

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

SP CORPORATION LIMITED

Securities

SP CORPORATION LIMITED - SG1AJ0000007 - AWE

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Julie Koh Ngin Joo

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Group Company Secretary

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Please refer to the attachment.

Additional Details

For Financial Period Ended

31/03/2019

Attachments

[SBA-190422-Results%201Q2019.pdf](#)

Total size =87K MB



SP CORPORATION LIMITED

(Company Registration No. 195200115k)

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019 (“1Q2019”)

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 | | |
| | | 31.03.19 | 31.03.18 | + / (-) |
| | | \$'000 | \$'000 | % |
| Revenue | a | 23,183 | 28,587 | (19) |
| Cost of sales | | (22,548) | (27,997) | (19) |
| Gross profit | a | 635 | 590 | 8 |
| Other operating income | | 1 | - | n.m |
| Administrative expenses | b | (633) | (666) | (5) |
| Other operating expenses | c | (170) | (43) | 295 |
| Interest income | d | 664 | 252 | 163 |
| Interest expense | e | (27) | - | n.m |
| Profit before tax | | 470 | 133 | 253 |
| Income tax expense | f | (71) | (41) | 73 |
| Profit for the financial period | | 399 | 92 | 334 |
| Profit attributable to owners of the Company | | 399 | 92 | 334 |

n.m: Not meaningful

SP CORPORATION LIMITED
Unaudited Results for the First Quarter Ended 31 March 2019

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

| | Note | Group First Quarter | | + / (-) % |
|---|------|------------------------|--------------------|--------------|
| | | 31.03.19 \$'000 | 31.03.18 \$'000 | |
| Profit for the financial period | | 399 | 92 | 334 |
| Other comprehensive income (loss) after tax: | | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | | |
| Exchange differences on translation of foreign operations | g | (285) | (924) | (69) |
| Total comprehensive income (loss) for the financial period | | <u>114</u> | <u>(832)</u> | n.m |
| Total comprehensive income (loss) for the financial period attributable to owners of the Company | | <u>114</u> | <u>(832)</u> | n.m |

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

| | Group First Quarter | |
|-------------------------------------|------------------------|--------------------|
| | 31.03.19 \$'000 | 31.03.18 \$'000 |
| Depreciation of plant and equipment | (11) | (7) |
| Foreign currency exchange loss | (170) | (43) |

Note:

- The decrease in revenue was mainly due to the lower average selling prices for coal, rubber and aluminium and lower sales volume for rubber and aluminium. Gross profit increased as a result of the higher coal trading volume, offset by the lower gross profit from rubber and aluminium sales.
- Administrative expenses decreased mainly due to lower manpower costs.
- Other operating expenses increased due to higher foreign currency exchange loss as the US dollar depreciated against Singapore dollar during the quarter.
- The higher interest income was contributed by the interest income from a loan to a related party and higher overdue trade receivables.
- Interest expense arose from trade financing for commodities trading.
- Income tax expense was higher mainly due to an increase in net profit.
- 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 2019

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 | |
|-------------------------------------|----------|----------------------|----------------------|----------------------|----------------------|
| | | 31.03.19 \$'000 | 31.12.18 \$'000 | 31.03.19 \$'000 | 31.12.18 \$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Plant and equipment | | 196 | 208 | 134 | 140 |
| Investments in subsidiaries | | - | - | 30,650 | 30,611 |
| <i>Total non-current assets</i> | | <u>196</u> | <u>208</u> | <u>30,784</u> | <u>30,751</u> |
| Current assets | | | | | |
| Trade and other receivables | h | 42,706 | 37,036 | 20,831 | 20,831 |
| Loan to a related party | | 20,000 | 20,000 | - | - |
| Tax recoverable | | 28 | 24 | - | - |
| Cash and bank balances | m | 7,873 | 10,460 | 508 | 903 |
| <i>Total current assets</i> | | <u>70,607</u> | <u>67,520</u> | <u>21,339</u> | <u>21,734</u> |
| Total assets | | <u><u>70,803</u></u> | <u><u>67,728</u></u> | <u><u>52,123</u></u> | <u><u>52,485</u></u> |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | | 58,366 | 58,366 | 58,366 | 58,366 |
| Translation reserve | g | (543) | (258) | - | - |
| Accumulated losses | | (4,266) | (4,665) | (19,893) | (19,982) |
| <i>Total equity</i> | | <u>53,557</u> | <u>53,443</u> | <u>38,473</u> | <u>38,384</u> |
| Non-current liability | | | | | |
| Deferred tax | | 72 | 49 | - | 1 |
| Current liabilities | | | | | |
| Borrowings | i | 11,191 | - | - | - |
| Trade and other payables | j | 5,665 | 13,952 | 13,627 | 14,079 |
| Income tax payable | | 318 | 284 | 23 | 21 |
| <i>Total current liabilities</i> | | <u>17,174</u> | <u>14,236</u> | <u>13,650</u> | <u>14,100</u> |
| Total equity and liabilities | | <u><u>70,803</u></u> | <u><u>67,728</u></u> | <u><u>52,123</u></u> | <u><u>52,485</u></u> |

Note:

- h. The increase in trade and other receivables was largely due to an advance for coal order placement of approximately \$7.8 million, partially offset by the collections from customers.
- i. Borrowings were in the form of trust receipts for commodities trading.
- j. The decrease in trade and other payables was mainly due to the timing of lumpy payments to coal and rubber suppliers.

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

Amount repayable in one year or less, or on demand

| As at 31.03.19 | | As at 31.12.18 | |
|----------------|-----------|----------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$'000 | \$'000 | \$'000 | \$'000 |
| 11,191 | - | - | - |

Details of any collateral

The Group's borrowings as at 31 March 2019 from a bank were secured by fixed deposits of approximately \$2.0 million placed with it.

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 | |
|--|----------|------------------------|--------------------|
| | | 31.03.19 \$'000 | 31.03.18 \$'000 |
| Operating activities | | | |
| Profit before tax | | 470 | 133 |
| <i>Adjustments for:</i> | | | |
| Depreciation of plant and equipment | | 11 | 7 |
| Interest expense | | 27 | - |
| Interest income | | (664) | (252) |
| Fair value gain on forward contracts, unrealised | | - | (31) |
| Operating cash flows before movements in working capital | | (156) | (143) |
| Trade and other receivables | | (5,836) | 8,165 |
| Restricted bank balances | | (1,138) | 719 |
| Trade and other payables | | (7,778) | (6,966) |
| Cash (used in) generated from operations | | (14,908) | 1,775 |
| Interest received | | 129 | 94 |
| Interest paid | | (27) | - |
| Income tax paid, net | | (14) | (12) |
| Net cash (used in) from operating activities | k | (14,820) | 1,857 |
| Financing activities | | | |
| Proceeds from borrowings | | 28,834 | - |
| Repayments of borrowings | | (17,643) | - |
| Net cash from financing activities | l | 11,191 | - |
| Net (decrease) increase in cash and cash equivalents | | (3,629) | 1,857 |
| Cash and cash equivalents at the beginning of financial period | | 9,167 | 20,837 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | (96) | (484) |
| Cash and cash equivalents at the end of financial period | m | 5,442 | 22,210 |

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Unaudited Results for the First Quarter Ended 31 March 2019

Note:

- k. Net cash used in operating activities during 1Q2019 was largely due to the advance for coal order placement, partially offset by the collections from customers as well as lumpy payments to suppliers.
- l. Net cash from financing activities was through utilisation of trust receipt facilities for commodities trading.
- m. Cash and cash equivalents as at 31 March 2019 excluded a sum of \$2,431,000 (31 December 2018: \$1,293,000; 31 March 2018: \$1,128,000) which had been pledged to banks as collateral for trade and credit facilities provided to a subsidiary.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Equity attributable to owners of the Company | | | |
|--|---|----------------------------|---------------------------|---------------------|
| | Share Capital | Translation Reserve | Accumulated Losses | Total Equity |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>The Group</u> | | | | |
| At 1 January 2019 | 58,366 | (258) | (4,665) | 53,443 |
| <i>Total comprehensive income for the financial period</i> | | | | |
| Profit for the financial period | - | - | 399 | 399 |
| Other comprehensive loss for the financial period | - | (285) | - | (285) |
| At 31 March 2019 | 58,366 | (543) | (4,266) | 53,557 |
| At 1 January 2018 | 58,366 | (997) | (6,563) | 50,806 |
| <i>Total comprehensive loss for the financial period</i> | | | | |
| Profit for the financial period | - | - | 92 | 92 |
| Other comprehensive loss for the financial period | - | (924) | - | (924) |
| At 31 March 2018 | 58,366 | (1,921) | (6,471) | 49,974 |
| <u>The Company</u> | | | | |
| At 1 January 2019 | 58,366 | - | (19,982) | 38,384 |
| <i>Total comprehensive income for the financial period</i> | | | | |
| Profit for the financial period | - | - | 89 | 89 |
| At 31 March 2019 | 58,366 | - | (19,893) | 38,473 |
| At 1 January 2018 | 58,366 | - | (20,486) | 37,880 |
| <i>Total comprehensive income for the financial period</i> | | | | |
| Profit for the financial period | - | - | 168 | 168 |
| At 31 March 2018 | 58,366 | - | (20,318) | 38,048 |

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>31.03.19</u> | <u>31.12.18</u> | <u>31.03.19</u> | <u>31.12.18</u> |
| Total number of issued ordinary shares* | <u>35.10 million</u> | <u>35.10 million</u> | <u>35.10 million</u> | <u>35.10 million</u> |

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

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard

The figures have neither been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those used in the audited financial statements for the financial year ended 31 December 2018.

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

The Group has adopted the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) that are effective for annual periods beginning on or after 1 January 2019 and are relevant to its operations. The adoption of these new SFRS(I)s, specifically SFRS(I) 16 *Leases*, does not result in any changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current financial period or prior financial years.

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

| | Group First Quarter | |
|---|--------------------------------|-----------------|
| | 31.03.19 | 31.03.18 |
| i) Earnings per ordinary share based on weighted average number of shares (in cent) | 1.14 | 0.26 |
| ii) Earnings per ordinary share based on fully diluted basis (in cent) | 1.14 | 0.26 |
| Weighted average number of ordinary shares (in million) | 35.10 | 35.10 |

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 31.03.19 | 31.12.18 | 31.03.19 | 31.12.18 |
| Net asset value per ordinary share (in dollar) | 1.53 | 1.52 | 1.10 | 1.09 |
| Total number of issued shares* at the end of the financial period / year (in million) | 35.10 | 35.10 | 35.10 | 35.10 |

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

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Commodities Trading Unit

The Unit's revenue decreased to \$23.2 million in 1Q2019 compared to \$28.6 million in 1Q2018. This was mainly attributable to lower revenue from the sale of coal as average selling prices dropped despite the higher volume. The lower average selling prices and lower sales volume of rubber and aluminium also contributed to the decline in revenue. Gross profit increased as a result of higher volume of coal traded, offset by the lower gross profit from rubber and aluminium sales.

Commodities trading reported a lower profit after tax of \$66,000 in 1Q2019 compared to \$118,000 in 1Q2018, mainly due to depreciation of the US dollar, partially offset by higher gross profit and higher interest income from higher level of overdue trade receivables.

Investment Unit

The Unit's profit in 1Q2019 arose mainly from the interest income of \$0.4 million on the \$20 million loan extended to a related party in September 2018 in return for an opportunity to participate in a mixed-use development project in Sanya, Hainan.

- 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**

Coal deliveries for the financial year are expected to be in line with the quantity secured by the Group under the coal allocation agreement. The Group will continually seek opportunities to grow its commodities trading business.

The Group is exploring investment opportunities including the project in Sanya, Hainan to reposition, expand and diversify its business and operations to achieve a more consistent and sustainable growth.

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Unaudited Results for the First Quarter Ended 31 March 2019

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 2019.

13. Interested Person Transactions

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

| Name of interested person | Group | | | |
|---|--|----------|--|----------|
| | 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 | |
| | 31.03.19 | 31.03.18 | 31.03.19 | 31.03.18 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Sales | | | | |
| William Nursalim alias William Liem & associates | - | - | 1,398 | 2,858 |
| Purchases | | | | |
| William Nursalim alias William Liem & associates | - | - | 16,760 | 19,592 |
| Interest income from placement of refundable trade deposit | | | | |
| William Nursalim alias William Liem & associates | - | - | 140 | 119 |
| Interest income from loan | | | | |
| Nuri Holdings (S) Pte Ltd & associates | - | - | 370 | - |
| Total interested person transactions | - | - | 18,668 | 22,569 |

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 2019 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

Julie Koh Ngin Joo
Group Company Secretary
22 April 2019

Important Notes to this Announcement

This announcement may contain forward-looking statements. Words such as 'expects', 'anticipates', 'intends' or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. Forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance or events.

Forward-looking statements involve assumptions, risks and uncertainties. Actual future performance or results may differ materially from those expressed or implied in forward-looking statements as a result of various important factors. These factors include, but are not limited to, economic, political and social conditions in the geographic markets where the Group operates, interest rate and foreign currency exchange rate movements, cost of capital and availability of capital, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in demands, customers and partners, and changes in operating costs. Unpredictable or unknown factors not 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.