

STAMFORD TYRES CORPORATION LTD

Unaudited First Quarter 2009 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 year of the immediately preceding financial year.

	Group			
	Jul-08	Jul-07	Difference	Difference
	\$'000	\$'000	\$'000	%
Revenue	89,931	84,156	5,775	6.86%
Other revenue	75	174	(99)	-56.90%
Total revenue	90,006	84,330	5,676	6.73%
Cost of goods sold	70,995	65,793	5,202	7.91%
Employees benefits	5,276	5,324	(48)	-0.90%
Marketing and distribution	2,864	2,635	229	8.69%
Utilities, repairs and maintenance	1,492	1,540	(48)	-3.12%
Finance costs	1,520	1,712	(192)	-11.21%
Depreciation of property, plant and equipment	1,391	1,218	173	14.20%
Operating lease rentals	1,166	1,131	35	3.09%
Other operating expenses	1,473	1,067	406	38.05%
Total expenditure	(86,177)	(80,420)	(5,757)	7.16%
Share of profits of an associated company	361	245	116	47.35%
Profit before taxation	4,190	4,155	35	0.84%
Taxation	(902)	(1,184)	282	23.82%
Profit for the financial year	3,288	2,971	317	10.67%
Attributable to:				
Equity holders of the company	3,256	2,951	305	10.34%
Minority interests	32	20	12	60.00%
	3,288	2,971	317	10.67%
	Jul-08	Jul-07		
	\$'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)	2,315	1,902		
(Write back)/allowance for doubtful receivables	(156)	120		
Allowance/(write back) for obsolete inventories	64	(71)		
Gain on disposal of property, plant and equipment	(2)	(378)		
Impairment on property, plant and equipment	102	-		
Foreign exchange (gain)/loss	(213)	428		
Fair value loss/(gain) on other financial instruments	281	(211)		
Adjustments for over provision of tax in respect of prior years	(266)	-		

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	
	Jul-08	Apr-08	Jul-08	Apr-08
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	73,226	70,391	-	-
Subsidiary companies	-	-	31,223	29,931
Amount due from subsidiary companies	-	-	20,960	25,157
Joint venture company	-	-	1,570	1,571
Associated companies	3,961	3,719	-	-
Deferred tax assets	2,089	1,697	-	-
	<u>79,276</u>	<u>75,807</u>	<u>53,753</u>	<u>56,659</u>
Current assets				
Inventories	86,226	84,549	-	-
Trade receivables	93,192	90,813	-	-
Derivatives	20	166	-	-
Other receivables	7,534	6,120	579	686
Prepayments and advances	7,972	4,607	53	41
Marketable securities	6	6	-	-
Cash and bank deposits	20,009	24,342	35	105
	<u>214,959</u>	<u>210,603</u>	<u>667</u>	<u>832</u>
Less: Current liabilities				
Trade payables	27,598	28,993	-	-
Trust receipts (secured)	83,423	80,248	-	-
Derivatives	650	642	-	-
Other payables	21,460	14,060	925	676
Loans (secured)	25,518	28,739	-	-
Hire-purchase liabilities	366	366	-	-
Provisions	561	462	-	-
Provision for taxation	4,562	3,216	1	124
	<u>164,138</u>	<u>156,726</u>	<u>926</u>	<u>800</u>
Net current assets	<u>50,821</u>	<u>53,877</u>	<u>(259)</u>	<u>32</u>
Non-current liabilities				
Amount due to subsidiary companies	-	-	2,354	7,330
Hire-purchase liabilities	695	804	-	-
Provisions	210	210	-	-
Long-term loans (secured)	37,618	39,078	-	-
Deferred tax liabilities	738	985	-	-
	<u>39,261</u>	<u>41,077</u>	<u>2,354</u>	<u>7,330</u>
	<u>90,836</u>	<u>88,607</u>	<u>51,140</u>	<u>49,361</u>
Equity				
Share capital	33,677	33,677	33,677	33,677
Reserves	56,795	54,590	17,463	15,684
	<u>90,472</u>	<u>88,267</u>	<u>51,140</u>	<u>49,361</u>
Minority interests	<u>364</u>	<u>340</u>	<u>-</u>	<u>-</u>
	<u>90,836</u>	<u>88,607</u>	<u>51,140</u>	<u>49,361</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 July 2008		As at 30 Apr 2008	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
109,307	-	109,353	-

Amount repayable after one year

As at 31 July 2008		As at 30 Apr 2008	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
38,313	-	39,882	-

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 \$35,694,000 as at 31 July 2008 (30 April 2008 : \$35,771,000) 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 year of the immediately preceding financial year.

	Jul-08 \$'000	Jul-07 \$'000
Cash flows from operating activities		
Profit before taxation	4,190	4,155
Adjustments for:		
Depreciation of property, plant and equipment	2,315	1,902
Share option expense	-	66
Gain on disposal of property, plant and equipment	(2)	(378)
Fair value loss/(gain) on other financial instruments	281	(211)
Property, plant and equipment written off	27	64
Foreign currency translation adjustment	(80)	2,422
Interest income	(48)	(100)
Provisions for warranties and reinstatement cost	99	125
Impairment loss on property, plant and equipment	102	-
Interest expenses	1,520	1,712
Share of profit of associated company	(361)	(245)
Operating profit before reinvestment in working capital	8,043	9,512
Increase in inventories	(1,677)	(885)
Increase in receivables	(7,012)	(4,704)
Increase in payables	5,858	221
Cash generated by operating activities	5,212	4,144
Interest received	48	100
Interest paid	(1,520)	(1,712)
Income tax (paid)/refunded	(196)	731
Net cash generated by operating activities	3,544	3,263
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	14	1,462
Purchase of property, plant and equipment	(6,930)	(6,810)
Net cash used in investing activities	(6,916)	(5,348)
Cash flows from financing activities		
Proceeds from long-term loans	1,492	4,988
Proceeds/(repayments) from/(of) trust receipts	3,175	(3,133)
Repayment of hire purchase liabilities	(109)	(40)
Repayment of long-term loans	(657)	(249)
Net cash provided by financing activities	3,901	1,566
Net increase/(decrease) in cash and cash equivalents	529	(519)
Cash and cash equivalents at beginning of financial year	5,746	5,431
Exchange rate adjustment to cash and cash equivalents at beginning of financial year	(148)	22
Cash and cash equivalents at end of financial year	6,127	4,934
Cash and cash equivalents at end of financial year comprise :		
- Cash and bank deposits	20,009	18,930
- Short-term loans	(13,882)	(13,996)
	6,127	4,934

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.

	Share Capital \$'000	Capital reserve \$'000	Employee Share Option reserve \$'000	Revenue reserve \$'000	Fair Value reserve \$'000	Foreign currency translation reserve \$'000	Total reserves \$'000	Minority Interests \$'000	Total equity \$'000
Group									
Balance at 1 May 2007	33,677	143	514	57,422	-	(2,896)	55,183	289	89,149
Translation adjustments arising on consolidation	-	-	-	-	-	2,755	2,755	(2)	2,753
Net loss recognized directly in equity	-	-	-	-	-	2,755	2,755	(2)	2,753
Profit for the financial period	-	-	-	2,951	-	-	2,951	20	2,971
Total recognized income and expense for the period	-	-	-	2,951	-	2,755	5,706	18	5,724
Share option expense	-	-	66	-	-	-	66	-	66
Balance at 31 July 2007	33,677	143	580	60,373	-	(141)	60,955	307	94,939
Balance at 1 May 2008	33,677	203	755	59,268	(265)	(5,371)	54,590	340	88,607
Translation adjustments arising on consolidation	-	-	-	-	-	(1,176)	(1,176)	(8)	(1,184)
Fair value gain on cash flow hedges	-	-	-	-	125	-	125	-	125
Net loss recognized directly in equity	-	-	-	-	125	(1,176)	(1,051)	(8)	(1,059)
Profit for the financial period	-	-	-	3,256	-	-	3,256	32	3,288
Total recognized income and expense for the period	-	-	-	3,256	125	(1,176)	2,205	24	2,229
Transfer from retained earnings to capital reserves	-	57	-	(57)	-	-	-	-	-
Balance at 31 July 2008	33,677	260	755	62,467	(140)	(6,547)	56,795	364	90,836

	Share capital \$'000	Employee share option reserve \$'000	Revenue reserve \$'000	Total \$'000
Company				
Balance at 1 May 2007	33,677	514	16,514	50,705
Share option expense	-	66	-	66
Profit for the financial period	-	-	892	892
Total recognized income and expense for the period	-	-	892	892
Balance at 31 July 2007	33,677	580	17,406	51,663
Balance at 1 May 2008	33,677	755	14,929	49,361
Profit for the financial period	-	-	1,779	1,779
Total recognized income and expense for the period	-	-	1,779	1,779
Balance at 31 July 2008	33,677	755	16,708	51,140

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 2008.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company 31/07/08	Company 30/04/08
Ordinary shares	230,561,000	230,561,000

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 period reported on

Not Applicable.

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 has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 30 April 2008.

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 2008, the Group and Company adopted the following new and revised Financial Reporting Standards (FRS) and Interpretation of Financial Reporting Standards (INT FRS) that are relevant:

- FRS 1 : Presentation of Financial Statements (Revised Presentation)
- INT FRS 112 : Service Concession Arrangements
- INT FRS 114 : FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these FRS and INT FRS did not result in any substantial changes to the accounting policies nor have any material impact to the financial statements, except as indicated below.

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in owner's account will include only details of transactions with owners, with all non-owner changes in equity presented in a single line. In addition, the standard introduces the statement of comprehensive income. It represents all items of income and expenses, either in one single statement, or in two linked statements.

The required disclosures will be made accordingly in the FY 30 April 2009 annual financial statements of 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	
	Jul-08	Jul-07
Earning per share (EPS)		
- basic (cents)	1.41	1.29
- diluted (cents)	1.41	1.29
	\$'000	\$'000
Group earnings used for the calculation of EPS		
Profit for the financial period	3,256	2,971
	'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	230,561	230,561
Adjustment for outstanding share options and Warrant 2007	-	413
Adjusted weighted average number of ordinary shares used for the calculation of diluted EPS	230,561	230,974

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 year.

For the period ended 31 July 2008, diluted EPS is calculated on the same basis as basic EPS as there are no potential dilutive ordinary shares.

For the period ended 31 July 2007, diluted EPS is calculated on the same basis as basic EPS, except that the weighted average number of ordinary shares in issue has been adjusted for the effects of all dilutive potential ordinary shares, being the outstanding share options and Warrant 2007. The number of outstanding share options and Warrant 2007 included in the calculation of diluted EPS has been determined based on the average number of days that were outstanding during the financial period.

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	
	Jul-08	Apr-08	Jul-08	Apr-08
Net asset value per ordinary share (cents)	39.24	38.28	22.18	21.41

The Group and the Company net asset value per share as at 31 July 2008 and as at 30 April 2008 are based on the actual number of shares in issue of 230,561,000 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.

The three-month period ended July 2008 under review continued to be a challenging one for the tyre industry, marked by high tyre prices and intense competition amongst the market players.

In spite of this business environment, the Group registered a revenue improvement of 6.9% over the same quarter of the previous year to S\$89.9 million while net profit grew 10.7% to reach S\$3.3 million.

Revenue

The Group achieved a revenue growth of 6.9% to S\$89.9 million despite intense market competition.

The improvement in revenue was primarily driven by an increase in sales from Southeast Asia, which is also the major revenue contributor. The Group's major brand – Falken – did particularly well in Malaysia and India.

Gross Profit

Gross profit for the 1Q2009 amounted to S\$18.9 million, up 3.1% compared with the same period last year. Due to higher purchasing cost of tyres, gross profit margin for the period was 21.1% as compared with 21.8% recorded in 1Q2008.

Operating Expenses

Operating expenses for the quarter under review totalled S\$15.2 million compared with S\$14.6 million for the corresponding quarter in FY2008. The Group's cost containment efforts were successful and as a result, operating expenses for the quarter grew at a lower rate of 4.1% compared with revenue growth of 6.9%.

Consequently, operating expenses as a percentage of sales for 1Q2009 was 16.9% compared with 17.4% in 1Q2008.

Net Profit

Net profit registered a 10.7% increase from S\$3.0 million in 1Q2008 to S\$3.3 million in 1Q2009. Despite higher cost of goods, net profit grew at a higher rate than revenue, 10.7% versus 6.9%, respectively. This was attributable to the containment of operating cost as well as higher contribution from associated company and lower taxation charges.

Financial Position

Cash generated from operating activities for the current quarter remained healthy at S\$5.2 million compared with S\$4.1m generated in 1Q2008.

Inventory level at the end July 2008 stood at S\$86.2 million, up slightly by 2.0% over the level at end April 2008 due to the building up of inventory of new product lines for forthcoming product launches and sales.

Cash and cash equivalents at end-July 2008 stood at S\$6.1 million compared with S\$4.9 million at end-July 2007.

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 manufacturers of the Group's major brands have improved the supply volumes and product range and this should increase the Group's distribution business in FY2009. The Group expects better sales of its SSW-branded wheels with the increase in production from its own SSW alloy wheel plant in Thailand.

The Group will continue its efforts to control operating costs and grow its earnings through gaining a bigger market share for its major and proprietary products.

Going forward, the Group expects intense competition and challenging conditions in the global tyre industry to prevail.

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 July 2008.

**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 first quarter ended 31 July 2008, to be false or misleading in any material aspect.



BY ORDER OF THE BOARD

Dawn Wee Wai Ying
Director
10 September 2008