

## STAMFORD TYRES CORPORATION LTD

### Unaudited First Quarter 2020 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		Difference \$'000	Difference %
	Q1FY20	Q1FY19		
	Jul'19 \$'000	Jul'18 \$'000		
Revenue	55,236	57,974	(2,738)	-4.72%
Other revenue	1,168	1,318	(150)	-11.38%
Total revenue	56,404	59,292	(2,888)	-4.87%
Cost of goods sold	42,896	45,190	(2,294)	-5.08%
Salaries and employees benefits	5,565	5,965	(400)	-6.71%
Marketing and distribution	1,792	2,128	(336)	-15.79%
Utilities, repairs and maintenance	1,467	1,425	42	2.95%
Finance costs	1,067	1,011	56	5.54%
Depreciation expenses	1,768	1,199	569	47.46%
Operating lease rentals	476	1,073	(597)	-55.64%
Other operating expenses	987	1,031	(44)	-4.27%
Total expenditure	(56,018)	(59,022)	3,004	-5.09%
Share of results of joint ventures	95	(41)	136	N.M
Profit before taxation	481	229	252	110.04%
Taxation	(355)	(117)	238	N.M
Profit for the financial year	126	112	14	12.50%
Attributable to:				
Equity holders of the company	126	112	14	12.50%
	126	112	14	12.50%

N.M - Not meaningful.

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

	Q1FY20 Jul'19 \$'000	Q1FY19 Jul'18 \$'000
Net profit for the financial period	126	112
Other comprehensive income :		
Translation adjustments arising on consolidation	2,070	(920)
Other comprehensive income for the financial period, net of tax	2,070	(920)
Total comprehensive income for the financial period	2,196	(808)
Total comprehensive income attributable to :		
Equity holders of the company	2,196	(808)
	2,196	(808)

	Q1FY20 Jul'19 \$'000	Q1FY19 Jul'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)	1,743	1,855
Depreciation of right-of-use assets	618	-
Allow ance for doubtful trade receivables	137	204
Allow ance for/(w rite-back of) inventory obsolescence	12	(252)
Write-back on property, plant and equipment	(2)	(2)
Foreign exchange (gain)/loss	(6)	210
Fair value (gain)/loss on derivatives	(33)	150

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	
	Jul'19	Apr'19	Jul'19	Apr'19
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	62,635	63,451	-	-
Right-of-use assets**	10,811	-	-	-
Subsidiary companies	-	-	43,746	43,746
Amount due from subsidiary companies	-	-	13,809	14,265
Joint venture companies	16,960	16,693	2,867	2,867
Associated company	252	242	-	-
Deferred tax assets	2,876	2,790	-	-
	<u>93,534</u>	<u>83,176</u>	<u>60,422</u>	<u>60,878</u>
<b>Current assets</b>				
Inventories	93,290	91,850	-	-
Trade receivables	54,859	54,722	-	-
Derivatives	123	46	26	25
Other receivables	3,921	3,077	138	94
Prepayments and advances	3,658	2,501	37	22
Cash and cash equivalents	20,085	13,709	706	300
	<u>175,936</u>	<u>165,905</u>	<u>907</u>	<u>441</u>
<b>Less: Current liabilities</b>				
Trade payables	17,635	17,445	-	-
Trust receipts (secured)	45,309	42,781	-	-
Derivatives	67	23	-	-
Other payables	17,382	14,672	539	617
Amount due to subsidiary company	-	-	-	-
Loans (secured)	15,639	16,279	-	-
Hire-purchase liabilities	152	182	-	-
Lease liabilities**	2,617	-	-	-
Provisions	534	509	-	-
Provision for taxation	2,739	2,487	31	31
	<u>102,074</u>	<u>94,378</u>	<u>570</u>	<u>648</u>
<b>Net current assets/(liabilities)</b>	<u>73,862</u>	<u>71,527</u>	<u>337</u>	<u>(207)</u>
<b>Non-current liabilities</b>				
Amount due to subsidiary companies	-	-	19,229	19,087
Hire-purchase liabilities	64	73	-	-
Lease liabilities**	8,246	-	-	-
Provisions	834	834	-	-
Long-term loans (secured)	30,462	28,277	-	-
Deferred tax liabilities	1,903	1,893	108	108
	<u>41,509</u>	<u>31,077</u>	<u>19,337</u>	<u>19,195</u>
<b>Net assets</b>	<u>125,887</u>	<u>123,626</u>	<u>41,422</u>	<u>41,476</u>
<b>Equity</b>				
Share capital	35,896	35,896	35,896	35,896
Reserves	89,991	87,730	5,526	5,580
	<u>125,887</u>	<u>123,626</u>	<u>41,422</u>	<u>41,476</u>

\*\* Pursuant to the application of the new IFRS 16 Leases effective 1 May 2019, the Group has recognised right-of-use assets and lease liability on the Balance Sheet. See Section 5 of this Financial Statements Announcement for further information regarding the adoption of SFRS(I) 16.

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 31/07/2019		As at 30/04/2019	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
61,100	-	59,242	-

Amount repayable after one year

As at 31/07/2019		As at 30/04/2019	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
30,526	-	28,350	-

#### 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 \$46,203,000 as at 31 July 2019 (30 April 2019: \$44,639,000) 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 (Q1FY2020 vs Q1FY2019)

	Group	
	Q1FY20 Jul'19 \$'000	Q1FY19 Jul'18 \$'000
<b>Cash flows from operating activities:</b>		
Profit before taxation	481	229
Adjustments for:		
Depreciation of property, plant and equipment	1,743	1,855
Depreciation of right-of-use assets	618	-
Gain on disposal of property, plant and equipment	-	(5)
Fair value (gain)/loss on derivatives	(33)	150
Bad debts recovered	(1)	-
Foreign currency translation adjustment	1,910	(1,107)
Interest income	(53)	(57)
Provision for product warranties	23	49
Write-back of impairment loss on property, plant and equipment	(2)	(2)
Interest expense	1,067	1,011
Share of results of joint ventures	(95)	41
<b>Operating cash flows before changes in working capital</b>	<b>5,656</b>	<b>2,164</b>
(Increase)/decrease in inventories	(1,440)	113
(Increase)/decrease in receivables	(2,137)	2,284
Increase/(decrease) in payables	2,894	(7,254)
<b>Cash flows from/(used in) operations</b>	<b>4,973</b>	<b>(2,693)</b>
Interest received	53	57
Interest paid	(1,067)	(1,011)
Income tax paid	(179)	(387)
<b>Net cash flows from/(used in) operating activities</b>	<b>3,780</b>	<b>(4,034)</b>
<b>Cash flows from investing activities :</b>		
Proceeds from disposal of property, plant and equipment	-	11
Purchase of property, plant and equipment	(271)	(743)
<b>Net cash flows used in investing activities</b>	<b>(271)</b>	<b>(732)</b>
<b>Cash flows from financing activities :</b>		
Proceeds from long-term loans	4,000	-
Proceeds from trust receipts	1,852	1,204
Repayment of short-term loans	(1,437)	(635)
Repayment of hire purchase creditors	(62)	(231)
Principal element of lease payments	(569)	-
Repayment of long-term loans	(1,116)	(1,131)
<b>Net cash flows from/(used in) financing activities</b>	<b>2,668</b>	<b>(793)</b>
Net increase/(decrease) in cash and cash equivalents	6,177	(5,559)
Cash and cash equivalents at beginning of financial period	13,709	21,877
Effect of exchange rate changes on cash and cash equivalents at the beginning of the financial period	199	(167)
<b>Cash and cash equivalents at end of financial period</b>	<b>20,085</b>	<b>16,151</b>

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	Capital reserve \$'000	Share-based Compensation reserve \$'000	Foreign currency translation reserve \$'000	Discount on acquisition of non-controlling interest \$'000
<b>Group</b>									
Balance at 1 May 2018 (as previously reported)	126,779	126,779	35,722	106,379	(15,322)	446	-	(15,970)	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	(15,322)	446	-	(15,970)	202
Profit for the financial period	112	112	-	112	-	-	-	-	-
Other comprehensive income for the financial period	(920)	(920)	-	-	(920)	-	-	(920)	-
Total comprehensive income for the financial period	(808)	(808)	-	112	(920)	-	-	(920)	-
<u>Contributions by and distributions to owners</u>									
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-
Balance at 31 July 2018	124,733	124,733	35,722	105,253	(16,242)	446	-	(16,890)	202
Balance at 1 May 2019	123,626	123,626	35,896	103,259	(15,529)	446	109	(16,286)	202
Profit for the financial period	126	126	-	126	-	-	-	-	-
Other comprehensive income for the financial period	2,070	2,070	-	-	2,070	-	-	2,070	-
Total comprehensive income for the financial period	2,196	2,196	-	126	2,070	-	-	2,070	-
<u>Contributions by and distributions to owners</u>									
Share-based compensation expense	65	65	-	-	65	-	65	-	-
Total contributions by and distributions to owners	65	65	-	-	65	-	65	-	-
Total transactions with owners in their capacity as owners	65	65	-	-	65	-	65	-	-
Balance at 31 July 2019	125,887	125,887	35,896	103,385	(13,394)	446	174	(14,216)	202

Company	Equity attributable to owners of the		Share capital	Revenue reserve	Other reserves total	Share-based Compensation reserve
	Equity, total	total				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 May 2018	45,819	45,819	35,722	10,097	-	-
Loss for the financial period	(137)	(137)	-	(137)	-	-
Total comprehensive income for the financial period	(137)	(137)	-	(137)	-	-
<u>Contributions by and distributions to owners</u>						
Total contributions by and distributions to owners	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-	-
Balance at 31 July 2018	45,682	45,682	35,722	9,960	-	-
Balance at 1 May 2018	41,476	41,476	35,896	5,471	109	109
Loss for the financial period	(119)	(119)	-	(119)	-	-
Total comprehensive income for the financial period	(119)	(119)	-	(119)	-	-
<u>Contributions by and distributions to owners</u>						
Share-based compensation expense	65	65	-	-	65	65
Total contributions by and distributions to owners	65	65	-	-	65	65
Total transactions with owners in their capacity as owners	65	65	-	-	65	65
Balance at 31 July 2019	41,422	41,422	35,896	5,352	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.

There was no change in the Company's number of shares since 30 April 2019.

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 31/07/2019	Company 30/04/2019
Ordinary shares (excluding treasury shares)	236,186,244	236,186,244

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 year compared with those of the audited financial statements as at 30 April 2019



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.

SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 May 2019)

The Group has adopted SFRS(I) 16 Leases with effect from 1 May 2019. The standard introduces a single lease accounting model for lessees. The Group has adopted SFRS(I) 16 retrospectively with any applicable cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 May 2019. The Group has elected not to restate comparative amounts for the 2019 reporting period as permitted under the specific transition provisions in the standard.

A lessee recognises a right-of-use asset representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments in the statement of financial position. Lease liability is part of debt. Depreciation charges on the right-of-use assets and interest expense on the lease liability are recorded in the income statement. Lease payments are classified as financing cash flows in the statement of cash flows. The accounting for lessors will not change significantly.

On adoption of SFRS(I) 16, the Group has measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments related to that lease recognised in the balance sheet immediately before 1 May 2019.

The Group has also elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 May 2019 ("short-term leases") or leases for which the underlying asset is of low value ("leases of low-value assets"); and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities of S\$11.4 million for its leases previously classified as operating lease as at 1 May 2019.

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	
	Jul'19	Jul'18
Earning per share (EPS)		
- Based on the weighted average number of ordinary shares on issue (cents)	0.05	0.05
- On fully diluted basis (cents)	0.05	0.05
	<u>\$'000</u>	<u>\$'000</u>
Group earnings used for the calculation of EPS	126	112
Profit for the financial period	<u>'000</u>	<u>'000</u>
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	236,186	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 year.

Diluted EPS is calculated on the same basis as basic EPS as there are no dilutive potential ordinary shares as at 31 July 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	
	31/07/19	30/04/19	31/07/19	30/04/19
Net asset value per ordinary share (cents)	53.30	52.34	17.54	17.56

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

#### **Q1FY20**

##### **Revenue**

The Group's sales revenue was 4.7% lower at S\$55.2 million in Q1FY20 compared to S\$58.0 million in Q1FY19. This was mainly due to lower sales in North Asia.

##### **Gross Profit and Gross Profit Margin**

Gross profit was S\$12.3 million in Q1FY20 compared to S\$12.8 million in Q1FY19. Gross profit margin increased slightly from 22.1% in Q1FY19 to 22.3% in Q1FY20.

##### **Operating Expenses**

Total operating expenses decreased by 5.1% to S\$13.1 million in Q1FY20 compared to S\$13.8 million in Q1FY19. The decrease was mainly due to lower staff costs, marketing and distribution costs and foreign exchanges costs.

##### **Share of Results of Joint Ventures**

In Q1FY20, the share of results of joint ventures amounted to a net profit of S\$95,000, compared to net loss S\$41,000 in Q1FY19. This was mainly due to lesser losses from our India joint venture.

##### **Net Profit**

The net profit of the Group was S\$126,000 in Q1FY20, compared to S\$112,000 recorded in Q1FY19.

##### **Financial Position**

Property, plant and equipment decreased to S\$62.6 million as at 31 July 2019 from S\$63.5 million as at 30 April 2019.

Receivables increased to S\$54.9 million as at 31 July 2019 from S\$54.7 million as at 30 April 2019.

Inventories increased to S\$93.3 million as at 31 July 2019 from S\$91.9 million as at 30 April 2019.

Trade payables and trust receipts increased to S\$62.9 million as at 31 July 2019 from S\$60.2 million as at 30 April 2019.

As at 31 July 2019, the Group's cash and cash equivalents stood at S\$20.1 million compared to S\$13.7 million as at 30 April 2019. This was largely due to net drawdown of trust receipts and term loan.

The Group's borrowings which comprise trust receipts, revolving credit, short-term secured loans as well as long-term secured loans stood at S\$91.4 million as at 31 July 2019 compared with S\$87.3 million as at 30 April 2019. The increase in borrowings was mainly due to higher 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 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 Q1FY20 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\$45,600	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 3<sup>rd</sup> 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  
05 September 2019