



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

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

1(a) CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	GROUP		
	1Q2019	1Q2018	Change
	\$'000	\$'000	%
Revenue	30,526	34,982	(12.7)
Changes in inventories of finished goods and work-in-progress	1,443	813	77.5
Raw materials	(24,819)	(28,630)	(13.3)
Loss on disposal of property, plant and equipment	(3)	(2)	50.0
Gain on divestment of an associate	1,209	-	n.m.
Interest income	89	49	81.6
Rental income	12	-	n.m.
Dividend income	204	254	(19.7)
Other income	531	592	(10.3)
Exchange gain/(loss)	32	(393)	n.m.
Depreciation of property, plant and equipment	(1,133)	(1,118)	1.3
Depreciation of right-of-use assets	(140)	-	n.m.
Amortisation of intangible assets	(22)	(20)	10.0
Net change in fair value of financial assets at fair value through profit or loss	1,226	766	60.1
Staff costs	(3,282)	(3,170)	3.5
Rental expenses	(109)	(469)	(76.8)
Other expenses	(3,538)	(3,517)	0.6
Interest expense	(347)	(71)	n.m.
Profit before share of profit of associates and joint ventures	1,879	66	n.m.
Share of profit of associates and joint ventures, net of tax	858	162	n.m.
Profit before tax	2,737	228	n.m.
Tax expense	(120)	(33)	n.m.
Profit for the period	2,617	195	n.m.
Attributable to:			
Owners of the Company	2,687	282	n.m.
Non-controlling interests	(70)	(87)	(19.5)
Profit for the period	2,617	195	n.m.

n.m. - not meaningful

1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER
ENDED 31 MARCH 2019

	GROUP		
	1Q2019	1Q2018	Change
	\$'000	\$'000	%
Profit for the period	2,617	195	n.m.
Other comprehensive income:			
Items that are or maybe reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	868	1,486	(41.6)
Exchange differences on monetary items forming part of the net investment in foreign operations	(206)	(681)	(69.8)
Other comprehensive income for the period, net of tax	662	805	(17.8)
Total comprehensive income for the period	3,279	1,000	n.m.
Total comprehensive income attributable to:			
Owners of the Company	3,323	1,100	n.m.
Non-controlling interests	(44)	(100)	(56.0)
Total comprehensive income for the period	3,279	1,000	n.m.

n.m. - not meaningful

1(c) EARNINGS PER ORDINARY SHARE

	GROUP	
	1Q2019	1Q2018
	Cents	Cents
Earnings per ordinary shares attributable to owners of the Company:		
(i) Based on weighted average number of ordinary shares in issue	2.27	0.24
(ii) On a fully diluted basis	2.26	0.24

1(d) STATEMENTS OF FINANCIAL POSITION

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Property, plant and equipment	8,307	9,283	2,761	2,790
Subsidiaries	-	-	65,465	65,665
Intangible assets	441	452	124	125
Associates and joint ventures	102,252	101,676	60,255	60,555
Other investments	38,488	37,372	16,996	16,996
Other assets	78	78	78	78
Right-of-use assets	1,353	-	737	-
Non-current assets	150,919	148,861	146,416	146,209
Other investments	10,292	10,712	3,209	3,191
Inventories	13,570	12,687	5,800	3,910
Trade and other receivables	48,600	51,966	25,608	26,778
Loan to a subsidiary	-	-	5,030	4,933
Cash and cash equivalents	33,713	33,005	21,901	22,090
Current assets	106,175	108,370	61,548	60,902
TOTAL ASSETS	257,094	257,231	207,964	207,111
<u>EQUITY</u>				
Share capital	85,270	85,270	85,270	85,270
Reserves	148,361	145,726	107,300	105,941
Equity attributable to owners of the Company	233,631	230,996	192,570	191,211
Non-controlling interests	1,168	1,212	-	-
Total equity	234,799	232,208	192,570	191,211
<u>LIABILITIES</u>				
Loans and borrowings	1,407	1,805	-	-
Lease liabilities	1,734	-	919	-
Deferred tax liabilities	635	591	-	-
Non-current liabilities	3,776	2,396	919	-
Loans and borrowings	2,833	2,916	8,896	8,930
Trade and other payables	15,346	19,711	5,469	6,970
Lease liabilities	340	-	110	-
Current liabilities	18,519	22,627	14,475	15,900
TOTAL LIABILITIES	22,295	25,023	15,394	15,900
TOTAL EQUITY AND LIABILITIES	257,094	257,231	207,964	207,111

STATEMENTS OF FINANCIAL POSITION (cont'd)

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment decreased \$1.0 million due to depreciation charges of \$1.1 million which partially offset by acquisition of \$0.1 million.

Right-of-use assets of \$1.4 million refers to operating lease commitments recognised in accordance with adoption of new SFRS(I)16 effective 1 January 2019.

Trade and other receivables decreased by \$3.4 million as compared to 31 December 2018 due to lower trade receivables balance in line with decrease in revenue.

Loans and borrowings decreased by \$0.5 million due to repayment of finance lease liabilities, while lease liabilities of \$2.1 million relates to the discounted future rental payments recognised upon the adoption of SFRS(I)16 on 1 January 2019.

Trade and other payables reduced \$4.4 million compared to 31 December 2018 largely due to lower trade payables balance in line with business activities.

1(e) GROUP BORROWINGS

	As at 31 Mar 2019 \$'000	As at 31 Dec 2018 \$'000
Amount repayable in one year		
Secured	1,722	1,825
Unsecured	1,111	1,091
	<u>2,833</u>	<u>2,916</u>
Amount repayable after one year		
Secured	1,407	1,805
Unsecured	-	-
	<u>1,407</u>	<u>1,805</u>
Total	<u>4,240</u>	<u>4,721</u>

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

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>
	\$	\$	\$	\$
Net asset value per ordinary share at end of the financial period	<u>1.97</u>	<u>1.95</u>	<u>1.62</u>	<u>1.61</u>

2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	GROUP	
	1Q2019	1Q2018
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	2,737	228
Adjustments for:		
Amortisation of intangible assets	22	20
Depreciation of property, plant and equipment	1,133	1,118
Depreciation of right-of-use assets	140	-
Dividend income	(204)	(254)
Gain on divestment of an associate	(1,209)	-
Loss on disposal of property, plant and equipment	3	2
Interest expense	347	71
Interest income	(89)	(49)
Net change in fair value of financial assets at fair value through profit or loss	(1,226)	(766)
Share of profit of associates and joint ventures, net of tax	(858)	(162)
	<u>796</u>	<u>208</u>
Changes in working capital:		
Inventories	(884)	(2,470)
Trade and other payables	(4,365)	1,370
Trade and other receivables	3,477	(6,301)
Cash used in operations	<u>(976)</u>	<u>(7,193)</u>
Tax paid	(184)	(61)
Net cash used in operating activities	<u>(1,160)</u>	<u>(7,254)</u>
Cash flows from investing activities		
Distribution from other investments	895	-
Dividends received	204	243
Interest received	89	49
Proceeds from divestment of an associate	2,170	-
Proceeds from disposal of:		
- Other investments	40	4,122
- property, plant and equipment	14	2
Purchase of other investments	(458)	(3,273)
Purchase of intangible assets	(10)	(9)
Purchase of property, plant and equipment	(136)	(174)
Net cash from investing activities	<u>2,808</u>	<u>960</u>
Cash flows from financing activities		
Interest paid	(347)	(71)
Repayment of finance lease liabilities	(512)	(590)
Repayment of lease liabilities	(107)	-
Proceeds from trust receipts	-	2,639
Net cash (used in)/from financing activities	<u>(966)</u>	<u>1,978</u>
Net increase/(decrease) in cash and cash equivalents	682	(4,316)
Cash and cash equivalents at beginning of the period	33,005	23,869
Effect of exchange rate fluctuations on cash held	26	54
Cash and cash equivalents at end of the period	<u>33,713</u>	<u>19,607</u>

2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2019 (cont'd)

ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash used in operating activities in 1Q 2019 was \$1.2 million, arising from net changes in working capital of \$1.8 million and tax payment of \$0.2 million partially offset by operating profit before working capital changes of \$0.8 million.

Investing activities generated net cash inflows of \$2.8 million largely from divestment of an associate company for the sum of \$2.2 million and cash distribution of \$0.9 million from other investments.

Cash used in financing activities related to repayment of finance lease liabilities and interest.

The cash and cash equivalents as at end of 1Q 2019 was \$33.7 million, an increase of \$14.1 million compared to end of 1Q 2018.

3 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	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 2018	85,270	(41)	(72)	126	(3,539)	3,665	129,832	215,241	1,169	216,410
Effect on adoption of SFRS(I) 9	-	-	-	-	-	(3,665)	3,229	(436)	-	(436)
At 1 January 2018 (SFRS(I))	85,270	(41)	(72)	126	(3,539)	-	133,061	214,805	1,169	215,974
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	282	282	(87)	195
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	1,499	-	-	1,499	(13)	1,486
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	(681)	-	-	(681)	-	(681)
Total comprehensive income	-	-	-	-	818	-	-	818	(13)	805
Total comprehensive income for the period										
	-	-	-	-	818	-	282	1,100	(100)	1,000
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Share options forfeited	-	-	-	(104)	-	-	104	-	-	-
Total transactions with owners	-	-	-	(104)	-	-	104	-	-	-
At 31 March 2018	85,270	(41)	(72)	22	(2,721)	-	133,447	215,905	1,069	216,974
At 1 January 2019	85,270	(41)	(72)	22	(6,036)	(435)	152,288	230,996	1,212	232,208
Effect on adoption of SFRS(I) 16	-	-	-	-	-	-	(688)	(688)	-	(688)
At 1 January 2019 after adoption of SFRS(I) 16	85,270	(41)	(72)	22	(6,036)	(435)	151,600	230,308	1,212	231,520
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	2,687	2,687	(70)	2,617
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	842	-	-	842	26	868
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	(206)	-	-	(206)	-	(206)
Total other comprehensive income	-	-	-	-	636	-	-	636	26	662
Total comprehensive income for the period										
	-	-	-	-	636	-	2,687	3,323	(44)	3,279
At 31 March 2019	85,270	(41)	(72)	22	(5,400)	(435)	154,287	233,631	1,168	234,799

3 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2019 (cont'd)

	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total equity \$'000
Company							
At 1 January 2018 (SFRS(I))	85,270	(41)	(72)	126	-	89,105	174,388
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(534)	(534)
Total comprehensive income for the period	-	-	-	-	-	(534)	(534)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Share options forfeited	-	-	-	(104)	-	104	-
Total transactions with owners	-	-	-	(104)	-	104	-
At 31 March 2018	85,270	(41)	(72)	22	-	88,675	173,854
At 1 January 2019	85,270	(41)	(72)	22	(137)	106,169	191,211
Effect on adoption of SFRS(I) 16	-	-	-	-	-	(273)	(273)
At 1 January 2019 after adoption of SFRS(I) 16	85,270	(41)	(72)	22	(137)	105,896	190,938
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,632	1,632
Total comprehensive income for the period	-	-	-	-	-	1,632	1,632
At 31 March 2019	85,270	(41)	(72)	22	(137)	107,528	192,570

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 2018	<u>118,623,300</u>
Issued share capital of the Company (excluding treasury shares) as at 31 March 2019	<u>118,623,300</u>

There were 79,200 treasury shares held by the Company as at 31 March 2019 (31 March 2018: 79,200), which has been excluded in the number of issued ordinary shares stated above.

As at 31 March 2019, options to subscribe to 135,000 ordinary shares remained unexercised (31 March 2018: 135,000 ordinary shares).

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

	<u>As at 31 Mar 2019</u>	<u>As at 31 Dec 2018</u>
Total number of issued shares excluding treasury shares	<u>118,623,300</u>	<u>118,623,300</u>

3(c) TREASURY SHARES

	<u>Number of shares for the quarter ended</u>	
<u>Group and Company</u>	<u>31 Mar 2019</u>	<u>31 Mar 2018</u>
As at beginning/end of the quarter	<u>79,200</u>	<u>79,200</u>

4 AUDIT

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

5 AUDITORS' REPORT

Not applicable.

6 ACCOUNTING POLICIES

Except as disclosed in Section 7 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those used in the audited financial statements for the financial year ended 31 December 2018.

7 CHANGES IN ACCOUNTING POLICIES

The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are effective for annual periods beginning on or after 1 January 2019 and are relevant to its operations. The adoption of these new SFRS(I)s, specifically SFRS(I) 16 Leases, does not result in any changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current financial period or prior financial years.

Please refer to the Statement of Changes in Equity for the Group and for the Company on pages 7 and 8 for further details on the quantum of the adjustments made in relation to SFRS(I) 16.

8 REVIEW OF GROUP PERFORMANCE

1Q2019

The Group achieved a total revenue of \$30.5 million in 1Q 2019, a decrease of 12.7% compared to \$35.0 million reported in 1Q 2018 largely due to lower revenue from our Specialty Polymer segment and our Malaysia RMC operations.

Despite lower revenue, overall performance of the Group for 1Q 2019 was an improvement from 1Q 2018 due to a one-off gain from the divestment of equity interest in an associate company of \$1.2 million and higher returns from our Investment segment. The result was further boosted by better performance from our China joint ventures. These were however partially offset by weaker results from our joint venture in Korea. As a result, the Group achieved a profit after tax of \$2.6 million in 1Q 2019 against \$0.2 million a year ago.

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 4Q2018 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.

The construction sector grew 1.4 per cent in 1Q 2019, marking the first quarter of positive growth following 10 consecutive quarters of decline. Shortage of raw materials in the market caused by restriction imposed by exporting country may have negative impact on the recovery of construction sector.

Notwithstanding the above-mentioned, we expect total contracts awarded in the industry would translate into construction demand in 2019 to benefit our cement and ready-mix concrete value chain in Singapore.

The Chinese economy grew 6.4 per cent in 1Q 2019, partly supported by the government's pro-growth policies which helped to stabilise sentiments negatively affected by trade tension with the US. Against the backdrop of anti-pollution environmental measures imposed by the China Government, the demand for our Green Cement is expected to remain healthy in 2019, allowing our China GGBS joint ventures to continue contributing positively to the 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

Not applicable.

13 INTERESTED PERSON TRANSACTIONS

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

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 2019 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
8 May 2019