

STAMFORD TYRES CORPORATION LTD

Unaudited Second 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 (2Q FY2010 vs 2Q FY2009, YTD OCT FY2010 vs YTD OCT FY2009)

	Group			Group		
	01/08/09- 31/10/09	01/08/08- 31/10/08	Difference	01/05/09- 31/10/09	01/05/08- 31/10/08	Difference
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	76,321	74,808	2.02%	145,735	164,739	-11.54%
Other revenue	275	302	-8.94%	483	377	28.12%
Total revenue	76,596	75,110	1.98%	146,218	165,116	-11.45%
Cost of goods sold	59,379	54,901	8.16%	115,537	125,896	-8.23%
Salaries and employees benefits	4,703	5,030	-6.50%	9,564	10,306	-7.20%
Marketing and distribution	3,121	2,491	25.29%	5,730	5,355	7.00%
Utilities, repairs and maintenance	1,299	1,691	-23.18%	2,420	3,183	-23.97%
Finance costs	1,168	1,972	-40.77%	2,540	3,492	-27.26%
Depreciation of property, plant and equipment	1,335	1,484	-10.04%	2,643	2,875	-8.07%
Operating lease rentals	973	851	14.34%	1,977	2,017	-1.98%
Other operating expenses	2,121	8,250	-74.29%	1,890	9,723	-80.56%
Total expenditure	(74,099)	(76,670)	-3.35%	(142,301)	(162,847)	-12.62%
Share of profits of an associated company	484	262	84.73%	958	623	53.77%
Profit/(loss) before taxation	2,981	(1,298)	N.M	4,875	2,892	68.57%
Taxation	(977)	(923)	5.85%	(1,929)	(1,825)	5.70%
Profit/(loss) for the financial period	2,004	(2,221)	N.M	2,946	1,067	176.10%
Attributable to:						
Equity holders of the company	1,968	(2,258)	N.M	2,873	998	187.88%
Minority interests	36	37	-2.70%	73	69	5.80%
	2,004	(2,221)	N.M	2,946	1,067	176.10%

N.M - Not meaningful.

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

	01/08/09- 31/10/09	01/08/08- 31/10/08	01/05/09- 31/10/09	01/05/08- 31/10/08
	\$'000	\$'000	\$'000	\$'000
Net profit/(loss) for the financial period	2,004	(2,221)	2,946	1,067
Other comprehensive income :				
Translation adjustments arising on consolidation	(750)	1,709	(1,086)	525
Fair value gain/(loss) on cash flow hedges	-	(63)	79	62
Other comprehensive income for the financial period, net of tax	(750)	1,646	(1,007)	587
Total comprehensive income for the financial period	1,254	(575)	1,939	1,654
Total comprehensive income attributable to :				
Equity holders of the Company	1,217	(609)	1,873	1,596
Minority interest	37	34	66	58
	1,254	(575)	1,939	1,654

	01/08/09- 31/10/09	01/08/08- 31/10/08	01/05/09- 31/10/09	01/05/08- 31/10/08
	\$'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)	2,509	2,243	4,994	4,558
Allowance for doubtful receivables	65	1,198	114	1,042
Allowance for obsolete inventories	1,041	295	1,319	359
Gain on disposal of property, plant and equipment	(7)	(174)	(26)	(176)
Impairment loss/(writeback of impairment loss) on property, plant and equipment	186	(90)	186	12
Foreign exchange loss/(gain)	474	5,961	(952)	5,748
Fair value gain on other financial instruments	(745)	(665)	(815)	(384)
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	
	31/10/09	30/04/09	31/10/09	30/04/09
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	65,573	69,288	-	-
Subsidiary companies	-	-	31,638	30,574
Amount due from subsidiary companies	-	-	21,580	22,383
Joint venture company	-	-	1,571	1,571
Associated companies	5,131	5,050	-	-
Deferred tax assets	2,141	2,329	-	-
	<u>72,845</u>	<u>76,667</u>	<u>54,789</u>	<u>54,528</u>
Current assets				
Inventories	89,246	96,962	-	-
Trade receivables	75,842	72,374	-	-
Derivatives	412	184	-	-
Other receivables	6,048	5,018	588	521
Prepayments and advances	3,049	979	33	19
Cash and bank deposits	24,241	16,986	232	85
	<u>198,838</u>	<u>192,503</u>	<u>853</u>	<u>625</u>
Less: Current liabilities				
Trade payables	30,160	22,280	-	-
Trust receipts (secured)	64,706	62,007	-	-
Derivatives	209	871	-	-
Other payables	15,292	17,774	479	655
Loans (secured)	28,542	39,015	1,159	-
Hire-purchase liabilities	513	486	-	-
Provisions	652	517	-	-
Provision for taxation	1,844	1,691	2	2
	<u>141,918</u>	<u>144,641</u>	<u>1,640</u>	<u>657</u>
Net current assets/(liabilities)	<u>56,920</u>	<u>47,862</u>	<u>(787)</u>	<u>(32)</u>
Non-current liabilities				
Amount due to subsidiary companies	-	-	365	5,220
Hire-purchase liabilities	828	818	-	-
Provisions	210	210	-	-
Long-term loans (secured)	35,266	32,231	3,841	-
Deferred tax liabilities	1,978	1,726	-	-
	<u>38,282</u>	<u>34,985</u>	<u>4,206</u>	<u>5,220</u>
	<u>91,483</u>	<u>89,544</u>	<u>49,796</u>	<u>49,276</u>
Equity				
Share capital	33,677	33,677	33,677	33,677
Reserves	57,302	55,429	16,119	15,599
	<u>90,979</u>	<u>89,106</u>	<u>49,796</u>	<u>49,276</u>
Minority interests	<u>504</u>	<u>438</u>	<u>-</u>	<u>-</u>
	<u>91,483</u>	<u>89,544</u>	<u>49,796</u>	<u>49,276</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 31/10/2009		As at 30/04/2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
93,761	-	101,508	-

Amount repayable after one year

As at 31/10/2009		As at 30/04/2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
36,094	-	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 \$45,428,000 as at 31 October 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 (2Q FY2010 vs 2Q FY2009)

	Group	
	01/08/09- 31/10/09	01/08/08- 31/10/08
	\$'000	\$'000
Cash flows from operating activities		
Profit/(loss) before taxation	2,981	(1,298)
Adjustments for:		
Depreciation of property, plant and equipment	2,509	2,243
Gain on disposal of property, plant and equipment	(7)	(174)
Fair value gain on other financial instruments	(745)	(665)
Foreign currency translation adjustment	(552)	116
Interest income	(113)	(36)
Provision for product warranties and reinstatement cost	66	41
Impairment/(writeback of impairment loss) on property, plant and equipment	186	(117)
Interest expenses	1,168	1,972
Share of profits of associated company	(484)	(262)
Operating profit before reinvestment in working capital	5,009	1,820
Increase in inventories	(4,692)	(18,021)
(Increase)/decrease in receivables	(6,935)	13,478
Increase/(decrease) in payables	10,566	(5,242)
Cash generated by/(used in) operations	3,948	(7,965)
Interest received	113	36
Interest paid	(1,168)	(1,972)
Income tax paid	(893)	(1,513)
Net cash provided by/(used in) operating activities	2,000	(11,414)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	1	221
Purchase of property, plant and equipment	(1,400)	(701)
Net cash used in investing activities	(1,399)	(480)
Cash flows from financing activities :		
Proceeds from long-term loans	5,000	711
Proceeds from trust receipts	12,299	13,467
Proceeds from/(repayment of) hire purchase creditors	118	(97)
Dividend paid to shareholders	-	(1,153)
Repayment of long-term loans	(3,404)	(3,688)
Net cash provided by financing activities	14,013	9,240
Net increase/(decrease) in cash and cash equivalents	14,614	(2,654)
Cash and cash equivalents at beginning of financial period	(8,081)	6,127
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	223	561
Cash and cash equivalents at end of financial period	6,756	4,034
Cash and cash equivalents consist of :		
Cash and bank balances	24,241	19,896
Short-term revolving loan	(17,485)	(15,862)
	6,756	4,034

1(C)(ii) CONSOLIDATED CASH FLOW STATEMENT (YTD OCT FY2010 vs YTD OCT FY2009)

	Group	
	01/05/09- 31/10/09 \$'000	01/05/08- 31/10/08 \$'000
Cash flows from operating activities		
Profit before taxation	4,875	2,892
Adjustments for:		
Depreciation of property, plant and equipment	4,994	4,558
Gain on disposal of property, plant and equipment	(26)	(176)
Fair value gain on other financial instruments	(815)	(384)
Foreign currency translation adjustment	82	1,302
Interest income	(136)	(84)
Provisions for product warranties and reinstatement cost	135	140
Impairment loss on property, plant and equipment	186	12
Interest expenses	2,540	3,492
Share of profit of associated company	(958)	(623)
Operating profit before reinvestment in working capital	10,877	11,129
Decrease/(increase) in inventories	7,716	(19,698)
(Increase)/decrease in receivables	(6,568)	6,320
Increase in payables	5,398	763
Cash generated by/(used in) operations	17,423	(1,486)
Interest received	136	84
Interest paid	(2,540)	(3,492)
Income tax paid	(1,336)	(1,708)
Net cash provided by/(used in) operating activities	13,683	(6,602)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	71	235
Purchase of property, plant and equipment	(2,059)	(7,631)
Net cash used in investing activities	(1,988)	(7,396)
Cash flows from financing activities :		
Proceeds from long-term loans	10,000	2,203
Proceeds from trust receipts	2,699	16,642
Proceeds from/(repayment of) hire purchase creditors	37	(206)
Dividend paid to shareholders	-	(1,153)
Repayment of long-term loans	(4,634)	(5,085)
Net cash provided by financing activities	8,102	12,401
Net increase/(decrease) in cash and cash equivalents	19,797	(1,597)
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	262	(115)
Cash and cash equivalents at end of financial period	6,756	4,034
Cash and cash equivalents consist of :		
Cash and bank balances	24,241	19,896
Short-term revolving loan	(17,485)	(15,862)
	6,756	4,034

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 2008	33,677	203	755	59,268	(265)	(5,371)	54,590	340	88,607
Total comprehensive income for the financial period	-	-	-	998	62	536	1,596	58	1,654
Dividend	-	-	-	(1,153)	-	-	(1,153)	-	(1,153)
Balance at 31 October 2008	33,677	203	755	59,113	(203)	(4,835)	55,033	398	89,108
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	-	-	-	2,873	79	(1,079)	1,873	66	1,939
Balance at 31 October 2009	33,677	321	755	61,878	-	(5,652)	57,302	504	91,483

	Share capital \$'000	Employee share option reserve \$'000	Revenue reserve \$'000	Total \$'000
Company				
Balance at 1 May 2008	33,677	755	14,929	49,361
Total comprehensive income for the financial period	-	-	2,001	2,001
Dividend	-	-	(1,153)	(1,153)
Balance at 31 October 2008	33,677	755	15,777	50,209
Balance at 1 May 2009	33,677	755	14,844	49,276
Total comprehensive income for the financial period	-	-	520	520
Balance at 31 October 2009	33,677	755	15,364	49,796

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 31/10/09	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
FRS 32	: Financial Instruments: Presentation – Amendments related to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 101	: First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 102	: Share-based payment – Vesting conditions and cancellations
FRS 107	: Financial Instruments : Disclosures – Amendments Relating to Improving Disclosures about Financial Instruments
FRS 108	: 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
INT FRS 118	: Transfer of Assets from Customers

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		Group	
	01/08/09- 31/10/09	01/08/08- 31/10/08	01/05/09- 31/10/09	01/05/08- 31/10/08
Earning per share (EPS)				
- basic (cents)	0.85	(0.98)	1.25	0.43
- diluted (cents)	0.85	(0.98)	1.25	0.43
	\$'000	\$'000	\$'000	\$'000
Group earnings used for the calculation of EPS				
Profit/(loss) for the financial period	1,968	(2,258)	2,873	998
	'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 OCT FY2010, YTD OCT FY2009, 2QFY2010 as well as 2QFY2009, 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 October 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	
	31/10/09	30/04/09	31/10/09	30/04/09
Net asset value per ordinary share (cents)	39.46	38.65	21.60	21.37

The Group and the Company net asset value per share as at 31 October 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.

2Q2010

The Group experienced both revenue and profit growth for the quarter ended 31 October 2009 (2Q2010) as business conditions improved and demand grew for the Group's tyre products.

Revenue

Revenue from sales of tyre and wheel products was S\$76.3 million, a growth of 2% over 2Q2009. This was however an increase of 10% when compared to the S\$69.4 million revenue reported for 1Q2010.

Gross Profit

Gross profit was S\$16.9 million, compared to S\$19.9 million for the same period a year earlier. The decline was due to heightened market competition and pricing pressures worldwide as well as lower sales from the Group's wheel plant in Thailand.

Gross profit margin was 22.2% compared to 26.6% of a year ago and 19.1% in 1Q2010.

Operating Expenses

The Group's cost management efforts reduced total operating expenses by 9.9%.

Several expense line items were notably lower for the quarter -- salary and employee benefits were down by 6.5%; utilities, repair and maintenance were lower by 23.2%. On the other hand, marketing costs were higher by 25.3% as the Group organized more promotional activities to position itself in growth markets.

Net Profit

The Group achieved a net profit of S\$2.0 million, a turnaround from the S\$2.2 million loss taken in 2Q2009. The previous year's earnings was affected by forex losses caused by the extreme currency volatility in the wake of the 2008 financial crisis.

Financial position

Inventories at 31 October 2009 stood at S\$89.2 million compared to S\$96.9 million at end of April 2009.

Trade receivables were higher at S\$75.8 million compared to S\$72.3 million in line with higher sales. Cash and cash equivalents at close of the reporting period amounted to S\$6.7 million compared to S\$4.0 million a year earlier.

1H2010

Revenue

The Group's revenue for the first six months of the current fiscal year (1H2010) was \$145.7 million, which was lower by 11.5% when compared to 1H2009.

Gross Profit

Gross profit was S\$30.2 million compared to S\$38.8 million a year earlier. The decline was due to heightened market competition and pricing pressures worldwide as well as lower sales from the Group's wheel plant in Thailand.

Gross profit margin was 20.7% compared to 23.6% the year before.

Operating Expenses

Total operating expenses was 11.2% lower excluding foreign exchange gains/losses.

Net Profit

The Group returned a net profit of S\$2.9 million for 1H2010, compared to S\$1.0 million for the same period a year ago.

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 market conditions to gradually improve.

The Group aims to improve its product mix and its profit margins. It will continue to actively manage its operating costs.

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 October 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 2nd quarter ended 31 October 2009, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "Dawn Wee Wai Ying", with a long horizontal stroke extending to the right.

Dawn Wee Wai Ying
Director
9 December 2009