



# SP CORPORATION LIMITED

(Company Registration No. 195200115K)

## UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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		
		30.09.14	30.09.13	+ / (-)	30.09.14	30.09.13	+ / (-)
		3Q2014	3Q2013		YTD3Q2014	YTD3Q2013	
		\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	<b>a</b>	34,893	33,835	3	99,441	120,467	(17)
Cost of sales		(33,118)	(31,778)	4	(93,889)	(113,546)	(17)
<b>Gross profit</b>	<b>a</b>	1,775	2,057	(14)	5,552	6,921	(20)
Other operating income	<b>b</b>	36	89	(60)	45	80	(44)
Distribution costs	<b>c</b>	(667)	(601)	11	(1,789)	(1,757)	2
Administrative expenses	<b>d</b>	(845)	(951)	(11)	(2,630)	(3,127)	(16)
Other operating expenses		(2)	(1)	100	(77)	(11)	600
Finance income	<b>e</b>	163	117	39	503	381	32
Finance costs	<b>f</b>	(20)	-	n.m	(25)	-	n.m
<b>Profit before tax</b>		440	710	(38)	1,579	2,487	(37)
Income tax (expense) / benefit	<b>g</b>	(113)	74	n.m	(232)	(264)	(12)
<b>Profit for the financial period</b>		327	784	(58)	1,347	2,223	(39)
<b>Profit attributable to Owners of the Company</b>		327	784	(58)	1,347	2,223	(39)

n.m: Not meaningful

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**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		
		30.09.14	30.09.13	* / (-)	30.09.14	30.09.13	* / (-)
		3Q2014	3Q2013	%	YTD3Q2014	YTD3Q2013	%
		\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period		327	784	(58)	1,347	2,223	(39)
Other comprehensive income / (loss) for the financial period:							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	h	321	(383)	n.m	26	450	(94)
Total comprehensive income for the financial period		648	401	62	1,373	2,673	(49)
Total comprehensive income attributable to Owners of the Company		648	401	62	1,373	2,673	(49)

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

	Note	Group		Group	
		30.09.14	30.09.13	30.09.14	30.09.13
		3Q2014	3Q2013	YTD3Q2014	YTD3Q2013
		\$'000	\$'000	\$'000	\$'000
Depreciation of plant and equipment	i	(43)	(39)	(128)	(100)
Foreign currency exchange gain / (loss), net	b	11	51	(13)	(11)
Write-back of doubtful trade receivables, net	b	-	14	3	40
Allowance for inventory obsolescence, net		(1)	(1)	(63)	-
(Under) / Over provision of income tax in respect of prior years	g	(32)	171	80	154

**Note:**

- Revenue for 3Q2014 rose marginally by 3% over the same period, as an increase in coal trading more than offset the decrease in tyre distribution. The Group's gross profit and margin in 3Q2014 declined mainly due to an erosion in profit margin from coal trading.
- Other operating income dipped in 3Q2014 mainly due to lower foreign exchange gain and absence of last year's write-back of allowance for doubtful trade receivables.
- Higher distribution costs were incurred in 3Q2014 reflecting higher promotional expenses.
- Administrative costs decreased in tandem with lower manpower costs and rental expense.
- The increase in finance income for 3Q2014 was attributable to late interest earned from parties with overdue receivables.
- Finance costs arose from trade financing for commodities trading.
- Higher effective tax rate in 3Q2014 was due to an under-provision of income tax in respect of a prior year and absence of last year's write-back of over-provision of income tax.
- The translation gain in 3Q2014 was largely attributable to the appreciation of the United States ("US") dollar upon consolidation of subsidiaries whose functional currency is the US dollar.
- The higher depreciation reflected additional depreciation for renovations in 4Q2013 as a result of the relocation of a subsidiary.

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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	
		30.09.14	31.12.13	30.09.14	31.12.13
	Note	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment		336	436	84	120
Investment in subsidiaries		-	-	17,578	17,216
<i>Total non-current assets</i>		336	436	17,662	17,336
<b>Current assets</b>					
Inventories	j	1,026	1,747	-	-
Trade receivables, other receivables and refundable deposit	k	43,427	44,366	14,782	14,330
Cash and bank balances		23,355	24,736	5,776	5,954
<i>Total current assets</i>		67,808	70,849	20,558	20,284
<b>Total assets</b>		68,144	71,285	38,220	37,620
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		58,366	58,366	58,366	58,366
Translation account		(1,433)	(1,459)	-	-
Accumulated losses		(11,062)	(12,409)	(21,488)	(22,103)
<i>Total equity</i>		45,871	44,498	36,878	36,263
<b>Non-current liability</b>					
Deferred tax		33	35	11	13
<b>Current liabilities</b>					
Borrowings	l	2,191	-	-	-
Trade and other payables	k	19,674	26,339	1,279	1,334
Income tax payable		375	413	52	10
<i>Total current liabilities</i>		22,240	26,752	1,331	1,344
<b>Total equity and liabilities</b>		68,144	71,285	38,220	37,620

**Note:**

- j. The lower level of inventories as at 30 September 2014 as compared to 31 December 2013 was due to the decline in tyre distribution activities and effort to reduce stockholding.
- k. The movement in trade and other receivables and payables reflected largely the timing of receipts and payments.
- l. Borrowings relate to trust receipts for commodities trading activities.

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

Amount repayable in one year or less, or on demand

As at 30.09.14		As at 31.12.13	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,191	-	-	-

Details of any collateral

Group's borrowings as at 30 September 2014 were secured by fixed deposits placed with bank of approximately \$301,000 and are covered by a corporate guarantee from the Company.

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	
		30.09.14 3Q2014 \$'000	30.09.13 3Q2013 \$'000	30.09.14 YTD3Q2014 \$'000	30.09.13 YTD3Q2013 \$'000
<b>Operating Activities</b>					
Profit before tax		440	710	1,579	2,487
Adjustments for:					
Depreciation of plant and equipment		43	39	128	100
Gain on disposal of plant and equipment, net		-	-	-	(2)
Write-back of doubtful trade receivables, net		-	(14)	(3)	(40)
Bad debts recovered - trade		-	-	-	(1)
Write-back of inventory obsolescence, net		1	1	63	-
Inventories written off		-	1	-	-
Interest expense		20	-	25	-
Interest income		(163)	(117)	(503)	(381)
<b>Operating cash flows before movements in working capital</b>		341	620	1,289	2,163
Inventories		117	631	658	239
Trade receivables, other receivables and refundable deposit		(2,863)	6,168	701	8,737
Restricted bank balances		1,184	2,059	180	1,700
Trade and other payables		2,139	(3,674)	(6,665)	(6,810)
Currency translation adjustments of subsidiaries		193	(221)	36	287
<b>Cash generated (used in) from operations</b>		1,111	5,583	(3,801)	6,316
Interest paid		(19)	-	(24)	-
Interest received		125	669	766	707
Income tax paid, net		(76)	(37)	(300)	(165)
<b>Net cash (used in) from operating activities</b>	<b>m</b>	1,141	6,215	(3,359)	6,858
<b>Investing Activities</b>					
Proceeds from disposal of plant and equipment		-	-	-	3
Acquisition of plant and equipment		(11)	(19)	(28)	(200)
<b>Net cash used in investing activities</b>		(11)	(19)	(28)	(197)
<b>Financing Activities</b>					
Proceeds from borrowings		14,320	-	14,320	-
Repayments of borrowings		(12,129)	-	(12,129)	-
<b>Net cash from financing activities</b>	<b>n</b>	2,191	-	2,191	-
Effects of exchange rate changes on the balance of cash held in foreign currencies		133	(185)	(5)	153
Net increase (decrease) in cash and cash equivalents		3,321	6,196	(1,196)	6,661
Cash and cash equivalents at beginning of financial period		18,386	15,012	23,041	14,209
<b>Cash and cash equivalents at end of financial period</b>	<b>o</b>	21,840	21,023	21,840	21,023

Note:

- m. Net cash in operating activities reflected largely the timing of receipts from debtors and payments to creditors.
- n. Net cash from financing activities was derived from utilisation of trust receipts facility for commodities trading.
- o. Cash and cash equivalents at 30 September 2014 excluded a sum of \$1,515,000 (30 September 2013: \$1,707,000) which had been pledged to banks as collateral for trade and credit facilities provided to certain subsidiaries.

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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

	Attributable to owners of the Company			
	Share Capital \$'000	Translation Account \$'000	Accumulated Losses \$'000	Total Equity \$'000
<b>The Group</b>				
<b>At 1 July 2014</b>	58,366	(1,754)	(11,389)	45,223
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	327	327
Other comprehensive income for the financial period	-	321	-	321
<b>At 30 September 2014</b>	<u>58,366</u>	<u>(1,433)</u>	<u>(11,062)</u>	<u>45,871</u>
<b>At 1 July 2013</b>	58,366	(1,342)	(13,373)	43,651
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	784	784
Other comprehensive loss for the financial period	-	(383)	-	(383)
<b>At 30 September 2013</b>	<u>58,366</u>	<u>(1,725)</u>	<u>(12,589)</u>	<u>44,052</u>
<b>The Company</b>				
<b>At 1 July 2014</b>	58,366	-	(21,533)	36,833
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	45	45
<b>At 30 September 2014</b>	<u>58,366</u>	<u>-</u>	<u>(21,488)</u>	<u>36,878</u>
<b>At 1 July 2013</b>	58,366	-	(22,544)	35,822
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	281	281
<b>At 30 September 2013</b>	<u>58,366</u>	<u>-</u>	<u>(22,263)</u>	<u>36,103</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.

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>30.09.2014</u>	<u>31.12.2013</u>	<u>30.09.2014</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**

- i) Earnings per ordinary share based on weighted average number of shares (in cent)
- ii) Earnings per ordinary share based on fully diluted basis (in cent)
- Weighted average number of ordinary shares (in millions)

Group (Quarter)		Group (Year to Date)	
30.09.14	30.09.13	30.09.14	30.09.13
0.09	0.22	0.38	0.63
0.09	0.22	0.38	0.63
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	
	30.09.14	31.12.13	30.09.14	31.12.13
Net asset value per ordinary share (in cents)	13.07	12.68	10.51	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's revenue for 3Q2014 was comparable to that of 3Q2013. However, earnings dropped to \$0.3 million mainly due to lower tyre distribution activities and lower gross margin from commodities trading.

Commodities Trading Unit's revenue increased \$2.9 million (11%) to \$28.5 million in 3Q2014 as compared to \$25.6 million in 3Q2013, mainly due to higher coal sales, partially offset by a drop in revenue from trading in rubber and steel wire rods.

The Unit is still in discussion with the coal mines, for which US\$6 million deposit had been placed, as to their commitment to deliver the coal in accordance with certain schedule. Meanwhile, the coal mines delivered about 90% of the normal commitment in 3Q2014.

Tyre Distribution Unit's revenue of \$6.4 million in 3Q2014 was down 23% as compared to \$8.3 million in 3Q2013 mainly due to a decline in export revenue. Earnings for 3Q2014 were above break-even line.

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**

Against the backdrop of uncertainties, the Group expects the market environment for both commodities trading and tyre distribution to remain challenging. Bearish sentiments prevailing in the global coal markets continue to curb demand amid heavy oversupply exerting further pressure on coal prices and profit margins. The Group will continue to regularly review its existing strategies to adapt to changing environments.

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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 nine months ended 30 September 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)			
	30.09.14 3Q2014 \$'000	30.09.13 3Q2013 \$'000	30.09.14 YTD3Q2014 \$'000	30.09.13 YTD3Q2013 \$'000	30.09.14 3Q2014 \$'000	30.09.13 3Q2013 \$'000	30.09.14 YTD3Q2014 \$'000	30.09.13 YTD3Q2013 \$'000
<b>Sales</b>								
William Nursalim alias William Liem & associates	-	-	-	-	-	-	6,131	4,521
<b>Purchases</b>								
William Nursalim alias William Liem & associates	-	-	-	-	11,347	5,277	23,012	40,033
<b>Interest income from placement of trade deposit</b>								
William Nursalim alias William Liem & associates	-	-	-	-	86	94	261	279
<b>Rental and management fee expenses</b>								
William Nursalim alias William Liem & associates	-	-	-	-	-	97	-	290
Tuan Sing Holdings Limited & associates	-	-	-	-	113	220	113	220
<b>Total interested persons transactions</b>	-	-	-	-	11,546	5,688	29,517	45,343



## SP CORPORATION LIMITED

### Unaudited Results for the Third Quarter and Nine Months Ended 30 September 2014

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#### 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 third quarter and nine months ended 30 September 2014 to be false or misleading in any material aspect.

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Peter Sung  
Chairman

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Boediman Gozali (alias Tony Wu)  
Chief Executive Officer

#### BY ORDER OF THE BOARD

Mary Goh Swon Ping  
Company Secretary  
29 October 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.