



SP CORPORATION LIMITED

(Company Registration No. 195200115k)

FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 ("FY2014")

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Consolidated Statement of Profit or Loss (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

		Group		
		31.12.14	31.12.13	+ / (-)
	Note	\$'000	\$'000	%
Revenue	a	131,913	152,591	(14)
Cost of sales		(124,573)	(143,698)	(13)
Gross profit	a	7,340	8,893	(17)
Other operating income		99	95	4
Distribution costs	b	(2,378)	(2,591)	(8)
Administrative expenses	c	(3,394)	(4,229)	(20)
Other operating expenses	d	(76)	(194)	(61)
Finance income	e	740	575	29
Finance costs	f	(28)	-	n.m
Profit before tax		2,303	2,549	(10)
Income tax expense	g	(172)	(146)	18
Profit for the financial year		2,131	2,403	(11)
Profit attributable to Owners of the Company		2,131	2,403	

n.m: Not meaningful

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1(a)(ii) Consolidated Statement of Profit or Loss and Other Comprehensive Income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group		
		31.12.14	31.12.13	+ / (-)
		\$'000	\$'000	%
Profit for the financial year		2,131	2,403	(11)
Other comprehensive income for the financial year:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	h	969	670	45
Translation account reclassified to profit or loss on liquidation of a subsidiary		-	46	(100)
Total comprehensive income for the financial year		<u>3,100</u>	<u>3,119</u>	(1)
Total comprehensive income attributable to Owners of the Company		<u>3,100</u>	<u>3,119</u>	(1)

1(a)(iii) Profit for the financial year of the Group is arrived at after crediting / (charging) the following:

	Note	Group	
		31.12.14	31.12.13
		\$'000	\$'000
Write-back of doubtful trade receivables		7	44
Gain on disposal of plant and equipment		-	2
Plant and equipment written off		-	(2)
Foreign currency exchange gain (loss)	d	32	(126)
Allowance for inventory obsolescence	d	(76)	(18)
Inventories written off	d	-	(2)
Loss on liquidation of a subsidiary	d	-	(46)
Depreciation of plant and equipment	i	(166)	(135)
Overprovision of income tax in respect of prior years	g	87	154

Note:

- FY2014 revenue was 14% lower reflecting a decline in commodities trading and tyre distribution activities. The Group's gross profit and margin reduced in tandem.
- The drop in distribution costs reflected lower sales activities during the financial year.
- Administrative expenses decreased 20% mainly attributable to lower manpower costs and rental expense.
- Other operating expenses were significantly lower in FY2014 mainly because of the absence of loss incurred last year in connection with the liquidation of a subsidiary and absence of foreign exchange loss due to the strengthening of Singapore dollar against US dollar in FY2014. This improvement was partially negated by the increase in allowance for inventory obsolescence.
- The increase in finance income was attributable to late interest earned from parties with overdue receivables.
- Finance costs arose from trade financing for commodities trading.
- Higher effective tax rate in FY2014 was largely due to lower utilisation of tax loss in FY2014 as compared to FY2013.

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- h. The translation gain in FY2014 was mainly attributable to the strengthening of US dollar upon consolidation of subsidiaries whose functional currency is the US dollar.
- i. The higher depreciation in FY2014 reflected additional depreciation for renovations carried out in 4Q2013.

1(b)(i) Statements of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group		Company	
		31.12.14	31.12.13	31.12.14	31.12.13
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Plant and equipment	i	305	436	78	120
Investments in subsidiaries		-	-	17,629	17,216
<i>Total non-current assets</i>		<u>305</u>	<u>436</u>	<u>17,707</u>	<u>17,336</u>
Current assets					
Inventories	j	1,219	1,747	-	-
Trade receivables, other receivables and refundable deposit	k	47,404	44,366	17,831	14,330
Cash and bank balances		19,823	24,736	2,991	5,954
<i>Total current assets</i>		<u>68,446</u>	<u>70,849</u>	<u>20,822</u>	<u>20,284</u>
Total assets		<u>68,751</u>	<u>71,285</u>	<u>38,529</u>	<u>37,620</u>
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation account		(490)	(1,459)	-	-
Accumulated losses		(10,278)	(12,409)	(21,225)	(22,103)
<i>Total equity</i>		<u>47,598</u>	<u>44,498</u>	<u>37,141</u>	<u>36,263</u>
Non-current liability					
Deferred tax		26	35	5	13
Total non-current liability		<u>26</u>	<u>35</u>	<u>5</u>	<u>13</u>
Current liabilities					
Trade and other payables	k	20,830	26,339	1,343	1,334
Income tax payable	l	297	413	40	10
<i>Total current liabilities</i>		<u>21,127</u>	<u>26,752</u>	<u>1,383</u>	<u>1,344</u>
Total equity and liabilities		<u>68,751</u>	<u>71,285</u>	<u>38,529</u>	<u>37,620</u>

Note:

- j. The lower level of inventories as compared to FY2013 was due to the decline in tyre distribution activities and effort to reduce stockholding.
- k. The movement in trade and other receivables and payables reflected largely the timing of receipts and payments.
- l. Income tax payable reduced as certain tax payments were made during the financial year.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31.12.14		As at 31.12.13	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of any collateral

None.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group	
		31.12.14 \$'000	31.12.13 \$'000
Operating Activities			
Profit before tax		2,303	2,549
Adjustments for:			
Depreciation of plant and equipment		166	135
Gain on disposal of plant and equipment		-	(2)
Plant and equipment written off		-	2
Write-back of doubtful trade receivables		(7)	(44)
Allowance for inventory obsolescence		76	18
Inventories written off		-	2
Interest expense		28	-
Interest income		(740)	(575)
Loss on liquidation of a subsidiary		-	46
Operating cash flows before movements in working capital		1,826	2,131
Inventories		452	(43)
Trade receivables, other receivables and refundable deposit		(1,705)	6,543
Restricted bank balances		13	1,712
Trade and other payables		(6,615)	(2,517)
Cash (used in) generated from operations		(6,029)	7,826
Interest paid		(28)	-
Interest received		1,107	1,292
Income tax paid, net		(301)	(190)
Net cash (used in) from operating activities	m	(5,251)	8,928
Investing Activities			
Proceeds on disposal of plant and equipment		-	3
Payments for acquisition of plant and equipment		(35)	(360)
Net cash used in investing activities		(35)	(357)
Financing Activities			
Proceeds from borrowings		14,997	-
Repayments of borrowings		(14,997)	-
Net cash from financing activities	n	-	-
Effects of exchange rate changes on the balance of cash held in foreign currencies		386	261
Net (decrease) increase in cash and cash equivalents		(5,286)	8,571
Cash and cash equivalents at beginning of financial year		23,041	14,209
Cash and cash equivalents at end of financial year	o	18,141	23,041

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Note:

- m. Net cash in operating activities reflected largely the timing of receipts from debtors and payments to creditors.
- n. Borrowings were in the form of trust receipts for commodities trading all of which were settled by the year end.
- o. Cash and cash equivalents at the year end excluded a sum of \$1,682,000 (FY2013: \$1,695,000) which had been pledged to banks as collateral for trade and credit facilities received by certain subsidiaries.

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 period of the immediately preceding financial year

	Attributable to owners of the Company			
	Share Capital \$'000	Translation (Account) \$'000	Accumulated (Losses) \$'000	Total Equity \$'000
The Group				
At 1 January 2014	58,366	(1,459)	(12,409)	44,498
<i>Total comprehensive income for the financial year</i>				
Profit for the financial year	-	-	2,131	2,131
Other comprehensive income for the financial year	-	969	-	969
At 31 December 2014	58,366	(490)	(10,278)	47,598
At 1 January 2013	58,366	(2,175)	(14,812)	41,379
<i>Total comprehensive income for the financial year</i>				
Profit for the financial year	-	-	2,403	2,403
Other comprehensive income for the financial year	-	716	-	716
At 31 December 2013	58,366	(1,459)	(12,409)	44,498
The Company				
At 1 January 2014	58,366	-	(22,103)	36,263
Profit for the financial year, representing total comprehensive income for the financial year	-	-	878	878
At 31 December 2014	58,366	-	(21,225)	37,141
At 1 January 2013	58,366	-	(23,746)	34,620
Profit for the financial year, representing total comprehensive income for the financial year	-	-	1,643	1,643
At 31 December 2013	58,366	-	(22,103)	36,263

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 or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

None.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

	The Group		The Company	
	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
Total number of issued ordinary shares	350.99 million	350.99 million	350.99 million	350.99 million

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares 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 (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.

The figures have been audited by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

See the auditors' report attached.

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 Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with those used for the financial year ended 31 December 2013.

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

The Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2014 and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

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	
	31.12.14	31.12.13
i) Earnings per ordinary share based on weighted average number of shares (in cent)	0.61	0.68
ii) Earnings per ordinary share based on fully diluted basis (in cent)	0.61	0.68
Weighted average number of ordinary shares (in millions)	350.99	350.99

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary share were accordingly the same as the earnings per ordinary share for the respective financial year.

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 period reported on and (b) immediately preceding financial year

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
Net asset value per ordinary share (in cents)	13.56	12.68	10.58	10.33
Total number of issued shares* at the end of the financial year (in millions)	350.99	350.99	350.99	350.99

* There were no treasury shares at the end of the respective financial year.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The Group recorded revenue of \$131.9 million in FY2014 as compared to \$152.6 million in FY2013. Group's earnings dipped 11% to \$2.1 million mainly due to a decline in both tyre distribution & commodities trading activities and a reduced gross margin for the latter.

Commodities Trading Unit reported revenue of \$104.1 million in FY2014 as compared to \$115.6 million in FY2013 mainly due to the continuing softening of commodities prices and muted demands in coal. Earnings for FY2014 remained comparable to FY2013 as there was higher finance income but lower operating expenses.

Tyre Distribution Unit's revenue of \$27.8 million in FY2014 was 25% down from \$37.0 million in FY2013 as there were weak export and domestic markets. The Unit posted a marginal loss of \$0.1 million despite lower operating expenses.

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 Group expects its tyre and commodity trading businesses to remain challenging in the year ahead, plagued by intense competition and further downward pressure on pricing and profit margins. The Group remains vigilant over the challenges presented by the global economic environment and strives to strengthen and expand its network of core suppliers, customers and dealers.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared or recommended for the financial year ended 31 December 2014.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Commodities Trading \$'000	Tyre Distribution \$'000	Corporate and Others \$'000	Inter-segment eliminations \$'000	Consolidated \$'000
Financial year ended 31 December 2014					
Revenue					
- External customers	104,106	27,807	-	-	131,913
- Inter-segment	-	-	3,040	(3,040)	-
Total segment revenue	104,106	27,807	3,040	(3,040)	131,913
Result					
Segment result	1,426	(143)	308	-	1,591
Finance income	686	27	183	(156)	740
Finance costs	(184)	-	-	156	(28)
Profit before tax	1,928	(116)	491	-	2,303
Income tax expense					(172)
Profit after tax					2,131
Assets					
Segment assets	53,582	10,538	4,608	-	68,728
Unallocated assets					23
Total assets					68,751
Liabilities					
Segment liabilities	13,415	6,185	1,230	-	20,830
Unallocated liabilities					323
Total liabilities					21,153
Other information					
Capital expenditure	-	24	11	-	35
Depreciation of plant and equipment	4	109	53	-	166
Write-back of doubtful trade receivables	-	(3)	(4)	-	(7)
Allowance for inventory obsolescence	-	76	-	-	76

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	Commodities Trading \$'000	Tyre Distribution \$'000	Corporate and Others \$'000	Inter-segment eliminations \$'000	Consolidated \$'000
Financial year ended 31 December 2013					
Revenue					
- External customers	115,542	37,021	28	-	152,591
- Inter-segment	-	-	3,190	(3,190)	-
Total segment revenue	115,542	37,021	3,218	(3,190)	152,591
Result					
Segment result	1,837	189	(52)	-	1,974
Finance income	570	27	144	(166)	575
Finance costs	(166)	-	-	166	-
Profit before tax	2,241	216	92	-	2,549
Income tax expense					(146)
Profit after tax					2,403
Assets					
Segment assets	50,363	12,402	8,502	-	71,267
Unallocated assets					18
Total assets					71,285
Liabilities					
Segment liabilities	17,274	7,852	1,213	-	26,339
Unallocated liabilities					448
Total liabilities					26,787
Other information					
Capital expenditure	11	204	145	-	360
Depreciation of plant and equipment	3	81	51	-	135
Gain on disposal of plant and equipment	-	-	(2)	-	(2)
Plant and equipment written off	-	2	-	-	2
Write-back of doubtful trade receivables	-	(17)	(27)	-	(44)
Allowance for inventory obsolescence	-	18	-	-	18
Inventories written off	-	2	-	-	2

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Geographical Segments - Based on location of customer	Revenue from external customers		Non-current assets		Capital expenditure	
	31.12.14 \$'000	31.12.13 \$'000	31.12.14 \$'000	31.12.13 \$'000	31.12.14 \$'000	31.12.13 \$'000
Singapore	61,688	62,210	304	434	35	359
Indonesia	22,529	24,424	-	-	-	-
Malaysia	8,369	11,924	1	2	-	1
Other ASEAN countries	12,156	16,909	-	-	-	-
China including Hong Kong	12,497	4,653	-	-	-	-
Switzerland	-	30,443	-	-	-	-
Germany	13,016	-	-	-	-	-
Others	1,658	2,028	-	-	-	-
	<u>131,913</u>	<u>152,591</u>	<u>305</u>	<u>436</u>	<u>35</u>	<u>360</u>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8 for an analysis by business segments.

15. Breakdown of first half and second half results

	Group		+ / (-)
	31.12.14 \$'000	31.12.13 \$'000	
(a) Revenue reported for first half year	64,548	86,632	-25%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	1,020	1,439	-29%
(c) Revenue reported for second half year	67,365	65,959	2%
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	1,111	964	15%

16. Interested Person Transactions

The aggregate value of interested person transactions entered into during the following periods is as follows:

Name of interested person	Group		Group	
	Aggregate value of all interested person transactions (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 transaction less than \$100,000)	
	31.12.14	31.12.13	31.12.14	31.12.13
	\$'000	\$'000	\$'000	\$'000
Sales				
William Nursalim alias William Liem & associates	-	-	9,749	4,521
Purchases				
William Nursalim alias William Liem & associates	-	-	30,185	42,416
Interest income from placement of trade deposit				
William Nursalim alias William Liem & associates	-	-	351	368
Office rental and management fees				
William Nursalim alias William Liem & associates	-	-	-	455
Tuan Sing Holdings Limited & associates	-	-	150	274
Total interested persons transactions	-	-	40,435	48,034

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Boediman Gozali (alias Tony Wu)	73	Uncle of William Nursalim alias William Liem (Non-Executive Director of the Company). Uncle of Michelle Liem Mei Fung and Liem Mei Kim (Deemed Substantial Shareholders of the Company).	Managing Director and Chief Executive Officer of the Company since 1 August 2010.	N.A.
Lee Kay Chen	48	Brother-in-law of Michelle Liem Mei Fung (Deemed Substantial Shareholder of the Company).	Senior Manager, Operations, Globaltraco International Pte Ltd, a subsidiary of the Company, since 1 January 2015.	1 January 2015 – Senior Manager, Operations 1 August 2014 - Senior Manager, Export Sales 1 January 2014 – Manager, Export Sales

BY ORDER OF THE BOARD

Mary Goh Swon Ping
Company Secretary
28 January 2015

Important Notes to this Announcement

All statements other than statements of historical facts included in this announcement are or may be forward-looking statements. Forward-looking statements involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from these expressed in forward-looking statements as a result of changes of these assumptions, risks, and uncertainties.

Examples of these factors include, but not limited to, general industry and economic conditions, interest rate movements, cost of capital and availability of capital, competition from other companies and venues for sale/ manufacture/ distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the Company on future events. The Company undertakes no obligation to update publicly or revise any forward-looking statements.