



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 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		
	1Q14 S\$'000	1Q13 S\$'000	% Change
Continuing operations			
Revenue	44,833	38,909	15.2
Changes in inventories of finished goods and work-in-progress	(1,684)	(1,045)	61.1
Raw materials	(31,264)	(26,810)	16.6
Loss on disposal of property, plant and equipment	(98)	-	n.m.
Loss on disposal of investments	-	(13)	n.m.
Investment income	11	58	(81.0)
Interest income	42	32	31.3
Dividend income	238	52	n.m.
Other income	337	129	n.m.
Exchange (loss)/ gain	(60)	146	n.m.
Allowance for doubtful receivables and bad debts written off	(132)	(1)	n.m.
Depreciation of property, plant and equipment	(804)	(663)	21.3
Allowance for impairment on investments	-	(143)	n.m.
Net change in fair value of financial assets held for trading	24	470	(94.9)
Staff costs	(3,620)	(3,721)	(2.7)
Rental expenses	(565)	(484)	16.7
Other expenses	(5,724)	(7,567)	(24.4)
Interest expenses	(2)	(6)	(66.7)
Profit/ (loss) before share of profit of associates	1,532	(657)	n.m.
Share of profit of associates (net of tax)	301	14,258	(97.9)
Profit from ordinary activities before taxation	1,833	13,601	(86.5)
Income tax expense	(268)	(270)	(0.7)
Net profit for the period ended	1,565	13,331	(88.3)
Attributable to:			
Equity holders of the Company	1,569	13,338	(88.2)
Non-controlling interests	(4)	(7)	(42.9)
Net profit for the period ended	1,565	13,331	(88.3)

n.m. - not meaningful

Statement of Comprehensive Income

	Group		
	1Q14	1Q13	%
	S\$'000	S\$'000	Change
Net profit for the period ended	1,565	13,331	(88.3)
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(898)	1,214	n.m.
Exchange differences on monetary items forming part of net investment	(89)	523	n.m.
Net change in fair value of equity securities available for sale transferred to profit or loss	-	143	n.m.
Net change in fair value of equity securities available for sale	1,096	548	100.0
Other comprehensive income for the period, net of tax	109	2,428	(95.5)
Total comprehensive income for the period	1,674	15,759	(89.4)

Total comprehensive income attributable to:

Equity holders of the Company	1,678	15,766	(89.4)
Non-controlling interests	(4)	(7)	(42.9)
	1,674	15,759	(89.4)

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
	31.03.2014 S\$'000	31.12.2013 S\$'000	31.03.2014 S\$'000	31.12.2013 S\$'000	% Change	% Change
Non-current assets						
Property, plant and equipment	14,193	13,392	1,883	1,880	6.0	0.2
Subsidiaries	-	-	46,364	45,397	0.0	2.1
Associates	92,604	93,803	60,243	60,243	(1.3)	0.0
Amount due from associates	2,520	2,520	-	-	0.0	0.0
Other investments	20,396	18,167	1,275	1,275	12.3	0.0
Other financial assets	172	172	172	172	0.0	0.0
	129,885	128,054	109,937	108,967	1.4	0.9
Current assets						
Inventories	6,237	8,261	4,397	6,549	(24.5)	(32.9)
Trade and other receivables	36,791	36,231	37,659	39,874	1.5	(5.6)
Other investments	7,362	7,561	-	678	(2.6)	(100.0)
Cash and cash equivalents	67,102	64,707	47,542	44,425	3.7	7.0
	117,492	116,760	89,598	91,526	0.6	(2.1)
Total assets	247,377	244,814	199,535	200,493	1.0	(0.5)
Equity						
Share capital	85,263	85,263	85,263	85,263	0.0	0.0
Reserves	130,777	129,100	92,912	91,142	1.3	1.9
Equity attributable to equity holders of the Company	216,040	214,363	178,175	176,405	0.8	1.0
Non-controlling interests	169	153	-	-	10.5	0.0
Total equity	216,209	214,516	178,175	176,405	0.8	1.0
Non-current liabilities						
Loans and borrowings	4,004	3,871	154	154	3.4	0.0
Deferred tax liabilities	834	802	-	-	4.0	0.0
	4,838	4,673	154	154	3.5	0.0
Current liabilities						
Trade and other payables	24,309	23,992	12,647	15,349	1.3	(17.6)
Loans and borrowings	1,257	1,106	8,559	8,585	13.7	(0.3)
Current tax liabilities	764	527	-	-	45.0	0.0
	26,330	25,625	21,206	23,934	2.8	(11.4)
Total liabilities	31,168	30,298	21,360	24,088	2.9	(11.3)
Total equity and liabilities	247,377	244,814	199,535	200,493	1.0	(0.5)

Explanatory Notes to Balance Sheet

Shareholders' equity of the Group grew by S\$1.6 million to S\$216.0 million as at 31 March 2014 as compared to S\$214.4 million as at 31 December 2013. This was attributed by increase in distributable profit of S\$1.6 million, increase in fair value of equity securities of S\$1.0 million and offset by foreign currency translation loss of S\$1.0 million.

Total assets for the Group amounted to S\$247.4 million as at 31 March 2014, representing S\$2.6 million or 1.0% 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\$0.8 million due to new plant and machinery of S\$1.7 million for business expansion partially offset by depreciation of S\$0.8 million and a disposal of S\$0.1 million.

Associate decreased by S\$1.2 million was mainly attributable to dividend received of S\$0.6 million, translation exchange loss of S\$0.9 million and offset by share of gain from associate of S\$0.3 million.

Other investments increased by S\$2.2 million due to additional funds invested of S\$1.4 million and fair value changes of S\$1.1 million offset by cash distribution of S\$0.2 million and foreign exchange loss of S\$0.1 million.

Current Assets

Inventories fell by S\$2.0 million to S\$6.2 million as at 31 March 2014 due to reduced goods in transit.

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 31.03.2014		As at 31.12.2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,257	-	1,106	-

Amount repayable after one year

As at 31.03.2014		As at 31.12.2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,004	-	3,871	-

Details of any collateral

The Group's banking facilities are secured by:

- a) fixed deposits amounting to S\$0.6 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	
	1Q14 S\$'000	1Q13 S\$'000
Operating activities		
Profit before income tax	1,833	13,601
Adjustments for:		
Allowance for doubtful receivables	132	1
Depreciation of property, plant and equipment	804	663
Dividend income	(238)	(52)
Share-based payment transactions	(1)	16
Allowance of impairment loss on investments	-	143
Interest expense	2	6
Interest income	(42)	(32)
Loss on disposal of investments	-	13
Loss on disposal of property, plant and equipment	98	-
Net change in fair value of financial assets held for trading	(24)	(470)
Share of profit of associates (net of tax)	(301)	(14,258)
Operating profit/ (loss) before working capital changes	<u>2,263</u>	<u>(369)</u>
Changes in working capital:		
Inventories	2,019	5,708
Trade and other payables	334	(2,675)
Trade and other receivables	(944)	(2,661)
Cash generated from operating activities	<u>3,672</u>	<u>3</u>
Income tax refund/ (paid)	226	(12)
Net cash generated from/ (used in) operating activities	<u>3,898</u>	<u>(9)</u>
Investing activities		
Distribution from other investments	199	512
Dividends received from other investments	238	52
Dividends received from associates	600	15,600
Interest received	42	32
Proceeds from disposal of other investments	776	3,054
Proceeds from disposal of property, plant and equipment	17	-
Purchase of other investments	(1,935)	(500)
Purchase of property, plant and equipment	(1,141)	(221)
Cash inflow on acquisition of a subsidiary	20	-
Repayment of loan received from associates	-	5,384
Net cash (used in)/ generated from investing activities	<u>(1,184)</u>	<u>23,913</u>
Financing activities		
Deposits pledged	(7)	(8)
Interest paid	(2)	(6)
Repayment of short term borrowings	-	(94)
Proceeds from exercise of share options	-	189
Purchase of treasury shares	-	(112)
Repayment of finance leases	(302)	(176)
Net cash used in financing activities	<u>(311)</u>	<u>(207)</u>
Net increase in cash and cash equivalents	2,403	23,697
Cash and cash equivalents at beginning of period	64,101	27,120
Effect of exchange fluctuations on cash held	(15)	87
Cash and cash equivalents at end of period	<u>66,489</u>	<u>50,904</u>
Comprising:		
Fixed deposits	1,928	3,217
Bank balances	65,174	48,305
	<u>67,102</u>	<u>51,522</u>
Deposits pledged	(613)	(618)
	<u>66,489</u>	<u>50,904</u>

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 inflow in cash and cash equivalents of S\$2.4 million for the period ended 31 March 2014 as compared to a higher inflow of S\$23.7 million for the same period last year.

This was attributable to lower net cash generated from investing activities of S\$25.1 million and offset by higher net cash generated from operating activities of S\$3.9 million.

Lower net cash generated from investing activities of S\$25.1 million arose from absence of loan repayment from an associate of S\$5.4 million, lower dividend received of S\$15 million, lower proceeds from disposal of other investments of S\$2.3 million and higher purchase of other investments and property, plant and equipment of S\$2.4 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 profit 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 2013	84,158	-	(261)	948	(9,112)	6,643	104,303	186,679	166	186,845
Total comprehensive income for the period										
Net profit for the period	-	-	-	-	-	-	13,338	13,338	(7)	13,331
Other comprehensive income										
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	-	-	1,214	-	-	1,214	-	1,214
Exchange differences on monetary items forming part of net investment	-	-	-	-	523	-	-	523	-	523
Net change in fair value of equity securities available for sale transferred to profit or loss	-	-	-	-	-	143	-	143	-	143
Net change in fair value of equity securities available for sale	-	-	-	-	-	548	-	548	-	548
Total other comprehensive income	-	-	-	-	1,737	691	-	2,428	-	2,428
Total comprehensive income for the period	-	-	-	-	1,737	691	13,338	15,766	(7)	15,759
Contributions by and distributions to owners										
Purchase of treasury shares	-	-	(112)	-	-	-	-	(112)	-	(112)
Issue of shares under share option scheme	189	-	-	-	-	-	-	189	-	189
Share-based payment transactions	-	-	-	16	-	-	-	16	-	16
Total transactions with owners	189	-	(112)	16	-	-	-	93	-	93
At 31 March 2013	84,347	-	(373)	964	(7,375)	7,334	117,641	202,538	159	202,697
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 profit for the period	-	-	-	-	-	-	1,569	1,569	(4)	1,565
Other comprehensive income										
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	-	-	(898)	-	-	(898)	-	(898)
Exchange differences on monetary items forming part of net investment	-	-	-	-	(89)	-	-	(89)	-	(89)
Net change in fair value of equity securities available for sale	-	-	-	-	-	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										
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	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

Company	Share capital S\$'000	Capital reserve S\$'000	Reserve for own shares S\$'000	Share option reserve S\$'000	Accumulated profit S\$'000	Total equity S\$'000
At 1 January 2013	84,158	-	(261)	948	71,249	156,094
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	15,106	15,106
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	15,106	15,106
Contributions by and distributions to owners						
Purchase of treasury shares	-	-	(112)	-	-	(112)
Issue of shares under share option scheme	189	-	-	-	-	189
Share-based payment transactions	-	-	-	16	-	16
Total transactions with owners	189	-	(112)	16	-	93
At 31 March 2013	84,347	-	(373)	964	86,355	171,293
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

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 2013	118,378,500
Issued share capital of the Company (excluding treasury shares) as at 31 March 2014	<u>118,378,500</u>

There were 324,000 treasury shares held by the Company as at 31 March 2014 (31 March 2013: 406,000) and has been excluded in the above number of issued ordinary share.

As at 31 March 2014, options to subscribe to 1,587,500 ordinary shares remained unexercised (31 March 2013: 1,892,500 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 2014</u>	<u>As at 31 December 2013</u>
Total number of issued shares excluding treasury shares	<u>118,378,500</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 were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 31 March 2014 and 31 March 2013.

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 adoption of the new and revised FRSs is assessed to have no material impact on the results of the Group and of the Company for the financial year ending 31 December 2014.

- 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	
	1Q14	1Q13
Weighted average no. of shares (excluding treasury shares)	118,378,500	117,975,578
Weighted average no. of shares on a fully diluted basis (excluding treasury shares)	118,642,087	118,229,452
Earnings per ordinary shares for the period		
(i) Based on weighted average number of ordinary shares in issue (excluding treasury shares)	1.33 cents	11.31 cents
(ii) On a fully diluted basis (excluding treasury shares)	1.32 cents	11.28 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	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Net asset value per ordinary share	S\$1.82	S\$1.81	S\$1.51	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 31 March 2014 and 31 December 2013 after adjusting for non-controlling interest and 118,378,500 shares (excluding treasury shares) as at 31 March 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 rose by 15.2% from S\$38.9 million in 1Q13 to S\$44.8 million in 1Q14 due to higher sales from Integral Cement and Ready-Mix Concrete businesses.

(b) Profitability

Profit before tax declined by S\$11.8 million from S\$13.6 million in 1Q13 to S\$1.8 million in 1Q14. In 1Q13, there was a one-off gain of S\$13.5 million related to disposal of its investment by a property investment associate. The actual operating profit before tax for 1Q13 was S\$ 0.1 million due to high demurrage costs incurred.

- 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 4Q 13.

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.

Comparing 1Q14 to 1Q13, Singapore GDP grew by 5.1% boosted by strong growth in manufacturing and construction sector. MTI has maintained the 2014 growth forecast at 2% to 4%. In line with BCA's forecast and demand from the public infrastructure and HDB projects, we expect the Singapore Integral Cement and Ready-Mix Concrete business to turn in a steady performance. However rising costs and a tight labour market remain a challenge.

In Malaysia, our Ready-Mix Concrete business is positioned to gain market share from the increased construction activities.

China's GDP is forecast to grow at 7.5% in 2014. With the additional lines set up in Wuhan, EnGro's GGBS business is expected to perform reasonably well.

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 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 31 March 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
9 May 2014