

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

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Additional Details

For Financial Period Ended	31/03/2017
Attachments	<p>SBA-170424-Results 1Q2017.pdf</p> <p>Total size =5211K</p>

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SP CORPORATION LIMITED

(Company Registration No. 195200115k)

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017 ("1Q2017")

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		
		31.03.17	31.03.16	+ / (-)
		\$'000	\$'000	%
Revenue	a	23,651	27,898	(15)
Cost of sales		(22,840)	(26,546)	(14)
Gross profit	a	811	1,352	(40)
Other operating income	b	66	103	(36)
Distribution costs		(524)	(533)	(2)
Administrative expenses	c	(772)	(841)	(8)
Other operating expenses	d	(243)	(115)	111
Interest income	e	328	399	(18)
Interest expense		-	(9)	n.m
(Loss) Profit before tax		(334)	356	n.m
Income tax credit (expense)	f	17	(57)	n.m
(Loss) Profit for the financial period		(317)	299	n.m
(Loss) Profit attributable to Owners of the Company		(317)	299	n.m

n.m: Not meaningful

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

	Group First Quarter		
	31.03.17	31.03.16	+ / (-)
Note	\$'000	\$'000	%
(Loss) Profit for the financial period	(317)	299	n.m
Other comprehensive loss for the financial period:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(1,101)	(674)	63
Total comprehensive loss for the financial period	<u>(1,418)</u>	<u>(375)</u>	278
Total comprehensive loss attributable to Owners of the Company	<u>(1,418)</u>	<u>(375)</u>	278

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

	Group First Quarter	
	31.03.17	31.03.16
Note	\$'000	\$'000
Depreciation of plant and equipment	(26)	(52)
Foreign currency exchange loss	(243)	(85)
Allowance for inventory obsolescence	-	(30)
Over provision of income tax in prior financial years	55	3

Note:

- a. Revenue in 1Q2017 was down by 15% mainly due to slower sales from both the Commodities Trading Unit and Tyre Distribution Unit. Gross profit margin was lower than 1Q2016 mainly due to lower margin for coal trading and the absence of sales of machinery which normally enjoyed higher margin.
- b. Other operating income declined due to a decrease in handling fee on coal deliveries.
- c. The reduction in administrative expense in 1Q2017 was mainly attributed to a decrease in manpower costs.
- d. The higher other operating expenses in 1Q2017 was largely a reflection of higher foreign currency exchange loss arising from the depreciation of US dollar against Singapore dollar but was partially offset by the absence of allowance for inventory obsolescence in the quarter.
- e. The decrease in interest income was mainly due to lower late interest which in turn was due to lower overdue trade receivables.
- f. The income tax credit in 1Q2017 reflected an over provision of income tax in the prior financial years.
- g. 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 2017

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	
		31.03.17 \$'000	31.12.16 \$'000	31.03.17 \$'000	31.12.16 \$'000
ASSETS					
Non-current assets					
Plant and equipment		363	375	178	184
Investment in subsidiaries		-	-	31,953	18,413
<i>Total non-current assets</i>		<u>363</u>	<u>375</u>	<u>32,131</u>	<u>18,597</u>
Current assets					
Inventories	h	1,023	759	-	-
Trade and other receivables	i	54,798	51,901	6,251	19,262
Tax recoverable		104	110	69	69
Cash and bank balances	m	9,121	24,826	1,828	2,449
<i>Total current assets</i>		<u>65,046</u>	<u>77,596</u>	<u>8,148</u>	<u>21,780</u>
Total assets		<u><u>65,409</u></u>	<u><u>77,971</u></u>	<u><u>40,279</u></u>	<u><u>40,377</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital		58,366	58,366	58,366	58,366
Translation reserve		527	1,628	-	-
Accumulated losses		(7,327)	(7,010)	(18,990)	(19,173)
<i>Total equity</i>		<u>51,566</u>	<u>52,984</u>	<u>39,376</u>	<u>39,193</u>
Non-current liability					
Deferred tax		80	54	1	1
Current liabilities					
Trade and other payables	j	13,608	24,567	829	1,092
Income tax payable		155	366	73	91
<i>Total current liabilities</i>		<u>13,763</u>	<u>24,933</u>	<u>902</u>	<u>1,183</u>
Total equity and liabilities		<u><u>65,409</u></u>	<u><u>77,971</u></u>	<u><u>40,279</u></u>	<u><u>40,377</u></u>

Note:

- h. The higher level of inventories was due to Tyre Distribution Unit stocking up more tyres in anticipation of an increase in prices from its suppliers.
- i. The increase in trade and other receivables was largely due to an increase in advances to suppliers by approximately \$4.2 million for coal order placements, and partially offset by accelerated collections from trade debtors.
- j. The decrease in trade and other payables was mainly due to timing of payments to trade creditors.

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

Amount repayable in one year or less, or on demand

As at 31.03.17		As at 31.12.16	
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	
		31.03.17 \$'000	31.03.16 \$'000
Operating Activities			
(Loss) Profit before tax		(334)	356
<i>Adjustments for:</i>			
Depreciation of plant and equipment		26	52
Allowance for inventory obsolescence		-	30
Interest expense		-	9
Interest income		(328)	(399)
Fair value gain on forward contracts, unrealised		(13)	(691)
Operating cash flows before movements in working capital		(649)	(643)
Inventories		(264)	139
Trade and other receivables		(4,453)	11,724
Restricted bank balances		1,788	1,462
Trade and other payables		(9,794)	(7,908)
Cash (used in) generated from operations		(13,372)	4,774
Interest paid		-	(9)
Interest received		184	302
Income tax paid, net		(163)	(6)
Net cash (used in) from operating activities	k	(13,351)	5,061
Investing Activity			
Payments for acquisition of plant and equipment		(16)	-
Net cash used in investing activity		(16)	-
Financing Activities			
Proceeds from borrowings		-	900
Repayments of borrowings		-	(900)
Net cash from financing activities	l	-	-
Net (decrease) increase in cash and cash equivalents		(13,367)	5,061
Cash and cash equivalents at the beginning of financial period		22,146	9,569
Effects of exchange rate changes on the balance of cash held in foreign currencies		(550)	(404)
Cash and cash equivalents at the end of financial period	m	8,229	14,226

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Unaudited Results for the First Quarter Ended 31 March 2017

Note:

- k. Net cash used in operating activities of \$13.3 million was largely due to timing of lumpy payments to trade creditors and higher sum of advances made to suppliers mainly for coal order placements.
- l. Borrowings during 1Q2016 were in the form of trust receipts for commodities trading which were all settled in the same quarter.
- m. Cash and cash equivalents as at 31 March 2017 excluded a sum of \$892,000 (31 December 2016: \$2,680,000; 31 March 2016: \$1,968,000) which had been pledged to banks as collateral for trade and credit facilities provided to a subsidiary. The lower cash and cash equivalents as at 31 March 2017 were largely due to the net cash outflows for operating activities in 1Q2017 [refer to Note k].

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
The Group				
At 1 January 2017	58,366	1,628	(7,010)	52,984
<i>Total comprehensive loss for the financial period</i>				
Loss for the financial period	-	-	(317)	(317)
Other comprehensive loss for the financial period	-	(1,101)	-	(1,101)
At 31 March 2017	<u>58,366</u>	<u>527</u>	<u>(7,327)</u>	<u>51,566</u>
At 1 January 2016	58,366	810	(8,812)	50,364
<i>Total comprehensive 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>
The Company				
At 1 January 2017	58,366	-	(19,173)	39,193
<i>Total comprehensive income for the financial period</i>				
Profit for the financial period	-	-	183	183
At 31 March 2017	<u>58,366</u>	<u>-</u>	<u>(18,990)</u>	<u>39,376</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>

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

None.

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

	The Group		The Company	
	<u>31.03.17</u>	<u>31.12.16</u>	<u>31.03.17</u>	<u>31.12.16</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 2016.

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Unaudited Results for the First Quarter Ended 31 March 2017

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the new amendments to Singapore Financial Reporting Standards (“FRS”) that are effective for annual periods beginning on or after 1 January 2017 and are relevant to its operations. The adoption of these new amendments to 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 First Quarter	
	31.03.17	31.03.16
i) (Loss) Earnings per ordinary share based on weighted average number of shares (in cent)	(0.90)	0.85
ii) (Loss) Earnings per ordinary share based on fully diluted basis (in cent)	(0.90)	0.85
Weighted average number of ordinary shares (in millions)	35.10	35.10

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 period.

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.

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	
	31.03.17	31.12.16	31.03.17	31.12.16
Net asset value per ordinary share (in dollars)	1.47	1.51	1.12	1.12
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 posted revenue of \$23.7 million in 1Q2017 as compared to \$27.9 million in 1Q2016. Lower revenue was mainly due to lower trading activities in commodities trading and tyre distribution. As a result, a loss after tax of \$0.3 million was recorded as compared to profit after tax of \$0.3 million in 1Q2016.

Commodities Trading Unit registered revenue of \$21.7 million in 1Q2017, a 10% decrease from \$24.1 million in 1Q2016. This was primarily due to the absence of sales of machinery, lower revenue from sales of rubber and consumer products; partially offset by higher revenue from coal and metal trading. The Unit's profit before tax of \$0.2 million in 1Q2017 was 67% lower than the \$0.6 million in 1Q2016 mainly because of lower gross profit and higher foreign currency exchange loss.

Tyre Distribution Unit's revenue dropped 47% to \$2.0 million, from \$3.8 million in 1Q2016. Loss before tax was \$0.5 million which was 67% higher than \$0.3 million in 1Q2016 mainly due to intense price competition and weak demands.

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

On 19 April 2017, the Company released a profit guidance statement on SGXNET regarding an expected loss for 1Q2017. The actual results for 1Q2017 are in line with the guidance issued.

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 continues to face stiff price competition, volatility in commodity prices and foreign currency exchange fluctuations.

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 2017.

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)	
	First Quarter		First Quarter	
	31.03.17 \$'000	31.03.16 \$'000	31.03.17 \$'000	31.03.16 \$'000
Sales				
William Nursalim alias William Liem & associates	-	-	3,513	-
Nuri Holdings (S) Pte Ltd & associates	-	-	-	4,676
Purchases				
William Nursalim alias William Liem & associates	-	-	7,246	4,696
Interest income from placement of trade deposit				
William Nursalim alias William Liem & associates	-	-	118	106
Total interested persons transactions	<u>-</u>	<u>-</u>	<u>10,877</u>	<u>9,478</u>

14. Undertakings from directors and executive officers

Pursuant to Listing Rule 720(1) of the SGX-ST Listing Manual, the Company has received the signed undertakings from all its directors and executive officers based on the revised form of Appendix 7.7.

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 2017 to be false or misleading in any material aspect.



Peter Sung
Chairman



Boediman Gozali (alias Tony Wu)
Managing Director and Chief Executive Officer

BY ORDER OF THE BOARD

Helena Chua
Company Secretary
24 April 2017

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.