



SP CORPORATION LIMITED

(Company Registration No. 195200115k)

UNAUDITED RESULTS FOR THE SECOND QUARTER ("2Q2018") AND HALF YEAR ("1H2018") ENDED 30 JUNE 2018

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

		Group Second Quarter			Group First Half		
		30.06.18	30.06.17	+ / (-)	30.06.18	30.06.17	+ / (-)
Note		\$'000	\$'000	%	\$'000	\$'000	%
Continuing Operations							
Revenue	a	36,023	32,281	12	64,610	53,966	20
Cost of sales		(35,185)	(31,700)	11	(63,182)	(52,903)	19
Gross profit	a	838	581	44	1,428	1,063	34
Other operating income	b	10	81	(88)	10	134	(93)
Distribution costs		-	(23)	n.m	-	(43)	n.m
Administrative expenses	c	(633)	(740) *	(14)	(1,299)	(1,440) *	(10)
Other operating expenses	d	18	(39)	n.m	(25)	(282)	(91)
Interest income		325	322	1	577	650	(11)
Interest expense		-	(1)	n.m	-	(1)	n.m
Profit before tax		558	181	208	691	81	753
Income tax expense	e	(67)	(21) *	219	(108)	(1) *	10,700
Profit for the financial period from continuing operations		491	160	207	583	80	629
Discontinued Operation							
Loss for the financial period from discontinued operation	f	-	(235) *	n.m	-	(472) *	n.m
Profit (Loss) for the financial period		491	(75)	n.m	583	(392)	n.m
Profit (Loss) attributable to owners of the Company							
- Continuing operations		491	160	207	583	80	629
- Discontinued operation		-	(235) *	n.m	-	(472) *	n.m
		491	(75)	n.m	583	(392)	n.m

For comparison purpose, relevant 2Q2017 and 1H2017 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.

* Certain set of figures have been reclassified for presentation purposes.

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 Second Quarter			Group First Half			
	30.06.18	30.06.17	+ / (-)	30.06.18	30.06.17	+ / (-)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Profit (Loss) for the financial period							
- Continuing operations	491	160	207	583	80	629	
- Discontinued operation	-	(235)	n.m	-	(472)	n.m	
	<u>491</u>	<u>(75)</u>	n.m	<u>583</u>	<u>(392)</u>	n.m	
Other comprehensive income (loss) after tax:							
<i>Item that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations	g	1,410	(261)	n.m	486	(1,362)	n.m
Total comprehensive income (loss) for the financial period		<u>1,901</u>	<u>(336)</u>	n.m	<u>1,069</u>	<u>(1,754)</u>	n.m
Total comprehensive income (loss) for the financial period attributable to owners of the Company							
		1,901	(336)	n.m	1,069	(1,754)	n.m

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

	Continuing Operations Second Quarter		Discontinued Operation Second Quarter		Group Total Second Quarter		Continuing Operations First Half		Discontinued Operation First Half		Group Total First Half	
	30.06.18 \$'000	30.06.17 \$'000	30.06.18 \$'000	30.06.17 \$'000	30.06.18 \$'000	30.06.17 \$'000	30.06.18 \$'000	30.06.17 \$'000	30.06.18 \$'000	30.06.17 \$'000	30.06.18 \$'000	30.06.17 \$'000
Depreciation of plant and equipment	(10)	(8)	-	(20)	(10)	(28)	(17)	(16)	-	(38)	(17)	(54)
Foreign currency exchange gain (loss)	18	(34)	-	(8)	18	(42)	(25)	(285)	-	-	(25)	(285)
Allowance for inventory obsolescence	-	-	-	(16)	-	(16)	-	-	-	(16)	-	(16)
(Under) Over provision of income tax in respect of prior financial years	(2)	2	-	-	(2)	2	(2)	57	-	-	(2)	57

Notes: (a) to (e) relate solely to Continuing Operations:

- Revenue for 2Q2018 of \$36.0 million was 12% higher than the corresponding quarter a year ago. All revenue of the current periods was from commodities trading. The higher gross profit margin reflected improved margin from coal trading.
- 2Q2017's other operating income was higher mainly due to handling fees relating to coal shipments.
- The decrease in administrative expenses in 2Q2018 reflected lower manpower costs, professional fees and other operating expenses.
- There was lower foreign currency exchange loss in 1H2018 as compared to 1H2017 as the US dollar depreciated much less against Singapore dollar during the period. However, in 2Q2018, US dollar appreciated against Singapore dollar.
- There was higher income tax expense in 2Q2018 as compared to 2Q2017 because there was no group relief from the Tyre Distribution Unit.

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- f. Discontinued Operation refers to the tyre distribution business. Its performance in 2Q2017 and 1H2017 is presented as follows:

	Group Second Quarter 30.06.17 \$'000	Group First Half 30.06.17 \$'000
Revenue	2,921	4,887
Cost of sales	(2,516)	(4,153)
Gross profit	405	734
Other operating income	(6)	7
Distribution costs	(528)	(1,032)
Administrative expenses	(84)	(156)
Other operating expenses	(19)	(19)
Loss before tax	(232)	(466)
Income tax expense	(3)	(6)
Loss after tax for the financial period	(235)	(472)

- g. The translation gain in the current periods was due to the appreciation of US dollar against Singapore dollar upon consolidation of subsidiaries whose functional currency is US dollar. However, in the corresponding periods last year, it was the reverse.

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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	
		30.06.18	31.12.17	30.06.18	31.12.17
Note		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Plant and equipment		204	172	150	161
Investments in subsidiaries		-	-	30,477	30,343
<i>Total non-current assets</i>		204	172	30,627	30,504
Current assets					
Trade and other receivables	h	42,671	44,039	6,712	6,701
Tax recoverable		127	118	69	69
Cash and bank balances	k	26,952	22,684	1,767	1,739
<i>Total current assets</i>		69,750	66,841	8,548	8,509
Total assets		69,954	67,013	39,175	39,013
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation account	g	(511)	(997)	-	-
Accumulated losses		(5,980)	(6,563)	(20,119)	(20,486)
<i>Total equity</i>		51,875	50,806	38,247	37,880
Non-current liability					
Deferred tax		83	38	1	1
Current liabilities					
Trade and other payables	i	17,941	16,150	891	1,113
Income tax payable		55	19	36	19
<i>Total current liabilities</i>		17,996	16,169	927	1,132
Total equity and liabilities		69,954	67,013	39,175	39,013

Note:

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

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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 30.06.18		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

	Group Second Quarter		Group First Half	
	30.06.18	30.06.17	30.06.18	30.06.17
Note	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit (Loss) before tax				
from continuing operations and discontinued operation	558	(51)	691	(385)
Adjustments for:				
Depreciation of plant and equipment	10	28	17	54
Allowance for inventory obsolescence	-	16	-	16
Interest expense	-	1	-	1
Interest income	(325)	(322)	(577)	(650)
Fair value loss on forward contracts, unrealised	178	54	147	41
Operating cash flows before movements in working capital	421	(274)	278	(923)
Inventories	-	(112)	-	(376)
Trade and other receivables	(6,055)	6,005	2,110	1,552
Restricted bank balances	(634)	(615)	85	1,173
Trade and other payables	8,301	4,072	1,335	(5,722)
Cash generated from (used in) operations	2,033	9,076	3,808	(4,296)
Interest paid	-	(1)	-	(1)
Interest received	193	227	287	411
Income tax paid, net	(16)	(60)	(28)	(223)
Net cash from (used in) operating activities	j 2,210	9,242	4,067	(4,109)
Investing activity				
Payments for acquisition of plant and equipment	(39)	(53)	(39)	(69)
Net cash used in investing activity	(39)	(53)	(39)	(69)
Net increase (decrease) in cash and cash equivalents	2,171	9,189	4,028	(4,178)
Cash and cash equivalents at the beginning of financial period	22,210	8,229	20,837	22,146
Effects of exchange rate changes on the balance of cash held in foreign currencies	809	(295)	325	(845)
Cash and cash equivalents at the end of financial period	k 25,190	17,123	25,190	17,123

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Note:

- j. Net cash from operating activities during 2Q2018 was largely attributable to timing of lumpy payments to suppliers, partially offset by accelerated collections from customers.
- k. Cash and cash equivalents as at 30 June 2018 excluded a sum of \$1,762,000 (31 March 2018: \$1,128,000; 31 December 2017: \$1,847,000; 30 June 2017: \$1,507,000) which had been pledged to banks as collateral for trade and credit facilities provided to a subsidiary.

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 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
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	491	491
Other comprehensive income for the financial period	-	1,410	-	1,410
At 30 June 2018	58,366	(511)	(5,980)	51,875
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
<i>Total comprehensive loss for the financial period</i>				
Loss for the financial period	-	-	(75)	(75)
Other comprehensive loss for the financial period	-	(261)	-	(261)
At 30 June 2017	58,366	266	(7,402)	51,230
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
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	199	199
At 30 June 2018	58,366	-	(20,119)	38,247
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
<i>Total comprehensive loss for the financial period</i>				
Loss for the financial period	-	-	(1,602)	(1,602)
At 30 June 2017	58,366	-	(20,592)	37,774

- 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>30.06.18</u>	<u>31.12.17</u>	<u>30.06.18</u>	<u>31.12.17</u>
Total number of issued ordinary shares*	35.10 million	35.10 million	35.10 million	35.10 million

* 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 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 (Quarter)		Group (Year to Date)	
	30.06.18	30.06.17	30.06.18	30.06.17
i) Earnings (Loss) per ordinary share based on weighted average number of shares (in cent)				
From continuing operations	1.40	1.10	1.66	1.59
From continuing and discontinued operations	1.40	(0.21)	1.66	(1.12)
ii) Earnings (Loss) per ordinary share based on fully diluted basis (in cent)				
From continuing operations	1.40	1.10	1.66	1.59
From continuing and discontinued operations	1.40	(0.21)	1.66	(1.12)
Weighted average number of ordinary shares (in million)	35.10	35.10	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	
	30.06.18	31.12.17	30.06.18	31.12.17
Net asset value per ordinary share (in dollar)	1.48	1.45	1.09	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 \$36.0 million in 2Q2018 compared to \$32.3 million in 2Q2017. The higher revenue was mainly attributable to an increase in coal trading at higher average selling price and gross margins, partially offset by lower revenue from the sale of natural rubber and aluminium. Consequently, commodities trading reported a higher profit after tax of \$0.4 million in 2Q2018 as compared to \$0.3 million in 2Q2017.

- 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 remains focused on streamlining its business structure while optimising its commodities trading business with continuing cost management. At the same time, the Group is on the lookout for new business opportunities.

- 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.

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12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the half year ended 30 June 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				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)		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)	
	Second Quarter		Second Quarter		First Half		First Half	
	30.06.18 \$'000	30.06.17 \$'000	30.06.18 \$'000	30.06.17 \$'000	30.06.18 \$'000	30.06.17 \$'000	30.06.18 \$'000	30.06.17 \$'000
Sales								
William Nursalim alias William Liem & associates	-	-	5,566	2,712	-	-	8,424	6,225
Purchases								
William Nursalim alias William Liem & associates	-	-	27,132	17,286	-	-	46,724	24,532
Interest income from placement of refundable trade deposit								
William Nursalim alias William Liem & associates	-	-	125	119	-	-	244	237
Interest income from overdue trade receivables								
William Nursalim alias William Liem & associates	-	-	-	-	-	-	-	-
Nuri Holdings (S) Pte Ltd & associates	-	-	-	196	-	-	-	196
Total interested person transactions	-	-	32,823	20,313	-	-	55,392	31,190

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.

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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 second quarter and half year ended 30 June 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
24 July 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.