



SP CORPORATION LIMITED

(Company Registration No. 195200115K)

UNAUDITED RESULTS FOR THE SECOND QUARTER (“2Q2015”) AND HALF YEAR (“1H2015”) ENDED 30 JUNE 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Consolidated Statement of Profit or Loss (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group			Group		
		30.06.15	30.06.14	+ / (-)	30.06.15	30.06.14	+ / (-)
		2Q2015	2Q2014		1H2015	1H2014	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	a	27,014	35,569	(24)	53,603	64,548	(17)
Cost of sales		(25,609)	(33,540)	(24)	(50,897)	(60,771)	(16)
Gross profit	a	1,405	2,029	(31)	2,706	3,777	(28)
Other operating income	b	19	1	1,800	180	4	4,400
Distribution costs	c	(567)	(500)	13	(1,181)	(1,108)	7
Administrative expenses		(952)	(881)	8	(1,740)	(1,780)	(2)
Other operating expenses	d	(76)	(60)	27	(102)	(89)	15
Finance income	e	200	172	16	364	340	7
Finance costs		-	(5)	n.m	-	(5)	n.m
Profit before tax		29	756	(96)	227	1,139	(80)
Income tax credit (expense)	f	76	(75)	n.m	(51)	(119)	(57)
Profit for the financial period		105	681	(85)	176	1,020	(83)
Profit attributable to Owners of the Company		105	681		176	1,020	

n.m: Not meaningful

SP CORPORATION LIMITED

Unaudited Results for the Second Quarter and Half Year Ended 30 June 2015

1(a)(ii) Consolidated Profit or Loss and Other Comprehensive Income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			Group		
	30.06.15	30.06.14	+ / (-)	30.06.15	30.06.14	+ / (-)
	2Q2015	2Q2014		1H2015	1H2014	
Note	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period	105	681	(85)	176	1,020	(83)
Other comprehensive (loss) income for the financial period:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	(421)	(400)	5	286	(295)	n.m
Total comprehensive (loss) income for the financial period	<u>(316)</u>	<u>281</u>	n.m	<u>462</u>	<u>725</u>	(36)
Total comprehensive (loss) income attributable to Owners of the Company	<u>(316)</u>	<u>281</u>	n.m	<u>462</u>	<u>725</u>	(36)

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

	Group		Group	
	30.06.15	30.06.14	30.06.15	30.06.14
	2Q2015	2Q2014	1H2015	1H2014
Note	\$'000	\$'000	\$'000	\$'000
Depreciation of plant and equipment	(41)	(43)	(78)	(85)
Foreign currency exchange (loss) gain, net	(39)	(27)	99	(24)
Write-back of doubtful trade receivables	1	2	1	3
Bad debts recovered - trade	-	1	-	1
Allowance for inventory obsolescence	(37)	(33)	(63)	(62)
Over (Under) provision of income tax in respect of prior years	-	29	(36)	112

Note:

- Revenue in 2Q2015 was lower than 2Q2014 mainly due to a decline in coal trading and tyre distribution activities. Overall gross profit declined due to lower tyre sales as well as lower margin from commodities trading.
- Higher other operating income in 2Q2015 was mainly attributable to handling fee income relating to coal trading.
- Higher distribution costs in 2Q2015 were mainly due to increase in sales promotional expenses and manpower costs in Tyre Distribution Unit.
- Other operating expenses increased in 2Q2015 largely due to exchange loss arising from the depreciation of US dollar against Singapore dollar and additional allowance for inventory obsolescence.
- Higher finance income in 2Q2015 reflected the higher interest income earned from overdue trade receivables.
- The tax credit in 2Q2015 was mainly due to the utilisation of trade loss from the Tyre Distribution Unit under group relief.
- The translation loss in 2Q2015 upon consolidation of subsidiaries, whose functional currency is US dollar, was due to the depreciation of US dollar against Singapore dollar.

SP CORPORATION LIMITED
Unaudited Results for the Second Quarter and Half Year Ended 30 June 2015

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	
		30.06.15	31.12.14	30.06.15	31.12.14
	Note	\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Plant and equipment		303	305	52	78
Investment in subsidiaries		-	-	17,714	17,629
<i>Total non-current assets</i>		303	305	17,766	17,707
Current assets					
Inventories	h	770	1,219	-	-
Trade receivables, other receivables and refundable deposit	i	52,846	47,404	18,281	17,831
Cash and bank balances	j	14,944	19,823	2,491	2,991
<i>Total current assets</i>		68,560	68,446	20,772	20,822
Total assets		68,863	68,751	38,538	38,529
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation account		(204)	(490)	-	-
Accumulated losses		(10,102)	(10,278)	(20,883)	(21,225)
<i>Total equity</i>		48,060	47,598	37,483	37,141
Non-current liability					
Deferred tax		27	26	7	5
Current liabilities					
Trade and other payables	k	20,581	20,830	1,017	1,343
Income tax payable		195	297	31	40
<i>Total current liabilities</i>		20,776	21,127	1,048	1,383
Total equity and liabilities		68,863	68,751	38,538	38,529

Note:

- h. Inventories as at 30 June 2015 decreased compared to 31 December 2014 mainly due to the lower level of sales activities.
- i. The increase in trade receivables, other receivables and refundable deposit was mainly due to advances of \$4,461,000 to suppliers for coal and machinery orders placed.
- The US\$6,000,000 (equivalent to \$8,057,000) refundable deposit placed with a coal supplier is expiring on 31 July 2015 subject to yearly renewal by mutual agreement. Negotiations are being held to renew the deposit.
- j. The decrease in cash and bank balances was mainly due to the advances to suppliers for order placements amounting to \$4,461,000.
- k. The marginal decrease in trade and other payables was mainly due to the timing of payments to creditors, as well as subdued tyre distribution activities.

SP CORPORATION LIMITED
Unaudited Results for the Second Quarter and Half Year Ended 30 June 2015

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

Amount repayable in one year or less, or on demand

As at 30.06.15		As at 31.12.14	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of any collateral

None.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group		Group	
		30.06.15 2Q2015 \$'000	30.06.14 2Q2014 \$'000	30.06.15 1H2015 \$'000	30.06.14 1H2014 \$'000
Operating Activities					
Profit before tax		29	756	227	1,139
<i>Adjustments for:</i>					
Depreciation of plant and equipment		41	43	78	85
Write-back of doubtful trade receivables		-	(2)	-	(3)
Allowance for inventory obsolescence		37	33	63	62
Interest expense		-	5	-	5
Interest income		(200)	(172)	(364)	(340)
Operating cash flows before movements in working capital		(93)	663	4	948
Inventories		197	190	386	541
Trade receivables, other receivables and refundable deposit		(7,132)	966	(4,907)	3,198
Restricted bank balances		162	(748)	(169)	(1,004)
Trade and other payables		2,108	(2,321)	(445)	(8,595)
Cash used in operations		(4,758)	(1,250)	(5,131)	(4,912)
Interest paid		-	(5)	-	(5)
Interest received		108	148	183	641
Income tax paid, net		(106)	(124)	(156)	(224)
Net cash used in operating activities	I	(4,756)	(1,231)	(5,104)	(4,500)
Investing Activity					
Acquisition of plant and equipment		(74)	(14)	(76)	(17)
Net cash used in investing activity		(74)	(14)	(76)	(17)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(254)	(219)	132	(138)
Net decrease in cash and cash equivalents		(4,830)	(1,245)	(5,180)	(4,517)
Cash and cash equivalents at the beginning of financial period		18,177	19,850	18,141	23,041
Cash and cash equivalents at the end of financial period	m	13,093	18,386	13,093	18,386

Note:

- I. Net cash was used in operating activities because of advances of \$4,461,000 to suppliers for coal and machinery orders placed.
- m. Cash and cash equivalents as at 30 June 2015 excluded a sum of \$1,851,000 (30 June 2014: \$2,699,000) which had been pledged to banks as collateral for trade and credit facilities provided to certain subsidiaries.

SP CORPORATION LIMITED

Unaudited Results for the Second Quarter and Half Year Ended 30 June 2015

- 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	Translation Reserve (Account)	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>				
At 1 January 2015	58,366	(490)	(10,278)	47,598
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	71	71
Other comprehensive income for the financial period	-	707	-	707
At 31 March 2015	58,366	217	(10,207)	48,376
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	105	105
Other comprehensive loss for the financial period	-	(421)	-	(421)
At 30 June 2015	58,366	(204)	(10,102)	48,060
At 1 January 2014	58,366	(1,459)	(12,409)	44,498
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	339	339
Other comprehensive income for the financial period	-	105	-	105
At 31 March 2014	58,366	(1,354)	(12,070)	44,942
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	681	681
Other comprehensive loss for the financial period	-	(400)	-	(400)
At 30 June 2014	58,366	(1,754)	(11,389)	45,223
<u>The Company</u>				
At 1 January 2015	58,366	-	(21,225)	37,141
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	222	222
At 31 March 2015	58,366	-	(21,003)	37,363
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	120	120
At 30 June 2015	58,366	-	(20,883)	37,483
At 1 January 2014	58,366	-	(22,103)	36,263
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	217	217
At 31 March 2014	58,366	-	(21,886)	36,480
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	353	353
At 30 June 2014	58,366	-	(21,533)	36,833

- 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.**

Changes in the Company's share capital

The movements in the Company's issued and fully paid-up share capital from 1 April 2015 to 30 June 2015 were as follows:

Issued share capital	No. of Shares	Share Capital (\$'000)
At 1 April 2015	350,991,516	58,366
Share consolidation	(315,892,364)	-
Fractional shares disregarded	(20)	-
At 30 June 2015	<u>35,099,132</u>	<u>58,366</u>

On 14 May 2015, the Company completed the consolidation of ten existing shares to one consolidated share. As a result of the exercise, the issued share capital of the Company comprises 35,099,132 consolidated shares.

The Company does not have any treasury shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	The Group		The Company	
	<u>30.06.15</u>	<u>31.12.14</u>	<u>30.06.15</u>	<u>31.12.14</u>
Total number of issued ordinary shares (excluding treasury shares)	35.10 million*	350.99 million	35.10 million*	350.99 million

* After the completion of share consolidation on 14 May 2015.

- 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 2014.

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 2015 and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current financial period or prior financial years.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group (Quarter)			Group (Year to Date)		
	30.06.15	30.06.14		30.06.15	30.06.14	
		As adjusted *	As previously announced		As adjusted *	As previously announced
i) Earnings per ordinary share based on weighted average number of shares (in cents)	0.30	1.94	0.19	0.50	2.91	0.29
ii) Earnings per ordinary share based on fully diluted basis (in cents)	0.30	1.94	0.19	0.50	2.91	0.29
Weighted average number of ordinary shares (in millions)	35.10	35.10	350.99	35.10	35.10	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.

* Note: Figures shown under the "As adjusted" columns are computed assuming that the share consolidation exercise was held and effective as from 1 January 2014.

- 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		
	30.06.15	31.12.14		30.06.15	31.12.14	
		As adjusted *	As previously announced		As adjusted *	As previously announced
Net asset value per ordinary share	\$1.37	\$1.36	13.56¢	\$1.07	\$1.06	10.58¢
Total number of issued shares^ at the end of the financial period / year (in millions)	35.10	35.10	350.99	35.10	35.10	350.99

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

* Note: Figures shown under the "As adjusted" columns are computed assuming that the share consolidation exercise was held and effective as at 31 December 2014.

- 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 posted lower revenue and earnings of \$27.0 million and \$0.1 million respectively in 2Q2015 as compared to \$35.6 million and \$0.7 million in 2Q2014 due to lower contributions from the Commodities Trading and Tyre Distribution Units.

Commodities Trading Unit reported a drop in revenue of \$6.7 million (24%) to \$21.4 million in 2Q2015 as compared to \$28.1 million in 2Q2014, reflecting lower coal trading level as well as an overall decrease in commodity prices despite the increased trading volumes in other commodities. Correspondingly, earnings for the quarter were lower.

Tyre Distribution Unit's revenue of \$5.6 million in 2Q2015 was 25% lower than the \$7.5 million in 2Q2014 due to intensified price competition and weak demands. Despite lower operating expenses, a loss of \$0.1m was incurred in 2Q2015 as a result of lower gross profits.

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

Not applicable.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The Group expects the market outlook for commodities trading including coal to remain challenging with continuing downward pressure on pricing and margin. Because of intense competition, the tyre distribution business continues to be difficult.

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 half year ended 30 June 2015.

13. Interested Person Transactions

The aggregate value of interested person transactions entered into during the following periods is as follows: -

Name of interested person	Group							
	Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)				Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than \$100,000)			
	30.06.15 2Q2015 \$'000	30.06.14 2Q2014 \$'000	30.06.15 1H2015 \$'000	30.06.14 1H2014 \$'000	30.06.15 2Q2015 \$'000	30.06.14 2Q2014 \$'000	30.06.15 1H2015 \$'000	30.06.14 1H2014 \$'000
Sales								
William Nursalim alias William Liem & associates	-	-	-	-	-	4,045	-	6,132
Nuri Holdings (S) Pte Ltd & associates	-	-	-	-	-	-	1,014	-
Purchases								
William Nursalim alias William Liem & associates	-	-	-	-	4,113	9,888	4,827	11,665
Interest income from placement of trade deposit								
William Nursalim alias William Liem & associates	-	-	-	-	184	175	184	175
Total interested persons transactions	-	-	-	-	4,297	14,108	6,025	17,972

14. Confirmation by the Board

We, Peter Sung, and Boediman Gozali (alias Tony Wu), being two directors of SP Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the second quarter and half year ended 30 June 2015 to be false or misleading in any material aspect.

Peter Sung
Chairman

Boediman Gozali (alias Tony Wu)
Chief Executive Officer

BY ORDER OF THE BOARD

Lee Pih Peng
Company Secretary
29 July 2015

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.