



**SP CORPORATION LIMITED**  
(Company Registration No. 195200115k)

**UNAUDITED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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SP CORPORATION LIMITED  
**Unaudited Condensed Interim Financial Statements**  
**For the Six Months Ended 30 June 2021 ("1H2021")**

**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | Note     | Group<br>First Half |                    | + / (-)<br>% |
|---|----------|---------------------|--------------------|--------------|
|   |          | 30.06.21<br>\$'000  | 30.06.20<br>\$'000 |              |
| <b>Revenue</b>  | <b>5</b> | 31,195              | 11,147             | 180          |
| Cost of sales   |          | (30,362)            | (10,854)           | 180          |
| <b>Gross profit</b>   |          | 833                 | 293                | 184          |
| Other operating income  | <b>6</b> | 440                 | 389                | 13           |
| Administrative expenses   |          | (871)               | (979)              | (11)         |
| Interest income   | <b>7</b> | 218                 | 1,852              | (88)         |
| Interest expense  |          | (6)                 | (67)               | (91)         |
| <b>Profit before tax</b>  | <b>8</b> | 614                 | 1,488              | (59)         |
| Income tax expense  |          | (69)                | (169)              | (59)         |
| <b>Profit for the financial period, representing profit attributable to owners of the Company</b>             |          | <u>545</u>          | <u>1,319</u>       | (59)         |
| <b>Other comprehensive income after tax:</b>  |          |                     |                    |              |
| <i>Item that may be reclassified subsequently to profit or loss</i>   |          |                     |                    |              |
| Exchange differences on translation of foreign operations   | <b>A</b> | (185)               | 500                | n.m          |
| <b>Other comprehensive income for the financial period, net of tax, attributable to owners of the Company</b> |          | <u>(185)</u>        | <u>500</u>         | n.m          |
| <b>Total comprehensive income for the financial period attributable to owners of the Company</b>              |          | <u>360</u>          | <u>1,819</u>       | (80)         |
| <b>Basic and diluted earnings per share (cents)</b>   | <b>9</b> | <u>1.55</u>         | <u>3.76</u>        | (59)         |

*n.m: Not meaningful*

**Note A:**

The translation loss in the current financial period was due to the depreciation of US dollar against Singapore dollar upon consolidation of subsidiaries whose functional currency is US dollar. The net appreciation of US dollar against Singapore dollar in 1H2020 resulted in a translation gain for the previous financial period.

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**B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

|                                      | Note | Group         |               | Company       |               |
|--------------------------------------|------|---------------|---------------|---------------|---------------|
|                                      |      | 30.06.21      | 31.12.20      | 30.06.21      | 31.12.20      |
|                                      |      | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>ASSETS</b>                        |      |               |               |               |               |
| <b>Non-current assets</b>            |      |               |               |               |               |
| Plant and equipment                  | 11   | 124           | 120           | 122           | 116           |
| Right-of-use asset                   |      | 449           | 499           | 449           | 499           |
| Investments in subsidiaries          |      | -             | -             | 29,441        | 29,374        |
| Trade receivables                    | 12   | 1,471         | 2,915         | -             | -             |
| Deferred tax asset                   |      | 72            | 80            | 72            | 80            |
| <i>Total non-current assets</i>      |      | <u>2,116</u>  | <u>3,614</u>  | <u>30,084</u> | <u>30,069</u> |
| <b>Current assets</b>                |      |               |               |               |               |
| Trade and other receivables          | 12   | 18,697        | 26,534        | 119           | 18,655        |
| Tax recoverable                      |      | 3             | 6             | -             | -             |
| Cash and bank balances               |      | 37,996        | 34,405        | 19,495        | 1,919         |
| <i>Total current assets</i>          |      | <u>56,696</u> | <u>60,945</u> | <u>19,614</u> | <u>20,574</u> |
| <b>Total assets</b>                  |      | <u>58,812</u> | <u>64,559</u> | <u>49,698</u> | <u>50,643</u> |
| <b>EQUITY AND LIABILITIES</b>        |      |               |               |               |               |
| <b>Equity</b>                        |      |               |               |               |               |
| Share capital                        | 13   | 58,366        | 58,366        | 58,366        | 58,366        |
| Translation reserve                  |      | (1,050)       | (865)         | -             | -             |
| Capital reserve                      |      | -             | -             | 594           | 594           |
| Accumulated losses                   |      | (222)         | (767)         | (20,806)      | (20,791)      |
| <i>Total equity</i>                  |      | <u>57,094</u> | <u>56,734</u> | <u>38,154</u> | <u>38,169</u> |
| <b>Non-current liabilities</b>       |      |               |               |               |               |
| Other payables                       | 14   | 28            | 28            | 28            | 28            |
| Lease liability                      |      | 332           | 379           | 332           | 379           |
| Deferred tax liabilities             |      | 173           | 151           | 80            | 88            |
| <i>Total non-current liabilities</i> |      | <u>533</u>    | <u>558</u>    | <u>440</u>    | <u>495</u>    |
| <b>Current liabilities</b>           |      |               |               |               |               |
| Trade and other payables             | 14   | 906           | 6,784         | 10,999        | 11,876        |
| Lease liability                      |      | 94            | 93            | 94            | 93            |
| Income tax payable                   |      | 185           | 390           | 11            | 10            |
| <i>Total current liabilities</i>     |      | <u>1,185</u>  | <u>7,267</u>  | <u>11,104</u> | <u>11,979</u> |
| <b>Total liabilities</b>             |      | <u>1,718</u>  | <u>7,825</u>  | <u>11,544</u> | <u>12,474</u> |
| <b>Total equity and liabilities</b>  |      | <u>58,812</u> | <u>64,559</u> | <u>49,698</u> | <u>50,643</u> |

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**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

|   | Equity attributable to owners of the Company |                     |                 |                    |               |
|---|--|---------------------|-----------------|--------------------|---------------|
|   | Share capital                                | Translation reserve | Capital reserve | Accumulated losses | Total equity  |
|   | \$'000                                       | \$'000              | \$'000          | \$'000             | \$'000        |
| <b><u>Group</u></b>   |  |                     |                 |                    |               |
| <b>At 1 January 2021</b>  | 58,366                                       | (865)               | -               | (767)              | 56,734        |
| <i>Total comprehensive income for the financial period</i>  |  |                     |                 |                    |               |
| Profit for the financial period   | -  | -                   | -               | 545                | 545           |
| Other comprehensive loss for the financial period   | -  | (185)               | -               | -                  | (185)         |
| <b>Total</b>  | <b>-</b>                                     | <b>(185)</b>        | <b>-</b>        | <b>545</b>         | <b>360</b>    |
| <b>At 30 June 2021</b>  | <b>58,366</b>                                | <b>(1,050)</b>      | <b>-</b>        | <b>(222)</b>       | <b>57,094</b> |
| <b>At 1 January 2020</b>  | 58,366                                       | (458)               | -               | (2,162)            | 55,746        |
| <i>Total comprehensive income for the financial period</i>  |  |                     |                 |                    |               |
| Profit for the financial period   | -  | -                   | -               | 1,319              | 1,319         |
| Other comprehensive profit for the financial period   | -  | 500                 | -               | -                  | 500           |
| <b>Total</b>  | <b>-</b>                                     | <b>500</b>          | <b>-</b>        | <b>1,319</b>       | <b>1,819</b>  |
| <b>At 30 June 2020</b>  | <b>58,366</b>                                | <b>42</b>           | <b>-</b>        | <b>(843)</b>       | <b>57,565</b> |
| <b><u>Company</u></b>   |  |                     |                 |                    |               |
| <b>At 1 January 2021</b>  | 58,366                                       | -                   | 594             | (20,791)           | 38,169        |
| Loss for the financial period, representing total comprehensive loss for the financial period     | -  | -                   | -               | (15)               | (15)          |
| <b>At 30 June 2021</b>  | <b>58,366</b>                                | <b>-</b>            | <b>594</b>      | <b>(20,806)</b>    | <b>38,154</b> |
| <b>At 1 January 2020</b>  | 58,366                                       | -                   | -               | (19,507)           | 38,859        |
| Profit for the financial period, representing total comprehensive income for the financial period | -  | -                   | -               | 189                | 189           |
| <b>At 30 June 2020</b>  | <b>58,366</b>                                | <b>-</b>            | <b>-</b>        | <b>(19,318)</b>    | <b>39,048</b> |

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**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

|  | <b>Group</b>      |                 |
|--|-------------------|-----------------|
|  | <b>First Half</b> |                 |
|  | <b>30.06.21</b>   | <b>30.06.20</b> |
|  | \$'000            | \$'000          |
| <b>Operating activities</b>  |                   |                 |
| Profit before tax  | 614               | 1,488           |
| <i>Adjustments for:</i>  |                   |                 |
| Depreciation of plant and equipment  | 2                 | 12              |
| Depreciation of right-of-use asset   | 50                | -               |
| Interest expense   | 6                 | 67              |
| Interest income  | (218)             | (1,852)         |
| <b>Operating cash flows before movements in working capital</b>                    | 454               | (285)           |
| Trade and other receivables  | 9,403             | 5,002           |
| Restricted bank balances   | (15)              | (1,048)         |
| Trade and other payables   | (6,013)           | (1,552)         |
| Lease liability  | 4                 | -               |
| <b>Cash generated from operations</b>  | 3,833             | 2,117           |
| Interest received  | 42                | 1               |
| Interest paid  | (6)               | (92)            |
| Income tax paid, net   | (232)             | (37)            |
| <b>Net cash from operating activities</b>  | 3,637             | 1,989           |
| <b>Investing activity</b>  |                   |                 |
| Payments for acquisition of plant and equipment                                    | (6)               | (3)             |
| <b>Net cash used in investing activity</b>   | (6)               | (3)             |
| <b>Financing activities</b>  |                   |                 |
| Proceeds from borrowings   | 7,713             | 11,308          |
| Repayments of borrowings   | (7,713)           | (16,353)        |
| Repayment of lease liability   | (50)              | -               |
| <b>Net cash used in financing activities</b>                                       | (50)              | (5,045)         |
| Net increase (decrease) in cash and cash equivalents                               | 3,581             | (3,059)         |
| Cash and cash equivalents at the beginning of financial period                     | 32,772            | 4,768           |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (5)               | 261             |
| <b>Cash and cash equivalents at the end of financial period</b>                    | 36,348            | 1,970           |

|  | <b>Group</b>    |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | <b>30.06.21</b> | <b>31.12.20</b> | <b>30.06.20</b> |
|  | \$'000          | \$'000          | \$'000          |
| <b>Cash and cash equivalents comprise:</b>                       |                 |                 |                 |
| Cash at bank and on hand   | 36,348          | 32,170          | 1,881           |
| Fixed deposits   | -               | 602             | 89              |
| <b>Cash and cash equivalents in statement of cash flows</b>      | 36,348          | 32,772          | 1,970           |
| Pledged fixed deposits   | 1,648           | 1,633           | 1,763           |
| <b>Cash and bank balances in statement of financial position</b> | 37,996          | 34,405          | 3,733           |

## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **1 Corporate Information**

SP Corporation Limited (the “Company”) (Registration No. 195200115K) is domiciled and incorporated in Singapore with its registered office at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697 and principal place of business at 896 Dunearn Road, #03-11 Link@896, Singapore 589472. The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The condensed interim financial statements are expressed in Singapore dollars, which is also the functional currency of the Company.

The immediate holding company is Tuan Sing Holdings Limited (“Tuan Sing”), a company incorporated in Singapore and listed on the SGX-ST. Tuan Sing’s major shareholder is Nuri Holdings (S) Pte Ltd, incorporated in Singapore. Related companies in these financial statements refer to members of the immediate holding company’s group of companies.

The principal activity of the Company is that of investment holding, which includes the provision of management services to related companies. The principal activities of the subsidiaries are trading and marketing of industrial products, distribution of consumer products, distribution of tyres, retreading of tyres, engineering contractor and investment holding.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

### **2 Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

#### **2.1 New and amended standards adopted by the Group**

On 1 January 2021, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements 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.

## 2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the financial year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### **Critical judgements in applying the entity’s accounting policies**

Management is of the view that apart from those involving estimations (see below), there are no critical judgements involved that management has made in the process of applying the Group’s accounting policies, that have a significant effect on the amounts recognised in the condensed interim financial statements.

### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period, are discussed below.

#### ***Recoverability of refundable trade deposit***

Management assesses at the end of each reporting period whether there is any evidence that the refundable trade deposit of US\$6,000,000 (equivalent to \$8,070,000) [31 December 2020: US\$6,000,000 (equivalent to \$7,999,000)] placed with a related party is impaired. A considerable amount of judgement is required in assessing the ultimate realisation of this deposit, including reviewing the financial information of the related party, its current creditworthiness and past collection history from the coal mine with which the Group has placed the deposit. If the financial condition of the coal mine deteriorates, resulting in an impairment of its ability to make payments, an allowance may be required. The carrying amount and details of the refundable trade deposit is disclosed in Note 12 to the condensed interim financial statements.

#### ***Calculation of loss allowance***

When measuring expected credit losses (“ECL”), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**3 Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**4 Segment and revenue information**

The Group is organised into the following main business segments:

| <b>Segment</b>       | <b>Principal activities</b>   |
|----------------------|---|
| Commodities Trading  | Trades and markets a broad range of products including coal, rubber, metals as well as other commodities and products used by manufacturers in the energy, metal and automotive industries in Asia. |
| Corporate and Others | General corporate activities and others.  |

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

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**4 Segment and revenue information (cont'd)**

**Segment revenue and results**

Information regarding the Group's reportable segments is presented in the tables below.

|  | <b>Commodities<br/>trading<br/>\$'000</b> | <b>Corporate<br/>and others<br/>\$'000</b> | <b>Inter-segment<br/>eliminations<br/>\$'000</b> | <b>Consolidated<br/>\$'000</b> |
|--|---|--|--|--------------------------------|
| <b>1H2021</b>                          |   |  |  |                                |
| <b>Revenue</b>                         |   |  |  |                                |
| - External customers                   | 31,195                                    | -  | -  | 31,195                         |
| - Inter-segment                        | -   | 772  | (772)  | -                              |
| Total segment revenue                  | <u>31,195</u>                             | <u>772</u>                                 | <u>(772)</u>                                     | <u>31,195</u>                  |
| <b>Result</b>                          |   |  |  |                                |
| Segment result                         | (174)                                     | 514  | 62   | 402                            |
| Interest income                        | 200                                       | 18   | -  | 218                            |
| Interest expense                       | (3)                                       | (3)  | -  | (6)                            |
| Profit before tax                      | 23  | 529  | 62   | 614                            |
| Income tax expense                     |   |  |  | <u>(69)</u>                    |
| Profit after tax                       |   |  |  | <u><u>545</u></u>              |
| <b>30 June 2021</b>                    |   |  |  |                                |
| <b>Assets</b>                          |   |  |  |                                |
| Segment assets                         | 35,765                                    | 23,012                                     | 35   | <u>58,812</u>                  |
| Total assets                           |   |  |  | <u><u>58,812</u></u>           |
| <b>Liabilities</b>                     |   |  |  |                                |
| Segment liabilities                    | 617                                       | 1,200                                      | (99)   | <u>1,718</u>                   |
| Total liabilities                      |   |  |  | <u><u>1,718</u></u>            |
| <b>Other information</b>               |   |  |  |                                |
| Capital expenditure                    | -   | 6  | -  | 6                              |
| Depreciation of plant and<br>equipment | 2   | -  | -  | 2                              |
| Depreciation of<br>right-of-use asset  | -   | 50   | -  | <u>50</u>                      |

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**4 Segment and revenue information (cont'd)**

**Segment revenue and results (cont'd)**

|                                     | <b>Commodities trading</b><br>\$'000 | <b>Corporate and others</b><br>\$'000 | <b>Inter-segment eliminations</b><br>\$'000 | <b>Consolidated</b><br>\$'000 |
|-------------------------------------|--------------------------------------|---------------------------------------|---|-------------------------------|
| <b>1H2020</b>                       |                                      |                                       |   |                               |
| <b>Revenue</b>                      |                                      |                                       |   |                               |
| - External customers                | 11,147                               | -                                     | -   | 11,147                        |
| - Inter-segment                     | -                                    | 848                                   | (848)                                       | -                             |
| Total segment revenue               | <u>11,147</u>                        | <u>848</u>                            | <u>(848)</u>                                | <u>11,147</u>                 |
| <b>Result</b>                       |                                      |                                       |   |                               |
| Segment result                      | (833)                                | 536                                   | -   | (297)                         |
| Interest income                     | 1,060                                | 801                                   | (9)   | 1,852                         |
| Interest expense                    | (76)                                 | -                                     | 9   | (67)                          |
| Profit before tax                   | 151                                  | 1,337                                 | -   | 1,488                         |
| Income tax expense                  |                                      |                                       |   | <u>(169)</u>                  |
| Profit after tax                    |                                      |                                       |   | <u>1,319</u>                  |
| <b>30 June 2020</b>                 |                                      |                                       |   |                               |
| <b>Assets</b>                       |                                      |                                       |   |                               |
| Segment assets                      | 38,178                               | 22,828                                | (783)                                       | <u>60,223</u>                 |
| Total assets                        |                                      |                                       |   | <u>60,223</u>                 |
| <b>Liabilities</b>                  |                                      |                                       |   |                               |
| Segment liabilities                 | 2,671                                | 770                                   | (783)                                       | <u>2,658</u>                  |
| Total liabilities                   |                                      |                                       |   | <u>2,658</u>                  |
| <b>Other information</b>            |                                      |                                       |   |                               |
| Capital expenditure                 | 3                                    | -                                     | -   | 3                             |
| Depreciation of plant and equipment | 1                                    | 11                                    | -   | <u>12</u>                     |

**Notes:**

1. Results of the Investment segment have been reclassified to Corporate and Others segment following the repayment of the loan from a related party in 2020. The reclassification included segment loss of \$16,000 (1H2020: \$12,000) and loss before tax of \$16,000 (1H2020: profit before tax of \$789,000).
2. Results of a subsidiary under Commodities Trading segment have been reclassified to Corporate and Others segment due to the discontinuation of consumer products distribution activities in 2020. The reclassification included segment profit and profit before tax of \$557,000 (1H2020: \$506,000).

#### 4 Segment and revenue information (cont’d)

##### **Geographical segments**

The Group’s businesses are mainly in Singapore, China including Hong Kong, and Indonesia. Revenue is based on the country in which the customer is located. Non-current assets and capital expenditure are shown by the geographical areas in which these assets are located. The Group’s revenue and information about its non-current assets and capital expenditure by geographical locations are detailed below:

|                                      | <b>Group</b>                           |                 |                           |                 |                            |                 |
|--------------------------------------|--|-----------------|---------------------------|-----------------|----------------------------|-----------------|
|                                      | <b>Revenue from external customers</b> |                 | <b>Non-current assets</b> |                 | <b>Capital expenditure</b> |                 |
|                                      | <b>First Half</b>                      |                 |                           |                 |                            |                 |
|                                      | <b>30.06.21</b>                        | <b>30.06.20</b> | <b>30.06.21</b>           | <b>30.06.20</b> | <b>30.06.21</b>            | <b>30.06.20</b> |
|                                      | \$’000                                 | \$’000          | \$’000                    | \$’000          | \$’000                     | \$’000          |
| <b>Based on location of customer</b> |  |                 |                           |                 |                            |                 |
| Singapore                            | 15,754                                 | 10,539          | 645                       | 2,890           | 6                          | 3               |
| China including Hong Kong            | 15,441                                 | -               | -                         | -               | -                          | -               |
| Indonesia                            | -                                      | 608             | 1,471                     | 2,908           | -                          | -               |
|                                      | <u>31,195</u>                          | <u>11,147</u>   | <u>2,116</u>              | <u>5,798</u>    | <u>6</u>                   | <u>3</u>        |

##### **Information about major customers**

Included in the Commodities Trading revenue of \$31,195,000 (1H2020: \$11,147,000) were sales of approximately \$15,441,000 and \$9,064,000 (1H2020: \$8,107,000 and \$1,795,000) to the Group’s two largest customers who are third parties (1H2020: one third party and one related party respectively).

#### 5 Revenue

The Group derives its revenue from the sale of commodities trading products at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 *Operating Segments* (see Note 4).

The Group has applied the practical expedient in SFRS(I) 15:121 and has not disclosed the transaction price of contracts with customers allocated to remaining performance obligations as at the end of the financial period as those performance obligations are part of contracts that have an original expected duration of one year or less.

#### 6 Other operating income

|                                     | <b>Group</b>      |                 |
|-------------------------------------|-------------------|-----------------|
|                                     | <b>First Half</b> |                 |
|                                     | <b>30.06.21</b>   | <b>30.06.20</b> |
|                                     | \$’000            | \$’000          |
| Handling fee income                 | -                 | 63              |
| Foreign currency exchange gain, net | 429               | 325             |
| Government grant income             | 11                | -               |
| Sundry income                       | -                 | 1               |
|                                     | <u>440</u>        | <u>389</u>      |

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**7 Interest income**

|  | <b>Group<br/>First Half</b> |                 |
|--|-----------------------------|-----------------|
|  | <b>30.06.21</b>             | <b>30.06.20</b> |
|  | \$'000                      | \$'000          |
| Bank deposits  | 24                          | 18              |
| Refundable trade deposit - related party [Note 8.2(ii)]    | 174                         | 245             |
| Loan to a related party [Note 8.2(ii)]                     | -                           | 801             |
| Overdue trade receivables - related parties [Note 8.2(ii)] | 20                          | 788             |
|  | <u>218</u>                  | <u>1,852</u>    |

**8 Profit before tax**

**8.1 Significant items**

Other than as disclosed elsewhere in the condensed interim financial statements, profit before tax for the period has been arrived at after charging (crediting) the following:

|   | <b>Group<br/>First Half</b> |                 |
|---|-----------------------------|-----------------|
|   | <b>30.06.21</b>             | <b>30.06.20</b> |
|   | \$'000                      | \$'000          |
| <b>Administrative expenses</b>                                  |                             |                 |
| Depreciation of plant and equipment                             | (2)                         | (12)            |
| Depreciation of right-of-use asset                              | (50)                        | -               |
| <b>Other operating income</b>                                   |                             |                 |
| Foreign currency exchange gain, net                             | 429                         | 325             |
| Government grant income   | 11                          | -               |
| (Under) Over provision of income tax in prior financial periods | <u>(7)</u>                  | <u>3</u>        |

**8.2 Related party and related company transactions**

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these condensed interim financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

## 8.2 Related party and related company transactions (Cont’d)

During the financial period, the Group entered into the following significant transactions with related companies and related parties in the normal course of business based on terms agreed between the parties:

|  | <b>Group</b>      |                 |
|--|-------------------|-----------------|
|  | <b>First Half</b> |                 |
|  | <b>30.06.21</b>   | <b>30.06.20</b> |
|  | \$’000            | \$’000          |
| <b>(i) Tuan Sing Holdings Limited and subsidiaries</b>     |                   |                 |
| Management fee expense                                     | 75                | 75              |
| Payment of lease liability                                 | 50                | -               |
| <b>(ii) Related parties</b>                                |                   |                 |
| Sale of goods and services                                 | (6,690)           | (3,041)         |
| Purchase of goods  | 28,790            | 7,877           |
| Interest income from placement of refundable trade deposit | (174)             | (245)           |
| Interest income from overdue trade receivables             | (20)              | (788)           |
| Interest income from loan                                  | -                 | (801)           |
| Handling fee income  | -                 | (63)            |
| Placement of refundable trade deposit*                     | 8,070             | 8,333           |

\* The item represented the amount as at the end of the financial period.

The Group is reliant on two related parties (30 June 2020: one related party) for the supply of 100% (30 June 2020: 100%) of its coal within its Commodities Trading business segment. The Group does not supply its rubber products within its Commodities Trading business segment to related party customers in 2021. In 2020, the Group supplied 100% of its rubber products to two related party customers.

The amounts outstanding are unsecured and will be settled in cash unless otherwise stated. No expense has been recognised during the financial period for bad or doubtful debts in respect of the amounts owed by related parties.

## 9 Earnings per share (cents)

Basic earnings per share is calculated by dividing the net profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period:

|  | <b>Group</b>      |                 |
|--|-------------------|-----------------|
|  | <b>First Half</b> |                 |
|  | <b>30.06.21</b>   | <b>30.06.20</b> |
|  | \$’000            | \$’000          |
| <b>Net profit attributable to owners of the Company (\$’000)</b> | 545               | 1,319           |
| Weighted average number of ordinary shares in issue (in ’000)    | 35,099            | 35,099          |
| <b>Basic earnings per share (cents)</b>                          | 1.55              | 3.76            |

The Company has not granted options over shares. There are no dilutive potential ordinary shares.

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**10 Net asset value**

|  | <b>Group</b>    |                 | <b>Company</b>  |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | <b>30.06.21</b> | <b>31.12.20</b> | <b>30.06.21</b> | <b>31.12.20</b> |
|  | \$'000          | \$'000          | \$'000          | \$'000          |
| Net asset value per ordinary share<br>(in dollar)                              | 1.63            | 1.62            | 1.09            | 1.09            |
| Total number of issued shares*<br>at end of financial period/year<br>(in '000) | 35,099          | 35,099          | 35,099          | 35,099          |

\* There were no treasury shares at the end of the respective financial period/year.

**11 Plant and equipment**

During the six months ended 30 June 2021, the Group acquired assets amounting to \$6,000 (30 June 2020: \$3,000) and wrote off assets amounting to \$8,000 (30 June 2020: \$17,000).

**12 Trade and other receivables**

|   | <b>Group</b>    |                 | <b>Company</b>  |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | <b>30.06.21</b> | <b>31.12.20</b> | <b>30.06.21</b> | <b>31.12.20</b> |
|   | \$'000          | \$'000          | \$'000          | \$'000          |
| <u>Current</u>  |                 |                 |                 |                 |
| Trade receivables   | 10,150          | 18,255          | -               | -               |
| Other receivables   | 477             | 280             | 119             | 18,655          |
| Refundable trade deposit with a<br>related party [Note 8.2(ii)] | 8,070           | 7,999           | -               | -               |
|   | 18,697          | 26,534          | 119             | 18,655          |
| <u>Non-current</u>  |                 |                 |                 |                 |
| Trade receivables   | 1,471           | 2,915           | -               | -               |
|   | 20,168          | 29,449          | 119             | 18,655          |

Trade receivables – third parties

The trade receivables are generally on 30 to 180 days (31 December 2020: 30 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers.

Loss allowance for trade receivables are measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

## 12 Trade and other receivables (cont’d)

### Trade receivables - related parties

Certain past due trade amounts due from related parties bear an interest rate of 8% (31 December 2020: 8%) per annum in accordance with the billing terms and the remaining are non-interest bearing. The trade amounts due from related parties are generally on 90 to 180 days (31 December 2020: 90 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in the trade receivables from related parties was an amount of \$6,289,000 (31 December 2020: \$8,669,000) due from a related party, which was secured by two parcels of industrial land and building of the related party in Indonesia valued at approximately IDR196,394,000,000 (31 December 2020: IDR197,394,000,000) [equivalent to \$18,300,000 (31 December 2020: \$18,400,000)] as at the end of the reporting period. An amount of \$1,471,000 (31 December 2020: \$2,915,000) due from this related party which is expected to be repaid after one year from 30 June 2021 has been classified as non-current. The remaining trade receivables amounting to \$4,818,000 which are expected to be repaid within one year from 30 June 2021 have been classified as current.

An amount of \$5,105,000 (31 December 2020: \$6,393,000) due from another related party was included in trade receivables from related parties as at 30 June 2021. The amounts due from this related party are expected to be repaid within one year from 30 June 2021 and have been classified as current.

The controlling party of both related parties has provided letters of financial support to the related parties over the outstanding amounts as at 31 December 2020. Management determines that the trade amounts due from related parties are subject to immaterial credit loss.

### Other receivables

Other receivables of the Group comprises mainly interest receivable from a related party in respect of the refundable trade deposit. Other receivables of the Company comprises mainly amount due from a subsidiary.

**12 Trade and other receivables (cont’d)**

Refundable trade deposit with a related party

Refundable trade deposit of US\$6,000,000 (31 December 2020: US\$6,000,000) [equivalent to \$8,070,000 (31 December 2020: \$7,999,000)] relates to monies placed by the Group with a related party which owns a coal mine (Party A) to secure coal allocations. The deposit is secured by a corporate guarantee issued by the immediate holding company of Party A which is also a related party and which also owns a coal mine. The deposit is repayable within one year and subject to annual renewal by mutual agreement between the two parties. It bears an effective interest rate of 4.31% (31 December 2020: 4.53%) per annum.

For the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**13 Share Capital**

|  | <b>Group and Company</b>  |                 |                 |                 |
|--|---------------------------|-----------------|-----------------|-----------------|
|  | <b>30.06.21</b>           | <b>31.12.20</b> | <b>30.06.21</b> | <b>31.12.20</b> |
|  | Number of ordinary shares |                 | \$'000          |                 |
| <b>Issued and paid up:</b>               |                           |                 |                 |                 |
| At beginning and end of financial period | 35,099,132                | 35,099,132      | 58,366          | 58,366          |

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

**14 Trade and other payables**

Trade payables of the Group amounting to \$19,000 (31 December 2020: \$5,949,000) principally comprise amounts outstanding for trade purchases and ongoing costs. Other payables of the Group amounting to \$915,000 (31 December 2020: \$863,000) comprises sundry creditors, accrued expenses and as at 30 June 2021, amounts due to related parties. Trade and other payables of the Company comprises mainly non-trade amount due to subsidiaries.

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**15 Financial assets and financial liabilities**

The following table sets out the financial instruments as at the end of the reporting period:

|                                     | <b>Group</b>    |                 | <b>Company</b>  |                 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                     | <b>30.06.21</b> | <b>31.12.20</b> | <b>30.06.21</b> | <b>31.12.20</b> |
|                                     | \$'000          | \$'000          | \$'000          | \$'000          |
| <b><i>Financial Assets</i></b>      |                 |                 |                 |                 |
| <u>Amortised cost</u>               |                 |                 |                 |                 |
| Trade and other receivables         | 20,168          | 29,449          | 119             | 18,655          |
| Less: Prepayments                   | (86)            | (72)            | (86)            | (17)            |
| Less: Government grant receivable   | (5)             | (14)            | -               | (9)             |
|                                     | 20,077          | 29,363          | 33              | 18,629          |
| Cash and bank balances              | 37,996          | 34,405          | 19,494          | 1,919           |
|                                     | <u>58,073</u>   | <u>63,768</u>   | <u>19,527</u>   | <u>20,548</u>   |
| <b><i>Financial Liabilities</i></b> |                 |                 |                 |                 |
| <u>Amortised cost</u>               |                 |                 |                 |                 |
| Trade and other payables            | 934             | 6,812           | 11,027          | 11,904          |
| Lease liability                     | 426             | 472             | 426             | 472             |
|                                     | <u>1,360</u>    | <u>7,284</u>    | <u>11,453</u>   | <u>12,376</u>   |

**16 Subsequent events**

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

## OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

### 1 Review

The condensed consolidated statements of financial position of SP Corporation Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated statement of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2 Review of Performance of the Group

#### **Financial Performance of the Group (1H2021 vs 1H2020)**

The Group's revenue was \$31.2 million as compared to \$11.1 million in 1H2020, an increase of 180% or \$20.1 million. The increase was mainly due to higher sales volume from coal and increase in coal price, reflecting the gradual recovery from the COVID-19 pandemic.

Gross profit was \$0.8 million as compared to \$0.3 million in 1H2020. The increase of \$0.5 million was in line with the higher revenue.

Other operating income was \$440,000 as compared to \$389,000 in 1H2020, an increase of \$51,000. The increase was primarily due to a net foreign currency exchange gain, arising from the appreciation of US dollar against Singapore dollar, partially offset by an absence of handling fees earned in relation to coal shipments.

Administrative expenses were \$0.9 million as compared to \$1.0 million in 1H2020, a decrease of \$0.1 million. The decrease was mainly attributable to lower rental expenses.

Interest income was \$0.2 million as compared to \$1.8 million in 1H2020, a decrease of \$1.6 million. The decrease was mainly due to an absence of interest income from a \$21.5 million loan granted to a related party and lower interest income from trade receivables with related parties. The loan to the related party and accrued interest amounting to approximately \$21.5 million and \$1.7 million respectively were fully repaid in cash in October 2020.

Interest expense was \$6,000 as compared to \$67,000 in 1H2020. The decrease was largely due to lower utilisation of trade financing facilities for commodities trading.

Income tax expense was \$69,000 as compared to \$169,000 in 1H2020. The lower income tax expense was mainly because of lower provision for income tax due to a decrease in net profit.

As result of the above, profit after tax was \$0.5 million as compared to \$1.3 million in 1H2020, a decrease of \$0.8 million.

#### **Financial Position of the Group**

The Group's total assets were \$58.8 million as at 30 June 2021, a decrease of \$5.8 million from \$64.6 million as at 31 December 2020. The decrease was mainly due to collections from customers, partially offset by higher cash and bank balances.

Included in the trade and other receivables of the Group were amounts totalling \$1.5 million (31 December 2020: \$2.9 million) which are expected to be repaid after one year from the end of the respective financial periods in accordance with repayment agreements signed with the related parties and have been classified as non-current. Total trade and other receivables as at 30 June 2021 were \$20.2 million as compared to \$29.4 million as at 31 December 2020, a decrease of \$9.2 million due to collections from customers.

## 2 Review of Performance of the Group (cont’d)

### Financial Position of the Group (cont’d)

The Group’s total liabilities were \$1.7 million as at 30 June 2021, a decrease of \$6.1 million from \$7.8 million as at 31 December 2020. The decrease was mainly due to lower trade and other payables arising mainly from payments to a coal supplier.

As at 30 June 2021, shareholders’ fund was \$57.1 million as compared to \$56.7 million as at 31 December 2020, an increase of \$0.4 million. The increase was due to operating profits made during the financial period, net of foreign currency translation losses.

The Group maintained a positive working capital of \$55.5 million as at 30 June 2021.

### Consolidated Statement of Cash Flows for the Group

During 1H2021, net cash from operating activities of \$3.6 million arose from profit for the financial period, after changes in working capital and other adjustments.

Net cash used in financing activities of \$50,000 in 1H2021 was for repayment of lease liability. The trust receipt borrowings for commodities trading in 1H2021 were fully settled by 30 June 2021. Repayments of trust receipt borrowings for commodities trading resulted in net cash used in financing activities of \$5.0 million in 1H2020.

The higher cash and bank balances as at 1 January 2021 was mainly due to the repayment of a loan of \$21.5 million by a related party in 2H2020.

Consequently, cash and cash equivalents were \$36.3 million as at 30 June 2021, representing an inflow of \$34.4 million since 30 June 2020.

## 3 Variance from prospect statement

### **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

## 4 Outlook

### **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 outbreak of COVID-19 and related global responses including border closures and lockdowns have caused material disruptions to businesses around the world, leading to an economic slowdown. This situation has affected the Group’s results for the financial period ended 30 June 2021. Although the Group’s revenue may be higher than 1H2020, it is still lower than the period prior to the COVID-19 pandemic.

With the global economic slowdown, the Group will face a difficult business environment in its commodities trading activities. It may take a longer time before operations can be normalised amid the uncertainties ahead. Coal trading is the main commodity trading for the Company. The ability to source for coal supply to trade in a price competitive environment is paramount to the sustainability of the trading business.

**5 Dividend**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

None.

- (b) (i) Amount per share**

Not applicable.

- (b) (ii) Previous corresponding period**

None.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable.

- (d) The date the dividend is payable**

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

- (f) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision**

No dividend has been declared or recommended for the financial period ended 30 June 2021. As the Company still has accumulated losses as at 30 June 2021 and its current priority is to achieve long-term growth for the benefit of its shareholders, its profits will therefore be retained for investment in future opportunities.



**8 Negative confirmation pursuant to Rule 705(5)**

We, Peter Sung and William Nursalim alias William Liem, 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 our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the results for the six months ended 30 June 2021 to be false or misleading in any material aspect.

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Peter Sung  
Chairman

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William Nursalim alias William Liem  
Interim Executive Director

**BY ORDER OF THE BOARD**

Tan Sock Kiang  
Group Company Secretary  
30 July 2021

**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. They 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 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.