



SP CORPORATION LIMITED

(Company Registration No. 195200115k)

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014 ("1Q2014")

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)		
		31.03.14 \$'000	31.03.13 \$'000	+ / (-) %
Revenue	a	28,979	42,730	(32)
Cost of sales		(27,231)	(40,454)	(33)
Gross profit	a	1,748	2,276	(23)
Other operating income		8	23	(65)
Distribution costs	b	(608)	(566)	7
Administrative expenses	c	(904)	(1,161)	(22)
Other operating expenses	d	(29)	(33)	(12)
Finance income	e	168	132	27
Profit before tax		383	671	(43)
Income tax expense	f	(44)	(114)	(61)
Profit for the financial period		339	557	(39)
Profit attributable to Owners of the Company		339	557	

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 (First Quarter)		
		31.03.14	31.03.13	+ / (-)
		\$'000	\$'000	%
Profit for the financial period		339	557	(39)
Other comprehensive income for the financial period:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	h	105	453	(77)
Total comprehensive income for the financial period		<u>444</u>	<u>1,010</u>	(56)
Total comprehensive income attributable to Owners of the Company		<u>444</u>	<u>1,010</u>	(56)

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

	Note	Group (First Quarter)	
		31.03.14	31.03.13
		\$'000	\$'000
Depreciation of plant and equipment	g	(42)	(29)
Foreign currency exchange gain/ (loss), net	d	3	(33)
Write-back of allowance for doubtful trade receivables, net		1	16
Bad debts recovered		-	1
(Allowance) Write-back of inventory obsolescence, net	d	(29)	1
Over provision of income tax in respect of the previous year	f	83	7

Note:

- Revenue in 1Q2014 was lower than 1Q2013 due to the absence of commodities trading in coal and lower tyre sales. However, the decrease was partially offset by an one-off trading sale of machinery and the increase in commodities trading sales of synthetic rubber, aluminum and steel wire rods. Therefore, overall gross profit declined accordingly.
- Higher distribution costs were incurred due mainly to higher manpower costs and depreciation charge.
- Lower administrative expenses in 1Q2014 as compared to 1Q2013 reflected lower manpower costs.
- There was no foreign exchange loss for the period; hence other operating expenses were lower in 1Q2014 even though there was an allowance of inventory obsolescence of \$29,000 recognised during the period.
- Finance income for 1Q2014 was higher than that in 1Q2013 as there was higher late payment interest from the overdue receivables.
- The lower effective tax rate in 1Q2014 was due to a write-back of over provision of income tax in respect of the previous year.
- Higher depreciation reflected additional depreciation for the plant and equipment acquired in 4Q2013, as a result of the relocation of a subsidiary's office and warehouse.
- The translation gain was attributable to the strengthening of US dollar upon consolidation of subsidiaries whose functional currency is the US Dollar.

SP CORPORATION LIMITED
Unaudited Results for the First Quarter Ended 31 March 2014

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		
	31.03.14	31.12.13	31.03.14	31.12.13	
Note	\$'000	\$'000	\$'000	\$'000	
ASSETS					
Non-current assets					
Plant and equipment	397	436	107	120	
Investment in subsidiaries	-	-	17,252	17,216	
<i>Total non-current assets</i>	397	436	17,359	17,336	
Current assets					
Inventories	i	1,367	1,747	-	-
Trade receivables, other receivables and refundable deposit	j	42,011	44,366	14,687	14,330
Cash and bank balances		21,801	24,736	5,484	5,954
<i>Total current assets</i>		65,179	70,849	20,171	20,284
Total assets		65,576	71,285	37,530	37,620
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation account		(1,354)	(1,459)	-	-
Accumulated losses		(12,070)	(12,409)	(21,886)	(22,103)
<i>Total equity</i>		44,942	44,498	36,480	36,263
Non-current liability					
Deferred tax		36	35	15	13
Current liabilities					
Trade and other payables	j	20,229	26,339	1,019	1,334
Income tax payable		369	413	16	10
<i>Total current liabilities</i>		20,598	26,752	1,035	1,344
Total equity and liabilities		65,576	71,285	37,530	37,620

Note:

- i. The lower level of inventories as at 31 March 2014 as compared to 31 December 2013 reflected largely the lower sales level for Tyre & Auto Products Unit amid challenging market environment.
- j. The movement in trade receivables and payables reflected largely timing of receipts and payments as well as lower level of activities in the Commodities Trading and Tyre & Auto Products Units in 1Q2014.

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

Amount repayable in one year or less, or on demand

As at 31.03.14		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 (First Quarter)	
		31.03.14 \$'000	31.03.13 \$'000
Operating Activities			
Profit before tax		383	671
<i>Adjustments for:</i>			
Depreciation of plant and equipment		42	29
Write-back of allowance for doubtful trade receivables, net		(1)	(16)
Bad debts recovered		-	(1)
Allowance (Write-back) of inventory obsolescence, net		29	(1)
Interest income		(168)	(132)
Operating cash flows before movements in working capital		285	550
Inventories		351	(29)
Trade receivables, other receivables and refundable deposit		2,038	10,367
Restricted bank balances		(256)	(72)
Trade and other payables		(6,110)	(5,574)
Currency translation adjustments of subsidiaries		30	265
Cash (used in) generated from operations		(3,662)	5,507
Interest received		493	36
Income tax paid, net		(100)	(91)
Net cash (used in) from operating activities	k	(3,269)	5,452
Investing Activities			
Proceeds from disposal of plant and equipment		-	1
Payments for acquisition of plant and equipment		(3)	(5)
Net cash used in investing activities		(3)	(4)
Effects of exchange rate changes on the balance of cash held in foreign currencies		81	187
Net (decrease) increase in cash and cash equivalents		(3,272)	5,448
Cash and cash equivalents at beginning of financial period		23,041	14,209
Cash and cash equivalents at end of financial period	l	19,850	19,844

Note:

- k. The net cash used in operations reflected largely the timing of receipts from debtors and payments to creditors.
- l. Cash and cash equivalents as at 31 March 2014 excluded a sum of \$1,951,000 (31 December 2013: \$1,695,000; 31 March 2013: \$3,479,000) which had been pledged to banks as collateral for trade and credit facilities provided to 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
<u>The Group</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	-	-	339	339
Other comprehensive income for the financial period	-	105	-	105
At 31 March 2014	58,366	(1,354)	(12,070)	44,942
At 1 January 2013	58,366	(2,175)	(14,812)	41,379
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	557	557
Other comprehensive income for the financial period	-	453	-	453
At 31 March 2013	58,366	(1,722)	(14,255)	42,389
<u>The Company</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	-	-	217	217
At 31 March 2014	58,366	-	(21,886)	36,480
At 1 January 2013	58,366	-	(23,746)	34,620
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	946	946
At 31 March 2013	58,366	-	(22,800)	35,566

- 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>31.03.14</u>	<u>31.12.13</u>	<u>31.03.14</u>	<u>31.12.13</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 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 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	
	31.03.14	31.03.13
i) Earnings per ordinary share based on weighted average number of shares (in cent)	0.10	0.16
ii) Earnings per ordinary share based on fully diluted basis (in cent)	0.10	0.16
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 periods.

- 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	
	31.03.14	31.12.13	31.03.14	31.12.13
Net asset value per ordinary share (in cents)	12.80	12.68	10.39	10.33
Total number of issued shares* at the end of the financial period / year (in millions)	350.99	350.99	350.99	350.99

* 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 recorded lower revenue and earnings of \$29.0 million and \$0.3 million respectively in 1Q2014 as compared to \$42.7 million and \$0.6 million in 1Q2013.

Commodities Trading Unit posted revenue of \$22.2 million for 1Q2014, 35% lower as compared to \$34.3 million in 1Q2013. During the period, there was trading of certain machinery and an increase in trading volumes in synthetic rubber, aluminum and steel wire rods, but no trading in coal. As a consequence, earnings for the quarter dropped by \$0.1 million to \$0.4 million.

Tyre & Auto Products Unit reported revenue of \$6.8 million in 1Q2014 as compared to \$8.4 million in 1Q2013 due to the challenging environment in both the export and domestic markets. The decline in revenue coupled with higher distribution costs had weighed on the Unit's earnings in 1Q2014, resulting in a loss of \$0.2 million as opposed to net profit of \$0.1 million in 1Q2013.

- 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 will continue to face challenges in commodities trading with protracted softening of commodity prices amid ample supply and moderate demand. The tyre business is also expected to be affected by keen competition in the export and domestic markets. However, the Group will remain focused in enhancing its service deliveries and fostering closer relationships with its principal suppliers, customers and dealer network.

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 2014.

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 transaction less than \$100,000)	
	31.03.14	31.03.13	31.03.14	31.03.13
	\$'000	\$'000	\$'000	\$'000
Sales				
William Nursalim alias William Liem & associates	-	-	2,087	-
Purchases				
William Nursalim alias William Liem & associates	-	-	1,777	17,563
Total interested persons transactions	<u>-</u>	<u>-</u>	<u>3,864</u>	<u>17,563</u>

14. 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 2014 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

Mary Goh Swon Ping
Company Secretary
28 April 2014

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.

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.