STAMFORD TYRES CORPORATION LTD

Unaudited First Quarter 2010 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			
	01/05/09-31/07/09	01/05/08-31/07/08	Difference	Difference
	$'000	$'000	$'000	%
Revenue	69,414	89,931	(20,517)	-22.81%
Other revenue	208	75	133	177.33%
Total revenue	69,622	90,006	(20,384)	-22.65%
Cost of goods sold	56,158	70,995	(14,837)	-20.90%
Salaries and employees benefits	4,861	5,276	(415)	-7.87%
Marketing and distribution	2,609	2,864	(255)	-8.90%
Utilities, repairs and maintenance	1,121	1,492	(371)	-24.87%
Finance costs	1,372	1,520	(148)	-9.74%
Depreciation of property, plant and equipment	1,308	1,391	(83)	-5.97%
Operating lease rentals	1,004	1,166	(162)	-13.89%
Other operating (income)/expenses	(231)	1,473	(1,704)	-115.68%
Total expenditure	(68,202)	(86,177)	17,975	-20.86%
Share of profits of an associated company	474	361	113	31.30%
Profit before taxation	1,894	4,190	(2,296)	-54.80%
Taxation	(952)	(902)	(50)	5.54%
Profit for the financial period	942	3,288	(2,346)	-71.35%
Attributable to:				
Equity holders of the company	905	3,256	(2,351)	-72.21%
Minority interests	37	32	5	15.63%
	942	3,288	(2,346)	-71.35%

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

	01/05/09-31/07/09 $'000	01/05/08-31/07/08 $'000
Net profit for the financial period	942	3,288
Other comprehensive income :		
Translation adjustments arising on consolidation	(336)	(1,184)
Fair value gain on cash flow hedges	79	125
Other comprehensive income for the financial period, net of tax	(257)	(1,059)
Total comprehensive income for the financial period	685	2,229
Total comprehensive income attributable to :		
Equity holders of the Company	656	2,205
Minority interest	29	24
	685	2,229

	01/05/09-31/07/09 $'000	01/05/08-31/07/08 $'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)	2,485	2,315
Allowance for/(write-back of allowance for) doubtful receivables	49	(156)
Allowance for inventory obsolescence	278	64
Gain on disposal of property, plant and equipment	(19)	(2)
Impairment loss on property, plant and equipment	-	102
Foreign exchange gain	(1,426)	(213)
Fair value (gain)/loss on other financial instruments	(70)	281
Adjustments for over provision of tax in respect of prior years	-	(266)

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/07/09	30/04/09	31/07/09	30/04/09
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	67,459	69,288	-	-
Subsidiary companies	-	-	30,574	30,574
Amount due from subsidiary companies	-	-	22,467	22,383
Joint venture company	-	-	1,571	1,571
Associated companies	4,797	5,050	-	-
Deferred tax assets	2,256	2,329	-	-
	74,512	76,667	54,612	54,528
Current assets				
Inventories	84,554	96,962	-	-
Trade receivables	69,878	72,374	-	-
Derivatives	67	184	-	-
Other receivables	5,607	5,018	559	521
Prepayments and advances	2,519	979	43	19
Cash and bank deposits	18,379	16,986	61	85
	181,004	192,503	663	625
Less: Current liabilities				
Trade payables	23,284	22,280	-	-
Trust receipts (secured)	52,407	62,007	-	-
Derivatives	935	871	-	-
Other payables	11,602	17,774	769	655
Loans (secured)	36,034	39,015	-	-
Hire-purchase liabilities	503	486	-	-
Provisions	586	517	-	-
Provision for taxation	2,001	1,691	24	2
	127,352	144,641	793	657
Net current assets	53,652	47,862	(130)	(32)
Non-current liabilities				
Amount due to subsidiary companies	-	-	4,584	5,220
Hire-purchase liabilities	720	818	-	-
Provisions	210	210	-	-
Long-term loans (secured)	35,153	32,231	-	-
Deferred tax liabilities	1,852	1,726	-	-
	37,935	34,985	4,584	5,220
	90,229	89,544	49,898	49,276
Equity				
Share capital	33,677	33,677	33,677	33,677
Reserves	56,085	55,429	16,221	15,599
	89,762	89,106	49,898	49,276
Minority interests	467	438	-	-
	90,229	89,544	49,898	49,276

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

Amount repayable in one year or less, or on demand

As at 31/07/2009		As at 30/04/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
88,944	-	101,508	-

Amount repayable after one year

As at 31/07/2009		As at 30/04/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
35,873	-	33,049	-

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 $47,224,000 as at 31 July 2009 (30 April 2009 : $48,562,000) 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

	Group	
	01/05/09-31/07/09	**01/05/08-31/07/08**
	$'000	**$'000**
Cash flows from operating activities		
Profit before taxation	1,894	4,190
Adjustments for:		
Depreciation of property, plant and equipment	2,485	2,315
Gain on disposal of property, plant and equipment	(19)	(2)
Fair value (gain)/loss on other financial instruments	(70)	281
Property, plant and equipment written off	-	27
Foreign currency translation adjustment	634	(80)
Interest income	(23)	(48)
Provision for product warranties and reinstatement cost	69	99
Impairment loss on property, plant and equipment	-	102
Interest expenses	1,372	1,520
Share of profits of associated company	(474)	(361)
Operating profit before reinvestment in working capital	5,868	8,043
Decrease/(increase) in inventories	12,408	(1,677)
Decrease/(increase) in receivables	367	(7,012)
(Decrease)/increase in payables	(5,168)	5,858
Cash generated by operations	13,475	5,212
Interest received	23	48
Interest paid	(1,372)	(1,520)
Income tax paid	(443)	(196)
Net cash provided by operating activities	11,683	3,544
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	70	14
Purchase of property, plant and equipment	(659)	(6,930)
Net cash used in investing activities	(589)	(6,916)
Cash flows from financing activities :		
Proceeds from long-term loans	5,000	1,492
(Repayment of)/proceeds from trust receipts	(9,600)	3,175
Repayment of hire purchase creditors	(81)	(109)
Repayment of long-term loans	(1,230)	(657)
Net cash (used in)/provided by financing activities	(5,911)	3,901
Net increase in cash and cash equivalents	5,183	529
Cash and cash equivalents at beginning of financial period	(13,303)	5,746
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	39	(148)
Cash and cash equivalents at end of financial period	(8,081)	6,127
Cash and cash equivalents consist of :		
Cash and bank balances	18,379	20,009
Short-term revolving loan	(26,460)	(13,882)
	(8,081)	6,127

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 2009	33,677	321	755	59,005	(79)	(4,573)	55,429	438	89,544
Total comprehensive income for the financial period	-	-	-	905	79	(328)	656	29	685
Balance at 31 July 2009	33,677	321	755	59,910	-	(4,901)	56,085	467	90,229
Balance at 1 May 2008	33,677	203	755	59,268	(265)	(5,371)	54,590	340	88,607
Transfer from retained earnings to capital reserves	-	57	-	(57)	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	3,256	125	(1,176)	2,205	24	2,229
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 2009	33,677	755	14,844	49,276
Total comprehensive income for the financial period	-	-	622	622
Balance at 31 July 2009	33,677	755	15,466	49,898
Balance at 1 May 2008	33,677	755	14,929	49,361
Total comprehensive income for the financial 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 2009.

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 31/07/09	Company 30/04/09
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 2009.

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 2009, 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
FRS 1	: Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 23	: Borrowing Costs
FRS 27	: Consolidated and Separate Financial Statements – Amendments related to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS32	: Financial Instruments: Presentation – Amendments related to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS101	: First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS102	: Share-based payment – Vesting conditions and cancellations
FRS107	: Financial Instruments : Disclosures – Amendments Relating to Improving Disclosures about Financial Instruments
FRS108	: Operating Segments
INT FRS 101	: Changes in Existing Decommissioning, Restoration and Similar Liabilities
INT FRS 112	: Service Concession Arrangements
INT FRS 113	: Customer Loyalty Programmes
INT FRS 116	: Hedges of a Net Investment in a Foreign Operation

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.

The effect of the adoption of FRS 108 will be reflected in the full year 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	
	01/05/09-31/07/09	**01/05/08-31/07/08**
Earning per share (EPS)		
- basic (cents)	0.39	1.41
- diluted (cents)	0.39	1.41
	$'000	**$'000**
Group earnings used for the calculation of EPS		
Profit for the financial period	905	3,256
	'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

Basic earning per share ("EPS") is calculated on the Group's profit for the financial period 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.

Unissued shares under share options as at 31 July 2009 comprise 2,125,000 (2009 : 2,145,000) 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	
	31/07/09	30/04/09	31/07/09	30/04/09
Net asset value per ordinary share (cents)	38.93	38.65	21.64	21.37

The Group and the Company net asset value per share as at 31 July 2009 and as at 30 April 2009 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.

The Group continued to face challenging market conditions over the three months ended 31 July 2009 (1Q2010). However, compared to previous quarter (4Q2009), performance had turned around from a loss of S$0.1m to a profit of S$0.9m.

Revenue

The Group's revenue for the quarter under review was S$69.4 million, lower by 22.8% when compared to 1Q2009, but marginally improved over sales of S$69.3 million in 4Q2009. This was attributable to a gradual increase in tyres and wheels demand.

Gross Profit and Gross Profit Margin

Gross profit declined by 30.0% to S$13.3 million in 1Q2010. Gross profit margin was also lower at 19.1% due to lower capacity utilisation at the Group's wheel plant in Thailand.

Operating Expenses

The Group's efforts to reduce its costs resulted in a 20.7% reduction in operating expenses for the quarter. Excluding foreign exchange gains, savings on operating cost line items totaled S$1.9 million.

Compared to 1Q2009, employee cost was lower by S$0.4 million due to the effect of wage cuts put in place since January 2009 when senior executives of the Group accepted pay reductions of 5% to 20%.

Marketing and distribution expenses were cut by S$0.3 million. Utilities, repair and maintenance costs were lower by S$0.4 million and operating lease rentals were reduced by S$0.2 million.

The Group's operating currencies were relatively stable against the US currency in 1Q2010. A stronger South African Rand and Indonesian Rupiah against the US dollar resulted in a foreign exchange gain of S$1.4 million.

Net Profit

The Group achieved a net profit of S$0.9 million for 1Q2010, a decline of 71.4% compared to the profit made a year earlier. EPS for the period was S$0.39 per share compared to S$1.41 for 1Q2009.

Financial Position

Inventory levels at 31 July 2009 were lower by 12.8% to S$84.6 million compared to S$97.0 million at the end of April 2009.

Trade receivables were S$69.9 million compared to S$72.4 million at end of April 2009.

Total borrowings were lower at S$124.8 million at balance sheet date compared to S$134.6 million at end of April 2009.

At balance sheet date, cash and cash equivalents was a negative S$8.1 million compared to S$6.1 million net cash held at the end of the same period a year earlier. This was primarily due to utilisation of short term revolving loans to pay trust receipts that were due. However, cash generated from operations increased from S$5.2 million to S$13.5 million.

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 Group expects business conditions to remain challenging in this current financial year. The Group's priorities are to continue to increase sales and productivity as well as to optimise 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.

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12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended for the period ended 31 July 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 1st quarter ended 31 July 2009, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dawn Wee Wai Ying
Director
14 September 2009

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