



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

Third Quarter Financial Statement And Dividend Announcement

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			Group		
	3Q11 S\$'000	3Q10 S\$'000	% Change	YTD11 S\$'000	YTD10 S\$'000	% Change
Continuing operations						
Revenue	27,795	27,942	(0.5)	84,865	76,266	11.3
Changes in inventories of finished goods and work-in-progress	754	659	14.4	(1,099)	(2,046)	(46.3)
Raw materials	(19,552)	(22,364)	(12.6)	(57,547)	(56,107)	2.6
Gain on disposal of property, plant and equipment	-	879	n.m.	123	915	(86.6)
Investment income and (Loss) / gain on disposal of investments	(27)	40	n.m.	119	577	(79.4)
(Loss) / Gain on disposal of associates	-	-	n.m.	-	(10)	n.m.
Interest income	25	11	n.m.	68	37	83.8
Dividend income	38	8,004	(99.5)	4,202	10,141	(58.6)
Other income	74	117	(36.8)	265	301	(12.0)
Exchange gain / (loss)	1,356	(1,452)	n.m.	236	(1,726)	n.m.
(Allowance) / Write-back for doubtful receivables and bad debts (written off) / recovered	(14)	2	n.m.	(33)	(16)	n.m.
Depreciation of property, plant and equipment	(490)	(487)	0.6	(1,439)	(1,433)	0.4
Impairment losses on investments	(2,094)	(2,492)	(16.0)	(2,988)	(2,586)	15.5
Net change in fair value of financial assets held for trading	(305)	395	n.m.	(291)	383	n.m.
Staff costs	(3,426)	(2,981)	14.9	(9,347)	(8,210)	13.8
Rental expenses	(482)	(426)	13.1	(1,434)	(1,313)	9.2
Other expenses	(4,432)	(3,730)	18.8	(12,335)	(11,381)	8.4
Interest expenses	(16)	(22)	(27.3)	(54)	(68)	(20.6)
(Loss) / Profit before share of profit of associates	(796)	4,095	n.m.	3,311	3,724	(11.1)
Share of profit of associates (net of tax)	3,382	1,627	n.m.	5,962	5,284	12.8
Profit from ordinary activities before taxation	2,586	5,722	(54.8)	9,273	9,008	2.9
Income tax (expense)	(6)	(117)	(94.9)	(9)	23	n.m.
Profit from continuing operations	2,580	5,605	(54.0)	9,264	9,031	2.6
Discontinued operation						
Loss from discontinued operation (net of tax)	(3)	(52)	(94.2)	(39)	(216)	(81.9)
Net profit for the period ended	2,577	5,553	(53.6)	9,225	8,815	4.7

Attributable to :

Equity holders of the Company	2,636	5,624	(53.1)	9,403	9,010	4.4
Non-controlling interests	(59)	(71)	(16.9)	(178)	(195)	(8.7)
Net profit for the period ended	2,577	5,553	(53.6)	9,225	8,815	4.7

Statement of Comprehensive Income

	Group			Group		
	3Q11 S\$'000	3Q10 S\$'000	% Change	YTD11 S\$'000	YTD10 S\$'000	% Change
Net profit for the period ended	2,577	5,553	(53.6)	9,225	8,815	4.7
Other comprehensive income:						
Exchange differences on translation of financial statements of foreign subsidiaries and associates	2,680	(1,695)	n.m.	2,317	(2,052)	n.m.
Exchange differences on monetary items forming part of net investment	1,158	(2,326)	n.m.	206	(2,294)	n.m.
Net change in fair value of equity securities available for sale transferred to profit or loss	-	(2)	n.m.	-	(13)	n.m.
Net change in fair value of equity securities available for sale	3,832	(1,159)	n.m.	8,147	(2,118)	n.m.
Other comprehensive income for the period, net of tax	7,670	(5,182)	n.m.	10,670	(6,477)	n.m.
Total comprehensive income for the period	10,247	371	n.m.	19,895	2,338	n.m.
Total comprehensive income attributable to :						
Equity holders of the Company	10,306	442	n.m.	20,073	2,533	n.m.
Non-controlling interests	(59)	(71)	(16.9)	(178)	(195)	(8.7)
	10,247	371	n.m.	19,895	2,338	n.m.

n.m. - not meaningful

Note : Figures for prior year has been restated to conform with current year presentation.

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
	30.09.2011	31.12.2010	30.09.2011	31.12.2010	%	%
	S\$'000	S\$'000	S\$'000	S\$'000	Change	Change
Non-current assets						
Property, plant and equipment	8,442	8,825	1,059	1,133	(4.3)	(6.5)
Subsidiaries	-	-	49,899	50,185	0.0	(0.6)
Associates	80,359	70,502	51,163	45,993	14.0	11.2
Amount due from associates	1,913	2,373	-	-	(19.4)	0.0
Other investments	20,567	17,464	1,537	1,688	17.8	(8.9)
Other financial assets	172	172	172	172	0.0	0.0
	111,453	99,336	103,830	99,171	12.2	4.7
Current assets						
Inventories	3,523	6,951	1,376	4,231	(49.3)	(67.5)
Trade and other receivables	32,787	26,584	37,777	33,513	23.3	12.7
Other investments	9,243	9,352	-	-	(1.2)	0.0
Cash and cash equivalents	44,362	40,811	31,349	29,889	8.7	4.9
	89,915	83,698	70,502	67,633	7.4	4.2
Total assets	201,368	183,034	174,332	166,804	10.0	4.5
Equity						
Share capital	84,343	84,268	84,343	84,268	0.1	0.1
Reserves	96,072	79,549	77,885	69,295	20.8	12.4
Equity attributable to equity holders of the Company	180,415	163,817	162,228	153,563	10.1	5.6
Non-controlling interests	285	463	-	-	(38.4)	0.0
Total equity	180,700	164,280	162,228	153,563	10.0	5.6
Non-current liabilities						
Financial liabilities	448	154	23	46	n.m.	(50.0)
Deferred tax liabilities	597	517	-	-	15.5	0.0
	1,045	671	23	46	55.7	(50.0)
Current liabilities						
Trade and other payables	18,629	16,501	4,941	7,755	12.9	(36.3)
Financial liabilities	642	1,234	7,140	5,440	(48.0)	31.3
Current tax payable	352	348	-	-	1.1	0.0
	19,623	18,083	12,081	13,195	8.5	(8.4)
Total liabilities	20,668	18,754	12,104	13,241	10.2	(8.6)
Total equity and liabilities	201,368	183,034	174,332	166,804	10.0	4.5

n.m. - not meaningful

Explanatory Notes to Balance Sheet

Total assets for the Group amounted to \$201.4 million as at 30 September 2011, representing \$18.3 million or 10.0% increase in the asset base of \$183.0 million as at 31 December 2010.

Non Current Assets

Increase in associates of \$9.9 million was mainly due to a new GGBS China investment of \$5.2 million, share of associate profits net of tax of \$6.0 million and foreign currency translation reserve gain of \$2.4 million offset by dividend income. Other investments increased by \$3.1 million mainly attributed to higher fair valuation of VC and private equity investments.

Current Assets

Lower inventory level maintained by the company resulted in a \$3.4 million decline.

Trade and other receivables increased by \$6.2 million primarily due to higher sales generated from the Company's Integral Cement/Ready-mix concrete business in Singapore.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30.09.2011		As at 31.12.2010	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
267	375	198	1,031

Amount repayable after one year

As at 30.09.2011		As at 31.12.2010	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
73	375	154	-

Details of any collateral

The Group's banking facilities are secured by :

- a legal charge on a subsidiary's freehold land and building with a carrying amount of \$0.1 million;
- fixed deposits amounting to \$0.6 million.

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	
	3Q11	3Q10
	S\$'000	S\$'000
Operating activities		
Profit before income tax	2,583	5,670
Adjustments for:		
Allowance / (Write-back) for inventory obsolescence	28	-
Allowance / (Write-back) for doubtful receivables	14	(2)
Depreciation of property, plant and equipment	490	487
Dividend income	(38)	(8,004)
Impairment losses on investments	2,094	2,492
Interest expense	16	35
Interest income	(25)	(11)
(Gain) / Loss on disposal of investments	26	2
(Gain) / Loss on disposal of property, plant & equipment	-	(878)
Net change in fair value of financial assets held for trading	305	(395)
Share of profit of associates (net of tax)	(3,382)	(1,627)
Operating gain / (loss) before working capital changes	2,111	(2,231)
Changes in working capital:		
Inventories	1,206	(376)
Trade and other payables	2,616	790
Trade and other receivables	(3,659)	(238)
Cash generated (used in) / from operations	2,274	(2,055)
Income tax recovered / (paid)	(227)	(289)
Cash flows from operating activities	2,047	(2,344)
Investing activities		
Distribution from / (purchase of) other investments	875	-
Dividends received	38	8,004
Dividends received from associates	4,455	4,671
Interest received	25	11
Loan to associates	-	(8,722)
Proceeds from disposal of other investments	17	(9)
Proceeds from disposal of property, plant and equipment	-	1,216
Purchase of other investments	-	(21)
Purchase of property, plant and equipment	(198)	(111)
Cash paid for investment in associates	(60)	-
Cash flows from investing activities	5,152	5,039
Financing activities		
Deposits pledged	38	4
Dividends paid by the Company	(3,551)	(5,913)
Interest paid	(16)	(35)
Proceeds / (Repayment) of short term borrowings	(40)	-
Repayment of finance leases, net	(33)	(64)
Repayment of short term borrowings	-	(4)
Repayment of long term borrowings	(94)	(115)
Cash flows from financing activities	(3,696)	(6,127)
Net increase / (decrease) in cash and cash equivalents	3,503	(3,432)
Cash and cash equivalents at beginning of period	39,866	41,237
Effect of exchange fluctuations on cash held	376	(180)
Cash and cash equivalents at end of period	43,745	37,625
Comprising:		
Fixed deposits	10,272	22,523
Bank balances	34,090	15,775
	44,362	38,298
Deposits pledged	(617)	(673)
	43,745	37,625

- 1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	3Q11 S\$'000	3Q10 S\$'000
Cash flows attributable to discontinued operations:		
Operating	209	(15)
Investing	-	1
Financing	(445)	(26)
	<u>(236)</u>	<u>(40)</u>

Explanatory Notes to Cash Flow Statement

The Group's net cash used in operating activities in 3Q2011 was \$2.0 million. Profit before tax was adjusted by adding or deducting non cash items; including depreciation, impairment losses on investments, net change in fair value of financial assets held for trading and share of net profit of associates.

The Group's net cash used in investing activities increased by \$5.2 million due to dividend of \$4.5 million received from its China associates and \$0.9 million distribution income from equity securities.

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	Share option reserve S\$'000	Foreign currency translation reserve S\$'000	Fair value reserve S\$'000	Accumulated profit / (loss) S\$'000	Total attributable to equity holders of the parent S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
Group								
At 1 July 2010	84,177	902	(2,842)	646	87,557	170,440	651	171,091
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	5,624	5,624	(71)	5,553
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(1,695)	-	-	(1,695)	-	(1,695)
Exchange differences on monetary items forming part of net investment	-	-	(2,326)	-	-	(2,326)	-	(2,326)
Net change in fair value of equity securities available for sale transferred to profit or loss	-	-	-	(2)	-	(2)	-	(2)
Net change in fair value of equity securities available for sale	-	-	-	(1,159)	-	(1,159)	-	(1,159)
Total other comprehensive income	-	-	(4,021)	(1,161)	-	(5,182)	-	(5,182)
Total comprehensive income for the period	-	-	(4,021)	(1,161)	5,624	442	(71)	371
Contributions by and distributions to owners								
Final one-tier dividend paid of 3 cents per share	-	-	-	-	(3,548)	(3,548)	-	(3,548)
Special one-tier dividend paid of 2 cents per share	-	-	-	-	(2,365)	(2,365)	-	(2,365)
Total transactions with owners	-	-	-	-	(5,913)	(5,913)	-	(5,913)
At 30 September 2010	84,177	902	(6,863)	(515)	87,268	164,969	580	165,549
At 1 July 2011	84,343	902	(8,798)	3,841	93,372	173,660	344	174,004
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	2,636	2,636	(59)	2,577
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	2,680	-	-	2,680	-	2,680
Exchange differences on monetary items forming part of net investment	-	-	1,158	-	-	1,158	-	1,158
Net change in fair value of equity securities available for sale	-	-	-	3,832	-	3,832	-	3,832
Total other comprehensive income	-	-	3,838	3,832	-	7,670	-	7,670
Total comprehensive income for the period	-	-	3,838	3,832	2,636	10,306	(59)	10,247
Contributions by and distributions to owners								
Final one-tier dividend paid of 3 cents per share	-	-	-	-	(3,551)	(3,551)	-	(3,551)
Total transactions with owners	-	-	-	-	(3,551)	(3,551)	-	(3,551)
At 30 September 2011	84,343	902	(4,960)	7,673	92,457	180,415	285	180,700

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

Company	Share capital S\$'000	Share option reserve S\$'000	Fair value reserve S\$'000	Accumulated profit / (loss) S\$'000	Total equity S\$'000
At 1 July 2010	84,177	902	239	64,275	149,593
Total comprehensive income for the period					
Net profit for the period	-	-	-	8,565	8,565
Other comprehensive income					
Net change in fair value of equity securities available for sale	-	-	(61)	-	(61)
Total other comprehensive income	-	-	(61)	-	(61)
Total comprehensive income for the period	-	-	(61)	8,565	8,504
Contributions by and distributions to owners					
Final one-tier dividend paid of 3 cents per share	-	-	-	(3,548)	(3,548)
Special one-tier dividend paid of 2 cents per share	-	-	-	(2,365)	(2,365)
Total transactions with owners	-	-	-	(5,913)	(5,913)
At 30 September 2010	84,177	902	178	66,927	152,184
At 1 July 2011	84,343	902	1,250	73,125	159,620
Total comprehensive income for the period					
Net profit for the period	-	-	-	5,770	5,770
Other comprehensive income					
Net change in fair value of equity securities available for sale	-	-	389	-	389
Total other comprehensive income	-	-	389	-	389
Total comprehensive income for the period	-	-	389	5,770	6,159
Contributions by and distributions to owners					
Final one-tier dividend paid of 3 cents per share	-	-	-	(3,551)	(3,551)
Total transactions with owners	-	-	-	(3,551)	(3,551)
At 30 September 2011	84,343	902	1,639	75,344	162,228

1(d) 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

The Company did not hold any treasury shares at 30 September 2011 (30 September 2010 : Nil).

As at 30 September 2011, the issued share capital of the Company was \$84,342,887 (30 September 2010 : \$84,176,807) comprising 118,517,500 (30 September 2010 : 118,252,500) ordinary shares.

As at 30 September 2011, options to subscribe to 2,000,000 ordinary shares remained unexercised (30 September 2010: 6,500,000 ordinary shares).

1(d) 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 30 Sep 2011</u>	<u>As at 31 Dec 2010</u>
Total number of issued shares	<u>118,517,500</u>	<u>118,417,500</u>

1(d) 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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2010, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial periods beginning on or after 1 January 2011.

Among the changes to the Financial Reporting Standards (FRS) which are applicable to the Group is FRS 24 Related Party Disclosures which will become effective for the Group's financial statements for the year ending 31 December 2011.

The revised FRS 24 modifies the definition of a related party, which the Group does not expect to have any significant impact on its financial position or performance for the period ended 30 September 2011.

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

Not applicable.

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

From continuing and discontinued operations:

Profit per ordinary share for the period based on operating profit after tax attributable to members of the company after deducting any provision for preference dividends:-

- (i) Based on weighted average number of ordinary shares in issue
- (ii) On a fully diluted basis

Group	
3Q11	3Q10
2.22 cents	4.76 cents
2.21 cents	4.71 cents

From continuing operations:

Profit per ordinary share for the period based on operating profit after tax attributable to members of the company after deducting any provision for preference dividends:-

- (i) Based on weighted average number of ordinary shares in issue
- (ii) On a fully diluted basis

Group	
3Q11	3Q10
2.22 cents	4.80 cents
2.21 cents	4.75 cents

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

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

Group		Company	
30.09.2011	31.12.2010	30.09.2011	31.12.2010
S\$1.52	S\$1.38	S\$1.37	S\$1.30

Net asset value per ordinary share is computed based on 118,517,500 ordinary shares as at 30 September 2011 (31 December 2010: 118,417,500 ordinary 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

3Q11 group performance

The Group's revenue for 3Q11 dipped marginally by 0.5% to \$27.8 million. Compared to \$27.9 million for the same period 2010, the drop were due to lower sales from Specialty Polymer and Dry-Mix businesses.

The Group's net profit after tax declined by 53.6% to \$2.6 million. Compared to \$5.6 million for the same period 2010, the drop were mainly attributable to:

- a) Lower dividend income received from an investee company by \$8 million.
- b) Higher staff cost, repair and maintenance and other operating expenses by \$2 million.

The above decline was partially compensated by the following improvements:

- c) Higher gross profit from Singapore Integral Cement/Ready-Mix Concrete business by \$2.8 million.
- d) Higher share of profits from associates by \$1.8 million.
- e) Exchange gain arising from revaluation of USD denominated assets by \$2.8 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

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 Singapore construction industry grew by 0.4% in the third quarter on year-on-year comparison. In line with the latest MTI's downward revision on GDP growth to 5% for FY2011, ready-mixed concrete demand likewise shows sign of peaking. To date, our Singapore cement/ ready-mixed concrete operations had been able to pass on the escalating costs to end users, and continue to gain strength.

China's GDP growth in the third quarter had also slowed down, registering 9.1% increase year-on-year. Despite the decline in GDP growth, we remain optimistic in the GGBS demand. Our GGBS associates are able to contain overall cost escalation and continue to perform satisfactorily.

We are cautiously optimistic about China's business prospect despite the global economic chaos. We will continue to use the healthy cash flow to expand our China GGBS business.

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 Interested Person Transactions

Interested person transactions conducted during 3rd quarter of financial year 2011:

Name of Interested Person	Aggregate value of all interested person transactions during the quarter under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)
	3rd Quarter 2011
	S\$'000
Loan to an associated company	
HBS Investments Pte Ltd	816

BY ORDER OF THE BOARD

Tan Cheng Gay
Chairman and CEO
8 November 2011

CONFIRMATION BY THE BOARD

We, TAN CHENG GAY and TAN YOK KOON being two directors of EnGro Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the third quarter 2011 financial results 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

Singapore, 8 November 2011