

STAMFORD TYRES CORPORATION LTD

Unaudited Second 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			Group		
	Q2FY20	Q2FY19		1HFY20	1HFY19	
	Oct'19	Oct'18	Difference	Oct'19	Oct'18	Difference
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	53,029	63,724	-16.78%	108,265	121,698	-11.04%
Other revenue	1,011	1,191	-15.11%	2,179	2,509	-13.15%
Total revenue	54,040	64,915	-16.75%	110,444	124,207	-11.08%
Cost of goods sold	41,669	50,334	-17.22%	84,565	95,524	-11.47%
Salaries and employees benefits	5,570	6,213	-10.35%	11,135	12,178	-8.56%
Marketing and distribution	1,811	2,173	-16.66%	3,603	4,301	-16.23%
Utilities, repairs and maintenance	1,601	1,652	-3.09%	3,068	3,077	-0.29%
Finance costs	1,174	994	18.11%	2,241	2,005	11.77%
Depreciation expenses	1,758	1,251	40.53%	3,526	2,450	43.92%
Operating lease rentals	404	1,050	-61.52%	880	2,123	-58.55%
Other operating expenses	887	885	0.23%	1,874	1,916	-2.19%
Total expenditure	(54,874)	(64,552)	-14.99%	(110,892)	(123,574)	-10.26%
Share of results of joint ventures	(54)	87	N.M	41	46	N.M
Profit before taxation	(888)	450	N.M	(407)	679	N.M
Taxation	21	(431)	N.M	(334)	(548)	N.M
Loss for the financial period	(867)	19	N.M	(741)	131	N.M
Attributable to:						
Equity holders of the company	(867)	19	N.M	(741)	131	N.M
	(867)	19	N.M	(741)	131	N.M

N.M - Not meaningful.

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

	Q2FY20 Oct'19 \$'000	Q2FY19 Oct'18 \$'000	1HFY20 Oct'19 \$'000	1HFY19 Oct'18 \$'000
Net (loss)/profit for the financial period	(867)	19	(741)	131
Other comprehensive income :				
Translation adjustments arising on consolidation	(819)	(451)	1,251	(1,371)
Other comprehensive income for the financial period, net of tax	(819)	(451)	1,251	(1,371)
Total comprehensive income for the financial period	(1,686)	(432)	510	(1,240)
Total comprehensive income attributable to :				
Equity holders of the company	(1,686)	(432)	510	(1,240)
	(1,686)	(432)	510	(1,240)

	Q2FY20 Oct'19 \$'000	Q2FY19 Oct'18 \$'000	1HFY20 Oct'19 \$'000	1HFY19 Oct'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)	1,725	1,846	3,468	3,701
Depreciation of right-of-use assets	616	-	1,234	-
Allowance for doubtful trade receivables	93	93	230	297
Write-back of for inventory obsolescence	(433)	(657)	(421)	(909)
Write-back on property, plant and equipment	(3)	(2)	(5)	(4)
Foreign exchange loss	209	722	203	932
Fair value (gain)/loss on derivatives	(55)	(72)	(88)	78

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'19	Apr'19	Oct'19	Apr'19
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	61,086	63,451	-	-
Right-of-use assets**	10,171	-	-	-
Subsidiary companies	-	-	44,699	43,746
Amount due from subsidiary companies	-	-	13,820	14,265
Joint venture companies	15,696	16,693	2,867	2,867
Associated company	255	242	-	-
Deferred tax assets	2,877	2,790	-	-
	90,085	83,176	61,386	60,878
Current assets				
Inventories	93,461	91,850	-	-
Trade receivables	53,529	54,722	-	-
Derivatives	121	46	2	25
Other receivables	4,053	3,077	181	94
Prepayments and advances	3,360	2,501	28	22
Cash and cash equivalents	20,273	13,709	338	300
	174,797	165,905	549	441
Less: Current liabilities				
Trade payables	13,713	17,445	-	-
Trust receipts (secured)	49,657	42,781	-	-
Derivatives	10	23	-	-
Other payables	16,128	14,672	404	617
Loans (secured)	23,428	16,279	-	-
Hire-purchase liabilities	148	182	-	-
Lease liabilities**	2,324	-	-	-
Provisions	560	509	-	-
Provision for taxation	1,976	2,487	1	31
	107,944	94,378	405	648
Net current assets/(liabilities)	66,853	71,527	144	(207)
Non-current liabilities				
Amount due to subsidiary companies	-	-	24,282	19,087
Hire-purchase liabilities	88	73	-	-
Lease liabilities**	7,946	-	-	-
Provisions	834	834	-	-
Long-term loans (secured)	24,265	28,277	-	-
Deferred tax liabilities	1,901	1,893	108	108
	35,034	31,077	24,390	19,195
Net assets	121,904	123,626	37,140	41,476
Equity				
Share capital	35,896	35,896	35,896	35,896
Reserves	86,008	87,730	1,244	5,580
	121,904	123,626	37,140	41,476

** 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 31/10/2019		As at 30/04/2019	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
73,233	-	59,242	-

Amount repayable after one year

As at 31/10/2019		As at 30/04/2019	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
24,353	-	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 \$45,545,000 as at 31 October 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 (Q2FY2020 vs Q2FY2019)

	Group	
	Q2FY20 Oct'19 \$'000	Q2FY19 Oct'18 \$'000
Cash flows from operating activities:		
(Loss)/profit before taxation	(888)	450
Adjustments for:		
Depreciation of property, plant and equipment	1,725	1,846
Depreciation of right-of-use assets	616	-
Loss on disposal of property, plant and equipment	20	3
Grant of Share awards	65	-
Fair value gain on derivatives	(55)	(72)
Property, plant and equipment written-off	25	-
Bad debts (recovered)/written-off	(2)	21
Foreign currency translation adjustment	(612)	(440)
Interest income	(48)	(42)
Provision for product warranties	39	120
Write-back on property, plant and equipment	(3)	(2)
Interest expense	1,174	994
Share of results of joint ventures	54	(87)
Operating cash flows before changes in working capital	2,110	2,791
Increase in inventories	(171)	(5,043)
Decrease/(increase) in receivables	1,498	(919)
(Decrease)/increase in payables	(5,192)	2,841
Cash flows used in operations	(1,755)	(330)
Interest received	48	42
Interest paid	(1,174)	(994)
Income tax paid	(745)	(876)
Net cash flows used in operating activities	(3,626)	(2,158)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	182	11
Dividend received from joint venture company	1,051	870
Purchase of property, plant and equipment	(403)	(580)
Net cash flows generated from investing activities	830	301
Cash flows from financing activities :		
Proceeds of trust receipts	4,424	2,207
Proceeds from short-term loans	3,018	1,783
Repayment of hire purchase creditors	(55)	(521)
Dividend paid to shareholders	(2,362)	(2,356)
Principal element of lease payments	(553)	-
Repayment of long-term loans	(1,295)	(1,115)
Net cash flows from/(used in) financing activities	3,177	(2)
Net increase/(decrease) in cash and cash equivalents	381	(1,859)
Cash and cash equivalents at beginning of financial period	20,085	16,151
Effect of exchange rate changes on cash and cash equivalents at the beginning of the financial period	(193)	(476)
Cash and cash equivalents at end of financial period	20,273	13,816

1(c)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (1HFY2020 vs 1HFY2019)

	Group	
	1HFY20 Oct'19 \$'000	1HFY19 Oct'18 \$'000
Cash flows from operating activities :		
(Loss)/profit before taxation	(407)	679
Adjustments for:		
Depreciation of property, plant and equipment	3,468	3,701
Depreciation of right-of-use assets	1,234	-
Loss/(gain) on disposal of property, plant and equipment	20	(2)
Grant of Share awards	130	-
Fair value (gain)/loss on derivatives	(88)	78
Property, plant and equipment written-off	23	-
Bad debts (recovered)/written-off	(3)	21
Foreign currency translation adjustment	1,233	(1,547)
Interest income	(101)	(99)
Provision for product warranties	62	169
Write-back of impairment loss on property, plant and equipment	(5)	(4)
Interest expense	2,241	2,005
Share of results of joint ventures	(41)	(46)
Operating cash flows before changes in working capital	7,766	4,955
Increase in inventories	(1,611)	(4,930)
(Increase)/decrease in receivables	(639)	1,365
Decrease in payables	(2,298)	(4,413)
Cash flows from/(used in) operations	3,218	(3,023)
Interest received	101	99
Interest paid	(2,241)	(2,005)
Income tax paid	(924)	(1,263)
Net cash flows from/(used in) operating activities	154	(6,192)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	182	22
Dividend received from joint venture company	1,051	870
Purchase of property, plant and equipment	(674)	(1,323)
Net cash flows generated from/(used in) investing activities	559	(431)
Cash flows from financing activities :		
Proceeds from long-term loans	4,000	-
Proceeds from trust receipts	6,276	3,411
Proceeds of short-term loans	1,581	1,148
Repayment of hire purchase creditors	(117)	(752)
Dividend paid to shareholders	(2,362)	(2,356)
Principal element of lease payments	(1,122)	-
Repayment of long-term loans	(2,411)	(2,246)
Net cash flows from/(used in) financing activities	5,845	(795)
Net increase/(decrease) in cash and cash equivalents	6,558	(7,418)
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	6	(643)
Cash and cash equivalents at end of financial period	20,273	13,816

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.

Group	Equity					Share-based	Foreign	Discount on	
	attributable to		Share capital	Revenue reserve	Other reserves, total	Capital reserve	Compensation reserve	currency translation reserve	acquisition of non-controlling interest
	Equity, total	owners of the Company, total							
	\$'000	\$'000							
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	131	131	-	131	-	-	-	-	-
Other comprehensive income for the financial period	(1,371)	(1,371)	-	-	(1,371)	-	-	(1,371)	-
Total comprehensive income for the financial period	(1,240)	(1,240)	-	131	(1,371)	-	-	(1,371)	-
<u>Contributions by and distributions to owners</u>									
Total contributions by and distributions to owners	(2,356)	(2,356)	-	(2,356)	-	-	-	-	-
Total transactions with owners in their capacity as owners	(2,356)	(2,356)	-	(2,356)	-	-	-	-	-
Balance at 31 Oct 2018	121,945	121,945	35,722	102,916	(16,693)	446	-	(17,341)	202
Balance at 1 May 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	1,251	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 31 Oct 2019	121,904	121,904	35,896	100,156	(14,148)	446	239	(15,035)	202

	Equity, total \$'000	Equity 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 2018	45,819	45,819	35,722	10,097	-	-
Profit for the financial period	219	219	-	219	-	-
Total comprehensive income for the financial period	219	219	-	219	-	-
<u>Contributions by and distributions to owners</u>						
Dividend on ordinary shares	(2,356)	(2,356)	-	(2,356)	-	-
Total contributions by and distributions to owners	(2,356)	(2,356)	-	(2,356)	-	-
Balance at 31 Oct 2018	43,682	43,682	35,722	7,960	-	-
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
Balance at 31 Oct 2019	37,140	37,140	35,896	1,005	239	239

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 2019, the number of outstanding performance shares, under the Stamford Tyres Performance Share Plan 2017, that have not yet been vested, was 1,200,000 shares (as at 31 October 2018: Nil).

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 31/10/2019	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\$10.8 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		Group	
	Q2FY20 Oct'19	Q2FY19 Oct'18	1HFY20 Oct'19	1HFY19 Oct'18
Earning per share (EPS)				
- Based on the weighted average number of ordinary shares on issue (cents)	(0.37)	0.01	(0.31)	0.06
- On fully diluted basis (cents)	(0.37)	0.01	(0.31)	0.06
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Group earnings used for the calculation of EPS (Loss)/profit for the financial period	<u>(867)</u>	<u>19</u>	<u>(741)</u>	<u>131</u>
	<u>'000</u>	<u>'000</u>	<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	<u>236,186</u>	<u>235,586</u>	<u>236,186</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 year.

Diluted EPS is calculated on the same basis as basic EPS as there are no dilutive potential ordinary shares as at 31 October 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	
	31/10/19	30/04/19	31/10/19	30/04/19
Net asset value per ordinary share (cents)	<u>51.61</u>	<u>52.34</u>	<u>15.72</u>	<u>17.56</u>

The net asset value per share for the Group and the Company as at 31 October 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.

Q2FY20

Revenue

The Group's sales revenue was 16.8% lower at S\$53.0 million in Q2FY20 compared to S\$63.7 million in Q2FY19. This was mainly due to lower sales in South East Asia and the rationalization of non-profitable operations in China and Queensland, Australia.

Gross Profit and Gross Profit Margin

Gross profit was S\$11.4 million in Q2FY20 compared to S\$13.4 million in Q2FY19. Gross profit margin increased slightly from 21.0% in Q2FY19 to 21.4% in Q2FY20.

Operating Expenses

Total operating expenses decreased by 7.1% to S\$13.2 million in Q2FY20 compared to S\$14.2 million in Q2FY19. The decrease was mainly due to lower staff costs, as well as lower marketing and distribution costs and foreign exchange costs.

Share of Results of Joint Ventures

In Q2FY20, the share of results of joint ventures amounted to a net loss of S\$54,000, compared to net profit S\$87,000 in Q2FY19. This was mainly due to losses from our India joint venture.

Net Profit

The net loss of the Group was S\$867,000 in Q2FY20, compared to net profit S\$19,000 recorded in Q2FY19. The net loss was inclusive of a one-time S\$400,000 costs relating to the closure of the loss-making operation in Queensland, Australia.

Financial Position

Property, plant and equipment decreased to S\$61.1 million as at 31 Oct 2019 from S\$63.5 million as at 30 April 2019.

Receivables decreased to S\$53.5 million as at 31 Oct 2019 from S\$54.7 million as at 30 April 2019.

Inventories increased to S\$93.5 million as at 31 Oct 2019 from S\$91.9 million as at 30 April 2019.

Trade payables and trust receipts increased to S\$63.4 million as at 31 Oct 2019 from S\$60.2 million as at 30 April 2019.

As at 31 October 2019, the Group's cash and cash equivalents stood at S\$20.3 million compared to S\$13.7 million as at 30 April 2019. This was largely due to net drawdowns of trust receipts and a term loan for working capital purposes.

The Group's borrowings which comprise trust receipts, revolving credit, short-term secured loans as well as long-term secured loans stood at S\$97.4 million as at 31 October 2019 compared with S\$87.3 million as at 30 April 2019. The increase in borrowings was mainly due to higher trust receipts.

1HFY20

Revenue

The Group's sales revenue was 11.0% lower at S\$108.3 million in 1HFY20 compared to S\$121.7 million in 1HFY19. This was mainly due to lower sales in South East Asia and the rationalization of non-profitable operations in China and Queensland, Australia.

Gross Profit and Gross Profit Margin

Gross profit was S\$23.7 million in 1HFY20 compared to S\$26.2 million in 1HFY19. Gross profit margin increased slightly from 21.5% in 1HFY19 to 21.9% in 1HFY20.

Operating Expenses

Total operating expenses decreased by 6.1% to S\$26.3 million in 1HFY20 compared to S\$28.1 million in 1HFY19. The decrease was mainly due to lower staff costs, as well as lower marketing and distribution costs and foreign exchange costs.

Share of Results of Joint Ventures

In 1HFY20, the share of results of joint ventures amounted to a net profit of S\$41,000, compared to S\$46,000 in 1HFY19. This was mainly due to losses from our India joint venture.

Net Profit

The net loss of the Group was S\$741,000 in 1HFY20, compared to net profit S\$131,000 recorded in 1HFY19. The net loss was inclusive of a one-time S\$400,000 costs relating to the closure of the loss-making operation in Queensland, Australia.

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 Q2FY20 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 2nd quarter ended 31 October 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

A handwritten signature in blue ink, appearing to be "Dr. Wee Li Ann", written in a cursive style.

Dr. Wee Li Ann
Director
12 December 2019