



SP CORPORATION LIMITED

(Company Registration No. 195200115K)

UNAUDITED RESULTS FOR THE SECOND QUARTER ("2Q2016") AND HALF YEAR ("1H2016") ENDED 30 JUNE 2016

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

	Note	Group			Group		
		30.06.16	30.06.15	+ / (-)	30.06.16	30.06.15	+ / (-)
		2Q2016	2Q2015		1H2016	1H2015	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	a	25,430	27,014	(6)	53,328	53,603	(1)
Cost of sales		(24,212)	(25,609)	(5)	(50,758)	(50,897)	(0)
Gross profit	a	1,218	1,405	(13)	2,570	2,706	(5)
Other operating income	b	81	19	326	184	180	2
Distribution costs		(573)	(567)	1	(1,106)	(1,181)	(6)
Administrative expenses	c	(813)	(952)	(15)	(1,654)	(1,740)	(5)
Other operating expenses	d	(245)	(76)	222	(360)	(102)	253
Interest income	e	359	200	80	758	364	108
Interest expense		-	-	n.m	(9)	-	n.m
Profit before tax		27	29	(7)	383	227	69
Income tax (expense) credit	f	(148)	76	n.m	(205)	(51)	302
(Loss) Profit for the financial period		(121)	105	n.m	178	176	1
(Loss) Profit attributable to Owners of the Company		(121)	105		178	176	

n.m: Not meaningful

1(a)(ii) Consolidated 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			Group		
		30.06.16	30.06.15	+ / (-)	30.06.16	30.06.15	+ / (-)
		2Q2016	2Q2015	%	1H2016	1H2015	%
		\$'000	\$'000		\$'000	\$'000	
(Loss) Profit for the financial period		(121)	105	n.m	178	176	1
Other comprehensive (loss) income for the financial period:							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Exchange differences on translation of foreign operations	g	(540)	(421)	28	(1,214)	286	n.m
Total comprehensive (loss) income for the financial period		<u>(661)</u>	<u>(316)</u>	109	<u>(1,036)</u>	<u>462</u>	n.m
Total comprehensive (loss) income attributable to Owners of the Company		<u>(661)</u>	<u>(316)</u>	109	<u>(1,036)</u>	<u>462</u>	n.m

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

	Note	Group		Group	
		30.06.16	30.06.15	30.06.16	30.06.15
		2Q2016	2Q2015	1H2016	1H2015
		\$'000	\$'000	\$'000	\$'000
Depreciation of plant and equipment		(46)	(41)	(98)	(78)
Foreign currency exchange (loss) gain, net	b, d	(275)	(39)	(360)	99
Write-back of doubtful trade receivables	b	-	1	-	1
Write-back (Allowance) for inventory obsolescence	b, d	33	(37)	3	(63)
Over (Under) provision of income tax in respect of prior years	f	-	-	3	(36)

Note:

- Revenue in 2Q2016 was lower mainly due to a decline in tyre export sales and commodities trading, despite an increase in coal and rubber trading. Gross profit decreased in tandem.
- Higher other operating income was mainly attributable to higher handling fee income relating to coal shipments.
- Administrative expenses decreased largely due to a reduction in manpower costs and absence of tax advisory expenses.
- Other operating expenses increased largely due to higher foreign currency exchange loss arising from the depreciation of US dollar against Singapore dollar.
- Higher interest income reflected interest chargeable on overdue trade receivables.
- Income tax expense increased largely due to an increase in deferred tax relating to higher level of unremitted overseas interest receivables and an increase in foreign currency exchange loss which was mainly non-deductible as an expense for the purpose of tax computation.
- The translation loss was due to the depreciation of US dollar against Singapore dollar upon consolidation of subsidiaries whose functional currency is US dollar.

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	
		30.06.16	31.12.15	30.06.16	31.12.15
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Plant and equipment		434	530	192	223
Investment in subsidiaries		-	-	18,125	17,973
<i>Total non-current assets</i>		434	530	18,317	18,196
Current assets					
Inventories	h	645	914	-	-
Trade and other receivables	i	49,631	62,168	20,161	19,252
Tax recoverable		114	112	84	84
Cash and bank balances	l, n	14,793	12,999	933	1,753
<i>Total current assets</i>		65,183	76,193	21,178	21,089
Total assets		65,617	76,723	39,495	39,285
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation reserve (account)		(404)	810	-	-
Accumulated losses		(8,634)	(8,812)	(19,903)	(20,349)
<i>Total equity</i>		49,328	50,364	38,463	38,017
Non-current liability					
Deferred tax liabilities	j	136	24	1	4
Current liabilities					
Trade and other payables	k	16,040	26,192	971	1,174
Income tax payable		113	143	60	90
<i>Total current liabilities</i>		16,153	26,335	1,031	1,264
Total equity and liabilities		65,617	76,723	39,495	39,285

Note:

- h. The decrease in inventories was mainly due to lower level of activities in Tyre Distribution Unit.
- i. The decrease in trade and other receivables was largely due to a combination of factors. They are, a decrease in advances to suppliers by approximately \$6.0 million upon fulfillment of coal orders and completion of a machinery order, collections from overdue trade receivables, and timing of sales and receipts from rubber and coal trading customers.
- The interest-bearing deposit of US\$6 million (equivalent to approximately \$8.0 million) is due for renewal for another year till 31 July 2017. Negotiations are being held to renew the deposit. The coal allocation for 1H2016 has been partially fulfilled due to delays in shipment.
- j. The increase in deferred tax liabilities was mainly due to the higher level of unremitted overseas interest receivables.
- k. The decrease in trade and other payables was mainly a reflection of completion of a \$4.2 million machinery order, lower purchases of tyres, and timing of purchases and payments to trade creditors in relation to rubber trading and tyre distribution.

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 30.06.16		As at 31.12.15	
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		Group	
		30.06.16 2Q2016 \$'000	30.06.15 2Q2015 \$'000	30.06.16 1H2016 \$'000	30.06.15 1H2015 \$'000
Operating Activities					
Profit before tax		27	29	383	227
<i>Adjustments for:</i>					
Depreciation of plant and equipment		46	41	98	78
Write-back of doubtful trade receivables		-	(1)	-	(1)
(Write-back) Allowance for inventory obsolescence		(33)	37	(3)	63
Interest expense		-	-	9	-
Interest income		(359)	(200)	(758)	(364)
Operating cash flows before movements in working capital		(319)	(92)	(271)	5
Inventories		133	197	272	386
Trade and other receivables		(602)	(7,133)	10,431	(4,908)
Restricted bank balances		(1,359)	162	103	(169)
Trade and other payables		(278)	2,108	(8,186)	(445)
Cash (used in) generated from operations		(2,425)	(4,758)	2,349	(5,131)
Interest paid		-	-	(9)	-
Interest received		(74)	108	228	183
Income tax paid, net		(37)	(106)	(43)	(156)
Net cash (used in) from operating activities	l	(2,536)	(4,756)	2,525	(5,104)
Investing Activity					
Acquisition of plant and equipment		(1)	(74)	(1)	(76)
Net cash used in investing activity		(1)	(74)	(1)	(76)
Financing Activity					
Proceeds from borrowings		-	-	900	-
Repayments of borrowings		-	-	(900)	-
Net cash used in financing activities	m	-	-	-	-
Net (decrease) increase in cash and cash equivalents		(2,537)	(4,830)	2,524	(5,180)
Cash and cash equivalents at the beginning of financial period		14,226	18,177	9,569	18,141
Effects of exchange rate changes on the balance of cash held in foreign currencies		(223)	(254)	(627)	132
Cash and cash equivalents at the end of financial period	n	11,466	13,093	11,466	13,093

Note:

l. Net cash was used in operating activities in 2Q2016 mainly for an increase in deposits paid in utilizing trade facilities for commodities trading, as well as timing of receipts from debtors and payments to creditors.

Net cash from operating activities in 1H2016 was largely attributable to a decrease in advances to suppliers upon fulfillment of order placements, collections from overdue trade receivables, and timing of receipts from debtors and payments to creditors.

m. Borrowings were in the form of trust receipts for commodities trading in 1Q2016; all of which were settled as at 31 March 2016.

n. Cash and cash equivalents as at 30 June 2016 excluded a sum of approximately \$3.3 million (31 March 2016: \$2.0 million; 31 December 2015: \$3.4 million; 30 June 2015: \$1.9 million) which had been pledged to banks as collateral for trade and credit facilities provided to a subsidiary.

- 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	Translation Reserve (Account)	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>				
At 1 January 2016	58,366	810	(8,812)	50,364
<i>Total comprehensive income (loss) for the financial period</i>				
Profit for the financial period	-	-	299	299
Other comprehensive loss for the financial period	-	(674)	-	(674)
At 31 March 2016	58,366	136	(8,513)	49,989
<i>Total comprehensive loss for the financial period</i>				
Loss for the financial period	-	-	(121)	(121)
Other comprehensive loss for the financial period	-	(540)	-	(540)
At 30 June 2016	58,366	(404)	(8,634)	49,328
At 1 January 2015	58,366	(490)	(10,278)	47,598
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	71	71
Other comprehensive income for the financial period	-	707	-	707
At 31 March 2015	58,366	217	(10,207)	48,376
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	105	105
Other comprehensive loss for the financial period	-	(421)	-	(421)
At 30 June 2015	58,366	(204)	(10,102)	48,060
<u>The Company</u>				
At 1 January 2016	58,366	-	(20,349)	38,017
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	204	204
At 31 March 2016	58,366	-	(20,145)	38,221
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	242	242
At 30 June 2016	58,366	-	(19,903)	38,463
At 1 January 2015	58,366	-	(21,225)	37,141
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	222	222
At 31 March 2015	58,366	-	(21,003)	37,363
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	120	120
At 30 June 2015	58,366	-	(20,883)	37,483

- 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 year.**

	The Group		The Company	
	<u>30.06.16</u>	<u>31.12.15</u>	<u>30.06.16</u>	<u>31.12.15</u>
Total number of issued ordinary shares *	35.10 million	35.10 million	35.10 million	35.10 million

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

- 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 neither been audited nor 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 Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the financial year ended 31 December 2015.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2016 and are relevant to its operations. The adoption of these new/revised FRS and INT FRS 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 financial period 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 (Quarter)		Group (Year to Date)	
	30.06.16	30.06.15	30.06.16	30.06.15
i) Earnings (Loss) per ordinary share based on weighted average number of shares (in cent)	(0.34)	0.30	0.51	0.50
ii) Earnings (Loss) per ordinary share based on fully diluted basis (in cent)	(0.34)	0.30	0.51	0.50
Weighted average number of ordinary shares (in millions)	35.10	35.10	35.10	35.10

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 periods.

Earnings per share is calculated by dividing the net profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

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	
	30.06.16	31.12.15	30.06.16	31.12.15
Net asset value per ordinary share (in dollar)	1.41	1.43	1.10	1.08
Total number of issued shares* at the end of the financial period / year (in millions)	35.10	35.10	35.10	35.10

*There were no treasury shares at the end of the respective financial period / 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 posted lower revenue of \$25.4 million and a loss after tax of \$0.1 million in 2Q2016 as compared to revenue of \$27.0 million and profit after tax of \$0.1 million in 2Q2015 due to lower contributions from the Commodities Trading and Tyre Distribution Units.

Commodities Trading Unit reported a drop in revenue of \$1.0 million (5%) to \$20.4 million in 2Q2016 as compared to \$21.4 million in 2Q2015, due to the absence of steel wire rod sales and in spite of the increase in trading volumes in coal and rubber. The Unit's net contribution for the quarter dropped mainly due to the lower sales as well as the increase in foreign currency exchange loss arising from the depreciation of the US dollar against the Singapore dollar.

Tyre Distribution Unit's revenue of \$5.0 million in 2Q2016 was 11% lower than the \$5.6 million in 2Q2015 due to intensified price competition and weak demands. Despite lower operating expenses, a loss of \$0.2 million was incurred in 2Q2016 as a result of lower gross profits.

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 macroeconomic environment remains volatile and uncertain. This will pose challenges for commodities trading and tyre distribution in the short term. Management will continue to be vigilant and look for ways to manage costs and improve productivity.

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/recommended, a statement to that effect

No dividend has been declared or recommended for the half year ended 30 June 2016.

13. 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)			
	30.06.16 2Q2016 \$'000	30.06.15 2Q2015 \$'000	30.06.16 1H2016 \$'000	30.06.15 1H2015 \$'000	30.06.16 2Q2016 \$'000	30.06.15 2Q2015 \$'000	30.06.16 1H2016 \$'000	30.06.15 1H2015 \$'000
Sales								
Nuri Holdings (S) Pte Ltd & associates	-	-	-	-	-	-	4,676	1,014
Purchases								
William Nursalim alias William Liem & associates	-	-	-	-	5,276	4,113	9,972	4,827
Interest income from placement of trade deposit								
William Nursalim alias William Liem & associates	-	-	-	-	104	184	210	184
Interest income from overdue receivables								
Nuri Holdings (S) Pte Ltd & associates	-	-	-	-	191	-	191	-
Advance for coal order placement								
William Nursalim alias William Liem & associates	-	-	-	-	-	-	1,587	-
Total interested persons transactions	-	-	-	-	5,571	4,297	16,636	6,025

14. Undertakings from directors and executive officers

Pursuant to Listing Rule 720(1) of the SGX-ST Listing Manual, the Company has received the signed undertakings from all its directors and executive officers based on the revised form of Appendix 7.7 on 30 April 2016, which have replaced and superceded the undertakings previously signed by the directors and executive officers as announced on 28 October 2015.

15. Confirmation by the Board

We, Peter Sung, and Boediman Gozali (alias Tony Wu), being two directors of SP Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the second quarter and half year ended 30 June 2016 to be false or misleading in any material aspect.

Peter Sung
Chairman

Boediman Gozali (alias Tony Wu)
Chief Executive Officer

BY ORDER OF THE BOARD

Lee Pih Peng
Company Secretary
25 July 2016

Important Notes to this Announcement

This announcement may contain forward-looking statements. Words such as "expects", "anticipates", "intends" or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. Forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance or events.

Forward-looking statements involve assumptions, risks and uncertainties. Actual future performance or results may differ materially from those expressed or implied in forward-looking statements as a result of various important factors. These factors include but not limited to, economic, political and social conditions in the geographic markets where the Group operates, interest rate and foreign currency exchange 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 demands, customers and partners, and changes in operating costs. Unpredictable or unknown factors not discussed in this announcement could also have material adverse effects on forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of this announcement. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.