

## STAMFORD TYRES CORPORATION LTD

### Unaudited First Quarter 2016 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

	FY16		Difference \$'000	Difference %
	Jul'15 \$'000	FY15 Jul'14 \$'000		
Revenue	65,268	74,977	(9,709)	-12.95%
Other revenue	579	258	321	124.42%
Total revenue	65,847	75,235	(9,388)	-12.48%
Cost of goods sold	50,386	59,272	(8,886)	-14.99%
Salaries and employees benefits	6,111	5,920	191	3.23%
Marketing and distribution	2,117	2,644	(527)	-19.93%
Utilities, repairs and maintenance	1,450	1,433	17	1.19%
Finance costs	1,312	1,085	227	20.92%
Depreciation of property, plant and equipment	1,339	1,214	125	10.30%
Operating lease rentals	1,104	1,046	58	5.54%
Other operating expenses	1,331	1,595	(264)	-16.55%
Total expenditure	(65,150)	(74,209)	9,059	-12.21%
Share of results of joint ventures	(202)	139	(341)	N.M
Profit before taxation	495	1,165	(670)	-57.51%
Taxation	(412)	(584)	(172)	29.45%
Profit for the financial year	83	581	(498)	-85.71%
Attributable to:				
Equity holders of the company	83	581	(498)	-85.71%
	83	581	(498)	-85.71%

N.M - Not meaningful.

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

	FY16	
	Jul'15	FY15 Jul'14
	\$'000	\$'000
Net profit for the financial year	83	581
Other comprehensive income :		
Translation adjustments arising on consolidation	(885)	9
Other comprehensive income for the financial year, net of tax	(885)	9
Total comprehensive income for the financial year	(802)	590
Total comprehensive income attributable to :		
Equity holders of the Company	(802)	590

	FY16	
	Jul'15	FY15 Jul'14
	\$'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)	2,413	2,130
Allowance/(write-back of) doubtful receivables	182	(97)
Allowance for inventory obsolescence	14	23
Gain on disposal of property, plant and equipment	(23)	(21)
Foreign exchange loss	138	707
Fair value loss/(gain) on other financial instruments	88	(90)
Property, plant and equipment written-off	-	1

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	
	FY16	FY15	FY16	FY15
	Jul-15	Apr-15	Jul-15	Apr-15
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	64,364	66,124	-	-
Subsidiary companies	-	-	46,440	46,440
Amount due from subsidiary companies	-	-	14,692	14,485
Joint venture companies	16,214	15,897	6,567	6,567
Associated company	233	233	-	-
Deferred tax assets	2,568	2,647	-	-
	<u>83,379</u>	<u>84,901</u>	<u>67,699</u>	<u>67,492</u>
<b>Current assets</b>				
Inventories	98,445	103,747	-	-
Trade receivables	77,384	78,861	-	-
Derivatives	318	229	78	-
Other receivables	3,711	3,160	152	91
Prepayments and advances	5,794	4,363	35	19
Cash and cash equivalents	13,732	15,850	233	357
	<u>199,384</u>	<u>206,210</u>	<u>498</u>	<u>467</u>
<b>Less: Current liabilities</b>				
Trade payables	18,510	17,244	-	-
Trust receipts (secured)	61,614	70,641	-	-
Derivatives	231	54	-	3
Other payables	16,155	18,249	682	612
Loans (secured)	23,930	22,196	-	-
Hire-purchase liabilities	1,199	1,169	-	-
Provisions	490	550	-	-
Provision for taxation	1,706	1,721	22	22
	<u>123,835</u>	<u>131,824</u>	<u>704</u>	<u>637</u>
<b>Net current assets/(liabilities)</b>	<b>75,549</b>	<b>74,386</b>	<b>(206)</b>	<b>(170)</b>
<b>Non-current liabilities</b>				
Amount due to subsidiary companies	-	-	11,324	11,362
Hire-purchase liabilities	1,883	2,111	-	-
Provisions	682	682	-	-
Long-term loans (secured)	35,347	34,708	-	-
Deferred tax liabilities	784	752	108	108
	<u>38,696</u>	<u>38,253</u>	<u>11,432</u>	<u>11,470</u>
<b>Net assets</b>	<b>120,232</b>	<b>121,034</b>	<b>56,061</b>	<b>55,852</b>
<b>Equity</b>				
Share capital	35,722	35,722	35,722	35,722
Reserves	84,510	85,312	20,339	20,130
	<u>120,232</u>	<u>121,034</u>	<u>56,061</u>	<u>55,852</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 31/07/2015		As at 30/04/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
86,743	-	94,006	-

Amount repayable after one year

As at 31/07/2015		As at 30/04/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
37,230	-	36,819	-

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 \$48,333,000 as at 31 July 2015 (30 April 2015 : \$49,468,000) 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.

	Group	
	FY16 Jul'15 \$'000	FY15 Jul'14 \$'000
<b>Cash flows from operating activities:</b>		
Profit before taxation	495	1,165
Adjustments for:		
Depreciation of property, plant and equipment	2,413	2,130
Gain on disposal of property, plant and equipment	(23)	(21)
Fair value loss/(gain) on other financial instruments	88	(90)
Property, plant and equipment written-off	-	1
Foreign currency translation adjustment	(712)	795
Interest income	(53)	(46)
Provision for product warranties	102	190
Write-back of impairment loss on property, plant and equipment	(2)	(2)
Interest expenses	1,312	1,085
Share of results of joint ventures	202	(139)
<b>Operating cashflows before changes in working capital</b>	<u>3,822</u>	<u>5,068</u>
Decrease/(increase) in inventories	5,302	(1,925)
Increase in receivables	(505)	(6,885)
(Decrease)/increase in payables	(985)	1,002
<b>Cash generated from/(used in) operations</b>	<u>7,634</u>	<u>(2,740)</u>
Interest received	53	46
Interest paid	(1,312)	(1,085)
Income tax paid	(315)	(488)
<b>Net cash generated from/(used in) operating activities</b>	<u>6,060</u>	<u>(4,267)</u>
<b>Cash flows from investing activities :</b>		
Proceeds from disposal of property, plant and equipment	32	61
Purchase of property, plant and equipment	(1,046)	(1,115)
<b>Net cash used in investing activities</b>	<u>(1,014)</u>	<u>(1,054)</u>
<b>Cash flows from financing activities :</b>		
Proceeds from long-term loans	2,110	-
(Repayment of)/proceeds from trust receipts	(9,027)	4,797
Proceeds from/(repayment of) revolving loans	852	(1,435)
Repayment of hire purchase creditors	(337)	(209)
Repayment of long-term loans	(589)	(1,608)
<b>Net cash (used in)/generated from financing activities</b>	<u>(6,991)</u>	<u>1,545</u>
Net decrease in cash and cash equivalents	(1,945)	(3,776)
Cash and cash equivalents at beginning of financial period	15,850	18,637
Effect of exchange rate changes on cash and cash equivalents at the beginning of the financial period	(173)	(54)
<b>Cash and cash equivalents at end of financial period</b>	<u>13,732</u>	<u>14,807</u>

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, total \$'000	Equity attributable to owners of the Company, total \$'000	Share capital \$'000	Revenue reserve \$'000	Other reserves, total \$'000	Employee share option reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Discount on acquisition of non-controlling interest \$'000	
<b>Group</b>										
Balance at 1 May 2014	122,498	122,498	35,722	100,332	(13,556)	424	254	-	(14,436)	202
Profit for the financial period	581	581	-	581	-	-	-	-	-	-
Other comprehensive income for the period	9	9	-	-	9	-	-	-	9	-
Total comprehensive income for the financial period	590	590	-	581	9	-	-	-	9	-
<u>Contributions by and distributions to owners</u>										
Dividend on ordinary shares	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 July 2014	123,088	123,088	35,722	100,913	(13,547)	424	254	-	(14,427)	202
Balance at 1 May 2015	121,034	121,034	35,722	98,501	(13,189)	424	254	-	(14,069)	202
Profit for the financial period	83	83	-	83	-	-	-	-	-	-
Other comprehensive income for the period	(885)	(885)	-	-	(885)	-	-	-	(885)	-
Total comprehensive income for the financial period	(802)	(802)	-	83	(885)	-	-	-	(885)	-
<u>Contributions by and distributions to owners</u>										
Dividend on ordinary shares	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 July 2015	120,232	120,232	35,722	98,584	(14,074)	424	254	-	(14,954)	202

Company	Equity, total \$'000	Equity attributable to owners of the Company, total \$'000	Share capital \$'000	Revenue reserve \$'000	Other reserves total \$'000
Balance at 1 May 2014	72,348	72,348	35,722	36,372	254
Profit for the financial period	464	464	-	464	-
Total comprehensive income for the financial period	464	464	-	464	-
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 31 July 2014	72,812	72,812	35,722	36,836	254
Balance at 1 May 2015	55,852	55,852	35,722	19,876	254
Profit for the financial period	209	209	-	209	-
Total comprehensive income for the financial period	209	209	-	209	-
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 31 July 2015	56,061	56,061	35,722	20,085	254

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 2015.

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 31/07/2015	Company 30/04/2015
Ordinary shares (excluding treasury shares)	235,586,244	235,586,244

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 year reported on

Not applicable. There are no treasury shares as at the end of the current financial period reported on.

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 2015.



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 2015, the Group and the Company adopted the following new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are relevant:

Description

- Amendments to FRS 19 Defined Benefit Plans: Employee Contributions
- Improvements to FRSs (January 2014):
  - Amendments to FRS 102 Share-based Payment
  - Amendments to FRS 103 Business Combinations
  - Amendments to FRS 108 Operating Segments
  - Amendments to FRS 16 Property, Plant and Equipment
  - Amendments to FRS 24 Related Party Disclosures
  - Amendments to FRS 38 Intangible Assets
- Improvements to FRSs (February 2014)
  - Amendments to FRS 103 Business Combinations
  - Amendments to FRS 113 Fair Value Measurement
  - Amendments to FRS 40 Investment Property

The adoption of the above FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and did not have any significant impact on the Group and the Company.

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	
	FY16 Jul'15	FY15 Jul'14
Earning per share (EPS)		
- basic (cents)	0.04	0.25
- diluted (cents)	0.04	0.25
	<b>\$'000</b>	<b>\$'000</b>
Group earnings used for the calculation of EPS		
Profit for the financial period	83	581
	<b>'000</b>	<b>'000</b>
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	235,586	235,586

Basic earnings 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 period.

Diluted EPS is calculated on the same basis as basic EPS as there are no dilutive potential ordinary shares as at 31 July 2015.

Unissued shares under share options as at 31 July 2015 comprise 750,000 (30 April 2015: 750,000) options entitling holders to subscribe at any time during the exercise period for the same number of ordinary shares in the Company.

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

	Group		Company	
	31/07/15	30/04/15	31/07/15	30/04/15
Net asset value per ordinary share (cents)	51.04	51.38	23.80	23.71

The net asset value per share for the Group and the Company as at 31 July 2015 are calculated based on the actual number of shares in issue of 235,586,244 ordinary shares (30 April 2015: 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 year reported on.

#### Q1FY16

##### Revenue

The Group's sales revenue was 13.0% lower at S\$65.3 million in Q1FY16 compared to S\$75.0 million in Q1FY15. This was mainly due to lower sales in certain products and markets.

##### Gross Profit and Gross Profit Margin

Gross profit was S\$14.9 million in Q1FY16 compared to S\$15.7 million in Q1FY15. Gross profit margin improved from 20.9% to 22.8%, mainly attributable to lower cost of sales.

##### Operating Expenses

Operating expenses decreased by 1.2% to S\$14.8 million in Q1FY16 compared to S\$14.9 million in Q1FY15 due to lower marketing and foreign exchange costs, offset by higher finance costs, salaries and depreciation.

##### Share of Results of Joint Ventures

In Q1FY16, the share of results of joint ventures amounted to a net loss of S\$0.2 million, compared to a net profit of S\$0.1 million in Q1FY15. Our India joint venture improved its performance and achieved break-even. However, the contribution from our Hong Kong joint venture incurred operating losses due to the scaling back of operations in China.

##### Net Profit

The Group recorded a net profit of S\$0.1 million in Q1FY16, compared to S\$0.6 million in Q1FY15.

##### Financial Position

Property, plant and equipment decreased to S\$64.4 million as at 31 July 2015 from S\$66.1 million as at 30 April 2015. This was mainly due to depreciation.

Receivables decreased to S\$77.4 million as at 31 July 2015 from S\$78.9 million as at 30 April 2015.

Inventories decreased to S\$98.5 million as at 31 July 2015 from S\$103.7 million as at 30 April 2015. The decrease was in line with lower purchases during the period.

Prepayments and advances increased to S\$5.8 million as at 31 July 2015 from S\$4.4 million as at 30 April 2015. The increase was mainly due to advance payments made to secure the purchases of tyres.

Trade payables and trust receipts decreased to S\$80.1 million as at 31 July 2015 from S\$87.9 million as at 30 April 2015. The decrease was mainly due to repayment of trust receipts.

As at 31 July 2015, the Group's cash and cash equivalents stood at S\$13.7 million compared to S\$15.9 million as at 30 April 2015.

The Group's borrowings which comprise trust receipts, revolving credit, short-term secured loans as well as long-term secured loans stood at S\$120.9 million as at 31 July 2015 compared to S\$127.5 million as at 30 April 2015. The decrease in borrowings was mainly due to the repayment of trust receipts.

**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 global economic outlook continues to remain uncertain. As a result, our operating environment will continue to be challenging.

To mitigate the impact of this challenging environment, the Group will continue to optimize its product mix and manage operating costs. The Group will continue to 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.

Not applicable.

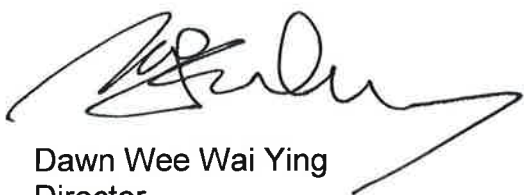
13. If the Group has obtained a general mandate from shareholder for IPTs, the aggregate value of such transactions as required under Rule 9201(1)(a)(iii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

**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 quarter ended 31 July 2015, to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**



Dawn Wee Wai Ying  
Director  
4 September 2015