



SP CORPORATION LIMITED

(Company Registration No. 195200115K)

UNAUDITED RESULTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2014

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		
		30.06.14	30.06.13	+ / (-)	30.06.14	30.06.13	+ / (-)
		2Q2014	2Q2013		YTD2Q2014	YTD2Q2013	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	a	35,569	43,902	(19)	64,548	86,632	(25)
Cost of sales		(33,540)	(41,315)	(19)	(60,771)	(81,769)	(26)
Gross profit	a	2,029	2,587	(22)	3,777	4,863	(22)
Other operating income		15	21	(29)	23	44	(48)
Distribution costs	b	(514)	(590)	(13)	(1,122)	(1,156)	(3)
Administrative expenses	c	(881)	(1,015)	(13)	(1,785)	(2,176)	(18)
Other operating expenses	d	(60)	(29)	107	(89)	(62)	44
Finance income	e	172	132	30	340	264	29
Finance costs		(5)	-	n.m	(5)	-	n.m
Profit before tax		756	1,106	(32)	1,139	1,777	(36)
Income tax expense	h	(75)	(224)	(67)	(119)	(338)	(65)
Profit for the financial period		681	882	(23)	1,020	1,439	(29)
Profit attributable to Owners of the Company		681	882		1,020	1,439	

n.m: Not meaningful

SP CORPORATION LIMITED

Unaudited Results for the Second Quarter and Six Months Ended 30 June 2014

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

	Group			Group		
	30.06.14 2Q2014	30.06.13 2Q2013	+ / (-)	30.06.14 YTD2Q2014	30.06.13 YTD2Q2013	+ / (-)
Note	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period	681	882	(23)	1,020	1,439	(29)
Other comprehensive income / (loss) for the financial period:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	f (400)	380	n.m	(295)	833	n.m
Total comprehensive income for the financial period	<u>281</u>	<u>1,262</u>	(78)	<u>725</u>	<u>2,272</u>	(68)
Total comprehensive income attributable to Owners of the Company	<u>281</u>	<u>1,262</u>	(78)	<u>725</u>	<u>2,272</u>	(68)

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

	Group		Group	
	30.06.14 2Q2014	30.06.13 2Q2013	30.06.14 YTD2Q2014	30.06.13 YTD2Q2013
Note	\$'000	\$'000	\$'000	\$'000
Depreciation of plant and equipment	g (43)	(32)	(85)	(61)
Gain on disposal of plant and equipment, net	-	2	-	2
Foreign currency exchange loss, net	d (27)	(28)	(24)	(62)
Write-back of doubtful trade receivables, net	2	10	3	26
Bad debts recovered - trade	1	-	1	1
(Allowance for) Write-back of inventory obsolescence, net	d (33)	(1)	(62)	1
Over (Under) provision of income tax in respect of prior years	h 29	(23)	112	(16)

Note:

- Revenue for 2Q2014 was lower than 2Q2013 mainly due to a decline in coal trading and tyre distribution activities. The decrease was partially mitigated by an increase in trading volumes of natural rubber, aluminum and steel wire rods. Accordingly, the Group's gross profit and margin in 2Q2014 reduced.
- Distribution costs for 2Q2014 were lower than the corresponding quarter mainly due to a drop in promotional and travelling expenses, reflecting the lower level of sales activities for the quarter.
- The decrease in administrative expenses in 2Q2014 as compared to 2Q2013 were mainly attributed to lower manpower costs and absence of certain professional fees, in line with the Group's streamlining of its operations.
- Other operating expenses increased in 2Q2014, mainly due to additional allowance for inventory made during the quarter.
- Finance income for 2Q2014 was higher than that in 2Q2013, reflecting higher late interest earned from overdue receivables.
- The translation loss in 2Q2014 was mainly due to the depreciation of the US dollar upon consolidation of subsidiaries whose functional currency is the US dollar.
- The higher depreciation reflected the additional depreciation for renovations in 4Q2013 as a result of the relocation of a subsidiary's office and warehouse.
- The lower effective tax rate in 2Q2014 was due to a write-back of over provision of income tax in respect of prior years.

SP CORPORATION LIMITED

Unaudited Results for the Second Quarter and Six Months Ended 30 June 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

	Note	Group		Company	
		30.06.14 \$'000	31.12.13 \$'000	30.06.14 \$'000	31.12.13 \$'000
ASSETS					
Non-current assets					
Plant and equipment		368	436	97	120
Investment in subsidiaries		-	-	17,376	17,216
<i>Total non-current assets</i>		<u>368</u>	<u>436</u>	<u>17,473</u>	<u>17,336</u>
Current assets					
Inventories	i	1,144	1,747	-	-
Trade receivables, other receivables and refundable deposit	j	40,519	44,366	14,322	14,330
Cash and bank balances		21,085	24,736	5,963	5,954
<i>Total current assets</i>		<u>62,748</u>	<u>70,849</u>	<u>20,285</u>	<u>20,284</u>
Total assets		<u>63,116</u>	<u>71,285</u>	<u>37,758</u>	<u>37,620</u>
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation account		(1,754)	(1,459)	-	-
Accumulated losses		(11,389)	(12,409)	(21,533)	(22,103)
<i>Total equity</i>		<u>45,223</u>	<u>44,498</u>	<u>36,833</u>	<u>36,263</u>
Non-current liability					
Deferred tax		35	35	13	13
Current liabilities					
Trade and other payables	j	17,535	26,339	895	1,334
Income tax payable		323	413	17	10
<i>Total current liabilities</i>		<u>17,858</u>	<u>26,752</u>	<u>912</u>	<u>1,344</u>
Total equity and liabilities		<u>63,116</u>	<u>71,285</u>	<u>37,758</u>	<u>37,620</u>

Note:

- i. The lower level of inventories as at 30 June 2014 as compared to 31 December 2013 was due to the decline in tyre distribution activities and effort to reduce stockholding.
- j. The movement in trade and other receivables and payables reflected largely the timing of receipts and payments as well as the subdued trading and distribution activities in 2Q2014.

SP CORPORATION LIMITED
Unaudited Results for the Second Quarter and Six Months Ended 30 June 2014

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

Amount repayable in one year or less, or on demand

As at 30.06.14		As at 31.12.13	
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		Group	
		30.06.14 2Q2014 \$'000	30.06.13 2Q2013 \$'000	30.06.14 YTD2Q2014 \$'000	30.06.13 YTD2Q2013 \$'000
Operating Activities					
Profit before tax		756	1,106	1,139	1,777
Adjustments for:					
Depreciation of plant and equipment		43	32	85	61
Gain on disposal of plant and equipment, net		-	(2)	-	(2)
Write-back of doubtful trade receivables, net		(2)	(10)	(3)	(26)
Bad debts recovered - trade		-	-	-	(1)
Allowance for (Write-back of) inventory obsolescence, net		33	1	62	(1)
Interest expense		5	-	5	-
Interest income		(172)	(132)	(340)	(264)
Operating cash flows before movements in working capital		663	995	948	1,544
Inventories		190	(363)	541	(392)
Trade receivables, other receivables and refundable deposit		1,526	(7,798)	3,564	2,569
Restricted bank balances		(748)	(287)	(1,004)	(359)
Trade and other payables		(2,694)	2,438	(8,804)	(3,136)
Currency translation adjustments of subsidiaries		(187)	204	(157)	507
Cash generated (used in) from operations		(1,250)	(4,811)	(4,912)	733
Interest paid		(5)	-	(5)	-
Interest received		148	2	641	38
Income tax paid, net		(124)	(37)	(224)	(128)
Net cash (used in) from operating activities	k	(1,231)	(4,846)	(4,500)	643
Investing Activities					
Proceeds from disposal of plant and equipment		-	2	-	3
Acquisition of plant and equipment		(14)	(176)	(17)	(181)
Net cash used in investing activities		(14)	(174)	(17)	(178)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(219)	188	(138)	338
Net (decrease) increase in cash and cash equivalents		(1,245)	(5,020)	(4,517)	465
Cash and cash equivalents at beginning of financial period		19,850	19,844	23,041	14,209
Cash and cash equivalents at end of financial period	l	18,386	15,012	18,386	15,012

Note:

- k. Net cash in operating activities reflected largely the timing of receipts from debtors and payments to creditors.
- l. Cash and cash equivalents at 30 June 2014 excluded a sum of \$2,699,000 (30 June 2013: \$3,766,000) which had been pledged to banks as collateral for trade and credit facilities provided to certain subsidiaries.

SP CORPORATION LIMITED

Unaudited Results for the Second Quarter and Six Months Ended 30 June 2014

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
The Group				
At 1 April 2014	58,366	(1,354)	(12,070)	44,942
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	681	681
Other comprehensive loss for the financial period	-	(400)	-	(400)
At 30 June 2014	58,366	(1,754)	(11,389)	45,223
At 1 April 2013	58,366	(1,722)	(14,255)	42,389
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	882	882
Other comprehensive income for the financial period	-	380	-	380
At 30 June 2013	58,366	(1,342)	(13,373)	43,651
The Company				
At 1 April 2014	58,366	-	(21,886)	36,480
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	353	353
At 30 June 2014	58,366	-	(21,533)	36,833
At 1 April 2013	58,366	-	(22,800)	35,566
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	256	256
At 30 June 2013	58,366	-	(22,544)	35,822

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>30.06.2014</u>	<u>31.12.2013</u>	<u>30.06.2014</u>	<u>31.12.2013</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 Financial Reporting Standards ("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 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)	
	30.06.14	30.06.13	30.06.14	30.06.13
i) Earnings per ordinary share based on weighted average number of shares (in cent)	0.19	0.25	0.29	0.41
ii) Earnings per ordinary share based on fully diluted basis (in cent)	0.19	0.25	0.29	0.41
Weighted average number of ordinary shares (in millions)	350.99	350.99	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 financial 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	
	30.06.14	31.12.13	30.06.14	31.12.13
Net asset value per ordinary share (in cents)	12.88	12.68	10.49	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 \$35.6 million and \$0.7 million respectively in 2Q2014 as compared to \$43.9 million and \$0.9 million in 2Q2013.

Commodities Trading Unit reported a drop in revenue of \$5.3 million (16%) to \$28.1 million in 2Q2014 as compared to \$33.4 million in 2Q2013, reflecting lower coal trading level as well as an overall decrease in commodity prices despite the increased trading volumes in other commodities. Correspondingly, earnings for the quarter were lower.

The Unit is in discussion with coal suppliers for renewal of the US\$6,000,000 (equivalent to \$7,458,000) refundable deposit first placed with the suppliers in May 2010 and expiring on 31 July 2014 subject to a commitment from them for re-scheduled coal deliveries. The delivery for years 2013 and 2014 had only been partially fulfilled. Interest payments had been met.

Tyre Distribution Unit's revenue of \$7.5 million in 2Q2014 was 29% lower than the \$10.5 million in 2Q2013 mainly due to a decline in the export markets. Accordingly, the Unit had lower earnings, although partially cushioned 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 Group expects the market environment for commodities to remain challenging. Commodity prices and margins continue to be under pressure. Tyre distribution is expected to face intense competition with prevailing oversupply. The Group will continue to focus on optimising its existing businesses and improving operational efficiencies.

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/recommendeded, a statement to that effect

No dividend has been declared or recommended for the six months ended 30 June 2014.

SP CORPORATION LIMITED
Unaudited Results for the Second Quarter and Six Months Ended 30 June 2014

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)			
	30.06.14 2Q2014 \$'000	30.06.13 2Q2013 \$'000	30.06.14 YTD2Q2014 \$'000	30.06.13 YTD2Q2013 \$'000	30.06.14 2Q2014 \$'000	30.06.13 2Q2013 \$'000	30.06.14 YTD2Q2014 \$'000	30.06.13 YTD2Q2013 \$'000
Sales								
William Nursalim alias William Liem & associates	-	-	-	-	4,045	4,521	6,131	4,521
Purchases								
William Nursalim alias William Liem & associates	-	-	-	-	9,888	17,193	11,665	34,756
Interest income from placement of trade deposit								
William Nursalim alias William Liem & associates	-	-	-	-	175	185	175	185
Office rental and management fees								
William Nursalim alias William Liem & associates	-	-	-	-	-	193	-	193
Total interested persons transactions	-	-	-	-	14,108	22,092	17,971	39,655

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 financial results for the second quarter and six months ended 30 June 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
29 July 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 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.