STAMFORD TYRES CORPORATION LTD

Unaudited Third 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 (3Q FY2010 vs 3Q FY2009, YTD JAN FY2010 vs YTD JAN FY2009)

	Group			Group		
	01/11/09-31/01/10	01/11/08-31/01/09	Difference	01/05/09-31/01/10	01/05/08-31/01/09	Difference
	$'000	$'000	%	$'000	$'000	%
Revenue	81,461	62,910	29.49%	227,196	227,649	-0.20%
Other revenue	270	342	-21.05%	753	719	4.73%
Total revenue	81,731	63,252	29.21%	227,949	228,368	-0.18%
Cost of goods sold	62,661	47,108	33.02%	178,198	173,004	3.00%
Salaries and employees benefits	4,767	3,541	34.62%	14,331	13,847	3.50%
Marketing and distribution	2,510	2,373	5.77%	8,240	7,728	6.63%
Utilities, repairs and maintenance	1,211	1,402	-13.62%	3,631	4,585	-20.81%
Finance costs	1,236	2,124	-41.81%	3,776	5,616	-32.76%
Depreciation of property, plant and equipment	1,401	1,522	-7.95%	4,044	4,397	-8.03%
Operating lease rentals	982	1,056	-7.01%	2,959	3,073	-3.71%
Other operating expenses	3,482	3,353	3.84%	5,372	13,076	-58.92%
Total expenditure	(78,250)	(62,479)	25.24%	(220,551)	(225,326)	-2.12%
Share of profits of an associated company	312	(25)	N.M	1,270	598	112.37%
Profit before taxation	3,793	748	N.M	8,668	3,640	138.14%
Taxation	(1,426)	(646)	120.74%	(3,355)	(2,471)	35.77%
Profit for the financial period	2,367	102	N.M	5,313	1,169	354.51%
Attributable to:						
Equity holders of the company	2,344	69	N.M	5,217	1,067	388.96%
Minority interests	23	33	-30.30%	96	102	-5.88%
	2,367	102	N.M	5,313	1,169	354.51%

N.M - Not meaningful.

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

	01/11/09-31/01/10 $'000	01/11/08-31/01/09 $'000	01/05/09-31/01/10 $'000	01/05/08-31/01/09 $'000
Net profit for the financial period	2,367	102	5,313	1,169
Other comprehensive income :				
Translation adjustments arising on consolidation	68	837	(1,018)	1,362
Fair value gain on cash flow hedges	-	32	79	94
Other comprehensive income for the financial period, net of tax	68	869	(939)	1,456
Total comprehensive income for the financial period	2,435	971	4,374	2,625
Total comprehensive income attributable to :				
Equity holders of the Company	2,411	938	4,284	2,533
Minority interest	24	33	90	92
	2,435	971	4,374	2,625

	01/11/09-31/01/10 $'000	01/11/08-31/01/09 $'000	01/05/09-31/01/10 $'000	01/05/08-31/01/09 $'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)	2,575	2,695	7,569	7,253
Allowance for doubtful receivables	197	1,156	311	2,198
Allowance for obsolete inventories	1,973	90	3,292	449
(Gain)/loss on disposal of property, plant and equipment	(26)	30	(52)	(146)
(Writeback of impairment loss)/impairment loss on property, plant and equipment	(7)	(278)	179	(266)
Foreign exchange (gain)/loss	(477)	938	(1,429)	6,686
Fair value Loss/(gain) on other financial instruments	329	589	(486)	205
Adjustments for over provision of tax in respect of prior years	-	-	-	(266)

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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	
	31/01/10	30/04/09	31/01/10	30/04/09
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	64,816	69,288	-	-
Subsidiary companies	-	-	31,636	30,574
Amount due from subsidiary companies	-	-	21,551	22,383
Joint venture company	-	-	1,571	1,571
Associated companies	5,470	5,050	-	-
Deferred tax assets	2,166	2,329	-	-
	72,452	76,667	54,758	54,528
Current assets				
Inventories	91,816	96,962	-	-
Trade receivables	82,471	72,374	-	-
Derivatives	55	184	-	-
Other receivables	6,531	5,018	483	521
Prepayments and advances	1,735	979	41	19
Cash and bank deposits	18,465	16,986	323	85
	201,073	192,503	847	625
Less: Current liabilities				
Trade payables	30,019	22,280	-	-
Trust receipts (secured)	65,986	62,007	-	-
Derivatives	178	871	-	-
Other payables	17,154	17,774	625	655
Loans (secured)	23,562	39,015	1,173	-
Hire-purchase liabilities	608	486	-	-
Provisions	757	517	-	-
Provision for taxation	2,098	1,691	-	2
	140,361	144,641	1,798	657
Net current assets/(liabilities)	60,712	47,862	(951)	(32)
Non-current liabilities				
Amount due to subsidiary companies	-	-	365	5,220
Hire-purchase liabilities	974	818	-	-
Provisions	210	210	-	-
Long-term loans (secured)	35,957	32,231	3,543	-
Deferred tax liabilities	2,104	1,726	-	-
	39,245	34,985	3,908	5,220
	93,919	89,544	49,899	49,276
Equity				
Share capital	33,677	33,677	33,677	33,677
Reserves	59,714	55,429	16,222	15,599
	93,391	89,106	49,899	49,276
Minority interests	528	438	-	-
	93,919	89,544	49,899	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 31/01/2010		As at 30/04/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
90,155	-	101,508	-

Amount repayable after one year

As at 31/01/2010		As at 30/04/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
36,931	-	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 $44,549,000 as at 31 January 2010 (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.

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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 FY2010 vs 3Q FY2009)

	Group	
	01/11/09-31/01/10	01/11/08-31/01/09
	$'000	$'000
Cash flows from operating activities		
Profit before taxation	3,793	748
Adjustments for:		
Depreciation of property, plant and equipment	2,575	2,695
(Gain)/loss on disposal of property, plant and equipment	(26)	30
Fair value gain on other financial instruments	329	589
Property, plant and equipment written off	21	-
Foreign currency translation adjustment	(415)	361
Interest income	(37)	(55)
Provision for product warranties and reinstatement cost	105	9
Writeback of impairment loss on property, plant and equipment	(7)	(278)
Interest expenses	1,236	2,124
Share of (profits)/loss of associated company	(312)	25
Operating profit before reinvestment in working capital	7,262	6,248
Increase in inventories	(2,570)	(6,726)
(Increase)/decrease in receivables	(5,798)	8,730
Increase/(decrease) in payables	1,721	(7,225)
Cash generated by operations	615	1,027
Interest received	37	55
Interest paid	(1,236)	(2,124)
Income tax paid	(1,071)	(2,092)
Net cash used in operating activities	(1,655)	(3,134)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	65	30
Purchase of property, plant and equipment	(1,280)	(1,828)
Net cash used in investing activities	(1,215)	(1,798)
Cash flows from financing activities :		
Proceeds from long-term loans	4,250	-
Proceeds from/(repayment of) trust receipts	1,280	(3,704)
Proceeds from hire purchase creditors	241	389
Repayment of long-term loans	(2,394)	(721)
Net cash provided by/(used in) financing activities	3,376	(4,036)
Net increase/(decrease) in cash and cash equivalents	506	(8,968)
Cash and cash equivalents at beginning of financial period	6,756	4,034
Exchange rate adjustment to cash and cash equivalents at beginning of financial period	(137)	31
Cash and cash equivalents at end of financial period	7,125	(4,903)
Cash and cash equivalents consist of :		
Cash and bank balances	18,465	13,516
Short-term revolving loan	(11,340)	(18,419)
	7,125	(4,903)

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

	Group	
	01/05/09-31/01/10	01/05/08-31/01/09
	$'000	$'000
Cash flows from operating activities		
Profit before taxation	8,668	3,640
Adjustments for:		
Depreciation of property, plant and equipment	7,569	7,253
Gain on disposal of property, plant and equipment	(52)	(146)
Fair value (gain)/loss on other financial instruments	(486)	205
Property, plant and equipment written off	21	-
Foreign currency translation adjustment	(333)	1,554
Interest income	(173)	(139)
Provisions for product warranties and reinstatement cost	240	149
Impairment loss/(writeback of impairment loss) on property, plant and equipment	179	(266)
Interest expenses	3,776	5,616
Share of profit of associated company	(1,270)	(598)
Operating profit before reinvestment in working capital	18,139	17,268
Decrease/(increase) in inventories	5,146	(26,424)
(Increase)/decrease in receivables	(12,366)	15,018
Increase/(decrease) in payables	7,119	(6,461)
Cash generated by/(used in) operations	18,038	(599)
Interest received	173	139
Interest paid	(3,776)	(5,616)
Income tax paid	(2,407)	(3,844)
Net cash provided by/(used in) operating activities	12,028	(9,920)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	136	265
Purchase of property, plant and equipment	(3,339)	(9,459)
Net cash used in investing activities	(3,203)	(9,194)
Cash flows from financing activities :		
Proceeds from long-term loans	14,250	2,203
Proceeds from trust receipts	3,979	12,938
Proceeds from/(repayment of) hire purchase creditors	278	183
Dividend paid to shareholders	-	(1,153)
Repayment of long-term loans	(7,028)	(5,622)
Net cash provided by financing activities	11,478	8,549
Net increase/(decrease) in cash and cash equivalents	20,303	(10,565)
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	125	(84)
Cash and cash equivalents at end of financial period	7,125	(4,903)
Cash and cash equivalents consist of :		
Cash and bank balances	18,465	13,516
Short-term revolving loan	(11,340)	(18,419)
	7,125	(4,903)

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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	-	118	-	949	94	1,372	2,533	92	2,625
Dividend	-	-	-	(1,153)	-	-	(1,153)	-	(1,153)
Balance at 31 Jan 2009	33,677	321	755	59,064	(171)	(3,999)	55,970	432	90,079
Balance at 1 May 2009	33,677	321	755	59,005	(79)	(4,573)	55,430	438	89,545
Total comprehensive income for the financial period	-	-	-	5,217	79	(1,012)	4,284	90	4,374
Balance at 31 Jan 2010	33,677	321	755	64,222	-	(5,585)	59,714	528	93,919

	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	-	-	4,339	4,339
Dividend	-	-	(1,153)	(1,153)
Balance at 31 Jan 2009	33,677	755	18,115	52,547
Balance at 1 May 2009	33,677	755	14,844	49,276
Total comprehensive income for the financial period	-	-	623	623
Balance at 31 Jan 2010	33,677	755	15,467	49,899

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 31/01/10	Company 30/04/09
Ordinary shares	230,561,244	230,561,244

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 113	: Customer Loyalty Programmes
INT FRS 116	: Hedges of a Net Investment in a Foreign Operation
INT FRS 118	: Transfer of Assets from Customers

Improvement to FRS

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	
	01/11/09-31/01/10	01/11/08-31/01/09	01/05/09-31/01/10	01/05/08-31/01/09
Earning per share (EPS)				
- basic (cents)	1.02	0.03	2.26	0.46
- diluted (cents)	1.02	0.03	2.26	0.46
	$'000	$'000	$'000	$'000
Group earnings used for the calculation of EPS				
Profit for the financial period	2,344	69	5,217	1,067
	'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 FY2010, YTD JAN FY2009, 3QFY2010 as well as 3QFY2009, 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 2010 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	
	31/01/10	30/04/09	31/01/10	30/04/09
Net asset value per ordinary share (cents)	40.51	38.65	21.64	21.37

The Group and the Company net asset value per share as at 31 January 2010 and as at 30 April 2009 are calculated based on the actual number of shares in issue of 230,561,244 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.

3Q2010 (November 2009 to January 2010)

The Group experienced both revenue and profit growth for the third Quarter ended 31 January 2010 (3Q2010), compared to 3Q2009. The results for the same period last year was affected by the financial crisis.

Revenue

Revenues from sales of tyre and wheel products was S$81.5 million, a growth of 29.5% over 3Q2009.

Gross Profit

Gross profit was S$18.8 million, compared to S$15.8 million in 3Q2009.

Gross profit margin was 23.1% compared to 25.1% in 3Q2009. The decline was due to higher tyre purchase prices worldwide.

Operating Expenses

The Group's operating cost increased by 8.3%.

Salary and employee benefits were up by 34.6% due to an increase in the variable component of salary and an increase in manpower in South Africa. Marketing and distribution cost were up by 5.8%, this increase is in line with revenue growth.

Net Profit

The Group achieved a net profit of S$2.4 million compared to S$0.1 million in 3Q2009.

9M2010 (May 2009 to January 2010)

Revenue

The Group's revenue for the nine months of the current fiscal year (9M2010) was $227.2 million. This is similar to the $227.6 million achieved in 9M2009.

Gross Profit

Gross profit was S$49.0 million compared to S$54.6 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 21.6% compared to 24.0% the year before.

Operating Expenses

Total operating expenses remain at S$40.0 million excluding foreign exchange gains/losses.

Net Profit

The Group returned a net profit of S$5.3 million for 9M2010, compared to S$1.2 million for the same period a year ago. This represents a 354% increase.

Financial position

Inventories at 31 January 2010 stood at S$91.8 million compared to S$96.9 million at end of April 2009.

Trade receivables were higher at S$82.5 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$7.1 million compared to negative cash position of S$4.9 million a year earlier.

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 tougher market conditions in the fourth quarter as tyre manufacturers continue to increase prices due to higher cost of raw materials. In addition, higher global aluminium prices may impact our wheels business.

The Group will continue to actively manage its operating costs, 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.

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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 January 2010.

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 2010, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dawn Wee Wai Ying
Director
16 March 2010