



ENGRO CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
Co. Reg. No. 197302229H

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1(a) CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

	GROUP					
	3Q2017	3Q2016	Change	YTD2017	YTD2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	38,157	35,717	6.8	112,046	110,153	1.7
Changes in inventories of finished goods and work-in-progress	(1,080)	617	n.m.	(1,284)	1,518	n.m.
Raw materials	(28,405)	(28,140)	(0.9)	(87,608)	(84,468)	(3.7)
Gain/ (loss) on disposal of property, plant and equipment	75	(91)	n.m.	102	320	(68.1)
(Loss)/ gain on disposal of investments	-	(3)	n.m.	-	3,472	n.m.
Investment income	463	99	n.m.	464	217	n.m.
Interest income	53	111	(52.3)	144	762	(81.1)
Dividend income	44	48	(8.3)	164	215	(23.7)
Other income	493	482	2.3	1,530	2,082	(26.5)
Exchange (loss)/ gain (net)	(555)	539	n.m.	(1,881)	(1,255)	(49.9)
Reversal of/ (allowance for) doubtful debts and bad debts recovered	15	(421)	n.m.	256	(421)	n.m.
Depreciation of property, plant and equipment	(1,121)	(1,167)	3.9	(3,284)	(3,344)	1.8
Amortisation of intangible assets	(25)	(17)	n.m.	(73)	(24)	n.m.
Impairment loss on available-for-sale financial assets	(127)	(96)	(32.3)	(532)	(1,163)	54.3
Net change in fair value of financial assets at fair value through profit or loss	559	1,099	(49.1)	112	(78)	n.m.
Staff costs	(3,282)	(3,659)	10.3	(9,023)	(11,038)	18.3
Rental expenses	(679)	(706)	3.8	(1,992)	(2,234)	10.8
Other expenses	(4,432)	(4,502)	1.6	(13,011)	(13,554)	4.0
Interest expense	(73)	(111)	34.2	(227)	(335)	32.2
Profit/ (loss) before share of profit of associates and joint ventures	80	(201)	n.m.	(4,097)	825	n.m.
Share of profit of associates and joint ventures, net of tax	2,259	1,780	26.9	6,095	3,218	89.4
Profit before tax	2,339	1,579	48.1	1,998	4,043	(50.6)
Tax expense	(70)	(116)	n.m.	(77)	(704)	n.m.
Profit for the period	2,269	1,463	55.1	1,921	3,339	(42.5)
Attributable to:						
Owners of the Company	2,227	1,498	48.7	1,814	3,194	(43.2)
Non-controlling interests	42	(35)	n.m.	107	145	(26.2)
Profit for the period	2,269	1,463	55.1	1,921	3,339	(42.5)

n.m. - not meaningful

1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

	GROUP					
	3Q2017 \$'000	3Q2016 \$'000	Change %	YTD2017 \$'000	YTD2016 \$'000	Change %
Profit for the period	2,269	1,463	55.1	1,921	3,339	(42.5)
Other comprehensive income:						
Items that are or maybe reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(198)	744	n.m.	(1,444)	(4,449)	67.5
Exchange differences on monetary items forming part of the net investment in foreign operations	(520)	493	n.m.	(2,485)	(1,389)	(78.9)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	127	99	28.3	532	(2,309)	n.m.
Net change in fair value of available-for-sale financial assets	(592)	(388)	52.6	(1,101)	(2,291)	51.9
Other comprehensive income for the period, net of tax	(1,183)	948	n.m.	(4,498)	(10,438)	56.9
Total comprehensive income for the period	1,086	2,411	(55.0)	(2,577)	(7,099)	63.7
Total comprehensive income attributable to:						
Owners of the Company	1,037	2,436	(57.4)	(2,663)	(7,170)	62.9
Non-controlling interests	49	(25)	n.m.	86	71	21.1
Total comprehensive income for the period	1,086	2,411	(55.0)	(2,577)	(7,099)	63.7

n.m. - not meaningful

1(c) EARNINGS PER ORDINARY SHARE

	GROUP		GROUP	
	3Q2017 Cents	3Q2016 Cents	YTD2017 Cents	YTD2016 Cents
Earnings/ (loss) per ordinary shares attributable to equity holders of the Company:				
(i) Based on weighted average number of ordinary shares in issue	1.88	1.26	1.53	2.69
(ii) On a fully diluted basis	1.88	1.26	1.53	2.69

1(d) **STATEMENTS OF FINANCIAL POSITION**

	GROUP		COMPANY	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Property, plant and equipment	13,559	14,250	2,446	2,760
Subsidiaries	-	-	52,010	54,475
Intangible assets	484	425	126	131
Associates and joint ventures	104,177	101,096	60,555	60,555
Other investments	16,913	17,742	1,217	1,217
Other assets	79	97	78	97
Amounts due from associates and a joint venture	527	1,037	-	-
Loan to a subsidiary	-	-	4,940	5,059
Deferred tax assets	85	29	-	-
Non-current assets	135,824	134,676	121,372	124,294
Other investments	25,462	21,717	-	-
Inventories	10,469	10,132	2,670	5,114
Trade and other receivables	50,504	47,964	55,398	49,012
Cash and cash equivalents	27,989	39,393	13,595	20,363
Current assets	114,424	119,206	71,663	74,489
TOTAL ASSETS	250,248	253,882	193,035	198,783
EQUITY				
Share capital	85,270	85,270	85,270	85,270
Reserves	128,353	133,938	84,255	90,112
Equity attributable to owners of the Company	213,623	219,208	169,525	175,382
Non-controlling interests	209	123	-	-
Total equity	213,832	219,331	169,525	175,382
LIABILITIES				
Loans and borrowings	5,166	6,919	54	244
Deferred tax liabilities	507	756	-	-
Non-current liabilities	5,673	7,675	54	244
Loans and borrowings	6,685	3,633	16,942	13,775
Trade and other payables	23,852	22,881	6,514	9,382
Current tax liabilities	206	362	-	-
Current liabilities	30,743	26,876	23,456	23,157
TOTAL LIABILITIES	36,416	34,551	23,510	23,401
TOTAL EQUITY AND LIABILITIES	250,248	253,882	193,035	198,783

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION

Compared to 31 December 2016, other investments increased by \$2.9 million due to additional investment of \$7.0 million, partially offset by disposal, cash distribution and fair value changes.

Trade and other receivables decreased by \$2.5 million largely due to the reclassification of \$3.3 million payment in transit for investment.

Loans and borrowings increased by \$1.3 million due to the proceeds from short-term borrowings, partially offset by the repayment of finance lease liabilities.

1(e) **GROUP BORROWINGS**

	As at 30 Sept 2017 \$'000	As at 31 Dec 2016 \$'000
Amount repayable in one year		
Secured	2,274	2,360
Unsecured	4,411	1,273
	6,685	3,633
Amount repayable after one year		
Secured	5,166	6,919
Unsecured	-	-
	5,166	6,919
Total	11,851	10,552

Details of any collateral

- a) The Group's banking facilities are unsecured
- b) The hire purchase facilities of the Group are secured by the Company and its subsidiaries' plant and machinery and motor vehicles.

1(f) **NET ASSET VALUE**

	GROUP		COMPANY	
	3Q2017	3Q2016	3Q2017	3Q2016
	\$	\$	\$	\$
Net asset value per ordinary share at end of the financial period	1.80	1.80	1.43	1.49

2 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30
SEPTEMBER 2017**

	GROUP	
	3Q2017	3Q2016
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	2,339	1,579
Adjustments for:		
Amortisation of intangible assets	25	17
Depreciation of property, plant and equipment	1,121	1,167
Dividend income	(44)	(48)
(Loss)/ gain on disposal of:		
- available-for-sale financial assets	-	3
- property, plant and equipment	(75)	91
Impairment losses on doubtful receivables	-	421
Impairment loss on available-for-sale financial assets	127	97
Impairment loss on other assets	-	14
Interest expense	73	111
Interest income	(53)	(111)
Net change in fair value of financial assets at fair value through profit or loss	(559)	(1,099)
Share of profit of associates and joint ventures, net of tax	(2,259)	(1,780)
	<u>695</u>	<u>462</u>
Changes in working capital:		
Inventories	911	722
Trade and other payables	3,065	(96)
Trade and other receivables	(5,274)	3,477
Cash (used in)/ generated from operations	<u>(603)</u>	<u>4,565</u>
Tax paid	(111)	(56)
Net cash (used in)/ generated from operating activities	<u>(714)</u>	<u>4,509</u>
Cash flows from investing activities		
Distribution from other investments	315	71
Dividends received from:		
- other investments	33	48
- associates and joint ventures	1,876	1,283
Interest received	53	-
Proceeds from disposal of:		
- financial assets fair value through profit or loss	-	348
- property, plant and equipment	68	-
Purchase of available-for-sale financial assets	(1,802)	(720)
Purchase of property, plant and equipment	(198)	(151)
Refund of loan from a joint venture	-	6,503
Net cash generated from investing activities	<u>346</u>	<u>7,382</u>
Cash flows from financing activities		
Interest paid	(73)	(111)
Repayment of finance lease liabilities	(548)	(592)
Repayment of borrowings	-	(5,620)
Proceeds from short-term borrowings	4,411	-
Repurchase of own shares	-	(120)
Net cash generated from /(used in) financing activities	<u>3,790</u>	<u>(6,443)</u>
Net increase in cash and cash equivalents	3,422	5,448
Cash and cash equivalents at beginning of the period	24,610	37,856
Effect of exchange rate fluctuations on cash held	(43)	6
Cash and cash equivalents at end of the period	<u>27,989</u>	<u>43,310</u>

2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)

ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash used in operating activities in 3Q2017 was \$0.7 million, attributed to the changes in working capital.

Net cash generated from investing activities of \$0.3 million in 3Q2017 was largely due to the dividends received from associates and joint ventures, which was partially offset by the investment in available-for-sale financial assets.

\$3.8 million net cash generated from financing activities in 3Q2017 was due to the proceeds from short-term borrowings, minus the repayment of finance lease liabilities.

The cash and cash equivalents as at end of 3Q2017 was \$28.0 million, \$15.3 million lower than 3Q2016.

3 **STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

Group	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 July 2016	85,270	(45)	-	154	(3,811)	5,616	123,728	210,912	159	211,071
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	1,498	1,498	(35)	1,463
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	734	-	-	734	10	744
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	493	-	-	493	-	493
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	99	-	99	-	99
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	(388)	-	(388)	-	(388)
Total comprehensive income	-	-	-	-	1,227	(289)	-	938	10	948
Total comprehensive income for the period	-	-	-	-	1,227	(289)	1,498	2,436	(25)	2,411
Transactions with owners, recognised directly in equity										
Distributions to owners										
Own shares acquired	-	-	(120)	-	-	-	-	(120)	-	(120)
Total transactions with owners	-	-	(120)	-	-	-	-	(120)	-	(120)
At 30 September 2016	85,270	(45)	(120)	154	(2,584)	5,327	125,226	213,228	134	213,362
At 1 July 2017	85,270	(42)	(72)	125	(1,947)	4,809	124,443	212,586	160	212,746
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	2,227	2,227	42	2,269
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(205)	-	-	(205)	7	(198)
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	(520)	-	-	(520)	-	(520)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	127	-	127	-	127
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	(592)	-	(592)	-	(592)
Total other comprehensive income	-	-	-	-	(725)	(465)	-	(1,190)	7	(1,183)
Total comprehensive income for the period	-	-	-	-	(725)	(465)	2,227	1,037	49	1,086
At 30 September 2017	85,270	(42)	(72)	125	(2,672)	4,344	126,670	213,623	209	213,832

3 **STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)**

	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total equity \$'000
Company						
At 1 July 2016	85,270	(45)	-	154	89,389	174,768
Total comprehensive income for the period						
Profit for the period	-	-	-	-	1,719	1,719
Total comprehensive income for the period	-	-	-	-	1,719	1,719
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Own shares acquired	-	-	(120)	-	-	(120)
Total transactions with owners	-	-	(120)	-	-	(120)
At 30 September 2016	85,270	(45)	(120)	154	91,108	176,367
At 1 July 2017	85,270	(42)	(72)	125	84,787	170,068
Total comprehensive income for the period						
Profit for the period	-	-	-	-	(543)	(543)
Total comprehensive income for the period	-	-	-	-	(543)	(543)
At 30 September 2017	85,270	(42)	(72)	125	84,244	169,525

3(a) CHANGES IN COMPANY'S SHARE CAPITAL

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

	<u>Number of Shares</u>
Issued share capital of the Company (excluding treasury shares) as at 31 December 2016	<u>118,568,300</u>
Issued share capital of the Company (excluding treasury shares) as at 30 September 2017	<u>118,623,300</u>

There were 79,200 treasury shares held by the Company as at 30 September 2017 (30 September 2016: 134,200), which has been excluded in the number of issued ordinary shares stated above.

As at 30 September 2017, options to subscribe to 875,000 ordinary shares remained unexercised (30 September 2016: 1,087,500 ordinary shares).

3(b) TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES

	<u>As at 30 Sept 2017</u>	<u>As at 31 Dec 2016</u>
Total number of issued shares excluding treasury shares	<u>118,623,300</u>	<u>118,568,300</u>

3(c) TREASURY SHARES

	<u>Number of shares for the quarter ended</u>	
	<u>30 Sept 2017</u>	<u>30 Sept 2016</u>
<u>Group and Company</u>		
As at beginning of the quarter	79,200	-
Purchase of treasury shares	-	134,200
As at end of the quarter	<u>79,200</u>	<u>134,200</u>

4 AUDIT

These figures have not been audited or reviewed by the Company's auditors.

5 AUDITORS' REPORT

Not applicable.

6 ACCOUNTING POLICIES

Other than the adoption of the new and revised Financial Reporting Standards (FRS) which took effect on 1 January 2017, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 2016.

7 CHANGES IN ACCOUNTING POLICIES

There are no changes to the accounting policies.

8 REVIEW OF GROUP PERFORMANCE

Group revenue for 3Q 2017 increased by 6.8% to \$38.2 million from \$35.7 million in 3Q 2016 as a result of improved performance from the Integral Cement and Ready-Mix Concrete and Specialty Polymer segments.

The better revenue performance from these two business segments led to an increase in Group profit from \$1.5 million in 3Q 2016 to \$2.2 million in 3Q 2017. In China, higher GGBS selling price has contributed to its improved performance.

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

Actual results were in line with prospect statement made in 2Q2017 announcement.

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.

Based on the advance estimates released by the Ministry of Trade and Industry on 13 October 2017, the construction sector contracted by 6.3% on a year-on-year basis in the third quarter, extending the 6.8% decline in the previous quarter. The sector was weighed down primarily by continued weakness in private sector construction activities.

We expect the construction demand to remain flat till middle of 2018 when demand from new infrastructure projects pick up. To boost construction demand, the government has brought forward \$1.4 billion of public amenities projects. Coupled with potential recovery of private residential sector, local construction demand is expected to improve from 2018 onwards.

In China, the government's policy to raise the standard of cement specification should be advantageous to our Green Cement business. Notwithstanding the curb in the production of steel and cement to address the pollution issues, our China joint ventures are expected to continue to contribute positively to the overall performance of the Group.

11 DIVIDENDS

(a) Current financial period reported on

No

(b) Corresponding period of the immediately preceding financial year

No

(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/recommendeded for the current financial period.

13 INTERESTED PERSON TRANSACTIONS

The Company does not have a shareholders' mandate for interested person transactions.
There are no interested person transactions conducted during the 3rd quarter of financial year 2017.

14 UNDERTAKINGS 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.

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 September 2017 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
7 November 2017