



SP CORPORATION LIMITED

(Company Registration No. 195200115k)

UNAUDITED RESULTS FOR THE SECOND QUARTER (“2Q2019”) AND HALF YEAR ENDED 30 JUNE 2019 (“1H2019”)

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 Second Quarter			Group First Half		
		30.06.19	30.06.18	+ / (-)	30.06.19	30.06.18	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	a	25,025	36,023	(31)	48,208	64,610	(25)
Cost of sales		(24,456)	(35,185)	(30)	(47,004)	(63,182)	(26)
Gross profit	a	569	838	(32)	1,204	1,428	(16)
Other operating income	b	77	10	670	78	10	680
Administrative expenses		(630)	(633)	(0)	(1,263)	(1,299)	(3)
Other operating expenses	c	51	18	183	(119)	(25)	376
Interest income	d	703	325	116	1,367	577	137
Interest expense	e	(125)	-	n.m	(152)	-	n.m
Profit before tax		645	558	16	1,115	691	61
Income tax expense	f	(85)	(67)	27	(156)	(108)	44
Profit for the financial period		560	491	14	959	583	64
Profit attributable to owners of the Company		560	491	14	959	583	64

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 Second Quarter			Group First Half		
	30.06.19	30.06.18	+ / (-)	30.06.19	30.06.18	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period	560	491	14	959	583	64
Other comprehensive income after tax:						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translation of foreign operations	g 74	1,410	(95)	(211)	486	n.m
Total comprehensive income for the financial period	<u>634</u>	<u>1,901</u>	(67)	<u>748</u>	<u>1,069</u>	(30)
Total comprehensive income for the financial period attributable to owners of the Company	<u>634</u>	<u>1,901</u>	(67)	<u>748</u>	<u>1,069</u>	(30)

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

	Group Second Quarter		Group First Half	
	30.06.19	30.06.18	30.06.19	30.06.18
	\$'000	\$'000	\$'000	\$'000
Depreciation of plant and equipment	(9)	(10)	(20)	(17)
Foreign currency exchange gain (loss)	53	18	(117)	(25)
Under provision of income tax in respect of prior financial years	-	(2)	-	(2)

Notes:

- Revenue and gross profit were lower in 2Q2019 compared to 2Q2018 due to lower sales of coal and rubber, and absence of aluminium sales. Average selling prices and sales volume for coal were lower. Despite the higher average selling prices, sales volume for rubber was lower resulting in lower revenue from such sales.
- Other operating income increased mainly due to handling fees relating to coal shipments.
- Other operating expenses mainly comprise foreign exchange differences on US dollar denominated balances. There was higher foreign currency exchange loss in 1H2019 relative to 1H2018 as the US dollar depreciated much more against Singapore dollar during the period. However, in 2Q2019, US dollar appreciated against Singapore dollar. Hence, there was an increase in "other operating expenses" for 1H2019 but a credit representing the effect of net foreign currency exchange gain for the current quarter.
- The higher interest income was contributed by the interest income from a loan made to a related party in the third quarter of 2018 and higher overdue trade receivables in 1H2019 compared to 1H2018.
- Interest expense arose from trade financing for commodities trading.
- Income tax expense was higher mainly because of an increase in profit before tax.
- The translation gain in the current quarter was due to the appreciation of US dollar against Singapore dollar upon consolidation of subsidiaries whose functional currency is US dollar. The net depreciation of US dollar against Singapore dollar in 1H2019 resulted in a translation loss for the financial period.

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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	
		30.06.19 \$'000	31.12.18 \$'000	30.06.19 \$'000	31.12.18 \$'000
ASSETS					
Non-current assets					
Plant and equipment		184	208	128	140
Investments in subsidiaries		-	-	30,748	30,611
<i>Total non-current assets</i>		<u>184</u>	<u>208</u>	<u>30,876</u>	<u>30,751</u>
Current assets					
Trade and other receivables	h	41,337	37,036	20,834	20,831
Loan to a related party		20,000	20,000	-	-
Tax recoverable		14	24	-	-
Cash and bank balances		5,622	10,460	462	903
<i>Total current assets</i>		<u>66,973</u>	<u>67,520</u>	<u>21,296</u>	<u>21,734</u>
Total assets		<u><u>67,157</u></u>	<u><u>67,728</u></u>	<u><u>52,172</u></u>	<u><u>52,485</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation reserve	g	(469)	(258)	-	-
Accumulated losses		(3,706)	(4,665)	(19,790)	(19,982)
<i>Total equity</i>		<u>54,191</u>	<u>53,443</u>	<u>38,576</u>	<u>38,384</u>
Non-current liability					
Deferred tax		103	49	-	1
Current liabilities					
Borrowings	i	9,048	-	-	-
Trade and other payables	j	3,586	13,952	13,575	14,079
Income tax payable		229	284	21	21
<i>Total current liabilities</i>		<u>12,863</u>	<u>14,236</u>	<u>13,596</u>	<u>14,100</u>
Total equity and liabilities		<u><u>67,157</u></u>	<u><u>67,728</u></u>	<u><u>52,172</u></u>	<u><u>52,485</u></u>

Notes:

- h. The increase in trade and other receivables held by the Group was largely due to an advance for coal order placement of approximately \$2.3 million and the timing of collections from customers.

The interest-bearing refundable trade deposit of US\$6 million (equivalent to approximately \$8.1 million) placed by the Group is pending negotiation for a renewal upon maturity on 31 July 2019.

- i. Borrowings were in the form of trust receipts for commodities trading.
- j. The decrease in trade and other payables of the Group was mainly due to the timing of lumpy payments to coal and rubber suppliers.

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Notes:

- k. Net cash from operating activities in 2Q2019 was largely due to a decrease in advance to a coal supplier upon fulfilment of order placements in the quarter, collections from customers, timing of lumpy payments to suppliers and lower fixed deposits placed with banks for utilisation of trade facilities for commodities trading.

Net cash used in operating activities in 1H2019 was mainly attributable to advance for coal order placement, timing of collections from customers and lumpy payments to suppliers, and higher fixed deposits placed with banks for utilisation of trade facilities for commodities trading.

- l. Net cash was used in financing activities in 2Q2019 for repayments of trust receipt financing for commodities trading.

Net cash from financing activities in 1H2019 was through utilisation of trust receipt facilities for commodities trading.

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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

	Equity attributable to owners of the Company			
	Share Capital \$'000	Translation Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
The Group				
At 1 January 2019	58,366	(258)	(4,665)	53,443
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	399	399
Other comprehensive loss for the financial period	-	(285)	-	(285)
At 31 March 2019	58,366	(543)	(4,266)	53,557
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	560	560
Other comprehensive income for the financial period	-	74	-	74
At 30 June 2019	<u>58,366</u>	<u>(469)</u>	<u>(3,706)</u>	<u>54,191</u>
At 1 January 2018	58,366	(997)	(6,563)	50,806
<i>Total comprehensive loss for the financial period</i>				
Profit for the financial period	-	-	92	92
Other comprehensive loss for the financial period	-	(924)	-	(924)
At 31 March 2018	58,366	(1,921)	(6,471)	49,974
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	491	491
Other comprehensive income for the financial period	-	1,410	-	1,410
At 30 June 2018	<u>58,366</u>	<u>(511)</u>	<u>(5,980)</u>	<u>51,875</u>
The Company				
At 1 January 2019	58,366	-	(19,982)	38,384
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	89	89
At 31 March 2019	58,366	-	(19,893)	38,473
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	103	103
At 30 June 2019	<u>58,366</u>	<u>-</u>	<u>(19,790)</u>	<u>38,576</u>
At 1 January 2018	58,366	-	(20,486)	37,880
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	168	168
At 31 March 2018	58,366	-	(20,318)	38,048
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	199	199
At 30 June 2018	<u>58,366</u>	<u>-</u>	<u>(20,119)</u>	<u>38,247</u>

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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>30.06.19</u>	<u>31.12.18</u>	<u>30.06.19</u>	<u>31.12.18</u>
Total number of issued ordinary shares*	<u>35.10 million</u>	<u>35.10 million</u>	<u>35.10 million</u>	<u>35.10 million</u>

* 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 compared with those used in the audited financial statements for the financial year ended 31 December 2018.

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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 the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) that are effective for annual periods beginning on or after 1 January 2019 and are relevant to its operations. The adoption of these new SFRS(I)s, specifically SFRS(I) 16 *Leases*, does not result in any 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)	
	30.06.19	30.06.18	30.06.19	30.06.18
i) Earnings per ordinary share based on weighted average number of shares (in cent)	1.60	1.40	2.73	1.66
ii) Earnings per ordinary share based on fully diluted basis (in cent)	1.60	1.40	2.73	1.66
Weighted average number of ordinary shares (in million)	35.10	35.10	35.10	35.10

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	
	30.06.19	31.12.18	30.06.19	31.12.18
Net asset value per ordinary share (in dollar)	1.54	1.52	1.10	1.09
Total number of issued shares* at the end of the financial period / year (in million)	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**

Commodities Trading Unit

The Unit's revenue decreased to \$25.0 million in 2Q2019 compared to \$36.0 million in 2Q2018. This was mainly attributable to lower revenue from the sale of coal as average selling prices and volume were lower. The lower sales volume of rubber despite the higher average selling prices and the absence of aluminium sales also contributed to the decline in revenue. Consequently, gross profit decreased.

Commodities trading reported a lower profit after tax of \$175,000 in 2Q2019 compared to \$442,000 in 2Q2018, mainly due to lower gross profit and higher interest expense, partially offset by handling fees in relation to coal shipments and higher foreign currency exchange gain.

Investment Unit

The Unit's profit in 2Q2019 arose mainly from the interest income of \$0.4 million on the \$20 million loan extended to a related party in September 2018 in return for an opportunity to participate in a mixed-use development project in Sanya, Hainan, China.

- 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**

Coal deliveries for the financial year are expected to be in line with the quantity secured by the Group under the coal allocation agreement. The Group will continually seek opportunities to grow its commodities trading business.

The Group is exploring investment opportunities including the project in Sanya, Hainan, China to reposition, expand and diversify its business and operations to achieve a more consistent and sustainable growth.

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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 2019.

13. Interested Person Transactions

The aggregate value of interested person transactions entered into during the following financial 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 transactions less than \$100,000)		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 transactions less than \$100,000)	
	Second Quarter		Second Quarter		First Half		First Half	
	30.06.19	30.06.18	30.06.19	30.06.18	30.06.19	30.06.18	30.06.19	30.06.18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales								
William Nursalim alias William Liem & associates	-	-	4,549	5,566	-	-	5,947	8,424
Purchases								
William Nursalim alias William Liem & associates	-	-	20,914	27,132	-	-	37,674	46,724
Interest income from placement of refundable trade deposit								
William Nursalim alias William Liem & associates	-	-	142	125	-	-	282	244
Interest income from loan								
Nuri Holdings (S) Pte Ltd & associates	-	-	374	-	-	-	744	-
Total interested person transactions	-	-	25,979	32,823	-	-	44,647	55,392

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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.

15. Negative Assurance Confirmation Pursuant to Rule 705(5) of the SGX-ST Listing Manual

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 our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the results for the second quarter and half year ended 30 June 2019 to be false or misleading in any material aspect.

Peter Sung
Chairman

Boediman Gozali (alias Tony Wu)
Managing Director and Chief Executive Officer

BY ORDER OF THE BOARD

Julie Koh Ngin Joo
Group Company Secretary
22 July 2019

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 are 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.