



SP CORPORATION LIMITED

(Company Registration No. 195200115k)

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018 ("1Q2018")

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		
		First Quarter		
		31.03.18	31.03.17	+ / (-)
		\$'000	\$'000	%
Continuing Operations				
Revenue	a	28,587	21,685	32
Cost of sales		(27,997)	(21,203)	32
Gross profit	a	590	482	22
Other operating income		-	53	n.m
Distribution costs		-	(20)	n.m
Administrative expenses	b	(666)	(400)	67
Other operating expenses	c	(43)	(243)	(82)
Interest income	d	252	328	(23)
Profit before tax		133	200	(34)
Income tax expense	e	(41)	(28)	46
Profit for the financial period from continuing operations		92	172	(47)
Discontinued Operation				
Loss for the financial period from discontinued operation	f	-	(489)	n.m
Profit (Loss) for the financial period		92	(317)	n.m
Profit (Loss) attributable to owners of the Company				
- Continuing operations		92	172	(47)
- Discontinued operation		-	(489)	n.m
		92	(317)	n.m

For comparison purpose, relevant 1Q2017 figures of the Tyre Distribution Unit were excluded from the presentation under the "Continuing Operations" but included under the "Discontinued Operation". The Tyre Distribution Unit was discontinued in December 2017.

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 First Quarter		
		31.03.18 \$'000	31.03.17 \$'000	+ / (-) %
Profit (Loss) for the financial period				
- Continuing operations		92	172	(47)
- Discontinued operation		-	(489)	n.m
		92	(317)	n.m
Other comprehensive loss after tax:				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	g	(924)	(1,101)	(16)
Total comprehensive loss for the financial period		(832)	(1,418)	(41)
Total comprehensive loss for the financial period attributable to owners of the Company		(832)	(1,418)	(41)

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

	Continuing Operations First Quarter		Discontinued Operation First Quarter		Group Total First Quarter	
	31.03.18 \$'000	31.03.17 \$'000	31.03.18 \$'000	31.03.17 \$'000	31.03.18 \$'000	31.03.17 \$'000
Depreciation of plant and equipment	(7)	(8)	-	(18)	(7)	(26)
Foreign currency exchange (loss) gain	(43)	(251)	-	8	(43)	(243)
Over provision of income tax in respect of prior financial years	-	55	-	-	-	55

Note:

- Revenue in 1Q2018 increased by 32% to \$28.6 million mainly attributable to higher sales in commodities trading. The rate of increase in gross profit was lower because the higher gross margin from coal trading was largely offset by the lower gross margin from natural rubber and aluminium.
- The increase in administrative expenses in 1Q2018 was mainly due to higher manpower costs and rental expenses.
- The decrease in other operating expenses in 1Q2018 was mainly attributable to lower foreign currency exchange loss arising from the depreciation of US dollar against Singapore dollar.
- Interest income decrease was mainly due to lower overdue trade receivables.
- Last year's income tax expense was lower as it contained a reversal of an over-provision in the years prior to 2017.

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- f. Discontinued Operation refers to the tyre distribution business. Its performance in 1Q2017 is analysed as follows:

	Group First Quarter 31.03.17 \$'000
Revenue	1,966
Cost of sales	(1,637)
Gross profit	<u>329</u>
Other operating income	13
Distribution costs	(504)
Administrative expenses	(372)
Loss before tax	<u>(534)</u>
Income tax credit	45
Loss after tax for the financial period	<u><u>(489)</u></u>

- g. The translation loss was due to the depreciation of US dollar against Singapore dollar upon consolidation of subsidiaries whose functional currency is US dollar.

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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

	Group		Company	
Note	31.03.18 \$'000	31.12.17 \$'000	31.03.18 \$'000	31.12.17 \$'000
<u>ASSETS</u>				
Non-current assets				
Plant and equipment	164	172	155	161
Investments in subsidiaries	-	-	30,381	30,343
<i>Total non-current assets</i>	164	172	30,536	30,504
Current assets				
Inventories	-	-	-	-
Trade and other receivables	h 35,089	44,039	6,700	6,701
Tax recoverable	122	118	69	69
Cash and bank balances	k 23,338	22,684	1,872	1,739
<i>Total current assets</i>	58,549	66,841	8,641	8,509
Total assets	58,713	67,013	39,177	39,013
<u>EQUITY AND LIABILITIES</u>				
Equity				
Share capital	58,366	58,366	58,366	58,366
Translation account	g (1,921)	(997)	-	-
Accumulated losses	(6,471)	(6,563)	(20,318)	(20,486)
<i>Total equity</i>	49,974	50,806	38,048	37,880
Non-current liability				
Deferred tax	59	38	1	1
Current liabilities				
Trade and other payables	i 8,655	16,150	1,103	1,113
Income tax payable	25	19	25	19
<i>Total current liabilities</i>	8,680	16,169	1,128	1,132
Total equity and liabilities	58,713	67,013	39,177	39,013

Note:

- h. The decrease in trade and other receivables of the Group was largely due to the decrease in advances to suppliers and the timing in collections from customers.
- i. The decrease in trade and other payables of the Group was mainly due to the timing of lumpy payments to suppliers for rubber and coal deals.

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

Amount repayable in one year or less, or on demand

As at 31.03.18		As at 31.12.17	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'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 First Quarter	
		31.03.18 \$'000	31.03.17 \$'000
Operating activities			
Profit (Loss) before tax			
from continuing operations and discontinued operation		133	(334)
<i>Adjustments for:</i>			
Depreciation of plant and equipment		7	26
Interest income		(252)	(328)
Fair value gain on forward contracts, unrealised		(31)	(13)
Operating cash flows before movements in working capital		(143)	(649)
Inventories		-	(264)
Trade and other receivables		8,165	(4,453)
Restricted bank balances		719	1,788
Trade and other payables		(6,966)	(9,794)
Cash generated from (used in) operations		1,775	(13,372)
Interest received		94	184
Income tax paid, net		(12)	(163)
Net cash from (used in) operating activities	j	1,857	(13,351)
Investing activity			
Payments for acquisition of plant and equipment		-	(16)
Net cash used in investing activity		-	(16)
Net increase (decrease) in cash and cash equivalents		1,857	(13,367)
Cash and cash equivalents at the beginning of financial period		20,837	22,146
Effects of exchange rate changes on the balance of cash held in foreign currencies		(484)	(550)
Cash and cash equivalents at the end of financial period	k	22,210	8,229

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Note:

- j. Net cash from operating activities during 1Q2018 was largely attributable to accelerated collections from customers and absence of advances made to a coal supplier, partially offset by timing of lumpy payments to suppliers.
- k. Cash and cash equivalents as at 31 March 2018 excluded a sum of \$1,128,000 (31 December 2017: \$1,847,000; 31 March 2017: \$892,000) which had been pledged to banks as collateral for trade and credit facilities provided to a subsidiary. The higher cash and cash equivalents as at 31 March 2018 reflected net cash inflows from operating activities in 1Q2018 (refer to Note j) as contrasted with the net cash outflows in 1Q2017.

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	Translation (Account) Reserve	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
The Group				
At 1 January 2018	58,366	(997)	(6,563)	50,806
<i>Total comprehensive (loss) income 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
At 1 January 2017	58,366	1,628	(7,010)	52,984
<i>Total comprehensive loss for the financial period</i>				
Loss for the financial period	-	-	(317)	(317)
Other comprehensive loss for the financial period	-	(1,101)	-	(1,101)
At 31 March 2017	58,366	527	(7,327)	51,566
The Company				
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
At 1 January 2017	58,366	-	(19,173)	39,193
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	183	183
At 31 March 2017	58,366	-	(18,990)	39,376

- 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>31.03.18</u>	<u>31.12.17</u>	<u>31.03.18</u>	<u>31.12.17</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 2017.

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 is identical to the International Financial Reporting Standards with effect from 1 January 2018. The adoption of SFRS(I)s for the first time for the financial year ending 31 December 2018 does not result in any changes to the Group's and the Company's current accounting policies and no material adjustments are required on transition to this new framework.

Specifically, the Group has adopted SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers* that are effective for annual periods beginning on or after 1 January 2018 and are relevant to the Group's operations. The adoption of these new SFRS(I)s 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 First Quarter	
	31.03.18	31.03.17
i) Earnings (Loss) per ordinary share based on weighted average number of shares (in cent)		
From continuing operations	0.26	0.49
From continuing and discontinued operations	0.26	(0.90)
ii) Earnings (Loss) per ordinary share based on fully diluted basis (in cent)		
From continuing operations	0.26	0.49
From continuing and discontinued operations	0.26	(0.90)
Weighted average number of ordinary shares (in million)	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	
	31.03.18	31.12.17	31.03.18	31.12.17
Net asset value per ordinary share (in dollar)	1.42	1.45	1.08	1.08
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**

The Group's revenue from continuing operations (i.e. commodities trading) increased to \$28.6 million in 1Q2018 compared to \$21.7 million in 1Q2017. The higher revenue was mainly attributable to an increase in coal trading activities at higher average selling prices and gross margins, partially offset by lower revenue from sale of natural rubber and aluminium, and the absence of trading activities for synthetic rubber, steel wire rods and consumer products. Commodities trading reported a lower profit after tax of \$0.1 million in 1Q2018 compared to \$0.2 million in 1Q2017, mainly due to lower interest income on overdue trade receivables and higher 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**

Following the divestment of the loss-making tyre distribution business at the end of 2017, the Group continues to focus on optimising its commodities trading business, while exploring new strategic options. The Group remains watchful of its costs amid the challenges of uncertain market conditions.

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 three months ended 31 March 2018.

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			
	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)	
	First Quarter		First Quarter	
	31.03.18 \$'000	31.03.17 \$'000	31.03.18 \$'000	31.03.17 \$'000
Sales				
William Nursalim alias William Liem & associates	-	-	2,858	3,513
Purchases				
William Nursalim alias William Liem & associates	-	-	19,592	7,246
Interest income from placement of refundable trade deposit				
William Nursalim alias William Liem & associates	-	-	119	118
Interest income from overdue trade receivables				
William Nursalim alias William Liem & associates	-	-	-	233
Nuri Holdings (S) Pte Ltd & associates	-	-	-	386
Total interested person transactions	-	-	22,569	11,496

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. 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 results for the first quarter ended 31 March 2018 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

Helena Chua
Company Secretary
17 April 2018

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 documented in this report 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.