

STAMFORD TYRES CORPORATION LTD

Unaudited Third 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 period of the immediately preceding financial year.

1(a)(i) CONSOLIDATED INCOME STATEMENT (3Q FY2009 vs 3Q FY2008, YTD JAN FY2009 vs YTD JAN FY2008)

	Group			Group		
	01/11/08- 31/01/09	01/11/07- 31/01/08	Difference	01/05/08- 31/01/09	01/05/07- 31/01/08	Difference
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	62,910	79,708	-21.07%	227,649	243,830	-6.64%
Other revenue	342	338	1.18%	719	1,129	-36.32%
Total revenue	63,252	80,046	-20.98%	228,368	244,959	-6.77%
Cost of goods sold	47,108	60,753	-22.46%	173,004	188,253	-8.10%
Salaries and employees benefits	3,541	5,243	-32.46%	13,847	16,443	-15.79%
Marketing and distribution	2,373	3,405	-30.31%	7,728	9,534	-18.94%
Utilities, repairs and maintenance	1,402	1,605	-12.65%	4,585	5,112	-10.31%
Finance costs	2,124	1,675	26.81%	5,616	5,067	10.83%
Depreciation of property, plant and equipment	1,522	1,447	5.18%	4,397	3,931	11.85%
Operating lease rentals	1,056	1,086	-2.76%	3,073	3,305	-7.02%
Other operating expenses	3,353	1,927	74.00%	13,076	4,713	177.45%
Total expenditure	(62,479)	(77,141)	-19.01%	(225,326)	(236,358)	-4.67%
Share of profits of an associated company	(25)	(18)	38.89%	598	722	-17.17%
Profit before taxation	748	2,887	-74.09%	3,640	9,323	-60.96%
Taxation	(646)	(886)	27.09%	(2,471)	(3,020)	18.18%
Profit for the financial period	102	2,001	-94.90%	1,169	6,303	-81.45%
Attributable to:						
Equity holders of the company	69	1,979	-96.51%	1,067	6,246	-82.92%
Minority interests	33	22	50.00%	102	57	78.95%
	102	2,001	-94.90%	1,169	6,303	-81.45%
	01/11/08- 31/01/09	01/11/07- 31/01/08		01/05/08- 31/01/09	01/05/07- 31/01/08	
	\$'000	\$'000		\$'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)	2,695	2,080		7,253	5,911	
Allowance for doubtful receivables	1,156	33		2,198	510	
Allowance for obsolete inventories	90	117		449	430	
Loss/(gain) on disposal of property, plant and equipment	30	(130)		(146)	(307)	
Write-back of impairment loss on property, plant and equipment	(278)	-		(266)	-	
Foreign exchange loss	938	931		6,686	1,189	
Fair value loss/(gain) on other financial instruments	589	(456)		205	(397)	
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	
	31/01/09	30/04/08	31/01/09	30/04/08
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	72,015	70,391	-	-
Subsidiary companies	-	-	32,657	29,931
Amount due from subsidiary companies	-	-	22,399	25,157
Joint venture company	-	-	1,570	1,571
Associated companies	4,754	3,719	-	-
Deferred tax assets	2,444	1,697	-	-
	<u>79,213</u>	<u>75,807</u>	<u>56,626</u>	<u>56,659</u>
Current assets				
Inventories	110,973	84,549	-	-
Trade receivables	77,789	90,813	-	-
Derivatives	296	166	-	-
Other receivables	4,922	6,120	497	686
Prepayments and advances	3,811	4,607	66	41
Marketable securities	6	6	-	-
Cash and bank deposits	13,516	24,342	21	105
	<u>211,313</u>	<u>210,603</u>	<u>584</u>	<u>832</u>
Less: Current liabilities				
Trade payables	23,881	28,993	-	-
Trust receipts (secured)	93,186	80,248	-	-
Derivatives	885	642	-	-
Other payables	12,711	14,060	589	676
Loans (secured)	41,260	28,739	-	-
Hire-purchase liabilities	442	366	-	-
Provisions	611	462	-	-
Provision for taxation	2,656	3,216	2	124
	<u>175,632</u>	<u>156,726</u>	<u>591</u>	<u>800</u>
Net current assets	<u>35,681</u>	<u>53,877</u>	<u>(7)</u>	<u>32</u>
Non-current liabilities				
Amount due to subsidiary companies	-	-	4,072	7,330
Hire-purchase liabilities	911	804	-	-
Provisions	210	210	-	-
Long-term loans (secured)	22,775	39,078	-	-
Deferred tax liabilities	919	985	-	-
	<u>24,815</u>	<u>41,077</u>	<u>4,072</u>	<u>7,330</u>
	<u>90,079</u>	<u>88,607</u>	<u>52,547</u>	<u>49,361</u>
Equity				
Share capital	33,677	33,677	33,677	33,677
Reserves	55,970	54,590	18,870	15,684
	<u>89,647</u>	<u>88,267</u>	<u>52,547</u>	<u>49,361</u>
Minority interests	<u>432</u>	<u>340</u>	<u>-</u>	<u>-</u>
	<u>90,079</u>	<u>88,607</u>	<u>52,547</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 31/01/2009		As at 30/04/2008	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
134,888	-	109,353	-

Amount repayable after one year

As at 31/01/2009		As at 30/04/2008	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
23,686	-	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 \$52,269,317 as at 31 January 2009 (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 period of the immediately preceding financial year.

1(C)(i) CONSOLIDATED CASH FLOW STATEMENT (3Q FY2009 vs 3Q FY2008)

	Group	
	01/11/08- 31/01/09 \$'000	01/11/07- 31/01/08 \$'000
Cash flows from operating activities		
Profit before taxation	748	2,887
Adjustments for:		
Depreciation of property, plant and equipment	2,695	2,080
Share option expense	-	53
Loss/(gain) on disposal of property, plant and equipment	30	(130)
Fair value loss/(gain) on other financial instruments	589	(456)
Property, plant and equipment written off	-	4
Foreign currency translation adjustment	361	(901)
Interest income	(55)	(87)
Provision for/(write-back of) product warranties and reinstatement cost	9	(32)
Write-back of impairment loss on property, plant and equipment	(278)	-
Interest expenses	2,124	1,675
Share of loss of associated company	25	18
Operating profit before reinvestment in working capital	6,248	5,111
(Increase)/decrease in inventories	(6,726)	1,321
Decrease/(increase) in receivables	8,730	(7,568)
(Decrease)/increase in payables	(7,225)	2,003
Cash generated by operations	1,027	867
Interest received	55	87
Interest paid	(2,124)	(1,675)
Income tax paid	(2,092)	(1,419)
Net cash used in operating activities	(3,134)	(2,140)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	30	80
Purchase of property, plant and equipment	(1,828)	(12,107)
Net cash used in investing activities	(1,798)	(12,027)
Cash flows from financing activities :		
Proceeds from long-term loans	-	8,541
(Repayment of)/proceeds from trust receipts	(3,704)	2,702
Proceeds from/(repayment of) hire purchase creditors	389	(115)
Dividend paid to shareholders	-	(1,890)
Repayment of long-term loans	(721)	(1,797)
Net cash (used in)/provided by financing activities	(4,036)	7,441
Net decrease in cash and cash equivalents	(8,968)	(6,726)
Cash and cash equivalents at beginning of financial period	4,034	13,735
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	31	735
Cash and cash equivalents at end of financial period	(4,903)	7,744
Cash and cash equivalents consist of :		
Cash and bank balances	13,516	16,917
Short-term revolving loan	(18,419)	(9,173)
	(4,903)	7,744

1(C)(ii) CONSOLIDATED CASH FLOW STATEMENT (YTD JAN FY2009 vs YTD JAN FY2008)

	Group	
	01/05/08- 31/01/09	01/05/07- 31/01/08
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	3,640	9,323
Adjustments for:		
Depreciation of property, plant and equipment	7,253	5,911
Share option expense	-	184
Gain on disposal of property, plant and equipment	(146)	(307)
Fair value loss/(gain) on other financial instruments	205	(397)
Property, plant and equipment written off	-	98
Foreign currency translation adjustment	1,554	(1,225)
Interest income	(139)	(306)
Provisions for/(write back of) product warranties and reinstatement cost	149	(51)
Write-back of impairment loss on property, plant and equipment	(266)	-
Interest expenses	5,616	5,067
Share of profit of associated company	(598)	(722)
Operating profit before reinvestment in working capital	17,268	17,575
Increase in inventories	(26,424)	(1,411)
Decrease/(increase) in receivables	15,018	(3,922)
(Decrease)/increase in payables	(6,461)	315
Cash (used in)/generated by operations	(599)	12,557
Interest received	139	306
Interest paid	(5,616)	(5,067)
Income tax paid	(3,844)	(3,360)
Net cash (used in)/provided by operating activities	(9,920)	4,436
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	265	1,714
Purchase of property, plant and equipment	(9,459)	(20,675)
Net cash used in investing activities	(9,194)	(18,961)
Cash flows from financing activities :		
Proceeds from long-term loans	2,203	13,593
Proceeds from trust receipts	12,938	14,333
Proceeds from/(repayment of) hire purchase creditors	183	(153)
Dividend paid to shareholders	(1,153)	(5,672)
Repayment of long-term loans	(5,622)	(5,993)
Net cash provided by financing activities	8,549	16,108
Net (decrease)/increase in cash and cash equivalents	(10,565)	1,583
Cash and cash equivalents at beginning of financial period	5,746	5,431
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	(84)	730
Cash and cash equivalents at end of financial period	(4,903)	7,744
Cash and cash equivalents consist of :		
Cash and bank balances	13,516	16,917
Short-term revolving loan	(18,419)	(9,173)
	(4,903)	7,744

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 Nov 2007	33,677	143	645	57,907	-	(4,271)	54,424	317	88,418
Translation adjustments arising on consolidation	-	-	-	-	-	(680)	(680)	3	(677)
Net loss recognized directly in equity	-	-	-	-	-	(680)	(680)	3	(677)
Profit for the financial period	-	-	-	1,979	-	-	1,979	22	2,001
Total recognized income and expense for the period	-	-	-	1,979	-	(680)	1,299	25	1,324
Share option expense	-	-	53	-	-	-	53	-	53
Dividend	-	-	-	(1,890)	-	-	(1,890)	-	(1,890)
Balance at 31 Jan 2008	33,677	143	698	57,996	-	(4,951)	53,886	342	87,905
Balance at 1 Nov 2008	33,677	260	755	59,056	(203)	(4,835)	55,033	398	89,108
Translation adjustments arising on consolidation	-	-	-	-	-	836	836	1	837
Fair value gain on cash flow hedges	-	-	-	-	32	-	32	-	32
Net gain recognized directly in equity	-	-	-	-	32	836	868	1	869
Profit for the financial period	-	-	-	69	-	-	69	33	102
Total recognized income and expense for the period	-	-	-	69	32	836	937	34	971
Transfer from retained earnings to capital reserves	-	61	-	(61)	-	-	-	-	-
Balance at 31 Jan 2009	33,677	321	755	59,064	(171)	(3,999)	55,970	432	90,079

Company	Share capital \$'000	Employee share option reserve \$'000	Revenue reserve \$'000	Total \$'000
Balance at 1 Nov 2007	33,677	645	16,196	50,518
Share option expense	-	53	-	53
Dividend	-	-	(1,890)	(1,890)
Profit for the financial period	-	-	993	993
Total recognized income and expense for the period	-	-	993	993
Balance at 31 Jan 2008	33,677	698	15,299	49,674
Balance at 1 Nov 2008	33,677	755	15,777	50,209
Profit for the financial period	-	-	2,338	2,338
Total recognized income and expense for the period	-	-	2,338	2,338
Balance at 31 Jan 2009	33,677	755	18,115	52,547

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 31/01/09	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:

- 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.

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	
	01/11/08- 31/01/09	01/11/07- 31/01/08	01/05/08- 31/01/09	01/05/07- 31/01/08
Earning per share (EPS)				
- basic (cents)	0.03	0.86	0.46	2.71
- diluted (cents)	0.03	0.86	0.46	2.71
	\$'000	\$'000	\$'000	\$'000
Group earnings used for the calculation of EPS	69	1,979	1,067	6,246
Profit for the financial period				
	'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	230,561	230,561	230,561	230,561

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 YTD JAN FY2009, YTD JAN FY2008, 3Q FY2009 as well as 3Q FY2008, diluted EPS is calculated on the same basis as basic EPS as there are no dilutive potential ordinary shares.

Unissued shares under share options as at 31 January 2009 comprise 2,165,000 (2008 : 2,415,000) 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	
	31/01/09	30/04/08	31/01/09	30/04/08
Net asset value per ordinary share (cents)	38.88	38.28	22.79	21.41

The Group and the Company net asset value per share as at 31 January 2009 and as at 30 April 2008 are calculated 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.

3Q2009 (November 2008 to January 2009)

The Group faced a challenging operating environment over the nine months ended 31 January 2009 (9M2009). Business conditions significantly deteriorated over the last three months of this period (3Q2009).

Revenue

Stamford Tyres recorded a 21.1% reduction in revenue to S\$62.9 million due to slowing demand for tyre and wheel products globally.

Gross Profit

Gross profit for the current Quarter was S\$15.8 million, compared to S\$19.0 million for the same period in FY2008. This 16.6% decline was in line with the fall in revenue.

Nevertheless, gross profit margin for 3Q2009 improved from the 23.8% a year ago to 25.1% in this Quarter. This was due to a higher margin product mix sold in the period under review.

Operating Expenses

The Group implemented its cost reduction measures in the Quarter. Employee salaries and benefits were reduced by 32.5%, falling from S\$5.2 million to S\$3.5 million. Marketing and distribution costs were also reduced by 30.3% to S\$2.4 million.

Finance cost rose by 26.8% to S\$2.1 million due to increase in Group's borrowings.

Other Operating Expenses for the Quarter rose to S\$3.4 million due largely to S\$1.2 million provision for doubtful receivables.

Compared to 3Q2008, the Group's operating expenses for 3Q2009 fell 6.2% from S\$16.4 million to S\$15.4 million.

Net Profit

The Group closed 3Q2009 with a net profit of S\$0.1 million.

9M2009 (May 2008 to January 2009)

Revenue

For 9M2009, the Group achieved revenue of S\$227.7 million, which was lower by 6.6% compared to the S\$243.8 million achieved in the same period last year. This was due to weakening economic and market conditions throughout the period under review.

Gross Profit

Gross profit for this period was flat at S\$54.6 million against S\$55.6 million for 9M2008. Gross profit margin rose from 22.8% to 23.9%.

Operating Expenses

For 9M2009, several cost line items fell due to the Group's cost reduction measures taken in 3Q2009. Employee salaries and benefits were reduced by 15.8%, falling from S\$16.4 million a year ago to S\$13.8 million for the corresponding period in 2009.

Marketing and distribution costs were also lower -- down 18.9% at S\$7.7 million compared to S\$9.5 million in 9M2008.

Other Operating Expenses for 9M2009 were higher year-on-year by 177.5% to S\$13.1 million. This was caused by S\$6.7m of realized and unrealized foreign exchange losses and a S\$2.2 million provision for doubtful receivables.

Net Profit

Despite deteriorating business conditions as well as the above mentioned foreign exchange losses, Stamford Tyres returned a profit of S\$1.2 million for 9M2009.

Financial Position

Inventory levels at end-January 2009 stood at S\$111.0 million, up 31.3% compared with the level as at 30 April 2008. This increase was primarily due to the 21.1% reduction in sales during 3Q2009.

Trade receivables declined from S\$90.8 million to S\$77.8 million, reflecting the slower business conditions during the period.

Cash generated by operations was S\$1.0 million, up 18.5% compared to S\$0.9 million a year earlier.

Cash and cash equivalents at end-January 2009 was a negative S\$4.9 million compared to S\$7.7 million a year earlier. This was due primarily to an increase in inventory levels as at end-January 2009.

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 tyre manufacturing and distribution industry is facing challenging conditions. The current financial crisis is likely to cause the Group's revenue and earnings to be under pressure for the foreseeable future.

The Group will continue its efforts to pare operating costs, maximize business efficiency, restructure operations where necessary and optimize its product mix.

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 January 2009.

**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 3rd quarter ended 31 January 2009, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dawn Wee Wai Ying
Director
11 March 2009

