



**EnGro Corporation Limited and its Subsidiaries**  
**Registration Number: 197302229H**

Condensed Interim Financial Information  
For the half year ended 30 June 2023

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**Condensed interim consolidated statement of profit or loss**  
**For the half year ended 30 June 2023**

	Note	<b>Group</b>		<b>Change</b>
		<b>1H2023</b>	<b>1H2022</b>	
		<b>\$'000</b>	<b>\$'000</b>	
Revenue		68,910	64,679	6.5
Other income		1,042	1,063	(2.0)
Changes in inventories of finished goods and work in progress		(1,551)	194	n.m.
Raw materials and consumables used		(50,565)	(50,511)	0.1
Depreciation of property, plant and equipment		(796)	(580)	37.2
Depreciation of right-of-use assets		(960)	(743)	29.2
Depreciation of investment properties		(26)	-	n.m.
Amortisation of intangible assets		(31)	(40)	(22.5)
Staff costs		(6,668)	(6,345)	5.1
Reversal of impairment loss on financial assets		353	382	(7.6)
Other expenses		(7,883)	(7,098)	11.1
<b>Results from operating activities</b>		<b>1,825</b>	<b>1,001</b>	<b>82.3</b>
Finance income	4	3,601	5,264	(31.6)
Finance costs	4	(1,033)	(1,534)	(32.7)
<b>Net finance income</b>		<b>2,568</b>	<b>3,730</b>	<b>(31.2)</b>
Share of (loss)/profit of associates and joint ventures, net of tax		(1,447)	663	n.m.
<b>Profit before tax</b>		<b>2,946</b>	<b>5,394</b>	<b>(45.4)</b>
Tax expense	5	(430)	(203)	n.m.
<b>Profit for the period</b>		<b>2,516</b>	<b>5,191</b>	<b>(51.5)</b>
<b>Profit attributable to:</b>				
Owners of the Company		2,167	4,889	(55.7)
Non-controlling interests		349	302	15.6
<b>Profit for the period</b>		<b>2,516</b>	<b>5,191</b>	<b>(51.5)</b>
<b>Earnings per share</b>				
Basic earnings per share (cents)	6	1.83	4.12	
Diluted earnings per share (cents)	6	1.83	4.12	

n.m. – not meaningful

**Condensed interim consolidated statement of comprehensive income**  
**For the half year ended 30 June 2023**

	<b>Group</b>		<b>Change</b>
	<b>1H2023</b>	<b>1H2022</b>	
	<b>\$'000</b>	<b>\$'000</b>	
<b>Profit for the period</b>	2,516	5,191	(51.5)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Net change in fair value of equity investments at fair value through other comprehensive income	(137)	(4,468)	n.m.
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences – foreign operations	(250)	778	n.m.
Share of foreign currency translation differences of associates and joint ventures	(4,053)	(2,456)	n.m.
Exchange differences on monetary items forming part of net investment in foreign operations	343	1,105	(69.0)
	(3,960)	(573)	n.m.
<b>Other comprehensive income for the period, net of tax</b>	(4,097)	(5,041)	(18.7)
<b>Total comprehensive income for the period</b>	(1,581)	150	n.m.
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(1,859)	(125)	n.m.
Non-controlling interests	278	275	1.1
<b>Total comprehensive income for the period</b>	(1,581)	150	n.m.

n.m. – not meaningful

**Condensed interim statements of financial position  
As at 30 June 2023**

	Note	Group		Company	
		As at	As at	As at	As at
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
Property, plant and equipment	8	15,283	11,338	2,084	1,974
Subsidiaries		-	-	80,161	70,218
Intangible assets		279	310	44	266
Investment properties	9	2,455	2,558	-	-
Associates and joint ventures	10	97,928	109,919	45,157	51,649
Other investments	11	60,810	57,844	5,060	5,197
Other assets		78	78	78	78
Right-of-use assets	12	17,775	17,374	5,359	6,015
Deferred tax assets		161	169	-	-
Lease receivables		-	-	322	-
<b>Non-current assets</b>		<b>194,769</b>	<b>199,590</b>	<b>138,265</b>	<b>135,397</b>
Other investments	11	12,455	8,562	5,573	2,461
Inventories	13	8,671	10,113	3,674	5,207
Trade and other receivables	14	39,482	34,927	35,981	31,643
Tax recoverable		529	656	-	-
Loan to a subsidiary		-	-	4,956	5,144
Lease receivables		-	-	43	-
Cash and cash equivalents		70,261	66,723	47,216	47,460
<b>Current assets</b>		<b>131,398</b>	<b>120,981</b>	<b>97,443</b>	<b>91,915</b>
<b>Total assets</b>		<b>326,167</b>	<b>320,571</b>	<b>235,708</b>	<b>227,312</b>
<b>Equity</b>					
Share capital	15	85,270	85,270	85,270	85,270
Reserves		188,300	193,127	127,344	123,771
<b>Equity attributable to owners of the Company</b>		<b>273,570</b>	<b>278,397</b>	<b>212,614</b>	<b>209,041</b>
<b>Non-controlling interests</b>		<b>3,000</b>	<b>2,242</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>276,570</b>	<b>280,639</b>	<b>212,614</b>	<b>209,041</b>
<b>Liabilities</b>					
Lease liabilities	16	19,101	16,567	4,369	4,583
Loans and borrowings	16	2,027	2,654	2,027	2,654
Deferred tax liabilities		1,216	1,149	-	-
Provision for reinstatement costs		1,045	1,045	550	550
<b>Non-current liabilities</b>		<b>23,389</b>	<b>21,415</b>	<b>6,946</b>	<b>7,787</b>
Loans and borrowings	16	2,274	2,306	4,433	5,302
Trade and other payables	17	21,204	14,318	10,892	4,324
Lease liabilities	16	2,555	1,893	823	858
Current tax liabilities		175	-	-	-
<b>Current liabilities</b>		<b>26,208</b>	<b>18,517</b>	<b>16,148</b>	<b>10,484</b>
<b>Total liabilities</b>		<b>49,597</b>	<b>39,932</b>	<b>23,094</b>	<b>18,271</b>
<b>Total equity and liabilities</b>		<b>326,167</b>	<b>320,571</b>	<b>235,708</b>	<b>227,312</b>

**Condensed interim consolidated statement of changes in equity  
For the half year ended 30 June 2023**

	Attributable to owners of the Company							Non- controlling interests	Total equity \$'000
	Share capital	Capital reserve	Foreign currency translation reserve	Fair value reserve	Accumulated profits	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
<b>Group</b>									
At 1 January 2022	85,270	(55)	(939)	(5,377)	226,314	305,213	1,664	306,877	
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	4,889	4,889	302	5,191	
<b>Other comprehensive income</b>									
Foreign currency translation differences – foreign operations	-	-	759	-	-	759	19	778	
Share of foreign currency translation differences of equity-accounted investees	-	-	(2,410)	-	-	(2,410)	(46)	(2,456)	
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	1,105	-	-	1,105	-	1,105	
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(4,468)	-	(4,468)	-	(4,468)	
<b>Total other comprehensive income</b>	-	-	(546)	(4,468)	-	(5,014)	(27)	(5,041)	
<b>Total comprehensive income for the period</b>	-	-	(546)	(4,468)	4,889	(125)	275	150	
<b>Transactions with owners, recognised directly in equity</b>									
<b>Distributions to owners</b>									
Dividend declared of 2.5 cents per share	-	-	-	-	(2,968)	(2,968)	-	(2,968)	
Special dividend declared of 4.0 cents per share	-	-	-	-	(4,748)	(4,748)	-	(4,748)	
<b>Total distributions to owners</b>	-	-	-	-	(7,716)	(7,716)	-	(7,716)	
At 30 June 2022	85,270	(55)	(1,485)	(9,845)	223,487	297,372	1,939	299,311	

Condensed interim consolidated statement of changes in equity (cont'd)  
For the half year ended 30 June 2023

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Foreign currency translation reserve	Fair value reserve	Accumulated profits	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
<b>Group</b>									
At 1 January 2023	85,270	(55)	(11,262)	(12,540)	216,984	278,397	2,242	280,639	
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	2,167	2,167	349	2,516	
<b>Other comprehensive income</b>									
Foreign currency translation differences – foreign operations	-	-	(274)	-	-	(274)	24	(250)	
Share of foreign currency translation differences of equity-accounted investees	-	-	(3,958)	-	-	(3,958)	(95)	(4,053)	
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	343	-	-	343	-	343	
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(137)	-	(137)	-	(137)	
<b>Total other comprehensive income</b>	-	-	(3,889)	(137)	-	(4,026)	(71)	(4,097)	
<b>Total comprehensive income for the period</b>	-	-	(3,889)	(137)	2,167	(1,859)	278	(1,581)	
<b>Transactions with owners, recognised directly in equity</b>									
<b>Distributions to owners</b>									
Dividend declared of 2.5 cents per share	-	-	-	-	(2,968)	(2,968)	-	(2,968)	
Contribution by non-controlling interest of a subsidiary	-	-	-	-	-	-	480	480	
<b>Total distributions to owners</b>	-	-	-	-	(2,968)	(2,968)	480	(2,488)	
At 30 June 2023	85,270	(55)	(15,151)	(12,677)	216,183	273,570	3,000	276,570	

Condensed interim consolidated statement of changes in equity (cont'd)  
For the half year ended 30 June 2023

	Attributable to owners of the Company				Total \$'000
	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	
<b>Company</b>					
At 1 January 2022	85,270	(55)	(4,989)	129,436	209,662
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	6,376	6,376
<b>Other comprehensive income</b>					
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	(4,468)	-	(4,468)
<b>Total other comprehensive income</b>	-	-	(4,468)	-	(4,468)
<b>Total comprehensive income for the period</b>	-	-	(4,468)	6,376	1,908
<b>Transactions with owners, recognised directly in equity</b>					
<b>Distributions to owners</b>					
Dividend declared of 2.5 cents per share	-	-	-	(2,968)	(2,968)
Special dividend declared of 4.0 cents per share	-	-	-	(4,748)	(4,748)
<b>Total distributions to owners</b>	-	-	-	(7,716)	(7,716)
At 30 June 2022	85,270	(55)	(9,457)	128,096	203,854
At 1 January 2023	85,270	(55)	(11,935)	135,761	209,041
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	6,678	6,678
<b>Other comprehensive income</b>					
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	(137)	-	(137)
<b>Total other comprehensive income</b>	-	-	(137)	-	(137)
<b>Total comprehensive income for the period</b>	-	-	(137)	6,678	6,541
<b>Transactions with owners, recognised directly in equity</b>					
<b>Distributions to owners</b>					
Dividend declared of 2.5 cents per share	-	-	-	(2,968)	(2,968)
<b>Total distributions to owners</b>	-	-	-	(2,968)	(2,968)
At 30 June 2023	85,270	(55)	(12,072)	139,471	212,614



**Condensed interim consolidated statement of cash flows**  
**For the half year ended 30 June 2023**

	Note	Group	
		1H2023 \$'000	1H2022 \$'000
<b>Cash flows from operating activities</b>			
Profit before tax		2,946	5,394
Adjustments for:			
Depreciation of property, plant and equipment		796	580
Depreciation of right-of-use assets		960	743
Depreciation of investment properties		26	-
Amortisation of intangible assets		31	40
Dividend income	4	(246)	(4,426)
Gain on disposal of property, plant and equipment		(1)	(10)
Loss on termination on lease liabilities		-	21
Reversal of impairment loss on financial assets		(353)	(382)
Interest income	4	(733)	(242)
Interest expense	4	323	276
Other investment income	4	(764)	(174)
Net change in fair value of financial assets at fair value through profit or loss		(1,858)	1,132
Share of profits/(losses) of associates and joint ventures, net of tax		1,447	(663)
		<u>2,574</u>	<u>2,289</u>
Changes in:			
- Inventories		1,778	(667)
- Trade and other payables		5,966	(9,281)
- Trade and other receivables		(5,058)	(4,483)
Cash generated from operations		<u>5,260</u>	<u>(12,142)</u>
Tax paid		(107)	(161)
<b>Net cash from/(used in) operating activities</b>		<u>5,153</u>	<u>(12,303)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(2,126)	(2,819)
Distributions from other investments		407	540
Dividends received from:			
- associates and joint ventures		1,520	33
- other investments		78	4,426
Cash paid for capitalised renovation costs in investment properties		(39)	-
Interest received		733	242
Proceeds from disposal of:			
- other investments		3,286	1,278
- property, plant and equipment		1	38
Purchase of other investments		(7,359)	(7,336)
Repayment of loan from an associate		6,491	8,294
<b>Net cash from investing activities</b>		<u>2,992</u>	<u>4,696</u>

**Condensed interim consolidated statement of cash flows (cont'd)**  
**For the half year ended 30 June 2023**

Note	Group	
	1H2023	1H2022
	\$'000	\$'000
<b>Cash flows from financing activities</b>		
Dividends paid	(2,968)	(7,716)
Interest paid	(323)	(276)
Payment of lease liabilities	(1,086)	(682)
Payment of bank borrowings	(615)	-
Proceeds from minority shareholders from issue of shares by a subsidiary	480	-
<b>Net cash used in financing activities</b>	<b>(4,512)</b>	<b>(8,674)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	3,633	(16,281)
Cash and cash equivalents at 1 January	66,723	75,930
Effect of exchange rate fluctuations on cash held	(95)	129
<b>Cash and cash equivalents at 30 June</b>	<b>70,261</b>	<b>59,778</b>

**Significant non-cash transaction**

During the six months ended 30 June 2023, the Group received investment properties with an aggregate cost of Nil (30 June 2022: \$779,000) as part of settlement plan with a trade debtor, acquired property, plant and equipment under finance leases amounting to \$2,957,000 (30 June 2022: Nil) and dividend distribution in the form of shares \$167,000 (30 June 2022: Nil).

- (i) Cash and cash equivalents comprised:

	Group	
	As at 30 Jun 2023	As at 30 Jun 2022
	\$'000	\$'000
Fixed deposits	32,113	29,436
Cash and bank balances	38,148	30,342
	70,261	59,778

## **Notes to the condensed interim consolidated financial statements**

### **1 Corporate information**

EnGro Corporation Limited (“the Company”) is incorporated in the Republic of Singapore. The address of the Company’s registered office is 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923.

These condensed interim financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group are mainly those relating to the manufacture and sale of building materials and specialty polymers. In addition, the Company is also an investment holding company.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (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 the performance of the Group since the last annual financial statements for the year ended 31 December 2022.

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 2.4.

#### **2.2 Functional and presentation currency**

The condensed interim financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

#### **2.3 Use of estimates and judgements**

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 expenses. 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 year ended 31 December 2022.

## 2 Basis of preparation (cont'd)

### 2.3 Use of estimates and judgements (cont'd)

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next interim period are included in the following notes:

- Note 11 – Valuation of financial assets measured at fair value
- Note 14 – Measurement of loss allowance for trade receivables

### 2.4 Changes in accounting policies

#### New standards and amendments

The accounting policies adopted and methods of computation are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except in the current financial period, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

## 3 Seasonal operations

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

## 4 Finance income and finance costs

	<b>Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income under the effective interest method on:		
- Cash and cash equivalents	691	178
- Debt securities measured at fair value through profit or loss ("FVTPL")	42	64
<b>Total interest income arising from financial assets measured at amortised cost or FVTPL</b>	<b>733</b>	<b>242</b>
Dividend income	246	4,426
Other investment income	764	174
Net change in fair value of financial assets:		
- Mandatorily measured at FVTPL – held-for-trading	194	126
- Mandatorily measured at FVTPL – others	1,664	-
Net foreign exchange gain	-	296
<b>Finance income</b>	<b>3,601</b>	<b>5,264</b>

#### 4 Finance income and finance costs (cont'd)

	<b>Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Financial liabilities measured at amortised cost:		
- Interest expense on lease liabilities	(287)	(228)
- Interest expense on loans and borrowings	(36)	(48)
Net change in fair value of financial assets mandatorily measured at FVTPL – others	-	(1,258)
Net foreign exchange loss	(710)	-
<b>Finance costs</b>	<b>(1,033)</b>	<b>(1,534)</b>
<b>Net finance income recognised in profit or loss</b>	<b>2,568</b>	<b>3,730</b>

#### 5 Tax expense

The income tax expense recognised in each interim period is based on the best estimate of the weighted-average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

	<b>Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax expense</b>		
Current period	430	203
	430	203

#### 6 Earnings per share

	<b>Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit attributable to owners of Company (\$'000)	2,167	4,889
Weighted average number of ordinary shares (basic) ('000)	118,703	118,703
Potential ordinary shares issuable under share options ('000)	-	-
Weighted average number of ordinary shares (diluted) during the year ('000)	118,703	118,703
Basic earnings per share (cents)	1.83	4.12
Diluted earnings per share (cents)	1.83	4.12

## 7 Net assets value

	Group		Company	
	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
	\$	\$	\$	\$
Net asset value per ordinary share at end of the financial period/year	2.30	2.35	1.79	1.76
Total number of issued shares* at the end of the financial period/year ('000)	118,703	118,703	118,703	118,703

\*There were no treasury shares as at 30 June 2023 (31 December 2022: Nil)

## 8 Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets with an aggregate cost of \$5,083,000 (30 June 2022: \$2,819,000) and disposed off assets amounting Nil (30 June 2022: \$28,000).

## 9 Investment properties

During the six months ended 30 June 2023, the Group received investment properties with an aggregate cost of Nil (30 June 2022: \$779,000) as part of settlement plan with a trade receivable.

	Group	
	As at 30 Jun 2023	As at 31 Dec 2022
	\$'000	\$'000
<b>Freehold properties</b>		
At 1 January	2,558	-
Additions	39	2,657
Depreciation	(26)	(13)
Movements in exchange rates	(116)	(86)
At end of the financial period/year	2,455	2,558

## 10 Associates and joint ventures

During the current financial period, the Group's investments in associates and joint ventures decreased by \$11,991,000 (30 June 2022: decreased by \$10,120,000) mainly due to repayment of loan from an associate, share of losses and foreign exchange losses (30 June 2022: repayment of loan from an associate, dividend received and foreign exchange losses).

## 11 Other investments

	Group		Company	
	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
<b>Non-current</b>				
Mandatorily at FVTPL:				
- Equity securities	8,386	5,760	-	-
- Investment funds	1,057	926	-	-
- Venture capital funds	45,868	45,526	-	-
- Other unquoted investment	249	247	-	-
Designated at FVOCI:				
- Equity securities	5,250	5,385	5,060	5,197
	60,810	57,844	5,060	5,197
<b>Current</b>				
Mandatorily at FVTPL:				
- Equity securities	4,778	3,972	-	-
- Debt securities	3,228	2,988	2,963	2,461
- Investment funds	1,839	1,602	-	-
- Dual currency investment	2,610	-	2,610	-
	12,455	8,562	5,573	2,461
	73,265	66,406	10,633	7,658

### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values of financial assets.

When measuring the fair value of an asset, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There were no transfers of financial assets between Level 1 and Level 2 of the fair value hierarchy during the interim periods ended 30 June 2023 and 30 June 2022.

**11 Other investments (cont'd)**  
**Measurement of fair values (cont'd)**

<b>Group</b>	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30 June 2023</b>				
Financial assets at fair value through profit or loss				
- Equity securities	4,850	-	8,314	13,164
- Venture capital funds	-	-	45,868	45,868
- Debt securities	-	3,228	-	3,228
- Investment funds	-	2,896	-	2,896
- Dual currency investment	-	2,610	-	2,610
- Other unquoted investment	-	-	249	249
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	5,250	5,250
	<u>4,850</u>	<u>8,734</u>	<u>59,681</u>	<u>73,265</u>
<b>Group</b>				
<b>31 December 2022</b>				
Financial assets at fair value through profit or loss				
- Equity securities	4,042	-	5,690	9,732
- Venture capital funds	-	-	45,526	45,526
- Debt securities	-	2,988	-	2,988
- Investment funds	-	2,528	-	2,528
- Other unquoted investment	-	-	247	247
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	5,385	5,385
	<u>4,042</u>	<u>5,516</u>	<u>56,848</u>	<u>66,406</u>



**11 Other investments (cont'd)**  
**Measurement of fair values (cont'd)**

<b>Company</b>	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30 June 2023</b>				
Financial assets at fair value through profit or loss				
- Debt securities	-	2,963	-	2,963
- Dual currency investment	-	2,610	-	2,610
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	5,060	5,060
	-	5,573	5,060	10,633
<b>31 December 2022</b>				
Financial assets at fair value through profit or loss				
- Debt securities	-	2,461	-	2,461
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	5,197	5,197
	-	2,461	5,197	7,658

## 11 Other investments (cont'd)

### Level 3 reconciliation

The fair value of financial assets classified in Level 3 of the fair value hierarchy is measured using the net asset values of the venture capital funds and equity securities.

	<b>FVTPL – Venture capital funds \$'000</b>	<b>FVTPL – Equity securities \$'000</b>	<b>FVOCI – Equity securities \$'000</b>	<b>FVTPL – Other unquoted investment \$'000</b>
<b>Group</b>				
At 1 January 2022	49,580	8,192	12,552	-
Total unrealised gains recognised in profit or loss:				
- Finance costs	(7,681)	(3,580)	-	-
Total unrealised gain recognised in other comprehensive income:				
- Net change in fair value of equity investments at FVOCI	-	-	(7,163)	-
Purchases	4,732	1,216	-	287
Settlements	(839)	-	-	-
Exchange movement	(266)	(138)	(4)	(40)
At 31 December 2022	<u>45,526</u>	<u>5,690</u>	<u>5,385</u>	<u>247</u>
At 1 January 2023	45,526	5,690	5,385	247
Total unrealised gains recognised in profit or loss:				
- Finance (costs)/income	(1,010)	2,525	-	-
Total unrealised gain recognised in other comprehensive income:				
- Net change in fair value of equity investments at FVOCI	-	-	(137)	-
Purchases	1,150	-	-	-
Settlements	(235)	-	-	-
Exchange movement	437	100	2	2
At 30 June 2023	<u>45,868</u>	<u>8,315</u>	<u>5,250</u>	<u>249</u>

## 11 Other investments (cont'd)

### Level 3 reconciliation

	<b>FVOCI – Equity security \$'000</b>
<b>Company</b>	
At 1 January 2022	12,143
Total unrealised losses recognised in other comprehensive income:	
- Net change in fair value of equity investments at FVOCI	(6,946)
At 31 December 2022	<u>5,197</u>
At 1 January 2023	5,197
Total unrealised losses recognised in other comprehensive income:	
- Net change in fair value of equity investments at FVOCI	(137)
At 30 June 2023	<u>5,060</u>

As at the reporting date, fair values of VCFs are determined based on the latest available net asset values obtained from the fund managers of the VCFs, and where relevant, adjustments for any capital contributions and distributions. The underlying assets of the VCFs consist of assets and liabilities which are measured at fair value.

Fair value of investments in unquoted equity securities are determined by estimating the fair value of the investee's net assets.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Net asset value ("NAV")	Value of the underlying net assets	The estimated fair value would increase/decrease if NAV was higher/lower
A discount is applied to take into consideration the non-marketable nature of the investments, where applicable.	Discount rate: 2023: 35% 2022: 34% - 39%	The estimated fair value would increase/decrease if the discount rate was lower/higher

## 12 Right-of-use assets

During the six months ended 30 June 2023, the Group had additions to rights-of-use assets with an aggregate cost of \$1,417,000 (30 June 2022: \$104,000), offset by depreciation of \$960,000 (30 June 2022: \$743,000), foreign exchange loss \$56,000 (30 June 2022: \$7,000) and loss on early termination of Nil (30 June 2022: \$21,000).

## 13 Inventories

	Group		Company	
	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
<b>At cost</b>				
Raw materials	2,959	1,985	-	-
Consumables	193	195	-	-
Work-in-progress	-	884	-	-
Finished goods	5,519	7,049	3,674	5,207
	8,671	10,113	3,674	5,207

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

## 14 Trade and other receivables

	Group		Company	
	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
Trade receivables	33,635	29,419	19,877	13,706
Non-trade amount due from subsidiaries	-	-	13,864	16,915
Non-trade amount due from joint ventures	717	767	14	38
Deposits	601	421	60	51
Other receivables	1,497	1,442	450	455
Dividends receivable from associates and joint ventures	644	2,195	-	-
Forward exchange contracts	60	-	60	-
Prepayments	2,328	683	1,656	478
	39,482	34,927	35,981	31,643

## 14 Trade and other receivables (cont'd)

### *Source of estimation uncertainty*

The Group maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgements or utilised different estimates. An increase in the Group's allowance for doubtful accounts would increase the Group's recorded operating expenses and decrease its receivables (current assets).

## 15 Share capital

	<b>Ordinary shares</b>			
	As at 30 Jun 2023		As at 31 Dec 2022	
	No. of shares		No. of shares	
	'000	\$'000	'000	\$'000
<b>Issued and paid up:</b>				
As beginning and end of financial period	118,703	85,270	118,703	85,270

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.

## 16 Loans and borrowings and lease liabilities

	Group		Company	
	As at	As at	As at	As at
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>				
Secured	4,348	2,776	2,133	2,773
Unsecured	16,780	16,445	4,263	4,464
	21,128	19,221	6,396	7,237
<b>Current</b>				
Secured	1,840	1,286	1,277	1,267
Unsecured	2,989	2,913	3,979	4,893
	4,829	4,199	5,256	6,160
	25,957	23,420	11,652	13,397

The bank loan bears 2% interest per annum on monthly rests.

## 17 Trade and other payables

	Group		Company	
	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
Trade payables	14,057	8,538	6,896	1,547
Accrued expenses	5,016	4,154	2,942	2,197
Other payables	278	1,424	278	378
Forward exchange contracts	1,853	202	776	202
	21,204	14,318	10,892	4,324

## 18 Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. Each strategic business unit offer different products or services, and are managed separately. The Group's Chief Executive Officer ("CEO") reviews internal management reports of each strategic business unit on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Cement and building materials: Manufacture and sale of Cement, ready-mix concrete and other building materials.
- Specialty polymer: Manufacture and sale of thermosetting synthetic resin and plastic materials.
- Investments: Trading of quoted equity securities, debt securities and holding of investments in venture capital and investment funds and unquoted equity securities.
- Food and beverage: Operation of food and beverage outlets under franchise.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss), as included in the internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

## 18 Operating segments (cont'd)

### Information about reportable segments

	<b>Cement and building materials</b>	<b>Specialty polymer</b>	<b>Investments</b>	<b>Food and beverage</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue and expenses</b>					
<b>30 June 2023</b>					
External revenues, representing consolidated revenue	63,040	5,208	-	662	68,910
Reportable segment profit/(loss)	4,490	1,283	2,032	(285)	7,520
Share of (loss)/profit of associates and joint ventures	(1,092)	201	(556)	-	(1,447)
	3,398	1,484	1,476	(285)	6,073
Headquarter expenses					(3,242)
Support expenses of associates and joint ventures					(295)
Interest expense					(323)
Interest income					733
Profit before tax					2,946
Add: Tax expense					(430)
Profit for the period					2,516
Timing of revenue recognition:					
– Products transferred at a point in time	63,040	5,208	-	662	68,910

## 18 Operating segments (cont'd)

### Information about reportable segments (Cont'd)

	Cement and building materials \$'000	Specialty polymer \$'000	Investments \$'000	Food and beverage \$'000	Total \$'000
<b>Revenue and expenses</b>					
<b>30 June 2022</b>					
External revenues, representing consolidated revenue	56,912	6,949	-	818	64,679
Reportable segment profit/(loss)	3,675	489	4,083	(293)	7,954
Share of profit of associates and joint ventures	623	30	10	-	663
	<u>4,298</u>	<u>519</u>	<u>4,093</u>	<u>(293)</u>	<u>8,617</u>
Headquarter expenses					(2,594)
Support expenses of associates and joint ventures					(595)
Interest expense					(276)
Interest income					242
Profit before tax					<u>5,394</u>
Add: Tax expense					<u>(203)</u>
Profit for the period					<u><u>5,191</u></u>
Timing of revenue recognition:					
– Products transferred at a point in time	56,912	6,949	-	818	64,679

	Cement and building materials \$'000	Specialty polymer \$'000	Investments \$'000	Food and beverage \$'000	Others \$'000	Total \$'000
<b>Assets and liabilities</b>						
<b>30 June 2023</b>						
Total assets for reportable segments	98,737	13,428	80,772	2,499	-	195,436
Investments in associates and joint ventures						97,928
Other unallocated amounts						32,803
Consolidated total assets						<u><u>326,167</u></u>
Total liabilities for reportable segments	40,121	1,200	97	2,487	-	43,905
Other unallocated amounts						5,692
Consolidated total liabilities						<u><u>49,597</u></u>



## 18 Operating segments (cont'd)

### Information about reportable segments (Cont'd)

	Cement and building materials \$'000	Specialty polymer \$'000	Investments \$'000	Food and beverage \$'000	Others \$'000	Total \$'000
<b>Assets and liabilities</b>						
<b>30 June 2022</b>						
Total assets for reportable segments	80,254	12,954	90,534	585	-	184,327
Investments in associates and joint ventures						124,783
Other unallocated amounts						30,581
Consolidated total assets						<u>339,691</u>
Total liabilities for reportable segments	30,086	1,925	127	1,355	-	33,493
Other unallocated amounts						6,887
Consolidated total liabilities						<u>40,380</u>
<b>Other segment information</b>						
<b>30 June 2023</b>						
Capital expenditure	4,931	57	-	95	-	5,083
Depreciation and amortisation	1,620	92	-	101	-	1,813
Impairment/(reversal of impairment) on financial assets	36	(389)	-	-	-	(353)
<b>30 June 2022</b>						
Capital expenditure	2,817	2	-	-	-	2,819
Depreciation and amortisation	1,265	94	-	3	-	1,363
Reversal of impairment on financial assets	(382)	-	-	-	-	(382)

## 18 Operating segments (cont'd)

### Geographical segments

The Group's operations are mainly in Singapore, Malaysia and the People's Republic of China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Singapore	Malaysia	People's Republic of China	Others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2023</b>						
External customers						
– Cement and building materials	52,554	10,131	-	355	-	63,040
– Specialty polymer	3,220	112	26	1,850	-	5,208
– Food and beverage	-	-	662	-	-	662
Inter-segment revenue	5,691	4	-	-	(5,695)	-
Total revenue	<u>61,465</u>	<u>10,247</u>	<u>688</u>	<u>2,205</u>	<u>(5,695)</u>	<u>68,910</u>
Total non-current assets for reportable segments*						
	<u>30,796</u>	<u>3,767</u>	<u>1,469</u>	<u>-</u>	<u>-</u>	<u>36,032</u>
Total assets for reportable segments						
	173,331	16,824	6,264	369	-	196,789
Investments in associates and joint ventures						
	9,636	-	82,387	5,905	-	97,928
Other unallocated amounts						
						<u>31,450</u>
Consolidated total assets						
						<u>326,167</u>
<b>30 June 2022</b>						
External customers						
– Cement and building materials	48,533	7,038	5	1,337	-	56,912
– Specialty polymer	4,844	45	77	1,983	-	6,949
– Food and beverage	-	-	818	-	-	818
Inter-segment revenue	3,576	8	-	-	(3,584)	-
Total revenue	<u>56,953</u>	<u>7,090</u>	<u>900</u>	<u>3,320</u>	<u>(3,584)</u>	<u>64,679</u>
Total non-current assets for reportable segments*						
	<u>21,990</u>	<u>2,764</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>24,886</u>
Total assets for reportable segments						
	168,587	12,871	2,078	792	-	184,327
Investments in associates and joint ventures						
	17,563	-	101,214	6,006	-	124,783
Other unallocated amounts						
						<u>30,581</u>
Consolidated total assets						
						<u>339,691</u>

\* excludes associates and joint ventures, deferred tax assets and other investments

## **19 Capital commitments**

As at half year ended 30 June 2023, the Group is committed to incur \$22,098,000 (31 December 2022: \$18,693,000) in respect of additional investments in VCFs and \$1,160,000 (31 December 2022: \$1,924,000) in respect of purchase of plant and equipment.

## **20 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 EnGro Corporation Limited and its subsidiaries as at 30 June 2023 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 group performance**

##### **2.1 Statement of profit or loss**

The Group achieved a 7% year-on-year (YoY) growth in revenue, reaching \$68.9 million in 1H 2023. This growth was primarily driven by increased demand from key customers in the Integral Cement and Ready-Mix Concrete business. The increase in demand can be attributed to the recovery of construction activities following the COVID-19 impact, particularly in Singapore and Malaysia.

However, the Group's profit after tax for the same period declined by 52% YoY to \$2.5 million. This decline can be mainly attributed to two factors:

- 1) The absence of dividend income from property development investments.
- 2) The underperformance of the Specialty Cement business in China due to the weakened Chinese economy.

Additionally, the increase in depreciation of property, plant, and equipment as well as right-of-use assets, by 37.2% and 29.2%, respectively, was driven by new investments in ancillary facilities and the related land lease at the Jurong Port batching plant.

##### **2.2 Statement of financial position**

Investment in associates and joint ventures decreased by \$12.0 million attributable to repayment loan of \$6.5 million, foreign exchange losses of \$4.1 million due to weaken of RMB against SGD and share of losses of \$1.4 million for 1H 2023.

Net increase of \$6.9 million in other investments was a result of additional investments of \$7.5 million and fair value gain of \$3.1 million, offset by disposal of investments of \$3.3 million, as well as cash distributions of \$0.4 million received from venture capital funds.

Trade and other receivables increased by \$4.6 million due to higher revenue in 1H 2023 and advance payment of purchase material.

The details of cash and cash equivalents are elaborated in consolidated statement of cash flows.

Lease liabilities increased by \$3.2 million due to new lease liabilities of \$4.4 million, offset by repayment of lease liabilities of \$1.2 million.

Trade and other payables increased by \$6.9 million mainly due to timing of payment to suppliers.

## 2 Review of Group performance (cont'd)

### 2.3 Statement of cash flows

Net cash from operating activities in 1H 2023 was \$5.2 million, arising from changes in working capital with inventories quick turnover \$1.7 million and increase in trade and other payables \$6.0 million, and \$2.6 million arising from operating profits. These were offset by increase in trade and other receivables of \$5.1 million.

Net cash inflow of \$3.0 million from investing activities arising from repayment loan from associates and joint ventures of \$6.5 million, proceeds from disposal of other investments of \$3.3 million, dividend received from associates and joint ventures and other investments of \$1.6 million, interest income of \$0.7 million and cash distribution from other investments of \$0.4 million. These were partially offset by cash used for acquisition of other investments of \$7.4 million, as well as property, plant and equipment of \$2.1 million.

Net cash used in financing activities of \$4.5 million, arising from dividend payment \$3.0 million and payment of lease liabilities and bank borrowings of \$1.7 million.

The cash and cash equivalents as at end of 1H 2023 was \$70.3 million, an increase of \$10.5 million compared to 1H 2022.

## 3 Changes in share capital

### 3.1 Changes in share capital since the end of the previous period reported on:

	<b>Number of Shares</b>
Issued share capital of the Company as at 31 December 2022	118,702,500
Issued share capital of the Company as at 30 June 2023	118,702,500

There were no treasury shares held by the Company as at 30 June 2023 (As at 31 December 2022: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2023.

### 3.2 Total number of issued shares excluding treasury shares

	<b>As at 30 Jun 2023</b>	<b>As at 31 Dec 2022</b>
Total number of issued shares excluding treasury shares	118,702,500	118,702,500

## 4 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.

## **5 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.**

While Singapore's economy grew a modest 0.7% year-on-year in 2Q 2023, the overall economic landscape remains subdued. The reduced number of major projects and heightened competition among ready-mix concrete (RMC) operators continue to drive intense pricing competition in 2H 2023.

Our upcoming batching plant, situated within the Jurong Port Ecosystem RMC Hub and set to commence operations in 3Q 2023, will bolster our RMC business, facilitating project coverage in western Singapore.

Anticipating a stagnant global market, our Specialty Chemical business would face challenges in 2H 2023.

The outlook for our joint ventures (JVs) in China remains cautious due to the anticipated prolonged weakness and uncertainty in China's domestic economy.

Addressing this economic slowdown, the Chinese government has committed to implementing additional measures to support the economy.

Despite these challenges, the Group is expected to maintain profitability for the current financial year.

## **6 Dividends**

- (a) **Current financial period reported on**  
No
- (b) **Corresponding period of the immediate preceding financial year**  
No
- (c) **Date payable**  
Not applicable
- (d) **Books closure date**  
Not applicable
- (e) **If no dividend has been declared/ recommended, a statement to that effect and the reason for the decision**  
No dividend has been declared/recommended for the current financial period. Our current policy is to pay annual dividend.

## **7 Interested person transactions**

The Company does not have a shareholders' mandate for interested person transactions.

## **8 Undertaking pursuant to Rule 720 (1)**

The Company confirms that the undertakings under Rule 720(1) of the SGX-ST Listing Manual have been obtained from all its directors and executive officers.

## **9 Confirmation by the Board**

We, TAN CHENG GAY and TAN YOK KOON being two of the Directors of EnGro 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 financial results for the period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

TAN CHENG GAY  
Chairman and CEO

TAN YOK KOON  
Director

### **BY ORDER OF THE BOARD**

Joanna Lim  
Company Secretary  
11 August 2023