

STAMFORD TYRES CORPORATION LTD

Unaudited First Half-Year 2021 Financial Statements

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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		Difference \$'000	Difference %
	1HFY21 Oct'20	1HFY20 Oct'19		
	\$'000	\$'000		
Revenue	95,654	108,265	(12,611)	-11.65%
Other revenue	2,324	2,179	145	6.65%
Total revenue	97,978	110,444	(12,466)	-11.29%
Cost of goods sold	73,571	84,565	(10,994)	-13.00%
Salaries and employees benefits	8,485	11,135	(2,650)	-23.80%
Marketing and distribution	2,567	3,603	(1,036)	-28.75%
Utilities, repairs and maintenance	2,282	3,068	(786)	-25.62%
Finance costs	2,070	2,241	(171)	-7.63%
Depreciation expenses	3,398	3,526	(128)	-3.63%
Operating lease rentals	545	880	(335)	-38.07%
Other operating expenses	3,274	1,874	1,400	74.71%
Total expenditure	(96,192)	(110,892)	14,700	-13.26%
Share of results of joint ventures	517	41	476	N.M
Profit/(loss) before taxation	2,303	(407)	2,710	N.M
Taxation	(550)	(334)	216	64.67%
Profit/(loss) for the financial period	1,753	(741)	2,494	N.M
Attributable to:				
Equity holders of the company	1,753	(741)	2,494	N.M
	1,753	(741)	2,494	N.M

N.M - Not meaningful.

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

	1HFY21 Oct'20 \$'000	1HFY20 Oct'19 \$'000
Net profit/(loss) for the financial period	1,753	(741)
Other comprehensive income :		
Translation adjustments arising on consolidation	288	1,251
Other comprehensive income for the financial period, net of tax	288	1,251
Total comprehensive income for the financial period	2,041	510
Total comprehensive income attributable to :		
Equity holders of the company	2,041	510

	1HFY21 Oct'20 \$'000	1HFY20 Oct'19 \$'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)	3,296	3,468
Depreciation of right-of-use assets	1,210	1,234
Allow ance for doubtful trade receivables	1,285	230
Allow ance for /(w rite-back of) inventory obsolescence	142	(421)
(Gain)/loss on disposal of property, plant and equipment	(62)	20
Write-back on property, plant and equipment	-	(5)
Foreign exchange loss	111	203
Fair value loss/(gain) on derivatives	315	(88)

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	
	Oct'20 \$'000	Apr'20 \$'000	Oct'20 \$'000	Apr'20 \$'000
Non-current assets				
Property, plant and equipment	57,092	58,275	-	-
Right-of-use assets	8,865	8,767	-	-
Subsidiary companies	-	-	44,699	44,699
Amount due from subsidiary companies	-	-	13,821	13,810
Joint venture companies	14,829	16,728	2,867	2,867
Associated company	248	246	-	-
Deferred tax assets	2,733	2,658	-	-
	<u>83,767</u>	<u>86,674</u>	<u>61,387</u>	<u>61,376</u>
Current assets				
Inventories	67,084	90,064	-	-
Trade receivables	50,237	48,294	-	-
Derivatives	19	313	8	-
Other receivables	4,476	4,958	294	208
Prepayments and advances	2,673	2,439	31	22
Cash and cash equivalents	42,059	25,730	1,762	277
	<u>166,548</u>	<u>171,798</u>	<u>2,095</u>	<u>507</u>
Less: Current liabilities				
Trade payables	11,438	14,653	-	-
Trust receipts (secured)	33,739	40,947	-	-
Derivatives	186	165	-	6
Other payables	17,415	15,246	433	498
Loans (secured)	26,438	34,333	952	-
Hire-purchase liabilities	145	150	-	-
Lease liabilities	1,796	1,752	-	-
Provisions	511	441	-	-
Provision for taxation	1,984	1,757	8	59
	<u>93,652</u>	<u>109,444</u>	<u>1,393</u>	<u>563</u>
Net current assets/(liabilities)	72,896	62,354	702	(56)
Non-current liabilities				
Amount due to subsidiary companies	-	-	17,914	22,606
Hire-purchase liabilities	135	103	-	-
Lease liabilities	7,278	7,176	-	-
Provisions	834	834	-	-
Long-term loans (secured)	28,758	22,207	4,048	-
Deferred tax liabilities	1,752	1,703	108	108
	<u>38,757</u>	<u>32,023</u>	<u>22,070</u>	<u>22,714</u>
Net assets	117,906	117,005	40,019	38,606
Equity				
Share capital	36,070	36,070	36,070	36,070
Reserves	81,836	80,935	3,949	2,536
	<u>117,906</u>	<u>117,005</u>	<u>40,019</u>	<u>38,606</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 31/10/2020		As at 30/04/2020	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
60,322	-	75,430	-

Amount repayable after one year

As at 31/10/2020		As at 30/04/2020	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
28,893	-	22,310	-

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 \$43,355,000 as at 31 October 2020 (30 April 2020: \$44,280,000) 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 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 (1HFY2021 vs 1HFY2020)

	Group	
	1HFY21	1HFY20
	Oct'20	Oct'19
	\$'000	\$'000
Cash flows from operating activities:		
Profit/(loss) before taxation	2,303	(407)
Adjustments for:		
Depreciation of property, plant and equipment	3,296	3,468
Depreciation of right-of-use assets	1,210	1,234
(Gain)/loss on disposal of property, plant and equipment	(62)	20
Share-based compensation expenses	44	130
Fair value loss/(gain) on derivatives	315	(88)
Property, plant and equipment written-off	-	23
Bad debts recovered	(7)	(3)
Foreign currency translation adjustment	898	1,233
Interest income	(48)	(101)
Provision for product warranties	86	62
Write-back of impairment loss on property, plant and equipment	-	(5)
Interest expense	2,070	2,241
Share of results of joint ventures	(517)	(41)
Operating cash flows before changes in working capital	9,588	7,766
Decrease/(increase) in inventories	22,980	(1,611)
Increase in receivables	(1,688)	(639)
Decrease in payables	(1,062)	(2,298)
Cash flows from operations	29,818	3,218
Interest received	48	101
Interest paid	(2,070)	(2,241)
Income tax paid	(349)	(924)
Net cash flows generated from operating activities	27,447	154
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	67	182
Dividend received from joint venture company	1,923	1,051
Purchase of property, plant and equipment	(1,773)	(674)
Net cash flows generated from investing activities	217	559
Cash flows from financing activities :		
Proceeds from long-term loans	10,044	4,000
(Repayment of)/proceeds from trust receipts	(7,609)	6,276
(Repayment of)/proceeds from short-term loans	(4,793)	1,581
Repayment of hire purchase creditors	(68)	(117)
Dividend paid to shareholders	(1,184)	(2,362)
Principal element of lease payments	(1,198)	(1,122)
Repayment of long-term loans	(6,682)	(2,411)
Net cash flows (used in)/generated from financing activities	(11,490)	5,845
Net increase in cash and cash equivalents	16,174	6,558
Cash and cash equivalents at beginning of financial period	25,730	13,709
Effect of exchange rate changes on cash and cash equivalents at the beginning of the financial period	155	6
Cash and cash equivalents at end of financial period	42,059	20,273

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 attributable to owners of the Company, total	Share capital	Revenue reserve	Other reserves, total	Capital reserve	Share-based Compensation reserve	Foreign currency translation reserve	Discount on acquisition of non-controlling interest	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Group									
Balance at 1May 2019	123,626	123,626	35,896	103,259	(15,529)	446	109	(16,286)	202
Loss for the financial period	(741)	(741)	-	(741)	-	-	-	-	-
Other comprehensive income for the financial period	1251	1,251	-	-	1,251	-	-	1,251	-
Total comprehensive income for the financial period	510	510	-	(741)	1,251	-	-	1,251	-
<u>Contributions by and distributions to owners</u>									
Share-based compensation expense	130	130	-	-	130	-	130	-	-
Dividend on ordinary shares	(2,362)	(2,362)	-	(2,362)	-	-	-	-	-
Total contributions by and distributions to owners	(2,232)	(2,232)	-	(2,362)	130	-	130	-	-
Balance at 31Oct 2019	121,904	121,904	35,896	100,156	(14,148)	446	239	(15,035)	202
Balance at 1May 2020	117,005	117,005	36,070	96,825	(15,890)	505	122	(16,719)	202
Profit for the financial period	1,753	1,753	-	1,753	-	-	-	-	-
Other comprehensive income for the financial period	288	288	-	-	288	-	-	288	-
Total comprehensive income for the financial period	2,041	2,041	-	1,753	288	-	-	288	-
<u>Contributions by and distributions to owners</u>									
Share-based compensation expense	44	44	-	-	44	-	44	-	-
Transfer from revenue reserve to capital reserve	-	-	-	(58)	58	58	-	-	-
Dividend on ordinary shares	(1,184)	(1,184)	-	(1,184)	-	-	-	-	-
Total contributions by and distributions to owners	(1,140)	(1,140)	-	(1,242)	102	58	44	-	-
Total transactions with owners in their capacity as owners	(1,140)	(1,140)	-	(1,242)	102	58	44	-	-
Balance at 31Oct 2020	117,906	117,906	36,070	97,336	(15,500)	563	166	(16,431)	202

	Equity					
	Equity, total \$'000	attributable to owners of the total \$'000	Share capital \$'000	Revenue reserve \$'000	Other reserves total \$'000	Share-based Compensation reserve \$'000
Company						
Balance at 1 May 2019	41,476	41,476	35,896	5,471	109	109
Loss for the financial period	(2,104)	(2,104)	-	(2,104)	-	-
Total comprehensive income for the financial period	(2,104)	(2,104)	-	(2,104)	-	-
<u>Contributions by and distributions to owners</u>						
Share-based compensation expense	130	130	-	-	130	130
Dividend on ordinary shares	(2,362)	(2,362)	-	(2,362)	-	-
Total contributions by and distributions to owners	(2,232)	(2,232)	-	(2,362)	130	130
Total transactions with owners in their capacity as owners	(2,232)	(2,232)	-	(2,362)	130	130
Balance at 31 Oct 2019	37,140	37,140	35,896	1,005	239	239
Balance at 1 May 2020	38,606	38,606	36,070	2,414	122	122
Profit for the financial period	2,553	2,553	-	2,553	-	-
Total comprehensive income for the financial period	2,553	2,553	-	2,553	-	-
<u>Contributions by and distributions to owners</u>						
Share-based compensation expense	44	44	-	-	44	44
Dividend on ordinary shares	(1,184)	(1,184)	-	(1,184)	-	-
Total contributions by and distributions to owners	(1,140)	(1,140)	-	(1,184)	44	44
Balance at 31 Oct 2020	40,019	40,019	36,070	3,783	166	166

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.

The Company did not issue any new shares for the current quarter under review.

As at 31 October 2020, the number of outstanding performance shares, under the Stamford Tyres Performance Share Plan 2017, that have not yet been vested, was 600,000 shares (as at 31 October 2019: 1,200,000 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 31/10/2020	Company 30/04/2020
Ordinary shares (excluding treasury shares)	236,786,244	236,786,244

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 modifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 year compared with those of the audited financial statements as at 30 April 2020.

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.

There are no changes in the accounting policies and methods of computation used in the preparation of financial information in this announcement except for the adoption of the respective new or revised Singapore Financial Reporting Framework (International) ("SFRS(I)") which have no significant impact on the financial position or performance of the Group. Where applicable, the presentation of the financial information has been amended to comply with these standards.

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	
	1HFY21 Oct'20	1HFY20 Oct'19
Earnings/(loss) per share (EPS)		
- Based on the weighted average number of ordinary shares on issue (cents)	0.74	(0.31)
- On fully diluted basis (cents)	0.74	(0.31)
	\$'000	\$'000
Group earnings/(loss) used for the calculation of EPS		
Profit/(loss) for the financial period	1,753	(741)
	'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	236,786	236,186

Basic earnings/(loss) 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 year.

Diluted EPS is calculated on the same basis as basic EPS as there are no dilutive potential ordinary shares as at 31 October 2020.

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	
	Oct-20	Apr-20	Oct-20	Apr-20
Net asset value per ordinary share (cents)	49.79	49.41	16.90	16.30

The net asset value per share for the Group and the Company as at 31 October 2020 are calculated based on the actual number of shares in issue of 236,786,244 ordinary shares (30 April 2020: 236,786,244 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.

1HFY21

Revenue

The Group's sales revenue was 11.7% lower at S\$95.7 million in 1HFY21 compared to S\$108.3 million in 1HFY20. This was mainly due to lower sales in South East Asia markets.

Gross Profit and Gross Profit Margin

Gross profit was S\$22.1 million in 1HFY21 compared to S\$23.7 million in 1HFY20. Gross profit margin increased to 23.1% compared to 21.9% in 1HFY20, mainly attributable to higher margin for both distribution and wheels manufacturing segments.

Operating Expenses

Total operating expenses decreased by 14.1% to S\$22.6 million in 1HFY21 compared to S\$26.3 million in 1HFY20. The decrease was mainly due to lower staff costs, as well as lower marketing and distribution costs, operating lease rentals and upkeep and maintenance; offset by higher allowance for doubtful trade receivables arising from the continued assessment of the Covid-19 related impact on foreseeable credit losses in accordance with FRS109.

Share of Results of Joint Ventures

In 1HFY21, the share of results of joint ventures amounted to a net profit of S\$517,000, compared to S\$41,000 in 1HFY20, mainly attributable to improved performance from our Hong Kong joint venture and India joint venture.

Net Profit

The net profit of the Group was S\$1.8 million in 1HFY21, compared to net loss of S\$0.7 million recorded in 1HFY20.

Financial Position

Property, plant and equipment decreased to S\$57.1 million as at 31 October 2020 from S\$58.3 million as at 30 April 2020.

Receivables increased to S\$50.2 million as at 31 October 2020 from S\$48.3 million as at 30 April 2020.

Inventories decreased to S\$67.1 million as at 31 October 2020 from S\$90.1 million as at 30 April 2020.

Trade payables and trust receipts decreased to S\$45.2 million as at 31 October 2020 from S\$55.6 million as at 30 April 2020.

As at 31 October 2020, the Group's cash and cash equivalents stood at S\$42.1 million compared to S\$25.7 million as at 30 April 2020. This was mainly due to improved cash flow from operations.

The Group's borrowings which comprise trust receipts, revolving credit, short-term secured loans as well as long-term secured loans stood at S\$88.9 million as at 31 October 2020 compared with S\$97.5 million as at 30 April 2020. The decrease in borrowings was mainly due to repayment of long-term loan and trust receipts as at 31 October 2020.

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, intense competition and uncertainties arising from the Covid-19 pandemic.

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 1HFY21 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\$91,200	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 1st half-year ended 31 October 2020, 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

Dr. Wee Li Ann
Director

11 December 2020

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