



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

UNAUDITED THIRD QUARTER FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED
30 SEPTEMBER 2014

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			Group		
	3Q14 S\$'000	3Q13 S\$'000	% Change	YTD14 S\$'000	YTD13 S\$'000	% Change
Continuing operations						
Revenue	41,790	45,406	(8.0)	130,594	125,354	4.2
Changes in inventories of finished goods and work-in-progress	1,272	1,040	22.3	(1,962)	(1,865)	5.2
Raw materials	(32,085)	(34,316)	(6.5)	(94,014)	(88,529)	6.2
(Loss)/ Gain on disposal of property, plant and equipment	(217)	5	n.m.	(186)	6	n.m.
Gain/ (Loss) on disposal of investments	-	(11)	n.m.	37	(50)	n.m.
Investment income	36	243	(85.2)	461	407	13.3
Interest income	13	54	(75.9)	84	133	(36.8)
Dividend income	65	1,096	(94.1)	371	1,210	(69.3)
Other income	84	139	(39.6)	552	637	(13.3)
Exchange gain/ (loss)	369	(78)	n.m.	131	724	(81.9)
(Allowance)/ Write back for doubtful receivables and bad debts written off	(11)	8	n.m.	(93)	(1)	n.m.
Depreciation of property, plant and equipment	(982)	(678)	44.8	(2,596)	(1,981)	31.0
Amortisation of intangible asset	(7)	-	n.m.	(7)	-	n.m.
Gain on disposal of available-for-sale financial assets	-	-	n.m.	5	38	(86.8)
Allowance for impairment on investments	(97)	(80)	21.8	(186)	(232)	(19.7)
Net change in fair value of financial assets held for trading	455	(215)	n.m.	1,204	612	96.7
Staff costs	(3,764)	(3,607)	4.4	(11,320)	(11,066)	2.3
Rental expenses	(557)	(502)	11.0	(1,690)	(1,477)	14.4
Other expenses	(5,353)	(6,061)	(11.7)	(16,859)	(19,688)	(14.4)
Interest expenses	(3)	(2)	50.0	(8)	(13)	(38.5)
Profit before share of profit of associates	1,008	2,441	(58.7)	4,518	4,219	7.1
Share of profit of associates (net of tax)	2,335	1,524	53.2	5,688	19,157	(70.3)
Profit from ordinary activities before taxation	3,343	3,965	(15.7)	10,206	23,376	(56.3)
Income tax expense	(162)	(176)	(8.0)	(674)	(729)	(7.5)
Net profit for the period ended	3,181	3,789	(16.1)	9,532	22,647	(57.9)
Attributable to:						
Equity holders of the Company	3,192	3,790	(15.8)	9,565	22,657	(57.8)
Non-controlling interests	(11)	(1)	n.m.	(33)	(10)	n.m.
Net profit for the period ended	3,181	3,789	(16.1)	9,532	22,647	(57.9)

n.m. - not meaningful

Statement of Comprehensive Income

	Group			Group		
	3Q14 S\$'000	3Q13 S\$'000	% Change	YTD14 S\$'000	YTD13 S\$'000	% Change
Net profit for the period ended	3,181	3,789	(16.1)	9,532	22,647	(57.9)
Other comprehensive income:						
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(539)	(218)	n.m.	(1,650)	2,062	n.m.
Exchange differences on monetary items forming part of net investment	735	(335)	n.m.	351	1,041	(66.3)
Net change in fair value of equity securities available-for-sale transferred to profit or loss	97	80	21.3	181	194	(6.7)
Net change in fair value of equity securities available for sale	(2,275)	266	n.m.	1,564	649	n.m.
Other comprehensive income for the period, net of tax	(1,982)	(207)	n.m.	446	3,946	(88.7)
Total comprehensive income for the period	1,199	3,582	(66.5)	9,978	26,593	(62.5)
Total comprehensive income attributable to:						
Equity holders of the Company	1,210	3,583	(66.2)	10,011	26,603	(62.4)
Non-controlling interests	(11)	(1)	n.m.	(33)	(10)	n.m.
	1,199	3,582	(66.5)	9,978	26,593	(62.5)

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	
	30.09.2014 S\$'000	31.12.2013 S\$'000	30.09.2014 S\$'000	31.12.2013 S\$'000
Non-current assets				
Property, plant and equipment	16,038	13,392	2,245	1,880
Subsidiaries	-	-	47,569	45,397
Associates	101,360	93,803	60,243	60,243
Amount due from associates	1,986	2,520	-	-
Other investments	23,199	18,167	1,275	1,275
Intangible asset	292	-	-	-
Other financial assets	172	172	172	172
	143,047	128,054	111,504	108,967
Current assets				
Inventories	6,221	8,261	4,311	6,549
Trade and other receivables	37,239	36,231	63,974	39,874
Other investments	35,708	7,561	-	678
Cash and cash equivalents	30,966	64,707	17,599	44,425
	110,134	116,760	85,884	91,526
Total assets	253,181	244,814	197,388	200,493
Equity				
Share capital	85,270	85,263	85,270	85,263
Reserves	133,436	129,100	91,058	91,142
Equity attributable to equity holders of the Company	218,706	214,363	176,328	176,405
Non-controlling interests	140	153	-	-
Total equity	218,846	214,516	176,328	176,405
Non-current liabilities				
Loans and borrowings	4,350	3,871	154	154
Deferred tax liabilities	970	802	-	-
	5,320	4,673	154	154
Current liabilities				
Trade and other payables	26,490	23,992	11,635	15,349
Loans and borrowings	1,522	1,106	9,271	8,585
Current tax liabilities	1,003	527	-	-
	29,015	25,625	20,906	23,934
Total liabilities	34,335	30,298	21,060	24,088
Total equity and liabilities	253,181	244,814	197,388	200,493

Explanatory Notes to Balance Sheet

Shareholders' equity of the Group grew by S\$4.3 million to S\$218.7 million as at 30 September 2014 as compared to S\$214.4 million as at 31 December 2013. This was attributed by net profit of S\$9.6 million and increase in fair value reserve of S\$1.7 million but partially offset by foreign currency translation loss of S\$1.3 million and dividend paid of S\$5.9 million.

Total assets for the Group amounted to S\$253.2 million as at 30 September 2014, representing S\$8.4 million or 3.4% increase from the total assets of S\$244.8 million as at 31 December 2013.

Non-Current Assets

Property, plant and equipment increased by S\$2.6 million to S\$16.0 million. The movement was due to additional property, plant and equipment of S\$6.0 million, partially offset by depreciation of S\$2.6 million and disposal of S\$0.8 million.

Associates increased by S\$7.6 million. This was attributable to share of profits of associates of S\$5.7 million and additional investment in an associate of S\$5.6 million, offset by dividends received of S\$2.5 million and foreign currency translation of S\$1.6 million.

Other investments increased by S\$5.0 million due to capital calls and distributions amounting to S\$3.4 million and fair value increase of S\$1.5 million.

Intangible asset consists of the licensing fee for food and beverages business and was amortised over its estimated useful life.

Current Assets

Inventories fell by S\$2.0 million to S\$6.2 million as at 30 September 2014 due to timing difference in incoming shipment.

Trade and other receivables increased by S\$1.0 million in line with increase in revenue.

Other investments increased by S\$28.1 million due to new investments of S\$29.8 million and net fair value increase of S\$1.2 million, offset by disposal of investments in quoted equity securities of S\$2.9 million.

Current Liabilities

Trade and other payables increased by S\$2.5 million mainly due to longer payment term allowed by 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 30.09.2014		As at 31.12.2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,522	-	1,106	-

Amount repayable after one year

As at 30.09.2014		As at 31.12.2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,350	-	3,871	-

Details of any collateral

The Group's hire purchase facilities are secured by plant and machinery and motor vehicles of the Company and its subsidiaries.

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	
	3Q14	3Q13
	S\$'000	S\$'000
Operating activities		
Profit before income tax	3,343	3,965
Adjustments for:		
Allowance/ (Write back) for doubtful receivables	11	(8)
Depreciation of property, plant and equipment	982	678
Amortisation of intangible asset	7	-
Dividend income	(65)	(1,096)
Allowance of impairment loss on investments	97	80
Interest expense	3	2
Interest income	(13)	(54)
Loss on disposal of investments	-	11
Loss/ (Gain) on disposal of property, plant and equipment	217	(5)
Net change in fair value of financial assets held for trading	(455)	215
Share of profit of associates (net of tax)	(2,335)	(1,524)
Operating profit before working capital changes	1,792	2,264
Changes in working capital:		
Inventories	(1,704)	(852)
Trade and other payables	5,255	(2,956)
Trade and other receivables	1,063	(1,415)
Cash generated from/ (used in) operating activities	6,406	(2,959)
Income tax paid	(114)	(212)
Net cash generated from/ (used in) operating activities	6,292	(3,171)
Investing activities		
Distribution from other investments	61	1,288
Dividends received from other investments	65	1,096
Dividends received from associates	2,226	1,229
Interest received	13	54
Proceeds from disposal of other investments	865	501
Proceeds from disposal of property, plant and equipment	27	43
Purchase of other investments	(6,879)	(2,773)
Purchase of intangible asset	(299)	-
Purchase of property, plant and equipment	(2,516)	(355)
Net cash (used in)/ generated from investing activities	(6,437)	1,083
Financing activities		
Deposits refunded	-	27
Dividends paid by the Company	(5,934)	(3,547)
Interest paid	(3)	(2)
Repayment of short term borrowings	-	(93)
Issue of treasury shares pursuant to exercise of share options	-	44
Repayment of finance leases	(763)	(99)
Net cash used in financing activities	(6,700)	(3,670)
Net decrease in cash and cash equivalents	(6,845)	(5,758)
Cash and cash equivalents at beginning of period	37,732	59,624
Effect of exchange fluctuations on cash held	79	(135)
Cash and cash equivalents at end of period	30,966	53,730
Comprising:		
Fixed deposits	601	1,931
Bank balances	30,365	52,403
	30,966	54,334
Deposits pledged	-	(604)
	30,966	53,730

- 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 outflow in cash and cash equivalents of S\$6.8 million for the period ended 30 September 2014 as compared to the net outflow of S\$5.8 million for the same period last year.

The net cash outflow was attributable to higher net cash used in investing and financing activities for S\$7.5 million and S\$3.0 million respectively, partially offset by higher cash generated from operating activities amounting to S\$9.5 million.

The higher net cash used in investing activities arose from investments in equity securities of S\$4.1 million and purchase of property, plant and equipment of S\$2.2 million, partially offset by lower distribution from other investments of S\$1.2 million. More cash was also used in financing activities due to special one-tier dividend of 2 cents per share paid to shareholders which amounting to S\$2.4 million and repayment of finance leases of S\$0.7 million.

Higher cash generated from operating activities was mainly due to prompt collection from customers and longer payment term to trade creditors, partially offset by higher inventory level.

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.

Group	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
At 1 July 2013	84,489	-	(406)	977	(5,457)	7,140	123,171	209,914	157	210,071
Total comprehensive income for the period										
Net profit for the period	-	-	-	-	-	-	3,790	3,790	(1)	3,789
Other comprehensive income										
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	-	-	(218)	-	-	(218)	-	(218)
Exchange differences on monetary items forming part of net investment	-	-	-	-	(335)	-	-	(335)	-	(335)
Net change in fair value of equity securities available-for-sale transferred to profit or loss	-	-	-	-	-	80	-	80	-	80
Net change in fair value of equity securities available for sale	-	-	-	-	-	266	-	266	-	266
Total other comprehensive income	-	-	-	-	(553)	346	-	(207)	-	(207)
Total comprehensive income for the period	-	-	-	-	(553)	346	3,790	3,583	(1)	3,582
Contributions by and distributions to owners										
Final one-tier dividend paid of 3 cents per share	-	-	-	-	-	-	(3,547)	(3,547)	-	(3,547)
Issue of treasury shares pursuant to exercise of share options	-	(28)	72	-	-	-	-	44	-	44
Total transactions with owners	-	(28)	72	-	-	-	(3,547)	(3,503)	-	(3,503)
At 30 September 2013	84,489	(28)	(334)	977	(6,010)	7,486	123,414	209,994	156	210,150
At 1 July 2014	85,270	(21)	(20)	168	(6,266)	11,308	132,991	223,430	151	223,581
Total comprehensive income for the period										
Net profit for the period	-	-	-	-	-	-	3,192	3,192	(11)	3,181
Other comprehensive income										
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	-	-	(539)	-	-	(539)	-	(539)
Exchange differences on monetary items forming part of net investment	-	-	-	-	735	-	-	735	-	735
Net change in fair value of equity securities available for sale transferred to profit or loss	-	-	-	-	-	97	-	97	-	97
Net change in fair value of equity securities available for sale	-	-	-	-	-	(2,275)	-	(2,275)	-	(2,275)
Total other comprehensive income	-	-	-	-	196	(2,178)	-	(1,982)	-	(1,982)
Total comprehensive income for the period	-	-	-	-	196	(2,178)	3,192	1,210	(11)	1,199
Contributions by and distributions to owners										
Final one-tier dividend paid of 3 cents per share	-	-	-	-	-	-	(3,560)	(3,560)	-	(3,560)
Special one-tier dividend paid of 2 cents per share	-	-	-	-	-	-	(2,374)	(2,374)	-	(2,374)
Total transactions with owners	-	-	-	-	-	-	(5,934)	(5,934)	-	(5,934)
At 30 September 2014	85,270	(21)	(20)	168	(6,070)	9,130	130,249	218,706	140	218,846

	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
Company						
At 1 July 2013	84,489	-	(406)	977	88,732	173,792
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	2,955	2,955
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,955	2,955
Contributions by and distributions to owners						
Final one-tier dividend paid of 3 cents per share	-	-	-	-	(3,547)	(3,547)
Issue of treasury shares pursuant to exercise of share options	-	(28)	72	-	-	44
Total transactions with owners	-	(28)	72	-	(3,547)	(3,503)
At 30 September 2013	84,489	(28)	(334)	977	88,140	173,244
At 1 July 2014						
At 1 July 2014	85,270	(21)	(20)	168	93,461	178,858
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	3,404	3,404
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	3,404	3,404
Contributions by and distributions to owners						
Final one-tier dividend paid of 3 cents per share	-	-	-	-	(3,560)	(3,560)
Special one-tier dividend paid of 2 cents per share	-	-	-	-	(2,374)	(2,374)
Total transactions with owners	-	-	-	-	(5,934)	(5,934)
At 30 September 2014	85,270	(21)	(20)	168	90,931	176,328

- 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 30 June 2014	118,683,500
Issued share capital of the Company (excluding treasury shares) as at 30 September 2014	<u>118,683,500</u>

There were 19,000 treasury shares held by the Company as at 30 September 2014 (30 September 2013: 359,000) and has been excluded in the above number of issued ordinary shares.

As at 30 September 2014, options to subscribe to 1,282,500 ordinary shares remained unexercised (30 September 2013: 1,632,500 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 30 September 2014</u>	<u>As at 31 December 2013</u>
Total number of issued shares excluding treasury shares	<u>118,683,500</u>	<u>118,378,500</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 was no treasury share issued under employees' share scheme in Q314 (Q313 : 80,000 treasury shares).

- 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 2013.

- 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 2014. Based on preliminary assessment by the management, 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		Group	
	3Q14	3Q13	YTD14	YTD13
Weighted average number of shares (excluding treasury shares)	118,683,500	118,327,848	118,518,335	118,173,430
Weighted average number of shares on a fully diluted basis (excluding treasury shares)	118,869,821	118,510,317	118,759,428	118,397,562
Earnings per ordinary shares for the period				
(i) Based on weighted average number of ordinary shares in issue (excluding treasury shares)	2.69 cents	3.20 cents	8.07 cents	19.17 cents
(ii) On a fully diluted basis (excluding treasury shares)	2.69 cents	3.20 cents	8.05 cents	19.14 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	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Net asset value per ordinary share	S\$1.84	S\$1.81	S\$1.49	S\$1.49

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 30 September 2014 and 31 December 2013 after adjusting for non-controlling interest and 118,683,500 shares (excluding treasury shares) as at 30 September 2014 (31 December 2013: 118,378,500 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.**

(a) Revenue

Revenue for the Group fell by S\$3.6 million (8.0%) from S\$45.4 million in 3Q13 to S\$41.8 million in 3Q14 due to lower sales generated from Singapore Integral Cement and Ready-Mix Concrete business as a result of slowdown in construction activities.

(b) Profitability

Profit after tax declined by S\$0.6 million (16.1%) from S\$3.8 million in 3Q13 to S\$3.2 million in 3Q14. This was due to a decline in dividend income of S\$1.0 million and higher depreciation of S\$0.3m, partially offset by higher share of profits of associates of S\$0.8 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 2Q14.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The advance GDP estimates for third quarter 2014 released by the Ministry of Trade & Industry (MTI) shows that the construction industry grew by 1.4% on a year-on-year basis, moderating from the 4.1% growth in the previous quarter. The slowdown was mainly due to weaker private sector construction activities.

Barring any unforeseen circumstances, the construction demand for 4Q14 is expected to remain positive with the support from public sector infrastructure development projects. Construction boom in Southern Johor will also contribute to the stability of our Integral Cement and Ready-Mix Concrete business.

Despite the overall weakening of China's economy, our GGBS business is expected to continue to contribute to the Group's profit.

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 3rd quarter of financial year 2014.

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 30 September 2014 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 November 2014