



STAMFORD TYRES CORPORATION LIMITED
PRESS RELEASE

Stamford Tyres returns a \$1.0 million profit for 1H2009 but 2Q2009 earnings impacted by foreign exchange losses from overseas subsidiaries

- Loss of \$2.2 million in 2Q2009 caused by unfavourable foreign currency movements in October 2008
- Gross profit margin for 2Q2009 strengthens to 26.6%
- Cost containment measures reduce operating expenditures

Financial Highlights (S\$m)	2Q2009	2Q2008	Change (%)	1H2009	1H2008	Change (%)
Revenue	74.8	80.0	↓ 6.5	164.7	164.1	↑ 0.4
Gross Profit	19.9	18.3	↑ 9.0	38.8	36.6	↑ 6.1
Gross Profit Margin (%)	26.6	22.8	NM	23.6	22.3	NM
Operating Expenses	21.8	17.1	↑ 27.4	37.0	31.7	↑ 16.5
Net Profit after Tax	(2.2)	1.3	↓ 266.8	1.1	4.3	↓ 75.2
EPS (Singapore cents)	(0.98)	0.57	↓ 271.9	0.43	1.85	↓ 76.8

Singapore, 10 December 2008 -- Stamford Tyres Corporation Limited (Stamford Tyres) reported revenue of S\$164.7 million for the half-year ending 31 October 2008 (1H2009). This is comparable to the revenue achieved for the same period in 1H2008.

Revenue for the second Quarter 2009 (2Q2009) was lower by 6.5% to S\$74.8 in the midst of the global economic crisis and a deteriorating business environment.

Gross profit was higher by 6.1% at S\$38.8 million for 1H2009 while the 2Q2009 gross profit was higher by 9.0% at S\$19.9 million which was mainly due to an increase in the average selling prices of tyres to compensate for the weaker currencies against the US dollar.

Gross profit margin improved for both 1H2009 and 2Q2009, rising to 23.6% and 26.6% respectively.

Foreign Exchange Movements Impact Earnings

While Stamford Tyres' business operations remained sound in 2Q2009, a foreign exchange loss of S\$6.0 million was incurred in this Quarter. Inventory purchases for the Group's operations in

Australia, India, Indonesia and South Africa were made in US dollars. As a result, the weakening of the AUD, Rupee, Rupiah and Rand against the US currency resulted in foreign exchange losses. None of these foreign exchange losses occurred as a result of trading in speculative hedging instruments as it is the Group's policy to hedge only against underlying transactions.

Despite the satisfactory performance of Stamford Tyre's operations in Malaysia, Thailand and Singapore recording healthy sales of Falken and Continental tyres, the Group's net profit after tax fell 75.2% to \$1.1 million for 1H2009 and incurred a loss of S\$2.2 million for 2Q2009.

Mr Wee Kok Wah, President and CEO of Stamford Tyres, said, "Like many companies, we faced a very challenging three months over August to October 2008, as the world faced worsening market sentiment and severe currency volatility. However, for the six months of May to October 2008, our Group remained profitable thanks to the strength of our operations in Southeast Asia."

He added, "Our gross profit margin was 26.6% for 2Q2009 and 23.6% for 1H2009. This is an improvement over the 22.8% and 22.3% in the comparable periods of FY2008."

Cost containment measures introduced in end-2007 started to take effect. Operating costs (excluding foreign exchange losses) fell 8.4% from S\$17.2 million to S\$15.8 million for 2Q2009. .

Outlook

While Stamford Tyres' underlying business model is sound, it expects to be operating in an environment of economic weakness characterized by market and currency volatility. Globally, the demand for high performance tyres and wheels is expected to be impacted as consumers defer their purchases. On the other hand, sales of passenger car, light truck and truck tyres are expected to remain firm especially in South East Asia.

The Group will continue with its efforts to lower operating costs, achieve a more optimal inventory level and restructure its overseas operations where necessary.

About Stamford Tyres

Stamford Tyres was established in the 1930s and today has a sales and operations network in more than 30 countries around the world. While the Group continues to focus on its core business of tyre distribution of its major brands – Falken, Dunlop, Continental and Toyo Tires -- it has also strengthened its development capabilities and introduced innovative products to grow its proprietary brands in international markets – Sumo Firenza, Sumo Tire and SSW Wheels.

Currently, the largest independent tyre and wheel distributor in Southeast Asia with distribution centres in Singapore, Malaysia, Thailand, Indonesia, Hong Kong, China, India, Australia and South Africa, Stamford Tyres provides many value added services such as regional retail

operations, on-site management services to fleet owners and mining operators. The Group has also set up a state-of-the-art plant in Thailand to manufacture alloy wheels.

Please visit www.stamfordtyres.com for more information on the Group.

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