

STAMFORD TYRES CORPORATION LTD

Unaudited Third Quarter 2019 Financial Statements

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2,&Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, 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			Group		
	Q3FY19	Q3FY18	Difference	9MFY19	9MFY18	Difference
	Jan'19	Jan'18		Jan'19	Jan'18	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	53,169	61,898	-14.10%	174,867	179,883	-2.79%
Other revenue *	975	1,211	-19.49%	3,484	3,119	11.70%
Total revenue	54,144	63,109	-14.21%	178,351	183,002	-2.54%
Cost of goods sold	40,904	47,910	-14.62%	136,428	134,756	1.24%
Salaries and employees benefits	5,383	6,045	-10.95%	17,561	18,420	-4.66%
Marketing and distribution	1,864	2,093	-10.94%	6,165	5,768	6.88%
Utilities, repairs and maintenance	1,420	1,764	-19.50%	4,497	4,815	-6.60%
Finance costs	1,071	982	9.06%	3,076	3,019	1.89%
Depreciation of property, plant and equipment	1,251	1,277	-2.04%	3,701	3,744	-1.15%
Operating lease rentals	1,081	1,258	-14.07%	3,204	3,936	-18.60%
Other operating expenses	879	762	15.35%	2,795	3,800	-26.45%
Total expenditure	(53,853)	(62,091)	-13.27%	(177,427)	(178,258)	-0.47%
Share of results of joint ventures	272	629	-56.76%	318	1,621	-80.38%
Profit before taxation	563	1,647	-65.82%	1,242	6,365	-80.49%
Taxation	(543)	(694)	-21.76%	(1,091)	(1,868)	-41.60%
Profit for the financial period	20	953	-97.90%	151	4,497	-96.64%
Attributable to:						
Equity holders of the company	20	953	-97.90%	151	4,497	-96.64%
	20	953	-97.90%	151	4,497	-96.64%

* Included in other revenue of Q3FY18 was \$212,000 and 9MFY18 was \$582,000 that was reclassified from share of results of joint ventures.

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

	Q3FY19 Jan'19 \$'000	Q3FY18 Jan'18 \$'000	9MFY19 Jan'19 \$'000	9MFY18 Jan'18 \$'000
Net profit for the financial period	20	953	151	4,497
Other comprehensive income :				
Translation adjustments arising on consolidation	1,328	1,812	(43)	996
Other comprehensive income for the financial period, net of tax	1,328	1,812	(43)	996
Total comprehensive income for the financial period	1,348	2,765	108	5,493
Total comprehensive income attributable to :				
Equity holders of the company	1,348	2,765	108	5,493

	Q3FY19 Jan'19 \$'000	Q3FY18 Jan'18 \$'000	9MFY19 Jan'19 \$'000	9MFY18 Jan'18 \$'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)	1,858	1,947	5,559	5,741
Allow ance for/(w rite-back of) doubtful trade receivable	138	(105)	435	336
Allow ance for/(Write-back of) inventory obsolescence	217	287	(692)	541
Gain on disposal of property, plant and equipment	(83)	(5)	(85)	(95)
Foreign exchange (gain)/loss	(118)	(583)	814	258
Fair value (gain)/loss on derivatives	(59)	364	19	254
Bad debts recovered	(28)	(3)	(7)	(27)

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	
	Jan'19 \$'000	Apr'18 \$'000 Restated	Apr'17 \$'000 Restated	Jan'19 \$'000	Apr'18 \$'000
Non-current assets					
Property, plant and equipment	64,997	69,155	70,679	-	-
Subsidiary companies	-	-	-	45,248	44,764
Amount due from subsidiary companies	-	-	-	14,318	14,324
Joint venture companies	16,504	17,049	16,862	4,067	4,067
Associated company	244	238	233	-	-
Deferred tax assets	3,097	3,071	3,109	-	-
	<u>84,842</u>	<u>89,513</u>	<u>90,883</u>	<u>63,633</u>	<u>63,155</u>
Current assets					
Inventories	93,619	87,905	77,869	-	-
Trade receivables	58,206	60,191	67,467	-	-
Derivatives	161	96	70	15	69
Other receivables	4,199	4,499	4,665	50	92
Prepayments and advances	2,806	2,534	3,890	43	28
Cash and cash equivalents	13,554	21,877	21,693	326	686
	<u>172,545</u>	<u>177,102</u>	<u>175,654</u>	<u>434</u>	<u>875</u>
Less: Current liabilities					
Trade payables	18,207	26,004	20,465	-	-
Trust receipts (secured)	44,356	41,349	50,808	-	-
Derivatives	103	19	20	-	-
Other payables	15,685	17,766	19,111	640	526
Amount due to subsidiary company	-	-	-	-	2,000
Loans (secured)	20,469	15,213	17,980	-	-
Hire-purchase liabilities	218	907	807	-	-
Provisions	628	506	689	-	-
Provision for taxation	1,929	2,938	2,742	1	36
	<u>101,595</u>	<u>104,702</u>	<u>112,622</u>	<u>641</u>	<u>2,562</u>
Net current assets/(liabilities)	70,950	72,400	63,032	(207)	(1,687)
Non-current liabilities					
Amount due to subsidiary companies	-	-	-	18,587	15,541
Hire-purchase liabilities	99	284	882	-	-
Provisions	834	861	861	-	-
Long-term loans (secured)	29,377	32,894	27,375	-	-
Deferred tax liabilities	2,015	2,033	1,842	108	108
	<u>32,325</u>	<u>36,072</u>	<u>30,960</u>	<u>18,695</u>	<u>15,649</u>
Net assets	123,467	125,841	122,955	44,731	45,819
Equity					
Share capital	35,722	35,722	35,722	35,722	35,722
Reserves	87,745	90,119	87,233	9,009	10,097
	<u>123,467</u>	<u>125,841</u>	<u>122,955</u>	<u>44,731</u>	<u>45,819</u>

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 31/01/2019		As at 30/04/2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
65,043	-	57,469	-

Amount repayable after one year

As at 31/01/2019		As at 30/04/2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
29,476	-	33,178	-

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 \$ 45,195,339 as at 31 January 2019 (30 April 2018: \$ 47,591,007) 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 statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(c)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (Q3FY19 vs Q3FY18)

	Group	
	Q3FY19 Jan'19 \$'000	Q3FY18 Jan'18 \$'000
Cash flows from operating activities:		
Profit before taxation	563	1,647
Adjustments for:		
Depreciation of property, plant and equipment	1,858	1,947
Gain on disposal of property, plant and equipment	(83)	(5)
Fair value gain/(loss) on derivatives	(59)	364
Bad debts recovered	(28)	(3)
Foreign currency translation adjustment	1,174	2,107
Interest income	(32)	(54)
Provision for product warranties	52	69
Write-back on property, plant and equipment	(2)	(2)
Interest expenses	1,071	982
Share of results of joint ventures	(272)	(629)
Operating cash flows before changes in working capital	4,242	6,423
Increase in inventories	(784)	(3,969)
Decrease/(increase) in receivables	355	(2,004)
(Decrease)/increase in payables	(5,572)	2,783
Cash flows from operations	(1,759)	3,233
Interest received	32	54
Interest paid	(1,071)	(982)
Income tax paid	(881)	(725)
Net cash flows (used in)/from operating activities	(3,679)	1,580
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	1,211	7
Dividend received from joint venture company	174	-
Purchase of property, plant and equipment	(918)	(1,794)
Net cash flows generated from/(used in) investing activities	467	(1,787)
Cash flows from financing activities :		
Repayment of trust receipts	(395)	(1,819)
Proceeds from short-term loans	4,133	3,216
Repayment of hire purchase creditors	(94)	(246)
Repayment of long-term loans	(1,123)	(1,148)
Net cash flows from financing activities	2,521	3
Net decrease in cash and cash equivalents	(691)	(204)
Cash and cash equivalents at beginning of financial period	13,816	18,741
Effect of exchange rate changes on cash and cash equivalents at the beginning of the financial period	429	478
Cash and cash equivalents at end of financial period	13,554	19,015

1(c)(ii) CONSOLIDATED STATEMENT OF CASH FLOWS (9MFY19 vs 9MFY18)

	Group	
	9MFY19 \$'000	9MFY18 \$'000
Cash flows from operating activities:		
Profit before taxation	1,242	6,365
Adjustments for:		
Depreciation of property, plant and equipment	5,559	5,741
Gain on disposal of property, plant and equipment	(85)	(95)
Fair value loss on derivatives	19	254
Bad debts recovered	(7)	(27)
Foreign currency translation adjustment	(373)	2,745
Interest income	(131)	(131)
Provision for product warranties	221	193
Write-back of impairment loss on property, plant and equipment	(6)	(6)
Interest expenses	3,076	3,019
Share of results of joint ventures	(318)	(1,621)
Operating cash flows before changes in working capital	9,197	16,437
Increase in inventories	(5,714)	(9,057)
Decrease in receivables	1,720	5,399
(Decrease)/increase in payables	(9,985)	4,438
Cash flows from operations	(4,782)	17,217
Interest received	131	131
Interest paid	(3,076)	(3,019)
Income tax paid	(2,144)	(2,328)
Net cash flows (used in)/from operating activities	(9,871)	12,001
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	1,233	100
Dividend received from joint venture company	1,044	352
Purchase of property, plant and equipment	(2,241)	(3,981)
Net cash flows generated from/(used in) investing activities	36	(3,529)
Cash flows from financing activities :		
Proceeds from long-term loans	-	17,560
Proceeds from/(repayment of) trust receipts	3,016	(12,000)
Proceeds from short-term loans	5,281	3,070
Repayment of hire purchase creditors	(846)	(660)
Dividend paid to shareholders	(2,356)	(3,534)
Repayment of long-term loans	(3,369)	(15,681)
Net cash flows from/(used in) financing activities	1,726	(11,245)
Net decrease in cash and cash equivalents	(8,109)	(2,773)
Cash and cash equivalents at beginning of financial period	21,877	21,693
Effect of exchange rate changes on cash and cash equivalents at the beginning of the financial period	(214)	95
Cash and cash equivalents at end of financial period	13,554	19,015

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.

	Equity		Share capital	Revenue reserve	Other reserves, total	Capital reserve	Share-based Compensation reserve	Foreign currency translation reserve	Discount on acquisition of non-controlling interest
	Equity, total	attributable to owners of the Company, total							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
Balance at 1 May 2017 (As previously reported)	123,893	123,893	35,722	104,742	(16,571)	424	-	(17,197)	202
Effects on adoption of SFRS (I) 15	(400)	(400)	-	(400)	-	-	-	-	-
Effects on adoption of SFRS (I)	(538)	(538)	-	(538)	-	-	-	-	-
Balance at 1 May 2017 (restated)	122,955	122,955	35,722	103,804	(16,571)	424	-	(17,197)	202
Profit for the financial period	4,497	4,497	-	4,497	-	-	-	-	-
Other comprehensive income for the financial period	996	996	-	-	996	-	-	996	-
Total comprehensive income for the financial period	5,493	5,493	-	4,497	996	-	-	996	-
<u>Contributions by and distributions to owners</u>									
Dividend on ordinary shares	(3,534)	(3,534)	-	(3,534)	-	-	-	-	-
Total contributions by and distributions to owners	(3,534)	(3,534)	-	(3,534)	-	-	-	-	-
Balance at 31 Jan 2018	124,914	124,914	35,722	104,767	(16,575)	424	-	(16,201)	202
Balance at 1 May 2018 (as previously reported)	126,779	126,779	35,722	106,379	(16,322)	446	-	(16,970)	202
Effects on adoption of SFRS (I) 9	(300)	(300)	-	(300)	-	-	-	-	-
Effects on adoption of SFRS (I) 15	(400)	(400)	-	(400)	-	-	-	-	-
Effects on adoption of SFRS (I)	(538)	(538)	-	(538)	-	-	-	-	-
Balance at 1 May 2018 (restated)	125,541	125,541	35,722	105,141	(16,322)	446	-	(16,970)	202
Profit for the financial period	151	151	-	151	-	-	-	-	-
Other comprehensive income for the financial period	(43)	(43)	-	-	(43)	-	-	(43)	-
Total comprehensive income for the financial period	108	108	-	151	(43)	-	-	(43)	-
<u>Contributions by and distributions to owners</u>									
Shares issuance under performance share plan	174	174	-	-	174	-	174	-	-
Dividend on ordinary shares	(2,356)	(2,356)	-	(2,356)	-	-	-	-	-
Total contributions by and distributions to owners	(2,182)	(2,182)	-	(2,356)	174	-	174	-	-
Total transactions with owners in their capacity as owners	(2,182)	(2,182)	-	(2,356)	174	-	174	-	-
Balance at 31 Jan 2019	123,467	123,467	35,722	102,936	(16,191)	446	174	(16,013)	202

Company	Equity		Share	Revenue	Other	Share-based
	Equity,	attributable to				
	total	owners of the		reserve	total	reserve
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 May 2017	48,094	48,094	35,722	12,372	-	-
Loss for the financial period	(114)	(114)	-	(114)	-	-
Total comprehensive income for the financial period	(114)	(114)	-	(114)	-	-
<u>Contributions by and distributions to owners</u>						
Dividend on ordinary shares	(3,534)	(3,534)	-	(3,534)	-	-
Total contributions by and distributions to owners	(3,534)	(3,534)	-	(3,534)	-	-
Total transactions with owners in their capacity as owners	(3,534)	(3,534)	-	(3,534)	-	-
Balance at 31 Jan 2018	44,446	44,446	35,722	8,724	-	-
Balance at 1 May 2018	45,819	45,819	35,722	10,097	-	-
Profit for the financial period	1,094	1,094	-	1,094	-	-
Total comprehensive income for the financial period	1,094	1,094	-	1,094	-	-
<u>Contributions by and distributions to owners</u>						
Shares issuance under performance share plan	174	174	-	-	174	174
Dividend on ordinary shares	(2,356)	(2,356)	-	(2,356)	-	-
Total contributions by and distributions to owners	(2,182)	(2,182)	-	(2,356)	174	174
Total transactions with owners in their capacity as owners	(2,182)	(2,182)	-	(2,356)	174	174
Balance at 31 Jan 2019	44,731	44,731	35,722	8,835	174	174

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 period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issuance of shares under STC Performance Share Plan 2017 ("PSP 2017")

In accordance with the STC Performance Share Plan 2017 ("PSP 2017"), eligible performance share plan holders of the Company accepted the grant of the Award of shares during the financial year. As a result, a total of 600,000 ordinary new shares arose from the award under PSP 2017.

Following the allotment and issuance of new shares, the number of issued shares has increased to 236,186,244 shares.

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

	Company 31/01/2019	Company 30/04/2018
Ordinary shares (excluding treasury shares)	236,186,244	235,586,244

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There are no treasury shares and no subsidiary holdings as at the end of the current financial year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 and the Company has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with those of the audited financial statements as at 30 April 2018.

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.

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange shall apply a new Singapore financial reporting framework identical to the International Financial Reporting Standards for annual periods beginning on or after 1 January 2018. In December 2017, the ASC issued the Singapore Financial Reporting Standards (International) ("SFRS(I)", which the Group has adopted on 1 May 2018.

The adoption of SFRS(I) has no material impact on the financial statements except as described below.

SFRS(I) 1 First-time Adoption of SFRS(I)

Under the transition requirements of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards(international), the date of transition is on 1 May 2017 and accordingly the statement of financial position has been restated from 1 May 2017.

On transition to SFRS(I), the Group recognised deferred tax liabilities of \$538,000 arising from unremitted foreign-sourced income with the corresponding entry recognised in opening retained earnings as at 1 May 2017.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has applied the changes in accounting policies retrospectively to each reporting period presented, using the full retrospective approach. Accordingly, the comparative figures in the Group's balance sheet as at 30 April 2018 have been restated to reflect the retrospective adjustments upon adoption of SFRS(I) 15.

Sales of tyres with promised free services

Under SFRS(I) 15, the Group accounts for promised free services as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the consideration allocated to the promised free services is initially recorded as a contract liability and recognised as revenue over the period the promised free services are provided.

The Group recorded an adjustment to decrease the opening retained earnings as at 1 May 2017 by \$400,000 for promised free services before 1 May 2017.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting and is effective for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I) 9 on 1 May 2018 without restating prior periods' information and recognised any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group has elected to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group's equity was reduced by \$300,000.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group		Group	
	Q3FY19 Jan'19	Q3FY18 Jan'18	9MFY19 Jan'19	9MFY18 Jan'18
Earning per share (EPS)				
- Based on the weighted average number of ordinary shares on issue (cents)	0.01	0.40	0.06	1.91
- On fully diluted basis (cents)	0.01	0.40	0.06	1.91
	\$'000	\$'000	\$'000	\$'000
Group earnings used for the calculation of EPS				
Profit for the financial period	20	953	151	4,497
	'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	235,786	235,586	235,786	235,586

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 as at 31 January 2019.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial year reported on; and (b) immediately preceding financial year.

	Group		Company	
	31/01/19	30/04/18 Restated	31/01/19	30/04/18
Net asset value per ordinary share (cents)	52.28	53.42	18.94	19.45

The net asset value per share for the Group and the Company as at 31 January 2019 are calculated based on the actual number of shares in issue of 236,186,244 ordinary shares (30 April 2018: 235,586,244 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 period reported on.

Q3FY19

Revenue

The Group's sales revenue was 14.1% lower at S\$53.2 million in Q3FY19 compared to S\$61.9 million in Q3FY18. This was mainly due to lower sales in South East Asia and North Asia markets.

Gross Profit and Gross Profit Margin

Gross profit was S\$12.3 million in Q3FY19 compared to S\$14.0 million in Q3FY18. Gross profit margin increased slightly from 22.6% in Q3FY18 to 23.1% in Q3FY19. This was mainly attributable to lower proportion of low margin sales in North Asia markets.

Operating Expenses

Total operating expenses decreased by 8.7% to S\$12.9 million in Q3FY19 compared to S\$14.2 million in Q3FY18. The decrease was mainly due to lower utilities, repairs and maintenance, operating lease rentals, staff costs and marketing and distribution costs offset by higher allowance for doubtful trade receivables.

Share of Results of Joint Ventures

In Q3FY19, the share of results of joint ventures amounted to a net profit of S\$0.3 million, compared to S\$0.6 million in Q3FY18. This was mainly due to lower sales from the joint ventures in Hong Kong and India.

Net Profit

The net profit of the Group was S\$20,000 in Q3FY19, compared to S\$953,000 recorded in Q3FY18.

Financial Position

Property, plant and equipment decreased to S\$65.0 million as at 31 January 2019 from S\$69.2 million as at 30 April 2018.

Receivables decreased to S\$58.2 million as at 31 January 2019 from S\$60.2 million as at 30 April 2018.

Inventories increased to S\$93.6 million as at 31 January 2019 from S\$87.9 million as at 30 April 2018.

Trade payables and trust receipts decreased to S\$62.6 million as at 31 January 2019 from S\$67.3 million as at 30 April 2018.

As at 31 January 2019, the Group's cash and cash equivalents stood at S\$13.6 million compared to S\$21.9 million as at 30 April 2018.

The Group's borrowings which comprise trust receipts, revolving credit, short-term secured loans as well as long-term secured loans stood at S\$94.2 million as at 31 January 2019 compared with S\$89.5 million as at 30 April 2018. The increase in borrowings was mainly due to higher trust receipts.

9MFY19

Revenue

The Group's sales revenue was 2.8% lower at S\$174.9 million in 9MFY19 compared to S\$179.9 million in 9MFY18. This was mainly due to lower sales in South East Asia and North Asia markets.

Gross Profit and Gross Profit Margin

Gross profit was S\$38.4 million in 9MFY19 compared to S\$45.1 million in 9MFY18. Gross profit margin decreased from 25.1% in 9MFY18 to 22.0% in 9MFY19. This was mainly due to higher cost of sales in tyres and higher cost of wheel production.

Operating Expenses

Total operating expenses decreased by 5.8% to S\$41.0 million in 9MFY19 compared to S\$43.5 million in 9MFY18. The decrease was mainly due to write-back of inventory obsolescence and lower operating lease rentals, offset by higher marketing and distribution costs.

Share of Results of Joint Ventures

In 9MFY19, the share of results of joint ventures amounted to a net profit of S\$0.3 million, compared to S\$1.6 million in 9MFY18, mainly due to net loss from our India joint venture.

Net Profit

The net profit of the Group was S\$0.2 million in 9MFY19, compared to S\$4.5 million recorded in 9MFY18.

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 period and the next 12 months.

The operating environment in the tyre business remains challenging as a result of global oversupply and intense competition.

To mitigate the impact of this challenging environment, the Group will continue to optimize its product mix, manage operating costs and build on its core markets in South East Asia.

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 and the reason(s) for the decision.

No dividend has been declared or recommended in Q3FY19 by the board of directors of the Company as the declaration of dividends will be determined at year end.

13. If the Group has obtained a general mandate from shareholder for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14. Aggregate value of interested person transactions entered into by the Company and/or its subsidiaries during the year.

The Company does not have a general mandate for IPT.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Wah Holdings Pte Ltd**	S\$136,800	Nil

** Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann are directors/shareholders of Wah Holdings Pte Ltd

15. Statement Pursuant to Rule 705(5) 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 2019, to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company confirmed that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD



Dawn Wee Wai Ying
Executive Director
11 March 2019