

STAMFORD TYRES CORPORATION LTD

Unaudited First Quarter 2017 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

	Group		Difference \$'000	Difference %
	Q1FY17	Q1FY16		
	Jul'16	Jul'15		
Revenue	58,085	65,268	(7,183)	-11.01%
Other revenue	487	579	(92)	-15.89%
Total revenue	58,572	65,847	(7,275)	-11.05%
Cost of goods sold	43,309	50,386	(7,077)	-14.05%
Salaries and employees benefits	5,916	6,111	(195)	-3.19%
Marketing and distribution	1,968	2,117	(149)	-7.04%
Utilities, repairs and maintenance	1,345	1,450	(105)	-7.24%
Finance costs	1,194	1,312	(118)	-8.99%
Depreciation of property, plant and equipment	1,212	1,339	(127)	-9.48%
Operating lease rentals	1,085	1,104	(19)	-1.72%
Other operating expenses	795	1,331	(536)	-40.27%
Total expenditure	(56,824)	(65,150)	8,326	-12.78%
Share of results of joint ventures	562	(202)	764	N.M
Profit before taxation	2,310	495	1,815	366.67%
Taxation	(757)	(412)	345	-83.74%
Profit for the financial period	1,553	83	1,470	1771.08%
Attributable to:				
Equity holders of the company	1,553	83	1,470	1771.08%
	1,553	83	1,470	1771.08%

N.M - Not meaningful.

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

	Q1FY17	Q1FY16
	Jul'16	Jul'15
	\$'000	\$'000
Net profit for the financial period	1,553	83
Other comprehensive income :		
Translation adjustments arising on consolidation	(634)	(885)
Other comprehensive income for the financial period, net of tax	(634)	(885)
Total comprehensive income for the financial period	919	(802)
Total comprehensive income attributable to :		
Equity holders of the company	919	(802)
	919	(802)

	Q1FY17	Q1FY16
	Jul'16	Jul'15
	\$'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)	1,786	2,413
(Write-back of)/allow ance for doubtful trade receivables	(146)	182
Allow ance for inventory obsolescence	214	14
Gain on disposal of property, plant and equipment	(13)	(23)
Foreign exchange (gain)/loss	(239)	138
Fair value loss on derivatives	80	88
Bad debts recovered	(3)	-

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	
	Jul'16 \$'000	Apr'16 \$'000	Jul'16 \$'000	Apr'16 \$'000
Non-current assets				
Property, plant and equipment	69,478	70,625	-	-
Subsidiary companies	-	-	40,789	40,789
Amount due from subsidiary companies	-	-	14,277	14,259
Joint venture companies	14,765	14,299	6,567	6,567
Associated company	233	233	-	-
Deferred tax assets	2,545	2,468	-	-
	<u>87,021</u>	<u>87,625</u>	<u>61,633</u>	<u>61,615</u>
Current assets				
Inventories	80,584	85,020	-	-
Trade receivables	67,903	67,618	-	-
Derivatives	31	66	-	-
Other receivables	4,803	4,232	158	94
Prepayments and advances	2,888	2,975	45	21
Cash and cash equivalents	16,080	17,425	340	373
	<u>172,289</u>	<u>177,336</u>	<u>543</u>	<u>488</u>
Less: Current liabilities				
Trade payables	15,466	17,184	-	-
Trust receipts (secured)	49,657	49,686	-	-
Derivatives	141	96	5	39
Other payables	18,930	16,396	801	711
Loans (secured)	14,758	10,570	-	-
Hire-purchase liabilities	787	878	-	-
Provisions	679	639	-	-
Provision for taxation	2,134	1,871	27	22
	<u>102,552</u>	<u>97,320</u>	<u>833</u>	<u>772</u>
Net current assets/(liabilities)	69,737	80,016	(290)	(284)
Non-current liabilities				
Amount due to subsidiary companies	-	-	11,451	11,341
Hire-purchase liabilities	1,144	1,323	-	-
Provisions	820	820	-	-
Long-term loans (secured)	35,354	47,066	-	-
Deferred tax liabilities	1,016	927	108	108
	<u>38,334</u>	<u>50,136</u>	<u>11,559</u>	<u>11,449</u>
Net assets	<u>118,424</u>	<u>117,505</u>	<u>49,784</u>	<u>49,882</u>
Equity				
Share capital	35,722	35,722	35,722	35,722
Reserves	82,702	81,783	14,062	14,160
	<u>118,424</u>	<u>117,505</u>	<u>49,784</u>	<u>49,882</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 31/07/2016		As at 30/04/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
65,202	-	61,134	-

Amount repayable after one year

As at 31/07/2016		As at 30/04/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
36,498	-	48,389	-

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 \$53,992,377 as at 31 July 2016 (30 April 2016: \$54,696,014) 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.

1(c)(i) CONSOLIDATED CASH FLOW STATEMENT (YTD JUL FY2017 vs YTD JUL FY2016)

	Group	
	Q1FY17 Jul'16 \$'000	Q1FY16 Jul'15 \$'000
Cash flows from operating activities :		
Profit before taxation	2,310	495
Adjustments for:		
Depreciation of property, plant and equipment	1,786	2,413
Gain on disposal of property, plant and equipment	(13)	(23)
Fair value loss on derivatives	80	88
Bad debts recovered	(3)	-
Foreign currency translation adjustment	(133)	(712)
Interest income	(18)	(53)
Provision for product warranties	87	102
Write-back of impairment loss on property, plant and equipment	(2)	(2)
Interest expenses	1,194	1,312
Share of results of joint ventures	(562)	202
Operating cash flows before changes in working capital	<u>4,726</u>	<u>3,822</u>
Decrease in inventories	4,436	5,302
Increase in receivables	(766)	(505)
Increase/(decrease) in payables	767	(985)
Cash flows from operations	<u>9,163</u>	<u>7,634</u>
Interest received	18	53
Interest paid	(1,194)	(1,312)
Income tax paid	(482)	(315)
Net cash flows from operating activities	<u>7,505</u>	<u>6,060</u>
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	27	32
Purchase of property, plant and equipment	(1,079)	(1,046)
Net cash flows used in investing activities	<u>(1,052)</u>	<u>(1,014)</u>
Cash flows from financing activities :		
Proceeds from long-term loans	151	2,110
Repayment of trust receipts	(29)	(9,027)
(Repayment of)/proceeds from revolving loans	(2,806)	852
Repayment of hire purchase creditors	(270)	(337)
Repayment of long-term loans	(4,869)	(589)
Net cash flows used in financing activities	<u>(7,823)</u>	<u>(6,991)</u>
Net decrease in cash and cash equivalents	(1,370)	(1,945)
Cash and cash equivalents at beginning of financial period	17,425	15,850
Effect of exchange rate changes on cash and cash equivalents at the beginning of the financial period	25	(173)
Cash and cash equivalents at end of financial period	<u>16,080</u>	<u>13,732</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 attributable to	Share	Revenue	Other	Capital	Employee	Foreign	Discount on	
	Equity, owners of the	capital	reserve	reserves,	reserve	share	currency	acquisition of	
	total	total	total	total	total	option	translation	non-controlling	
	\$'000	\$'000	\$'000	\$'000	\$'000	reserve	reserve	interest	
						\$'000	\$'000	\$'000	
Group									
Balance at 1May 2015	12,1034	12,1034	35,722	98,501	(13,189)	424	254	(14,069)	202
Profit for the financial period	83	83	-	83	-	-	-	-	-
Other comprehensive income for the financial 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>									
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
Balance at 1May 2016	117,505	117,505	35,722	98,986	(17,203)	424	-	(17,829)	202
Profit for the financial period	1,553	1,553	-	1,553	-	-	-	-	-
Other comprehensive income for the financial period	(634)	(634)	-	-	(634)	-	-	(634)	-
Total comprehensive income for the financial period	919	919	-	1,553	(634)	-	-	(634)	-
<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 2016	118,424	118,424	35,722	100,539	(17,837)	424	-	(18,463)	202

Company	Equity			Revenue reserve	Other reserves
	Equity, total	attributable to owners of the total	Share capital		
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1May 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>					
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
Balance at 1May 2016	49,882	49,882	35,722	14,160	-
Loss for the financial period	(98)	(98)	-	(98)	-
Total comprehensive income for the financial period	(98)	(98)	-	(98)	-
<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 2016	49,784	49,784	35,722	14,062	-

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 2016.

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 31/07/2016	Company 30/04/2016
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 year 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 2016.

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 2016, 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

- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 27 Equity Method in Separate Financial Statements
- Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations
- Improvements to FRSs (November 2014)
 - Amendments to FRS 105 Non-Current Assets Held for Sale and Discontinued Operations
 - Amendments to FRS 107 Financial Instruments: Disclosures
 - Amendments to FRS 19 Employee Benefits
 - Amendments to FRS 34 Interim Financial Reporting
- Amendments to FRS 1 Disclosure Initiative
- Amendments to FRS 110, FRS 112, FRS 28 Investment Entities: Applying the Consolidation Exception

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	
	Q1FY17	Q1FY16
	Jul'16	Jul'15
Earning per share (EPS)		
- basic (cents)	0.66	0.04
- diluted (cents)	0.66	0.04
	<u>\$'000</u>	<u>\$'000</u>
Group earnings used for the calculation of EPS		
Profit for the financial period	1,553	83
	<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	235,586	235,586
	<u>235,586</u>	<u>235,586</u>

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 July 2016.

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	
	31/07/16	30/04/16	31/07/16	30/04/16
Net asset value per ordinary share (cents)	50.27	49.88	21.13	21.17

The net asset value per share for the Group and the Company as at 31 July 2016 are calculated based on the actual number of shares in issue of 235,586,244 ordinary shares (30 April 2016: 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.

Q1FY17

Revenue

The Group's sales revenue was 11.0% lower at S\$58.1 million in Q1FY17 compared to S\$65.3 million in Q1FY16. This was mainly due to lower sales in South East Asian markets.

Gross Profit and Gross Profit Margin

Gross profit was S\$14.8 million in Q1FY17 compared to S\$14.9 million in Q1FY16. Gross profit margin increased from 22.8% in Q1FY16 to 25.4% in Q1FY17, mainly attributable to lower cost of sales and contribution from value-added activities at its Stamford Tyres Mart retail chain and truck tyre centres.

Operating Expenses

Operating expenses decreased by 8.5% to S\$13.5 million in Q1FY17 compared to S\$14.8 million in Q1FY16 due to lower salaries, marketing and distribution costs and foreign exchange costs.

Share of Results of Joint Ventures

In Q1FY17, the share of results of joint ventures amounted to a net profit of S\$0.6 million, compared to a net loss of S\$0.2 million in Q1FY16, mainly attributable to improved performance from our Hong Kong joint venture.

Net Profit

The Group recorded a net profit of S\$1.6 million in Q1FY17, compared to S\$0.1 million recorded in Q1FY16.

Financial Position

Property, plant and equipment decreased to S\$69.5 million as at 31 July 2016 from S\$70.6 million as at 30 April 2016.

Receivables increased to S\$67.9 million as at 31 July 2016 from S\$67.6 million as at 30 April 2016.

Inventories decreased to S\$80.6 million as at 31 July 2016 from S\$85.0 million as at 30 April 2016. This decrease was in line with lower purchases during the period.

Trade payables and trust receipts decreased to S\$65.1 million as at 31 July 2016 from S\$66.9 million as at 30 April 2016.

As at 31 July 2016, the Group's cash and cash equivalents stood at S\$16.1 million compared to S\$17.4 million as at 30 April 2016.

The Group's borrowings which comprise trust receipts, revolving credit, short-term secured loans as well as long-term secured loans stood at S\$99.8 million as at 31 July 2016 compared with S\$107.3 million as at 30 April 2016. The decrease in borrowings was mainly due to the repayment of long term loans.

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, 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.

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 920(1)(a)(iii). 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 period 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**	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

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 2016, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD



Dawn Wee Wai Ying
Executive Director
7 September 2016