



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

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

1(a) CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

	GROUP					
	2Q2015	2Q2014	Change	1H2015	1H2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	42,152	43,971	(4.1)	96,612	88,804	8.8
Changes in inventories of finished goods and work-in-progress	(1,973)	(1,550)	27.3	(4,171)	(3,234)	29.0
Raw materials	(30,938)	(30,665)	0.9	(71,805)	(61,929)	15.9
Gain on disposal of property, plant and equipment	69	129	(46.5)	77	31	148.4
Gain on disposal of investments	11	41	(73.2)	11	42	(73.8)
Investment income	3	415	(99.3)	106	425	(75.1)
Interest income	43	29	48.3	73	71	2.8
Dividend income	105	68	54.4	163	306	(46.7)
Other income	604	131	361.1	3,797	468	711.3
Exchange loss	(636)	(178)	257.3	(3)	(238)	(98.7)
Write-back/ (allowance) for doubtful debts and bad debts written off, net	21	50	(58.0)	32	(82)	n.m.
Depreciation of property, plant and equipment	(1,253)	(810)	54.7	(2,499)	(1,614)	54.8
Amortisation of intangible assets	(1)	-	n.m.	(1)	-	n.m.
Impairment losses on property, plant and equipment	(503)	-	n.m.	(1,003)	-	n.m.
Write-back/ (allowance) for impairment on investments, net	7	(89)	n.m.	(13)	(89)	(85.4)
Net change in fair value of financial assets held for trading	(556)	725	n.m.	359	749	(52.1)
Staff costs	(4,430)	(3,936)	12.6	(8,686)	(7,556)	15.0
Rental expenses	(712)	(568)	25.4	(1,331)	(1,133)	17.5
Other expenses	(5,715)	(5,782)	(1.2)	(11,914)	(11,506)	3.5
Interest expenses	(108)	(3)	n.m.	(213)	(5)	n.m.
Share of profit of associates and joint ventures, net of tax	1,450	3,052	(52.5)	1,178	3,353	(64.9)
(Loss)/ profit before tax	(2,360)	5,030	n.m.	769	6,863	(88.8)
Tax expense	(257)	(244)	5.3	(479)	(512)	(6.4)
(Loss)/ profit for the period	(2,617)	4,786	n.m.	290	6,351	(95.4)
Attributable to:						
Equity holders of the Company	(2,587)	4,804	n.m.	331	6,373	(94.8)
Non-controlling interests	(30)	(18)	66.7	(41)	(22)	86.4
(Loss)/ profit for the period	(2,617)	4,786	n.m.	290	6,351	(95.4)

n.m. - not meaningful

**1(b) CONSOLIDATED INCOME STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER
ENDED 30 JUNE 2015**

	GROUP					
	2Q2015	2Q2014	Change	1H2015	1H2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%
(Loss)/ profit for the period	(2,617)	4,786	n.m.	290	6,351	(95.4)
Other comprehensive income:						
Items that are or maybe reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(2,072)	(213)	872.8	220	(1,111)	n.m.
Exchange differences on monetary items forming part of the net investment	(807)	(295)	173.6	591	(384)	n.m.
Net change in fair value of available-for-sale financial assets	(7)	84	n.m.	13	84	(84.5)
Net change in fair value of available-for-sale financial assets	29	2,743	(98.9)	1,272	3,839	(66.9)
Other comprehensive income for the period, net of tax	(2,857)	2,319	n.m.	2,096	2,428	(13.7)
Total comprehensive income for the period	(5,474)	7,105	n.m.	2,386	8,779	(72.8)
Total comprehensive income attributable to:						
Equity holders of the Company	(5,417)	7,123	n.m.	2,427	8,801	(72.4)
Non-controlling interests	(57)	(18)	216.7	(41)	(22)	86.4
	(5,474)	7,105	n.m.	2,386	8,779	(72.8)

n.m. - not meaningful

1(c) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP		COMPANY	
	2Q2015	2Q2014	1H2015	1H2014
	Cents	Cents	Cents	Cents
Earnings per ordinary shares (loss)/ profit attributable to equity holders of the Company:				
(i) Based on weighted average number of ordinary shares in issue	(2.18)	4.05	2.79	5.38
(ii) On a fully diluted basis	(2.18)	4.05	2.78	5.37

1(d) **BALANCE SHEETS**

	GROUP		COMPANY	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Property, plant and equipment	17,429	18,845	2,549	2,379
Subsidiaries	-	-	50,442	50,450
Intangible assets	352	333	-	-
Associates and joint ventures	105,667	103,863	60,243	60,243
Other investments	23,316	21,034	1,270	1,275
Other financial assets	172	172	172	172
Amount due from associates and a joint venture	2,107	2,094	-	-
Loan to a subsidiary	-	-	2,083	2,073
Non-current assets	149,043	146,341	116,759	116,592
Other investments	35,833	33,980	-	18
Inventories	5,664	11,157	740	7,938
Trade and other receivables	54,855	40,444	71,213	59,456
Loan to a subsidiary	-	-	5,395	5,936
Cash and cash equivalents	23,242	36,940	9,137	16,751
Current assets	119,594	122,521	86,485	90,099
TOTAL ASSETS	268,637	268,862	203,244	206,691
Equity				
Share capital	85,270	85,270	85,270	85,270
Reserves	145,148	142,728	98,990	98,109
	230,418	227,998	184,260	183,379
Non-controlling interests	99	133	-	-
Total equity	230,517	228,131	184,260	183,379
LIABILITIES				
Loans and borrowings	8,798	8,935	177	116
Deferred tax liabilities	1,069	997	-	-
Non-current liabilities	9,867	9,932	177	116
Loans and borrowings	4,259	3,008	11,063	10,071
Trade and other payables	23,625	27,427	7,744	13,125
Current tax liabilities	369	364	-	-
Current liabilities	28,253	30,799	18,807	23,196
TOTAL LIABILITIES	38,120	40,731	18,984	23,312
TOTAL EQUITY AND LIABILITIES	268,637	268,862	203,244	206,691

ANALYSIS OF BALANCE SHEETS

Property, plant and equipment decreased by \$1.4 million due to provision for impairment on plant and machinery of \$1.0 million and depreciation charge.

Other investments increased by \$2.3 million due to additional investment of available-for-sale financial assets and favourable fair value changes on financial assets.

Trade and other receivables increased by \$14.4 million due to prepayments made for raw materials and loan to an associate.

Loans and borrowings increased by \$1.1 million due to finance leases for additional transport equipments.

1(e) GROUP BORROWINGS

	As at 30 Jun 2015 \$'000	As at 31 Dec 2014 \$'000
Amount repayable in one year		
Secured	2,736	3,008
Unsecured	1,523	-
	4,259	3,008
Amount repayable after one year		
Secured	8,798	8,935
Unsecured	-	-
	8,798	8,935
Total	13,057	11,943

Details of any collateral

The Group's banking facilities are secured by:

- a) fixed deposits amounting to \$0.5 million,
- b) the hire purchase facilities of \$11.5 million are secured by the Company and its subsidiaries' plant and machinery and motor vehicles.

1(f) NET ASSET VALUE

	GROUP		COMPANY	
	2Q2015 Cents	2Q2014 Cents	2Q2015 Cents	2Q2014 Cents
Net asset value per ordinary share at end of the financial period/year	1.94	1.92	1.55	1.55

2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

	GROUP	
	2Q2015 S\$'000	2Q2014 S\$'000
Cash flows from operating activities		
(Loss)/ profit before tax	(2,360)	5,030
Adjustments for:		
Depreciation of property, plant and equipment	1,253	810
Amortisation of intangible asset	1	-
Dividend income	(105)	(68)
Equity-settled share-based payment transactions	-	28
Impairment losses on property, plant and equipment	503	-
(Write-back)/ allowance of losses on investments	(7)	89
Interest expenses	108	3
Interest income	(43)	(29)
Gain on disposal of:		
- investments	(11)	(41)
- property, plant and equipment	(69)	(129)
Net change in fair value of financial assets at fair value through profit or loss	556	(725)
Share of profit of associates and joint ventures, net of tax	(1,450)	(3,052)
Operating (loss)/ profit before working capital changes	(1,624)	1,916
Changes in working capital:		
Inventories	1,285	1,726
Trade and other payables	(5,186)	(3,256)
Trade and other receivables	5,347	(1,500)
Net cash from/ (used in) operating activities	(178)	(1,114)
Income tax paid	(161)	(138)
Net cash used in operating activities	(339)	(1,252)
Cash flows from investing activities		
Distribution from other investments	236	96
Dividends received from:		
- other investments	105	68
- associates and joint ventures	-	222
Interest received	43	29
Investment in a joint venture	-	(5,584)
Proceeds from disposal of:		
- other investments	36	1,222
- property, plant and equipment	184	562
Purchase of other investments	(719)	(24,575)
Purchase of an intangible asset	(20)	-
Purchase of property, plant and equipment	(530)	(45)
Net cash used in investing activities	(665)	(28,005)
Cash flows from financing activities		
Deposit discharged	500	613
Interest paid	(108)	(3)
Proceeds from exercise of share options	-	7
Issue of treasury shares under share option scheme	-	232
Repayment of finance lease liabilities	(658)	(353)
Net cash (used in)/ generated from financing activities	(266)	496
Net decrease in cash and cash equivalents	(1,270)	(28,761)
Cash and cash equivalents at beginning of period	24,522	66,489
Effect of exchange rate fluctuations on cash held	(10)	4
Cash and cash equivalents at end of the period	23,242	37,732

2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (cont'd)

ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Compared to 2Q2014, net cash used in operating activities of \$0.3 million in 2Q2015 was lower by \$0.9 million. This was largely due to favourable working capital movement arising from the positive variance in trade and other receivables but these were partially offset by negative variance in inventories and trade and other payables.

The Group's net cash used in investing activities of \$0.7 million in 2Q2015 was lower than that of \$28.0 million in 2Q2014 by \$27.3 million. The lower cash flows was attributable to lower quantum of investments in 2Q2015.

The Group's net cash used in financing activities of \$0.3 million in 2Q2015 was largely due to higher repayment of finance lease liabilities.

The cash and cash equivalents as at end 2Q2015 was \$23.2 million, \$14.5 million lower than 2Q2014.

3 **STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
At 1 April 2014	85,263	(22)	(302)	191	(5,758)	8,481	128,187	216,040	169	216,209
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	4,804	4,804	(18)	4,786
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(213)	-	-	(213)	-	(213)
Exchange differences on monetary items forming part of the net investment	-	-	-	-	(295)	-	-	(295)	-	(295)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	84	-	84	-	84
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	2,743	-	2,743	-	2,743
Total other comprehensive income	-	-	-	-	(508)	2,827	-	2,319	-	2,319
Total comprehensive income for the period	-	-	-	-	(508)	2,827	4,804	7,123	(18)	7,105
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issue of shares under share option scheme	7	-	-	-	-	-	-	7	-	7
Share-based payment transactions	-	-	-	28	-	-	-	28	-	28
Issue of treasury shares under share option scheme	-	1	282	(51)	-	-	-	232	-	232
Total transactions with owners	7	1	282	(23)	-	-	-	267	-	267
At 30 June 2014	85,270	(21)	(20)	168	(6,266)	11,308	132,991	223,430	151	223,581
At 1 April 2015	85,270	(21)	(20)	168	4,288	9,388	136,762	235,835	156	235,991
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	(2,587)	(2,587)	(30)	(2,617)
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(2,045)	-	-	(2,045)	(27)	(2,072)
Exchange differences on monetary items forming part of the net investment	-	-	-	-	(807)	-	-	(807)	-	(807)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	(7)	-	(7)	-	(7)
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	29	-	29	-	29
Total other comprehensive income	-	-	-	-	(2,852)	22	-	(2,830)	(27)	(2,857)
Total comprehensive income for the period	-	-	-	-	(2,852)	22	(2,587)	(5,417)	(57)	(5,474)
At 30 June 2015	85,270	(21)	(20)	168	1,436	9,410	134,175	230,418	99	230,517

3 **STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (cont'd)**

	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 April 2014	85,263	(22)	(302)	191	93,045	178,175
Total comprehensive income for the period						
Profit for the period	-	-	-	-	416	416
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	416	416
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of shares under share option scheme	7	-	-	-	-	7
Share-based payment transactions	-	-	-	28	-	28
Issue of treasury shares under share option scheme	-	1	282	(51)	-	232
Total transactions with owners	7	1	282	(23)	-	267
At 30 June 2014	85,270	(21)	(20)	168	93,461	178,858
At 1 April 2015	85,270	(21)	(20)	166	100,424	185,819
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(1,559)	(1,559)
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1,559)	(1,559)
At 30 June 2015	85,270	(21)	(20)	166	98,865	184,260

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 2014	118,683,500
Issued share capital of the Company (excluding treasury shares) as at 30 June 2015	118,683,500

There were 19,000 treasury shares held by the Company as at 30 June 2015 (30 June 2014: 19,000) which has been excluded in the number of issued ordinary shares stated above.

As at 30 June 2015, options to subscribe to 1,282,500 ordinary shares remained unexercised (30 June 2014: 1,282,500 ordinary shares).

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

	<u>As at 30 Jun 2015</u>	<u>As at 31 Dec 2014</u>
Total number of issued shares excluding treasury shares	118,683,500	118,683,500

3(c) TREASURY SHARES

	Number of shares for the quarter ended	
	<u>30 Jun 2015</u>	<u>30 Jun 2014</u>
Group and Company		
As at beginning of the quarter	19,000	324,000
Treasury shares transferred on exercise of the share option	-	(305,000)
As at end of the quarter	19,000	19,000

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 or after 1 January 2015, 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.

7 CHANGES IN ACCOUNTING POLICIES

There are no changes to the accounting policies.

8 REVIEW OF GROUP PERFORMANCE

Revenue for the Group dropped by 4.1% from \$44.0 million in 2Q2014 to \$42.2 million in 2Q2015 due to weak demand and margin squeeze in the wake of slowdown in construction activities in both Singapore and China.

The Group also incurred unrealised losses on its investment segment.

As a result, the Group incurred a loss of \$2.6 million in 2Q2015 against profit of \$4.8 million in 2Q2014.

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 profit guidance made on 5 August 2015.

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.

Singapore's economy grew by 1.8% in 2Q2015, lower than the 2.8% in 2Q2014. On a quarter-on-quarter basis, the economy contracted by 4%, a reversal from the 4.1% growth in the previous quarter. The GDP growth forecast for 2015 has been narrowed to between 2% and 2.5%, from an earlier forecast of 2% to 4%.

In Singapore, the increase in demand from public sector developments will not be able to cushion the decline in private sector demand. Despite improvements in productivity, overall production cost will remain high due to strengthening of USD.

With the weak economic outlook in Singapore and China, the Group's performance is expected to be weak for the rest of the year.

11 DIVIDENDS

(a) Current financial period reported on

None

(b) 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 INTERESTED PERSON TRANSACTIONS

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

There is no interested person transactions conducted during 2nd quarter of financial year 2015.

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 2015 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
12 August 2015