



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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) **An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		
	1Q15	1Q14	%
	S\$'000	S\$'000	Change
Continuing operations			
Revenue	54,460	44,833	21.5
Changes in inventories of finished goods and work-in-progress	(2,198)	(1,684)	30.5
Raw materials	(40,867)	(31,264)	30.7
Gain/ (Loss) on disposal of property, plant and equipment	8	(98)	n.m.
Investment income	103	11	n.m.
Interest income	30	42	(28.6)
Dividend income	58	238	(75.6)
Other income	3,193	337	n.m.
Exchange gain/ (loss)	633	(60)	n.m.
Recovered/ (Allowance) for doubtful receivables and bad debts written off	11	(132)	n.m.
Depreciation of property, plant and equipment	(1,246)	(804)	55.0
Impairment of property, plant and equipment	(500)	-	n.m.
Allowance for impairment on investments	(20)	-	n.m.
Net change in fair value of financial assets held for trading	915	24	n.m.
Staff costs	(4,256)	(3,620)	17.6
Rental expenses	(619)	(565)	9.6
Other expenses	(6,199)	(5,724)	8.3
Interest expenses	(105)	(2)	n.m.
Profit before share of profit of associates and joint ventures	3,401	1,532	n.m.
Share of (loss) / profit of associates and joint ventures (net of tax)	(272)	301	n.m.
Profit from ordinary activities before taxation	3,129	1,833	70.7
Income tax expense	(222)	(268)	(17.2)
Net profit for the period ended	2,907	1,565	85.8

Attributable to:

Equity holders of the Company	2,918	1,569	86.0
Non-controlling interests	(11)	(4)	n.m.
Net profit for the period ended	2,907	1,565	85.8

n.m. - not meaningful

Statement of Comprehensive Income

	Group		
	1Q15	1Q14	%
	S\$'000	S\$'000	Change
Net profit for the period ended	2,907	1,565	85.8
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	2,292	(898)	n.m.
Exchange differences on monetary items forming part of net investment	1,398	(89)	n.m.
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	20	-	n.m.
Net change in fair value of available-for-sale financial assets	1,243	1,096	13.4
Other comprehensive income for the period, net of tax	4,953	109	4,444.0
Total comprehensive income for the period	7,860	1,674	369.5

Total comprehensive income attributable to:

Equity holders of the Company	7,837	1,678	367.0
Non-controlling interests	23	(4)	n.m.
	7,860	1,674	369.5

n.m. - not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company		Group	Company
	31.03.2015 S\$'000	31.12.2014 S\$'000	31.03.2015 S\$'000	31.12.2014 S\$'000	% Change	% Change
Non-current assets						
Property, plant and equipment	18,964	18,845	2,503	2,379	0.6	5.2
Subsidiaries	-	-	51,246	50,450	0.0	1.6
Associates and joint ventures	106,351	103,863	60,243	60,243	2.4	0.0
Amount due from associates and joint venture	2,094	2,094	-	-	0.0	0.0
Other investments	23,252	21,034	1,275	1,275	10.5	0.0
Loans to subsidiaries	-	-	2,071	2,073	0.0	(0.1)
Intangible asset	333	333	-	-	0.0	0.0
Other financial assets	172	172	172	172	0.0	0.0
	151,166	146,341	117,510	116,592	3.3	0.8
Current assets						
Inventories	6,958	11,157	2,918	7,938	(37.6)	(63.2)
Trade and other receivables	53,735	40,284	71,293	59,456	33.4	19.9
Amount due from associates and joint ventures	6,763	160	-	-	n.m.	0.0
Other investments	36,584	33,980	18	18	7.7	0.0
Loans to a subsidiary	-	-	5,988	5,936	0.0	0.9
Cash and cash equivalents	25,022	36,940	10,250	16,751	(32.3)	(38.8)
	129,062	122,521	90,467	90,099	5.3	0.4
Total assets	280,228	268,862	207,977	206,691	4.2	0.6
Equity						
Share capital	85,270	85,270	85,270	85,270	0.0	0.0
Reserves	150,565	142,728	100,549	98,109	5.5	2.5
Equity attributable to equity holders of the Company	235,835	227,998	185,819	183,379	3.4	1.3
Non-controlling interests	156	133	-	-	17.3	0.0
Total equity	235,991	228,131	185,819	183,379	3.4	1.3
Non-current liabilities						
Loans and borrowings	9,616	8,935	177	116	7.6	52.6
Deferred tax liabilities	1,011	997	-	-	1.4	0.0
	10,627	9,932	177	116	7.0	52.6
Current liabilities						
Trade and other payables	29,574	27,427	11,434	13,125	7.8	(12.9)
Loans and borrowings	3,697	3,008	10,547	10,071	22.9	4.7
Current tax liabilities	339	364	-	-	(6.9)	0.0
	33,610	30,799	21,981	23,196	9.1	(5.2)
Total liabilities	44,237	40,731	22,158	23,312	8.6	(5.0)
Total equity and liabilities	280,228	268,862	207,977	206,691	4.2	0.6

Explanatory Notes to Balance Sheet

Shareholders' equity of the Group grew by S\$7.9 million to S\$236.0 million as at 31 March 2015 as compared to S\$228.1 million as at 31 December 2014. This was attributable to profit for the period of S\$2.9 million, increase in fair value of reserves of S\$1.3 million and foreign currency translation reserve of S\$3.7 million.

Total assets for the Group amounted to S\$280.2 million as at 31 March 2015, representing S\$11.3 million or 4.2% increase from the total assets of S\$268.9 million as at 31 December 2014.

Property, plant and equipment increased by S\$0.1 million due to new transport equipments of S\$1.9 million acquired as part of business expansion, partially offset by depreciation of S\$1.2 million and impairment of S\$0.5 million.

Associates and joint ventures increased by S\$2.5 million due to foreign exchange translation gain of S\$2.8 million offset by share of loss of associates and joint ventures of S\$0.3 million.

Non-current other investments increased by S\$2.2 million due to additional funds invested of S\$0.6 million, fair value changes of S\$1.3 million and foreign exchange translation gain of S\$0.7 million, offset by cash distribution of S\$0.4 million.

Inventories decreased by S\$4.2 million from S\$11.2 million to S\$7.0 million as at 31 March 2015 due to decrease in goods in transit.

Trade and other receivables increased by S\$13.5 million due to higher amount owing by trade debtors by S\$10.8 million in line with pick up in sales in Integral Cement and Ready-mix Concrete business in first quarter. Remaining S\$2.7 million increase was due to amount prepaid to supplier of raw material.

Increase in amount due from associates and joint ventures of S\$6.6 million was due to shareholder's loan to a joint venture in China.

Current other investments increased by S\$2.6 million from S\$34.0 million to S\$36.6 million due to additional investment of S\$1.7 million and net fair value increase of S\$0.9 million.

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

Amount repayable in one year or less, or on demand

As at 31.03.2015		As at 31.12.2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,767	930	3,008	-

Amount repayable after one year

As at 31.03.2015		As at 31.12.2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
9,616	-	8,935	-

Details of any collateral

The Group's banking facilities are secured by:

- a) fixed deposits amounting to S\$0.5 million,
- b) the hire purchase facilities of the Group are secured by the Company and its subsidiaries' plant and machinery and motor vehicles.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	1Q15 S\$'000	1Q14 S\$'000
Operating activities		
Profit before income tax	3,129	1,833
Adjustments for:		
Reversal for inventory obsolescence	(59)	-
(Reversal of)/ Allowance for doubtful receivables	(5)	132
Bad debts recovered	(6)	-
Depreciation of property, plant and equipment	1,246	804
Dividend income	(58)	(238)
Share-based payment transactions	-	(1)
Impairment of property, plant and equipment	500	-
Allowance of impairment loss on investments	20	-
Interest expense	105	2
Interest income	(30)	(42)
(Gain)/ Loss on disposal of property, plant and equipment	(8)	98
Net change in fair value of financial assets at fair value through profit or loss	(915)	(24)
Share of loss/ (profit) of associates and joint ventures (net of tax)	272	(301)
Operating profit before working capital changes	4,191	2,263
Changes in working capital:		
Inventories	4,243	2,019
Trade and other payables	1,969	334
Trade and other receivables	(13,858)	(944)
Cash (used in)/ generated from operating activities	(3,455)	3,672
Income tax (paid)/ refunded	(225)	226
Net cash (used in)/ generated from operating activities	(3,680)	3,898
Investing activities		
Distributions from other investments	356	199
Dividends received from other investments	58	238
Dividends received from associates and joint ventures	-	600
Interest received	30	42
Loan to a joint venture	(6,673)	-
Proceeds from disposal of other investments	2	776
Proceeds from disposal of property, plant and equipment	8	17
Purchase of other investments	(1,457)	(1,935)
Purchase of property, plant and equipment	(211)	(1,141)
Net cash used in investing activities	(7,887)	(1,204)
Financing activities		
Deposit pledged	(500)	(7)
Interest paid	(105)	(2)
Contribution by a non-controlling interest of a subsidiary	-	20
Repayment of finance leases	(779)	(302)
Loan from non-controlling interests	420	-
Net cash used in financing activities	(964)	(291)
Net (decrease)/ increase in cash and cash equivalents	(12,531)	2,403
Cash and cash equivalents at beginning of period	36,940	64,101
Effect of exchange fluctuations on cash held	113	(15)
Cash and cash equivalents at end of period	24,522	66,489
Comprising:		
Fixed deposits	601	1,928
Bank balances	24,421	65,174
	25,022	67,102
Deposits pledged	(500)	(613)
	24,522	66,489

- 1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Explanatory Notes to Cash Flow Statement

The Group recorded net cash outflow of S\$12.5 million for the period ended 31 March 2015 as compared to a net inflow of S\$2.4 million for the same period last year.

This was attributable to higher net cash used in operating activities of S\$7.6 million, investing activities of S\$6.7 million and financing activities of S\$7.3 million.

Lower cash generated from operating activities was due to higher trade receivables balances of S\$10.1 million in line with the surge in revenue in first quarter of current year and increase in prepayment of S\$2.7 million for purchase of material. The effect was partially offset by higher cash generated from operation by S\$1.9 million, decrease in inventories by S\$2.2 million and increase in trade and other payables by S\$1.6 million.

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.

	Share capital S\$'000	Capital reserve S\$'000	Reserve for own shares S\$'000	Share option reserve S\$'000	Foreign currency translation reserve S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Total attributable to equity holders of the parent S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Group										
At 1 January 2014	85,263	(22)	(302)	192	(4,771)	7,385	126,618	214,363	153	214,516
Total comprehensive income for the period										
Net loss for the period	-	-	-	-	-	-	1,569	1,569	(4)	1,565
Other comprehensive income										
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	(898)	-	-	(898)	-	(898)
Exchange differences on monetary items forming part of net investment	-	-	-	-	(89)	-	-	(89)	-	(89)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	1,096	-	1,096	-	1,096
Total other comprehensive income	-	-	-	-	(987)	1,096	-	109	-	109
Total comprehensive income for the period	-	-	-	-	(987)	1,096	1,569	1,678	(4)	1,674
Contributions by and distributions to owners										
Contribution by non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	20	20
Share-based payment transactions	-	-	-	(1)	-	-	-	(1)	-	(1)
Total transactions with owners	-	-	-	(1)	-	-	-	(1)	20	19
At 31 March 2014	85,263	(22)	(302)	191	(5,758)	8,481	128,187	216,040	169	216,209
At 1 January 2015	85,270	(21)	(20)	168	632	8,125	133,844	227,998	133	228,131
Total comprehensive income for the period										
Net profit for the period	-	-	-	-	-	-	2,918	2,918	(11)	2,907
Other comprehensive income										
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	2,258	-	-	2,258	34	2,292
Exchange differences on monetary items forming part of net investment	-	-	-	-	1,398	-	-	1,398	-	1,398
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	20	-	20	-	20
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	1,243	-	1,243	-	1,243
Total other comprehensive income	-	-	-	-	3,656	1,263	-	4,919	34	4,953
Total comprehensive income for the period	-	-	-	-	3,656	1,263	2,918	7,837	23	7,860
At 31 March 2015	85,270	(21)	(20)	168	4,288	9,388	136,762	235,835	156	235,991

Company	Share capital S\$'000	Capital reserve S\$'000	Reserve for own shares S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
At 1 January 2014	85,263	(22)	(302)	192	91,274	176,405
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	1,771	1,771
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,771	1,771
Contributions by and distributions to owners						
Share-based payment transactions	-	-	-	(1)	-	(1)
Total transactions with owners	-	-	-	(1)	-	(1)
At 31 March 2014	85,263	(22)	(302)	191	93,045	178,175
At 1 January 2015	85,270	(21)	(20)	166	97,983	183,378
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	2,441	2,441
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,441	2,441
At 31 March 2015	85,270	(21)	(20)	166	100,424	185,819

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 for 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.

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 2014	118,683,500
Issued share capital of the Company (excluding treasury shares) as at 31 March 2015	<u>118,683,500</u>

There were 19,000 treasury shares held by the Company as at 31 March 2015 (31 March 2014: 324,000) which has been excluded in the number of issued ordinary shares stated above.

As at 31 March 2015, options to subscribe to 1,282,500 ordinary shares remained unexercised (31 March 2014: 1,587,500 ordinary shares).

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

	<u>As at 31 March 2015</u>	<u>As at 31 December 2014</u>
Total number of issued shares excluding treasury shares	<u>118,683,500</u>	<u>118,683,500</u>

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.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 31 March 2015 and 31 March 2014.

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).

These figures have not been audited or 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.

Other than the adoption of the new and revised Financial Reporting Standards (FRS) which took effect from current year, 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 2014.

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 and the Company have adopted the new and revised Financial Reporting Standards (FRS) which is effective for its financial year beginning 1 January 2015. The adoption of the new and revised FRS does not result in any material impact on the Group's and the Company's financial statements.

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

	Group	
	1Q15	1Q14
Weighted average no. of shares (excluding treasury shares)	118,683,500	118,378,500
Weighted average no. of shares on a fully diluted basis (excluding treasury shares)	118,892,413	118,642,087
Earnings per ordinary shares for the period		
(i) Based on weighted average number of ordinary shares in issue (excluding treasury shares)	2.46 cents	1.33 cents
(ii) On a fully diluted basis (excluding treasury shares)	2.45 cents	1.32 cents

Earnings per ordinary shares of the period based on operating profit after tax attributable to members of the company after deducting any provision for preference dividends:-

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	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Net asset value per ordinary share	S\$1.99	S\$1.92	S\$1.57	S\$1.55

The calculation of net asset value per ordinary share of the Group and Company was based on the net assets of the Group and the Company as at 31 March 2015 and 31 December 2014 after adjusting for non-controlling interest and 118,683,500 shares (excluding treasury shares) as at 31 March 2015 (31 December 2014: 118,683,500 shares).

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.

Revenue for the Group rose by 21.5% from S\$44.8 million in 1Q14 to S\$54.5 million in 1Q15 due to increased sales from Integral Cement and Ready-Mix Concrete businesses.

Profit after tax increased by S\$1.3 million from S\$1.6 million in 1Q14 to S\$2.9 million in 1Q15 due to one-off goodwill payment of S\$2.6 million received for early termination of business contract. Fair value gain of S\$0.9 million from investments in discretionary funds and foreign exchange gain of S\$0.6 million due to strengthening of US Dollars added to the higher gain. The impact was partially offset by lower gross margin from the operations of S\$0.5 million, impairment of property, plant and equipment of S\$0.5 million, increase in operating expenses of S\$1.1 million and depreciation charges of S\$0.4 million in line with increase in sales volume and number of trucks, and losses from China associates and joint ventures of S\$0.6 million.

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 4Q14.

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 advance estimates released by the Ministry of Trade and Industry on 14 April 2015, Singapore economy grew 2.1% in 1Q15, the same rate of growth as compared to 4Q14. Business environment for the construction industry remain challenging in Singapore and Southern Malaysia due to oversupply of private sector development. However the construction demand for 2015 is expected to sustain due to increase in infrastructure development projects.

China's economic growth slowed down to 7.0% in 1Q15 with ongoing downturn in the property market. In view of this, the central government has recently started to relax the cooling measures to sustain growth. Notwithstanding the slowdown in the property market, we remain positive that our GGBS business will continue to contribute to the Group's performance.

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/ recommended for the current financial period.

13 If the Group has obtained a General Mandate from shareholders for the IPT, the aggregate values of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

There is no interested person transactions conducted during 1st quarter of financial year 2015.

No IPT mandate has been obtained from shareholders.

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 31 March 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

TAN CHENG GAY
Chairman and CEO

TAN YOK KOON
Director

BY ORDER OF THE BOARD

Tan Cheng Gay
Chairman and CEO
12 May 2015