



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

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2016

1(a) CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	GROUP		
	1Q2016 \$'000	1Q2015 \$'000	Change %
Revenue	35,238	54,460	(35.3)
Changes in inventories of finished goods and work-in-progress	(3,157)	(2,198)	43.6
Raw materials	(23,274)	(40,867)	(43.0)
Gain on disposal of property, plant and equipment	60	8	n.m.
Gain on disposal of investments	482	-	n.m.
Investment income	118	103	14.6
Interest income	31	30	3.3
Dividend income	59	58	1.7
Other income	827	3,193	(74.1)
Exchange loss	(1,135)	633	(279.3)
Write-back for doubtful debts and bad debts written off, net	21	11	90.9
Depreciation of property, plant and equipment	(987)	(1,246)	(20.8)
Impairment losses on property, plant and equipment	-	(500)	n.m.
Amortisation of intangible assets	(2)	-	n.m.
Allowance for impairment on investments, net	(318)	(20)	n.m.
Net change in fair value of financial assets held for trading	(1,317)	915	n.m.
Staff costs	(3,572)	(4,256)	(16.1)
Rental expenses	(767)	(619)	23.9
Other expenses	(4,427)	(6,199)	(28.6)
Interest expenses	(82)	(105)	(21.9)
Profit before share of profit of associates and joint ventures	(2,202)	3,401	n.m.
Share of loss of associates and joint ventures, net of tax	(380)	(272)	39.7
(Loss)/ profit before tax	(2,582)	3,129	n.m.
Tax expense	(197)	(222)	(11.3)
(Loss)/ profit for the period	(2,779)	2,907	n.m.
Attributable to:			
Equity holders of the Company	(2,815)	2,918	n.m.
Non-controlling interests	36	(11)	n.m.
(Loss)/ profit for the period	(2,779)	2,907	n.m.

n.m. - not meaningful

1(b) CONSOLIDATED INCOME STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	GROUP		
	1Q2016	1Q2015	Change
	\$'000	\$'000	%
(Loss)/ profit for the period	(2,779)	2,907	n.m.
Other comprehensive income:			
Items that are or maybe reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign	(1,580)	2,292	n.m.
Exchange differences on monetary items forming part of the net investment	(1,859)	1,398	n.m.
Net change in fair value of available-for-sale financial assets	(164)	20	n.m.
Net change in fair value of available-for-sale financial assets	(1,448)	1,243	n.m.
Other comprehensive income for the period, net of tax	(5,051)	4,953	n.m.
Total comprehensive income for the period	(7,830)	7,860	n.m.
Total comprehensive income attributable to:			
Equity holders of the Company	(7,927)	7,837	n.m.
Non-controlling interests	97	23	321.7
	(7,830)	7,860	n.m.

n.m. - not meaningful

1(c) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP	
	1Q2016	1Q2015
	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	(2.37)	2.46
(ii) On a fully diluted basis	(2.37)	2.45

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

	GROUP		COMPANY	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Property, plant and equipment	15,816	15,199	2,925	2,948
Subsidiaries	-	-	45,526	47,333
Intangible assets	326	328	-	-
Associates and joint ventures	98,305	101,007	60,243	60,243
Other investments	18,383	21,914	1,217	1,217
Other assets	172	172	172	172
Amount due from associates and a joint venture	1,539	1,607	-	-
Deferred tax assets	29	29	-	-
Non-current assets	134,570	140,256	110,083	111,913
Other investments	21,118	23,611	-	-
Inventories	10,409	13,725	4,981	8,170
Trade and other receivables	48,936	51,580	52,605	67,135
Loan to a subsidiary	-	-	7,186	7,498
Cash and cash equivalents	38,038	33,621	24,358	10,992
Current assets	118,501	122,537	89,130	93,795
TOTAL ASSETS	253,071	262,793	199,213	205,708
<u>Equity</u>				
Share capital	85,270	85,270	85,270	85,270
Reserves	130,289	138,181	92,309	95,129
Equity attributable to owners of the Company	215,559	223,451	177,579	180,399
Non-controlling interests	159	62	-	-
Total equity	215,718	223,513	177,579	180,399
<u>LIABILITIES</u>				
Loans and borrowings	7,057	7,291	414	433
Deferred tax liabilities	669	655	-	-
Non-current liabilities	7,726	7,946	414	433
Loans and borrowings	4,513	4,440	11,664	11,867
Trade and other payables	24,841	26,685	9,556	13,009
Current tax liabilities	273	209	-	-
Current liabilities	29,627	31,334	21,220	24,876
TOTAL LIABILITIES	37,353	39,280	21,634	25,309
TOTAL EQUITY AND LIABILITIES	253,071	262,793	199,213	205,708

ANALYSIS OF BALANCE SHEETS

Other investments (non current) decreased by \$3.5 million due to disposal of available-for-sale financial assets of \$1 million, fair value changes of \$1.1 million and foreign exchange differences of \$1.4 million.

Other investments (current) decreased by \$2.5 million due to disposal of investment of \$1.1 million and fair value changes of \$1.3 million.

Inventories and trade and other receivables decreased by \$3.3 million and \$2.6 million respectively due to slowdown in sales.

1(e) **GROUP BORROWINGS**

	As at 31.03.2016 \$'000	As at 31.12.2015 \$'000
Amount repayable in one year		
Secured	2,642	2,569
Unsecured	1,871	1,871
	4,513	4,440
Amount repayable after one year		
Secured	7,057	7,291
Unsecured	-	-
	7,057	7,291
Total	11,570	11,731

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>	
	1Q2016	1Q2015	1Q2016	1Q2015
	Cents	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period	1.82	1.99	1.50	1.57

2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 MARCH 2016

	GROUP	
	1Q2016	1Q2015
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/ profit before tax	(2,582)	3,129
Adjustments for:		
Reversal for inventory obsolescence	-	(59)
Reversal of doubtful receivables	-	(5)
Bad debts recovered	(21)	(6)
Depreciation of property, plant and equipment	987	1,246
Amortisation of intangible asset	2	-
Dividend income	(59)	(58)
Impairment losses on property, plant and equipment	-	500
Impairment losses on available-for-sale equity securities	318	20
Interest expenses	82	105
Interest income	(31)	(30)
Gain on disposal of:		
- investments	(482)	-
- property, plant and equipment	(60)	(8)
Net change in fair value of financial assets at fair value through profit or loss	1,317	(915)
Share of profit of associates and joint ventures, net of tax	380	272
Operating (loss)/profit before working capital changes	(149)	4,191
Changes in working capital:		
Inventories	3,308	4,243
Trade and other payables	(2,102)	1,969
Trade and other receivables	2,903	(13,858)
Cash from/(used in) operating activities	3,960	(3,455)
Income tax paid	(108)	(225)
Net cash from/(used in) operating activities	3,852	(3,680)
Cash flows from investing activities		
Distribution from other investments	264	356
Dividends received from:		
- other investments	59	58
- associates and joint ventures	-	-
Interest received	31	30
Loan to a joint venture	-	(6,673)
Investment in a joint venture	-	-
Proceeds from disposal of:		
- other investments	2,123	2
- property, plant and equipment	98	8
Purchase of other investments	(141)	(1,457)
Purchase of property, plant and equipment	(1,020)	(211)
Net cash from/(used in) investing activities	1,414	(7,887)

2 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 MARCH 2016 (cont'd)**

	GROUP	
	1Q2016	1Q2015
	S\$'000	S\$'000
Cash flows from financing activities		
Deposit discharged	-	(500)
Interest paid	(82)	(105)
Issue of treasury shares under share option scheme	36	-
Repayment of finance lease liabilities	(741)	(779)
Loan from non-controlling interests	-	420
Net cash used in financing activities	(787)	(964)
Net increase/(decrease) in cash and cash equivalents	4,479	(12,531)
Cash and cash equivalents at beginning of period	33,621	36,940
Effect of exchange rate fluctuations on cash held	(62)	113
Cash and cash equivalents at end of the period	38,038	24,522

ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Compared to 1Q2015, net cash generated from operating activities in 1Q2016 was higher by \$7.5 million. This was due to decrease in trade and other receivables.

The Group's net cash generated from investing activities for 1Q2016 was \$1.4 million, attributed to proceeds from disposal of other investments.

The net cash used in financing activities of \$0.8 million for 1Q2015, was attributed to repayment of finance lease.

The cash and cash equivalents as at 1Q2015 was \$38.0 million, \$13.5 million higher than 1Q2015.

3 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	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 January 2015	85,270	(21)	(20)	168	632	8,125	133,844	227,998	133	228,131
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	2,918	2,918	(11)	2,907
Other comprehensive income										
Exchange difference on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	2,258	-	-	2,258	34	2,292
Exchange differences on monetary items forming part of the net investment	-	-	-	-	1,398	-	-	1,398	-	1,398
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	20	-	20	-	20
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	1,243	-	1,243	-	1,243
Total other comprehensive income	-	-	-	-	3,656	1,263	-	4,919	34	4,953
Total comprehensive income for the period	-	-	-	-	3,656	1,263	2,918	7,837	23	7,860
At 31 March 2015	85,270	(21)	(20)	168	4,288	9,388	136,762	235,835	156	235,991
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	-	-	-	-	(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 other 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)
Contributions by and distributions to owners										
Issue of treasury shares pursuant to exercise of share options	-	(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

3 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2016** (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 January 2015	85,270	(21)	(20)	168	97,983	183,380
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,441	2,441
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,441	2,441
At 31 March 2015	85,270	(21)	(20)	168	100,424	185,821
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)
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(2,857)	(2,857)
Contributions by and distributions to owners						
Issue of treasury shares pursuant to exercise of share options	-	(24)	73	(14)	-	35
Total transactions with owners	-	(24)	73	(14)	-	35
At 31 March 2016	85,270	(45)	-	154	92,200	177,579

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 2015	118,627,500
Issued share capital of the Company (excluding treasury shares) as at 31 March 2016	118,702,500

The company did not hold any treasury shares at at 31 March 2016 (31 March 2015: 19,000).

As at 31 March 2016, options to subscribe to 1,087,500 ordinary shares remained unexercised (31 March 2015: 1,282,500 ordinary shares).

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

	<u>As at 31 Mar 2016</u>	<u>As at 31 Dec 2015</u>
Total number of issued shares excluding treasury shares	118,702,500	118,627,500

3(c) TREASURY SHARES

<u>Group and Company</u>	Number of shares for the quarter ended	
	<u>31 Mar 2016</u>	<u>31 Dec 2015</u>
As at beginning of the quarter	75,000	19,000
Purchase of treasury shares	70,000	56,000
Treasury shares transferred on exercise of the share option	(145,000)	-
As at end of the quarter	-	75,000

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 2016, 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 2015.

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 \$35.2 million for 1Q2016, 35.3% lower than 1Q2015 due to lower demand and intense competition resulting in drop in selling price from the Integral Cement and Ready-Mix Concrete business.

Our China joint ventures reported another quarter of weak results due to over-supply and slow down in construction activities.

The Group's investment portfolio reported losses in 1Q2016 attributed by volatile stock markets and the weakening of USD.

As a result, the Group reported a loss of \$2.8 million for 1Q2016 against a profit of \$2.9 million in 1Q2015.

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 4Q2015 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 14 April 2016, the Singapore economy grew by 1.8% on a year-on-year basis in the first quarter of 2016, the same pace of growth as in the previous quarter.

The weak construction demand from the private sector and softening of the Singapore economy have impacted the Group's performance. Selling price continues to decline as competition in the market remained intense.

In China, the GDP growth is targeted at 6.5 to 7.0% for 2016. With the recent recovery of property market in the first-tier cities, we anticipate that this will have broader spin-off effect and benefits our joint venture business. The impact of the new normal has started to shed light on the future direction of the economy and we may be able to see signs of recovery in coming months.

The performance of the Group's investment segment will be affected by the weak global economy.

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/ 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 1st quarter of financial year 2016.

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 2016 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
11 May 2016