



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

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

1(a) CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	GROUP		
	1Q2017	1Q2016	Change
	\$'000	\$'000	%
Revenue	37,356	35,238	6.0
Changes in inventories of finished goods and work-in-progress	(4,115)	(3,157)	(30.3)
Raw materials	(26,013)	(23,274)	(11.8)
(Loss)/ gain on disposal of property, plant and equipment	(42)	60	n.m.
Gain on disposal of investments	-	482	n.m.
Investment income	-	118	n.m.
Interest income	52	31	67.7
Dividend income	41	59	(30.5)
Other income	477	827	(42.3)
Exchange loss	(754)	(1,135)	33.6
Write-back of doubtful debts and bad debts written off, net	68	21	n.m.
Depreciation of property, plant and equipment	(1,053)	(987)	(6.7)
Amortisation of intangible assets	(24)	(2)	n.m.
Impairment loss on available-for-sale financial assets	(299)	(318)	6.0
Net change in fair value of financial assets at fair value through profit or loss	512	(1,317)	n.m.
Staff costs	(3,399)	(3,572)	4.8
Rental expenses	(646)	(767)	15.8
Other expenses	(4,375)	(4,427)	1.2
Interest expense	(82)	(82)	0.0
Loss before share of profit of associates and joint ventures	(2,296)	(2,202)	(4.3)
Share of profit/ (loss) of associates and joint ventures, net of tax	912	(380)	n.m.
Loss before tax	(1,384)	(2,582)	46.4
Tax credit/ (expense)	79	(197)	n.m.
Loss for the period	(1,305)	(2,779)	53.0
Attributable to:			
Owners of the Company	(1,293)	(2,815)	54.1
Non-controlling interests	(12)	36	n.m.
Loss for the period	(1,305)	(2,779)	53.0

n.m. - not meaningful

1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER
ENDED 31 MARCH 2017

	GROUP		
	1Q2017	1Q2016	Change
	\$'000	\$'000	%
Loss for the period	(1,305)	(2,779)	53.0
Other comprehensive income:			
Items that are or maybe reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(1,396)	(1,580)	11.6
Exchange differences on monetary items forming part of the net investment in foreign operations	(1,384)	(1,859)	25.6
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	299	(164)	n.m.
Net change in fair value of available-for-sale financial assets	(163)	(1,448)	n.m.
Other comprehensive income for the period, net of tax	(2,644)	(5,051)	47.7
Total comprehensive income for the period	(3,949)	(7,830)	49.6
Total comprehensive income attributable to:			
Owners of the Company	(3,907)	(7,927)	50.7
Non-controlling interests	(42)	97	n.m.
Total comprehensive income for the period	(3,949)	(7,830)	49.6

n.m. - not meaningful

1(c) EARNINGS PER ORDINARY SHARE

	GROUP	
	1Q2017	1Q2016
	Cents	Cents
Earnings/ (loss) per ordinary shares attributable to equity holders of the Company:		
(i) Based on weighted average number of ordinary shares in issue	(1.09)	(2.37)
(ii) On a fully diluted basis	(1.09)	(2.37)

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

	GROUP		COMPANY	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Property, plant and equipment	14,960	14,250	2,742	2,760
Subsidiaries	-	-	53,102	54,475
Intangible assets	501	425	119	131
Associates and joint ventures	100,359	101,096	60,555	60,555
Other investments	16,904	17,742	1,217	1,217
Other assets	118	97	118	97
Amounts due from associates and a joint venture	1,011	1,037	-	-
Loan to a subsidiary	-	-	4,935	5,059
Deferred tax assets	85	29	-	-
Non-current assets	133,938	134,676	122,788	124,294
Other investments	25,144	21,717	-	-
Inventories	10,306	10,132	4,397	5,114
Trade and other receivables	46,258	47,964	48,982	49,012
Cash and cash equivalents	32,104	39,393	15,973	20,363
Current assets	113,812	119,206	69,352	74,489
TOTAL ASSETS	247,750	253,882	192,140	198,783
<u>EQUITY</u>				
Share capital	85,270	85,270	85,270	85,270
Reserves	130,034	133,938	87,952	90,112
Equity attributable to owners of the Company	215,304	219,208	173,222	175,382
Non-controlling interests	81	123	-	-
Total equity	215,385	219,331	173,222	175,382
<u>LIABILITIES</u>				
Loans and borrowings	6,338	6,919	162	244
Deferred tax liabilities	785	756	-	-
Non-current liabilities	7,123	7,675	162	244
Loans and borrowings	2,272	3,633	12,530	13,775
Trade and other payables	22,764	22,881	6,226	9,382
Current tax liabilities	206	362	-	-
Current liabilities	25,242	26,876	18,756	23,157
TOTAL LIABILITIES	32,365	34,551	18,918	23,401
TOTAL EQUITY AND LIABILITIES	247,750	253,882	192,140	198,783

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION

Compared to 31 December 2016, Other Investment increased by \$2.6 million due to additional investment of \$4.1 million, which partially offset by cash distribution and fair value movements on available-for-sale financial assets during 1Q2017.

Trade and Other Receivables decreased by \$1.7 million due to reclassification of \$3.3 million payment in transit for investment and \$1.7 million reduction in amount prepaid to vendors in 1Q2017. These were partially offset by the increase in Trade Receivables by \$3.3 million, in line with higher sales in 1Q2017.

Loans and Borrowings decreased by \$1.9 million, attributed to repayment of short-term borrowing and finance lease liabilities.

1(e) **GROUP BORROWINGS**

	As at 31 Mar 2017 \$'000	As at 31 Dec 2016 \$'000
Amount repayable in one year		
Secured	2,272	2,360
Unsecured	-	1,273
	2,272	3,633
Amount repayable after one year		
Secured	6,338	6,919
Unsecured	-	-
	6,338	6,919
Total	8,610	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	
	1Q2017	1Q2016	1Q2017	1Q2016
	\$	\$	\$	\$
Net asset value per ordinary share at end of the financial period	1.82	1.82	1.46	1.50

2 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	GROUP	
	1Q2017	1Q2016
	\$'000	\$'000
Cash flows from operating activities		
Loss before tax	(1,384)	(2,582)
Adjustments for:		
Amortisation of intangible assets	24	2
Depreciation of property, plant and equipment	1,053	987
Dividend income	(41)	(59)
(Gain)/ loss on disposal of:		
- available-for-sale financial assets	-	(482)
- property, plant and equipment	42	(60)
Impairment loss on available-for-sale financial assets	299	318
Interest expense	82	82
Interest income	(52)	(31)
Net change in fair value of financial assets at fair value through profit or loss	(512)	1,317
Share of (profit)/ loss of associates and joint ventures, net of tax	(912)	380
	<u>(1,401)</u>	<u>(128)</u>
Changes in working capital:		
Inventories	(178)	3,308
Trade and other payables	(157)	(2,102)
Trade and other receivables	(1,375)	2,882
Cash (used in)/ generated from operations	<u>(3,111)</u>	<u>3,960</u>
Tax paid	(124)	(108)
Net cash (used in)/ generated from operating activities	<u>(3,235)</u>	<u>3,852</u>
Cash flows from investing activities		
Distribution from other investments	477	264
Dividends received from other investments	30	59
Interest received	52	31
Proceeds from disposal of:		
- financial assets fair value through profit or loss	114	2,123
- property, plant and equipment	210	98
Purchase of available-for-sale financial assets	(366)	(141)
Purchase of financial assets at fair value through profit or loss	(62)	-
Purchase of other assets	(21)	-
Purchase of property, plant and equipment	(1,904)	(1,020)
Net cash (used in)/ generated from investing activities	<u>(1,470)</u>	<u>1,414</u>
Cash flows from financing activities		
Interest paid	(82)	(82)
Proceeds from exercise of share options	4	36
Repayment of finance lease liabilities	(936)	(741)
Repayment of trust receipts	(1,273)	-
Net cash used in financing activities	<u>(2,287)</u>	<u>(787)</u>
Net (decrease)/ increase in cash and cash equivalents	(6,992)	4,479
Cash and cash equivalents at beginning of the period	39,393	33,621
Effect of exchange rate fluctuations on cash held	(297)	(62)
Cash and cash equivalents at end of the period	<u>32,104</u>	<u>38,038</u>

2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2017 (cont'd)

ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash used in operating activities in 1Q2017 was \$3.2 million, attributed to operating loss and changes in working capital.

Net cash used in investing activities of \$1.5 million in 1Q2017 was attributed to the purchase of plant and equipment and available-for-sale financial assets, which was partially offset by the proceeds from disposal of investments.

Net cash used in financing activities in 1Q2017 of \$2.3 million was due to repayment of short-term borrowing and finance lease liabilities.

The cash and cash equivalents as at end of 1Q2017 was \$32.1 million, \$5.9 million lower than 1Q2016.

3 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	Share capital	Capital reserve	Reserve for own shares	Share option reserve	Foreign currency translation reserve	Fair value reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
At 1 January 2016	85,270	(21)	(73)	168	3,180	9,927	125,000	223,451	62	223,513
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	(2,815)	(2,815)	36	(2,779)
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(1,641)	-	-	(1,641)	61	(1,580)
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	(1,859)	-	-	(1,859)	-	(1,859)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	(164)	-	(164)	-	(164)
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	(1,448)	-	(1,448)	-	(1,448)
Total comprehensive income	-	-	-	-	(3,500)	(1,612)	-	(5,112)	61	(5,051)
Total comprehensive income for the period	-	-	-	-	(3,500)	(1,612)	(2,815)	(7,927)	97	(7,830)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issue of treasury shares under share option scheme	-	(24)	73	(14)	-	-	-	35	-	35
Total transactions with owners	-	(24)	73	(14)	-	-	-	35	-	35
At 31 March 2016	85,270	(45)	-	154	(320)	8,315	122,185	215,559	159	215,718
At 1 January 2017	85,270	(45)	(120)	154	1,236	4,913	127,800	219,208	123	219,331
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	(1,293)	(1,293)	(12)	(1,305)
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(1,366)	-	-	(1,366)	(30)	(1,396)
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	(1,384)	-	-	(1,384)	-	(1,384)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	299	-	299	-	299
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	(163)	-	(163)	-	(163)
Total other comprehensive income	-	-	-	-	(2,750)	136	-	(2,614)	(30)	(2,644)
Total comprehensive income for the period	-	-	-	-	(2,750)	136	(1,293)	(3,907)	(42)	(3,949)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issue of treasury shares under share option scheme	-	-	4	(1)	-	-	-	3	-	3
Share options forfeited	-	-	-	(20)	-	-	20	-	-	-
Total transactions with owners	-	-	4	(21)	-	-	20	3	-	3
At 31 March 2017	85,270	(45)	(116)	133	(1,514)	5,049	126,527	215,304	81	215,385

3 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 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 January 2016	85,270	(21)	(73)	168	95,057	180,401
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(2,857)	(2,857)
Total comprehensive income for the period	-	-	-	-	(2,857)	(2,857)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of treasury shares under share option scheme	-	(24)	73	(14)	-	35
Total transactions with owners	-	(24)	73	(14)	-	35
At 31 March 2016	85,270	(45)	-	154	92,200	177,579
At 1 January 2017	85,270	(45)	(120)	154	90,123	175,382
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(2,163)	(2,163)
Total comprehensive income for the period	-	-	-	-	(2,163)	(2,163)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of treasury shares under share option scheme	-	-	4	(1)	-	3
Share options forfeited	-	-	-	(20)	20	-
Total transactions with owners	-	-	4	(21)	20	3
At 31 March 2017	85,270	(45)	(116)	133	87,980	173,222

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	118,568,300
Issued share capital of the Company (excluding treasury shares) as at 31 March 2017	118,573,300

There were 129,200 treasury shares held by the Company as at 31 March 2017 (31 March 2016: Nil), which has been excluded in the number of issued ordinary shares stated above.

As at 31 March 2017, options to subscribe to 925,000 ordinary shares remained unexercised (31 March 2016: 1,087,500 ordinary shares).

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

	<u>As at 31 Mar 2017</u>	<u>As at 31 Dec 2016</u>
Total number of issued shares excluding treasury shares	118,573,300	118,568,300

3(c) TREASURY SHARES

	<u>Number of shares for the quarter ended</u>	
	<u>31 Mar 2017</u>	<u>31 Mar 2016</u>
<u>Group and Company</u>		
As at beginning of the quarter	134,200	75,000
Purchase of treasury shares	-	70,000
Treasury shares transferred on exercise of the share option	(5,000)	(145,000)
As at end of the quarter	129,200	-

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

The Group reported a total revenue of \$37.4 million for 1Q2017, an increase of 6.0% from the \$35.2 million in 1Q2016 due in part to stronger demand from the Specialty Polymer business.

Intense competition in our Integral Cement and Ready-Mix business and impairment of investment portfolios resulted in the Group incurring a loss of \$1.3 million during the quarter. This loss is however lower than the loss of \$2.8 million in the corresponding period of 2016.

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 4Q2016 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 April 2017, the construction sector contracted by 1.1% on a year-on-year basis in the first quarter, extending the 2.8% decline in the previous quarter, weighed down by a slowdown in private sector construction activities.

This decline in construction demand from the private sector and the uncertain growth in our domestic economy is expected to impact on our Group's performance.

The Chinese economy grew 6.9% in 1Q2017 driven by government investments in infrastructure and stronger export growth. For 2017, China is targeting its economy to grow by 6.5%. We are therefore cautiously optimistic that stable economic growth will continue to benefit our China joint ventures to remain profitable in 2017.

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 1st 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 31 March 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
9 May 2017