



SP CORPORATION LIMITED

(Company Registration No. 195200115K)

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

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		
		30.09.15	30.09.14	+ / (-)	30.09.15	30.09.14	+ / (-)
		3Q2015	3Q2014		YTD3Q2015	YTD3Q2014	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	a	30,729	34,893	(12)	84,332	99,441	(15)
Cost of sales		(29,389)	(33,118)	(11)	(80,286)	(93,889)	(14)
Gross profit	a	1,340	1,775	(25)	4,046	5,552	(27)
Other operating income	b	290	36	706	470	45	944
Distribution costs	c	(553)	(667)	(17)	(1,734)	(1,789)	(3)
Administrative expenses	d	(845)	(845)	-	(2,585)	(2,630)	(2)
Other operating expenses	e	(6)	(2)	200	(108)	(77)	40
Finance income	f	308	163	89	672	503	34
Finance costs	g	(12)	(20)	(40)	(12)	(25)	(52)
Profit before tax		522	440	19	749	1,579	(53)
Income tax expense	h	(32)	(113)	(72)	(83)	(232)	(64)
Profit for the financial period		490	327	50	666	1,347	(51)
Profit attributable to Owners of the Company		490	327		666	1,347	

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		
		30.09.15	30.09.14	+ / (-)	30.09.15	30.09.14	+ / (-)
		3Q2015	3Q2014		YTD3Q2015	YTD3Q2014	
		\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period		490	327	50	666	1,347	(51)
Other comprehensive income for the financial period:							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	i	1,281	321	299	1,567	26	5,927
Total comprehensive income for the financial period		1,771	648	173	2,233	1,373	63
Total comprehensive income attributable to Owners of the Company		1,771	648	173	2,233	1,373	63

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

	Note	Group		Group	
		30.09.15	30.09.14	30.09.15	30.09.14
		3Q2015	3Q2014	YTD3Q2015	YTD3Q2014
		\$'000	\$'000	\$'000	\$'000
Depreciation of plant and equipment	c, d	(41)	(43)	(119)	(128)
Foreign currency exchange gain (loss), net [included in other operating income (expenses)]	b, e	235	11	334	(13)
Write-back of doubtful trade receivables	b	-	-	1	3
Allowance for inventory obsolescence	e	(6)	(1)	(69)	(63)
(Under) Over provision of income tax in respect of prior years	h	(14)	(32)	(50)	80

Note:

- Revenue contracted mainly due to slower tyre distribution sales as well as decrease in coal and metal trading volumes amid lower commodities prices. The Group's gross profit and margin declined mainly due to erosion of profit margin in coal trading which in turn was caused by intense competition.
- The increase in other operating income was mainly attributable to higher foreign currency exchange gain and higher handling fee relating to coal trading.
- The decrease in distribution costs was due largely to lower manpower costs and sales promotions, reflecting lower sales activities.
- Administrative expenses reduced marginally due to a drop in manpower costs and lower rental expenses.
- Other operating expenses mainly comprised allowance for inventory obsolescence.
- Finance income increased largely attributable to higher interest income charged by the Group on overdue receivables.
- Finance costs incurred because of utilisation of trade financing facilities for commodities trading.
- Lower tax expense was mainly due to the loss incurred by the Tyre Distribution Unit.
- Translation gain recognised was because of the appreciation of the United States ("US") dollar upon consolidation of subsidiaries whose functional currency is the 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

		Group		Company	
		30.09.15	31.12.14	30.09.15	31.12.14
Note		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Plant and equipment	j	464	305	241	78
Investments in subsidiaries		-	-	17,924	17,629
<i>Total non-current assets</i>		464	305	18,165	17,707
Current assets					
Inventories	k	781	1,219	-	-
Trade receivables, other receivables and refundable deposit	l	66,033	47,404	19,997	17,831
Cash and bank balances	m	15,580	19,823	804	2,991
<i>Total current assets</i>		82,394	68,446	20,801	20,822
Total assets		82,858	68,751	38,966	38,529
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation reserve (account)		1,077	(490)	-	-
Accumulated losses		(9,612)	(10,278)	(20,698)	(21,225)
<i>Total equity</i>		49,831	47,598	37,668	37,141
Non-current liability					
Deferred tax		26	26	5	5
Current liabilities					
Borrowings	n	7,872	-	-	-
Trade and other payables	o	25,001	20,830	1,270	1,343
Income tax payable		128	297	23	40
<i>Total current liabilities</i>		33,001	21,127	1,293	1,383
Total equity and liabilities		82,858	68,751	38,966	38,529

Note:

j. Increase in plant and equipment was due to the purchase of a vehicle.

k. The decrease in inventories reflected lower tyre distribution activities.

l. The increase in trade receivables, other receivables and refundable deposit was mainly due to advances of approximately \$11.5 million to suppliers of coal and approximately \$4.2 million to suppliers of machinery for orders placed.

The US\$6 million (equivalent to approximately \$8.5 million) interest-bearing refundable deposit placed with a coal supplier is repayable within 1 year subject to renewal by mutual agreement. On 31 July 2015, the deposit was renewed for another year till 31 July 2016.

m. The decrease in cash and bank balances was largely due to advances to suppliers for orders placed.

n. Borrowings related to trust receipts for commodities trading activities.

o. The increase in trade and other payables was mainly due to progress billing of approximately \$4.2 million to a customer for order placement of machinery.

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

As at 30.09.15		As at 31.12.14	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
7,872	-	-	-

Details of any collateral

The Group's borrowings as at 30 September 2015 from a bank were secured by fixed deposits of approximately \$1.3 million placed with it.

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	
		30.09.15 3Q2015 \$'000	30.09.14 3Q2014 \$'000	30.09.15 YTD3Q2015 \$'000	30.09.14 YTD3Q2014 \$'000
Operating Activities					
Profit before tax		522	440	749	1,579
Adjustments for:					
Depreciation of plant and equipment		41	43	119	128
Write-back of doubtful trade receivables		-	-	(1)	(3)
Allowance for inventory obsolescence		6	1	69	63
Interest expense		12	20	12	25
Interest income		(308)	(163)	(672)	(503)
Operating cash flows before movements in working capital		273	341	276	1,289
Inventories		(17)	117	369	658
Trade receivables, other receivables and refundable deposit		(9,936)	(2,482)	(14,842)	716
Restricted bank balances		(2,314)	1,184	(2,483)	180
Trade and other payables		1,730	1,951	1,285	(6,644)
Cash (used in) generated from operations		(10,264)	1,111	(15,395)	(3,801)
Interest paid		(12)	(19)	(12)	(24)
Interest received		583	125	766	766
Income tax paid, net		(102)	(76)	(258)	(300)
Net cash (used in) from operating activities	p	(9,795)	1,141	(14,899)	(3,359)
Investing Activity					
Payment for acquisition of plant and equipment		(202)	(11)	(278)	(28)
Net cash used in investing activity		(202)	(11)	(278)	(28)
Financing Activities					
Proceeds from borrowings		17,197	14,320	17,197	14,320
Repayments of borrowings		(9,325)	(12,129)	(9,325)	(12,129)
Net cash from financing activities	q	7,872	2,191	7,872	2,191
Effects of exchange rate changes on the balance of cash held in foreign currencies		447	133	579	(5)
Net (decrease) increase in cash and cash equivalents		(2,125)	3,321	(7,305)	(1,196)
Cash and cash equivalents at the beginning of financial period		13,093	18,386	18,141	23,041
Cash and cash equivalents at the end of financial period	r	11,415	21,840	11,415	21,840

Note:

- p. Net cash was used in operating activities mainly for \$15.7 million advances to suppliers for coal and machinery.
- q. Net cash from financing activities was through utilisation of trust receipt facilities for commodities trading.
- r. Cash and cash equivalents at 30 September 2015 excluded a sum of approximately \$4.2 million (30 September 2014: \$1.6 million) which had been pledged to banks as collateral for trade and credit facilities provided to a subsidiary. These trade and credit facilities were covered by a corporate guarantee from the Company.

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
The Group				
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	-	-	666	666
Other comprehensive income for the financial period	-	1,567	-	1,567
At 30 September 2015	<u>58,366</u>	<u>1,077</u>	<u>(9,612)</u>	<u>49,831</u>
At 1 January 2014	58,366	(1,459)	(12,409)	44,498
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	1,347	1,347
Other comprehensive income for the financial period	-	26	-	26
At 30 September 2014	<u>58,366</u>	<u>(1,433)</u>	<u>(11,062)</u>	<u>45,871</u>
The Company				
At 1 January 2015	58,366	-	(21,225)	37,141
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	527	527
At 30 September 2015	<u>58,366</u>	<u>-</u>	<u>(20,698)</u>	<u>37,668</u>
At 1 January 2014	58,366	-	(22,103)	36,263
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	615	615
At 30 September 2014	<u>58,366</u>	<u>-</u>	<u>(21,488)</u>	<u>36,878</u>

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.

There have been no changes in the Company's share capital for the financial period from 1 July 2015 to 30 September 2015.

The Company does not have any outstanding convertibles and treasury shares.

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>30.09.15</u>	<u>31.12.14</u>	<u>30.09.15</u>	<u>31.12.14</u>
Total number of issued ordinary shares (excluding treasury shares)	35.10 million*	350.99 million	35.10 million*	350.99 million

* After the share consolidation on 14 May 2015.

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 2014.

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 ("FRSs") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2015 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 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)		
	30.09.15	30.09.14		30.09.15	30.09.14	
		As adjusted *	As previously announced		As adjusted *	As previously announced
i) Earnings per ordinary share based on weighted average number of shares (in cents)	1.40	0.93	0.09	1.90	3.84	0.38
ii) Earnings per ordinary share based on fully diluted basis (in cents)	1.40	0.93	0.09	1.90	3.84	0.38
Weighted average number of ordinary shares (in millions)	35.10	35.10	350.99	35.10	35.10	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 periods.

* Note: Figures shown under the "As adjusted" columns are computed assuming that the share consolidation exercise was held and effective as from 1 January 2014.

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		
	30.09.15	31.12.14		30.09.15	31.12.14	
		As adjusted *	As previously announced		As adjusted *	As previously announced
Net asset value per ordinary share	\$1.42	\$1.36	13.56¢	\$1.07	\$1.06	10.58¢
Total number of issued shares [^] at the end of the financial period / year (in millions)	35.10	35.10	350.99	35.10	35.10	350.99

[^]There were no treasury shares at the end of the respective financial period / year.

* Note: Figures shown under the “As adjusted” columns are computed assuming that the share consolidation exercise was held and effective as at 31 December 2014.

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 lower revenue of \$30.7 million in 3Q2015 as compared to \$34.9 million in 3Q2014 mainly due to subdued tyre distribution and commodities trading activities. However, earnings for the quarter increased by \$0.2 million over corresponding quarter last year to \$0.5 million mainly attributable to higher earnings from the Commodities Trading Unit.

Commodities Trading Unit’s revenue decreased by \$2.1 million (7%) to \$26.4 million in 3Q2015 as compared to \$28.5 million in 3Q2014, primarily due to muted coal and metal trading activities, partially offset by higher revenue from natural rubber trading activities. Despite the lower profit margin from coal trading, earnings for the quarter was boosted by an increase in foreign currency exchange gain and higher finance income.

Tyre Distribution Unit’s revenue of \$4.3 million in 3Q2015 was down 33% (\$2.1 million) as compared to \$6.4 million in 3Q2014 mainly due to a decline in domestic and export revenue amid intense competition. The Unit recorded a loss of \$0.1m in 3Q2015 as a result of lower gross profits, partially mitigated by 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 looming global uncertainty continues to pose challenges to the Group’s commodities trading and tyre distribution businesses in the midst of a possible US\$ rate hike, Eurozone’s dismal outlook, China’s economic deceleration and recent volatility in Asian currencies.

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 nine months ended 30 September 2015.

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							
	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)			
	30.09.15 3Q2015 \$'000	30.09.14 3Q2014 \$'000	30.09.15 YTD3Q2015 \$'000	30.09.14 YTD3Q2014 \$'000	30.09.15 3Q2015 \$'000	30.09.14 3Q2014 \$'000	30.09.15 YTD3Q2015 \$'000	30.09.14 YTD3Q2014 \$'000
Sales								
William Nursalim alias William Liem & associates	-	-	-	-	-	-	-	6,132
Nuri Holdings (S) Pte Ltd & associates	-	-	-	-	-	-	1,014	-
Purchases								
William Nursalim alias William Liem & associates	-	-	-	-	9,654	11,347	14,481	23,012
Renewal of trade deposit (*)								
William Nursalim alias William Liem & associates	-	-	-	-	8,532	-	8,532	-
Interest income from placement of trade deposit								
William Nursalim alias William Liem & associates	-	-	-	-	100	86	284	261
Management fee expense								
Tuan Sing Holdings Limited & associates	-	-	-	-	113	113	113	113
Total interested persons transactions	-	-	-	-	18,399	11,546	24,424	29,518

(*) The interest-bearing trade deposit of US\$6 million (equivalent to \$8.5 million), which is subject to yearly renewal by mutual agreement, has been renewed for 1 year till 31 July 2016.

14. Undertakings from directors and executive officers

Pursuant to Listing Rule 720(1), the Company has received undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 of the SGX-ST Listing Manual.

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 third quarter and nine months ended 30 September 2015 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
28 October 2015

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.