

Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

Issuer/ Manager	SP CORPORATION LIMITED
Securities	SP CORPORATION LIMITED - SG1AJ0000007 - AWE
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	15-Apr-2016 18:39:32
Status	New
Announcement Sub Title	First Quarter Results
Announcement Reference	SG160415OTHL8VC
Submitted By (Co./ Ind. Name)	Lee Pih Peng
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to attachment.

Additional Details

For Financial Period Ended	31/03/2016
Attachments	📎 SBA-160415-Results 1Q2016.pdf Total size =210K

Like { 0Tweet G+1 { 0



SP CORPORATION LIMITED

(Company Registration No. 195200115k)

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016 (“1Q2016”)

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 (First Quarter)		
		31.03.16	31.03.15	+ / (-)
		\$'000	\$'000	%
Revenue	a	27,898	26,589	5
Cost of sales		(26,546)	(25,288)	5
Gross profit	a	1,352	1,301	4
Other operating income	b	103	174	(41)
Distribution costs	c	(533)	(617)	(14)
Administrative expenses		(841)	(798)	5
Other operating expenses	d	(115)	(26)	342
Interest income	e	399	164	143
Interest expense		(9)	-	n.m
Profit before tax		356	198	80
Income tax expense	f	(57)	(127)	(55)
Profit for the financial period		299	71	321
Profit attributable to Owners of the Company		299	71	

n.m: Not meaningful

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

	Note	Group (First Quarter)		
		31.03.16	31.03.15	+ / (-)
		\$'000	\$'000	%
Profit for the financial period		299	71	321
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	g	(674)	707	n.m
Total comprehensive (loss) income for the financial period		<u>(375)</u>	<u>778</u>	n.m
Total comprehensive (loss) income attributable to Owners of the Company		<u>(375)</u>	<u>778</u>	n.m

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

	Note	Group (First Quarter)	
		31.03.16	31.03.15
		\$'000	\$'000
Depreciation of plant and equipment		(52)	(37)
Foreign currency exchange (loss) gain	b,d	(85)	138
Allowance for inventory obsolescence	d	(30)	(26)
Over (Under) provision of income tax in prior financial years	f	3	(36)

Note:

- Revenue in 1Q2016 was 5% higher mainly attributable to higher sales from Commodities Trading Unit; partially offset by a decline in tyre distribution revenue. Accordingly, the Group's gross profit increased in tandem with higher revenue.
- Other operating income in 1Q2016 pertained to handling fee income relating to coal shipments. There was no such handling fee income in 1Q2015. Other operating income in 1Q2015 comprised mainly foreign currency exchange gain, which had turned into foreign currency exchange loss in 1Q2016 due to depreciation of US dollar against Singapore dollar.
- The reduction in distribution costs in 1Q2016 was largely attributable to a decrease in manpower costs and lower sales promotion reflecting slower sales activities in Tyre Distribution Unit.
- Other operating expenses increased mainly due to foreign currency exchange loss arising from the depreciation of US dollar against Singapore dollar and allowance made for inventory obsolescence in 1Q2016.
- The increase in interest income was mainly attributable to higher proportion of overdue trade receivables.
- Income tax expense in 1Q2016 has taken into consideration the utilisation of group relief. In 1Q2015, this was not considered and there was an underprovision of income tax expense.
- The translation loss was due to the depreciation of US dollar against Singapore dollar upon consolidation of subsidiaries whose functional currency is US dollar.

SP CORPORATION LIMITED
Unaudited Results for the First Quarter Ended 31 March 2016

1(b)(i) Statements of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group		Company	
		31.03.16 \$'000	31.12.15 \$'000	31.03.16 \$'000	31.12.15 \$'000
ASSETS					
Non-current assets					
Plant and equipment		481	530	205	223
Investment in subsidiaries		-	-	18,009	17,973
<i>Total non-current assets</i>		<u>481</u>	<u>530</u>	<u>18,214</u>	<u>18,196</u>
Current assets					
Inventories	h	745	914	-	-
Trade and other receivables	i	49,724	62,168	19,713	19,252
Tax recoverable		104	112	84	84
Cash and bank balances	m	16,194	12,999	1,351	1,753
<i>Total current assets</i>		<u>66,767</u>	<u>76,193</u>	<u>21,148</u>	<u>21,089</u>
Total assets		<u>67,248</u>	<u>76,723</u>	<u>39,362</u>	<u>39,285</u>
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation reserve		136	810	-	-
Accumulated losses		(8,513)	(8,812)	(20,145)	(20,349)
<i>Total equity</i>		<u>49,989</u>	<u>50,364</u>	<u>38,221</u>	<u>38,017</u>
Non-current liability					
Deferred tax		68	24	2	4
Current liabilities					
Trade and other payables	j	17,039	26,192	1,044	1,174
Income tax payable		152	143	95	90
<i>Total current liabilities</i>		<u>17,191</u>	<u>26,335</u>	<u>1,139</u>	<u>1,264</u>
Total equity and liabilities		<u>67,248</u>	<u>76,723</u>	<u>39,362</u>	<u>39,285</u>

Note:

- h. The lower level of inventories was due to the decline in tyre distribution activities.
- i. The decrease in trade and other receivables was largely due to the decrease in advances to suppliers by approximately \$7.2 million upon fulfillment of some coal orders and completion of a machinery order, collections from overdue trade receivables, and timing of sales and receipts from rubber and coal trading customers.
- j. The decrease in trade and other payables was mainly due to revenue recognition of progress billing of approximately \$4.2 million upon completion of machinery order, lower purchases from tyre suppliers, and timing of purchases and payments to trade creditors in relation to rubber trading.

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

Amount repayable in one year or less, or on demand

As at 31.03.16		As at 31.12.15	
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 (First Quarter)	
		31.03.16 \$'000	31.03.15 \$'000
Operating Activities			
Profit before tax		356	198
<i>Adjustments for:</i>			
Depreciation of plant and equipment		52	37
Allowance for inventory obsolescence		30	26
Interest expense		9	-
Interest income		(399)	(164)
Operating cash flows before movements in working capital		48	97
Inventories		139	189
Trade and other receivables		11,033	2,225
Restricted bank balances		1,462	(331)
Trade and other payables		(7,908)	(2,553)
Cash generated from (used in) operations		4,774	(373)
Interest paid		(9)	-
Interest received		302	75
Income tax paid, net		(6)	(50)
Net cash from (used in) operating activities	k	5,061	(348)
Investing Activity			
Payments for acquisition of plant and equipment		-	(2)
Net cash used in investing activity		-	(2)
Financing Activities			
Proceeds from borrowings		900	-
Repayments of borrowings		(900)	-
Net cash from financing activities	l	-	-
Net increase (decrease) in cash and cash equivalents		5,061	(350)
Cash and cash equivalents at beginning of financial period		9,569	18,141
Effects of exchange rate changes on the balance of cash held in foreign currencies		(404)	386
Cash and cash equivalents at end of financial period	m	14,226	18,177

SP CORPORATION LIMITED
Unaudited Results for the First Quarter Ended 31 March 2016

Note:

- k. Net cash from operating activities was largely attributable to a decrease in advances to suppliers by approximately \$7.2 million upon fulfillment of order placements, collections from overdue trade receivables, and timing of receipts from debtors and payments to creditors.
- l. Borrowings were in the form of trust receipts for commodities trading, and all of which, were settled as at 31 March 2016.
- m. Increase in cash and cash equivalents as at 31 March 2016 was mainly due to increase in net cash from operating activities. Cash and cash equivalents as at 31 March 2016 excluded a sum of \$2.0 million (31 December 2015: \$3.4 million; 31 March 2015: \$2.0 million) which had been pledged to banks as collateral for trade and credit facilities provided to a subsidiary. These trade and credit facilities were covered by a corporate guarantee from the Company.

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	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>				
At 1 January 2016	58,366	810	(8,812)	50,364
<i>Total comprehensive (loss) income for the financial period</i>				
Profit for the financial period	-	-	299	299
Other comprehensive loss for the financial period	-	(674)	-	(674)
At 31 March 2016	<u>58,366</u>	<u>136</u>	<u>(8,513)</u>	<u>49,989</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	<u>58,366</u>	<u>217</u>	<u>(10,207)</u>	<u>48,376</u>
<u>The Company</u>				
At 1 January 2016	58,366	-	(20,349)	38,017
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	204	204
At 31 March 2016	<u>58,366</u>	<u>-</u>	<u>(20,145)</u>	<u>38,221</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	<u>58,366</u>	<u>-</u>	<u>(21,003)</u>	<u>37,363</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

None.

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

	The Group		The Company	
	<u>31.03.16</u>	<u>31.12.15</u>	<u>31.03.16</u>	<u>31.12.15</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 as compared with those used in the audited financial statements for the financial year ended 31 December 2015.

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 Singapore Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2016 and are relevant to its operations. The adoption of these new/revised FRS and INT FRS 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		
	31.03.16	31.03.15	
		As adjusted *	As previously announced
i) Earnings per ordinary share based on weighted average number of shares (in cent)	0.85	0.20	0.02
ii) Earnings per ordinary share based on fully diluted basis (in cent)	0.85	0.20	0.02
Weighted average number of ordinary shares (in millions)	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 year.

* Note: Figures shown under the “As adjusted” columns are computed assuming that the share consolidation exercise was held and effective as from 1 January 2015.

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	
	31.03.16	31.12.15	31.03.16	31.12.15
Net asset value per ordinary share (in dollar)	1.42	1.43	1.09	1.08
Total number of issued shares* at the end of the financial period / year (in millions)	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 recorded higher revenue of \$27.9 million in 1Q2016 as compared to \$26.6 million in 1Q2015 mainly attributable to higher revenue from commodities trading. Earnings increased to \$0.3 million (1Q2015: \$0.1 million), notwithstanding the loss incurred by the Tyre Distribution Unit.

Commodities Trading Unit posted revenue of \$24.1 million in 1Q2016 as compared to \$22.0 million in 1Q2015 mainly attributable to an increase in commodities trading in rubber and coal, despite lower commodities prices, and higher revenue from machinery sale. The increase was partially offset by the absence of sales in steel wire rods, and lower revenue from aluminum trading and consumer product sale. Earnings were higher as compared to 1Q2015 mainly due to higher interest income from overdue trade receivables.

Tyre Distribution Unit reported revenue of \$3.8 million in 1Q2016 as compared to \$4.6 million in 1Q2015 due to weak demands and stiff competition in both export and domestic markets. The Unit recorded a loss of \$0.3 million in 1Q2016 (1Q2015: \$0.4 million) as a result of declining sales and gross profits; partially mitigated by lower operating expenses.

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

Not applicable.

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

The Group expects the business environment for commodities trading to remain challenging due to the volatile global markets and the continual softening of commodities prices. The intense competition in the tyre business will continue to affect the tyre sales in the local and export markets.

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 three months ended 31 March 2016.

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	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)	
	31.03.16 \$'000	31.03.15 \$'000	31.03.16 \$'000	31.03.15 \$'000
Sales				
Nuri Holdings (S) Pte Ltd & associates	-	-	4,676	1,014
Purchases				
William Nursalim alias William Liem & associates	-	-	4,696	714
Interest income from placement of trade deposit				
William Nursalim alias William Liem & associates	-	-	106	-
Advance for coal order placement				
William Nursalim alias William Liem & associates	-	-	1,587	-
Total interested persons transactions	<u>-</u>	<u>-</u>	<u>11,065</u>	<u>1,728</u>

14. Undertakings from directors and executive officers

In view of the latest guideline from the Exchange in relation to Rule 720(1) of the SGX-ST Listing Manual, the Company will procure signed undertakings from all its directors and executive officers based on the latest revised form of Appendix 7.7 of the SGX-ST Listing Manual on or before 30 April 2016, which will replace and supersede the undertakings previously signed by the directors and executive officers as announced on 28 October 2015.

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 first quarter ended 31 March 2016 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
15 April 2016

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 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.