acquisition of non-controlling interest	
	Equity total	owners of the Company total							
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Group									
Balance at 1 May 2012	113,012	113,012	35,182	85,542	(7,712)	424	755	(9,093)	202
P profit for the financial period	6,083	6,083	-	6,083	-	-	-	-	-
Other comprehensive income for the period	(641)	(641)	-	-	(641)	-	-	(641)	-
Total comprehensive income for the financial period	5,442	5,442	-	6,083	(641)	-	-	(641)	-
<u>Contributions by and distributions to owners</u>									
Forfeiture of employee share options	-	-	-	273	(273)	-	(273)	-	-
Dividend on ordinary shares	(3,523)	(3,523)	-	(3,523)	-	-	-	-	-
Exercise of employee share options	226	226	391	-	(165)	-	(165)	-	-
Total contributions by and distributions to owners	(3,297)	(3,297)	391	(3,250)	(438)	-	(438)	-	-
Total transactions with owners in their capacity as owners	(3,297)	(3,297)	391	(3,250)	(438)	-	(438)	-	-
Balance at 31 Jan 2013	115,157	115,157	35,573	88,375	(8,791)	424	317	(9,734)	202
Balance at 1 May 2013	120,248	120,248	35,722	93,850	(9,324)	424	254	(10,204)	202
P profit for the financial period	6,106	6,106	-	6,106	-	-	-	-	-
Other comprehensive income for the period	(4,522)	(4,522)	-	-	(4,522)	-	-	(4,522)	-
Total comprehensive income for the financial period	1,584	1,584	-	6,106	(4,522)	-	-	(4,522)	-
<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 Jan 2014	118,298	118,298	35,722	96,422	(13,846)	424	254	(14,726)	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
P rofit for the financial period	15,389	15,389	-	15,389	-
Total c omprehensive income for the financial period	15,389	15,389	-	15,389	-
<u>Contributions by and distributions to owners</u>					
Forfeiture of employee share options	-	-	-	273	(273)
Exercise of employee share options	226	226	391	-	(165)
Dividend on ordinary shares	(3,523)	(3,523)	-	(3,523)	-
Total c ontributions by and distributions to owners	(3,297)	(3,297)	391	(3,250)	(438)
Total transactions with owners in their capacity as owners	(3,297)	(3,297)	391	(3,250)	(438)
Balance at 31 Jan 2013	70,095	70,095	35,573	34,205	317
Balance at 1 May 2013	69,373	69,373	35,722	33,397	254
P rofit for the financial period	321	321	-	321	-
Total c omprehensive income for the financial period	321	321	-	321	-
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares	(3,534)	(3,534)	-	(3,534)	-
Total c ontributions 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 Jan 2014	66,160	66,160	35,722	30,184	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 31/01/2014	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 Interpretations 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 to the Group's net profit and net asset from 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	
	Q3FY14 Jan'14	Q3FY13 Jan'13	9MFY14 Jan'14	9MFY13 Jan'13
Earning per share (EPS)				
- basic (cents)	0.36	0.95	2.59	2.59
- diluted (cents)	0.36	0.95	2.59	2.59
	\$'000	\$'000	\$'000	\$'000
Group earnings used for the calculation of EPS				
Profit for the financial period	838	2,244	6,106	6,083
	'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	235,036	235,586	235,036

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 January 2014.

Unissued shares under share options as at 31 January 2014 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.

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	
	31/01/14	30/04/13	31/01/14	30/04/13
Net asset value per ordinary share (cents)	50.21	51.04	28.08	29.45

The net asset value per share for the Group and the Company as at 31 January 2014 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.

3QFY14

Revenue

The Group's total revenue was 3.0% lower at S\$71.5 million in 3QFY14 compared to S\$73.7 million in 3QFY13. 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\$16.6 million in 3QFY14 compared to S\$17.0 million in 3QFY13. Gross profit margin increased to 23.2% compared to 23.0% previously. This was mainly attributable to lower cost of sales and continued higher contributions from value-added services at its Stamford Tyres Mart retail chain and truck tyre centres.

Operating Expenses

Operating expenses were 12.7% lower at S\$12.8 million in 3QFY14 compared to S\$14.7 million in 3QFY13 due to cost reduction efforts.

Other Operating Expenses / Other Revenue

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

- Allowance for doubtful receivables of S\$1.6 million. These were mainly due to collection issues in Indonesia.
- Foreign exchange losses of S\$1.2 million in 3QFY14, mainly due to unrealised translation losses from the strengthening of the Singapore Dollar against the Indonesian Rupiah.
- Allowance for inventory obsolescence of S\$0.5 million. This was mainly in respect of slow moving inventories.

Share of Results of Joint Ventures

In 3QFY14, the share of results of joint ventures amounted to a net profit of S\$0.4 million, which is comparable to 3QFY13.

Net Profit

The Group recorded a net profit of S\$0.8 million in 3QFY14, compared to S\$2.2 million recorded in 3QFY13.

Financial Position

Receivables decreased to S\$75.6 million as at 31 January 2014 from S\$86.0 million as at 30 April 2013, in line with lower sales and increase in collections.

Inventories decreased to S\$107.9 million as at 31 January 2014 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\$82.6 million as at 31 January 2014 from S\$95.1 million as at 30 April 2013. The decrease was mainly due to repayment of trust receipts.

As at 31 January 2014, the Group's cash and cash equivalents stood at S\$13.8 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\$117.1 million as at 31 January 2014 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 40.2% as at 31 January 2014 versus 42.9% as at 30 April 2013.

9MFY14**Revenue**

The Group's total revenue was 7.7% lower at S\$219.3 million in 9MFY14 compared to S\$237.5 million in 9MFY13. 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\$50.4 million in 9MFY14 compared to S\$48.5 million in 9MFY13. Gross profit margin increased to 23.0% compared to 20.4% 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 10.4% lower at S\$41.8 million in 9MFY14 compared to S\$46.7 million in 9MFY13 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\$4.2 million in 9MFY14, 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 doubtful receivables of S\$3.0 million. These were mainly due to collection issues in Indonesia, Vietnam and Australia.
- Allowance for inventory obsolescence of S\$1.3 million. This was mainly in respect of slow moving inventories.

Share of Results of Joint Ventures

Included in the share of results of joint ventures in 9MFY13 was a one-off gain on disposal of an associated company amounting to S\$11.2 million.

In 9MFY14, 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 09 August 2012.

Net Profit

The Group recorded a net profit of S\$6.1 million in 9MFY14, which is comparable to net profit recorded in 9MFY13.

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 3rd quarter ended 31 January 2014, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD



Dawn Wee Wai Ying
Executive Director
11 March 2014