



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 2012

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		
	1Q12 S\$'000	1Q11 S\$'000	% Change
Continuing operations			
Revenue	29,934	27,165	10.2
Changes in inventories of finished goods and work-in-progress	(2,361)	(966)	n.m.
Raw materials	(18,519)	(17,602)	5.2
Loss on disposal of property, plant and equipment	(1)	-	n.m.
Investment income and Gain on disposal of investments	-	62	n.m.
Interest income	71	22	n.m.
Dividend income	36	35	2.9
Other income	302	91	n.m.
Exchange loss	(1,077)	(276)	n.m.
Allowance for doubtful receivables and bad debts written off	-	(19)	n.m.
Depreciation of property, plant and equipment	(529)	(469)	12.8
Impairment losses on investments	-	(183)	n.m.
Net change in fair value of financial assets held for trading	724	(112)	n.m.
Staff costs	(3,054)	(2,708)	12.8
Rental expenses	(486)	(485)	0.2
Other expenses	(4,473)	(3,601)	24.2
Interest expenses	(16)	(20)	(20.0)
Profit before share of profit of associates	551	934	(41.0)
Share of profit of associates (net of tax)	90	444	(79.7)
Profit from ordinary activities before taxation	641	1,378	(53.5)
Income tax (expense)	(54)	(26)	n.m.
Net profit for the period ended	587	1,352	(56.6)

Attributable to:

Equity holders of the Company	596	1,413	(57.8)
Non-controlling interests	(9)	(61)	(85.2)
Net profit for the period ended	587	1,352	(56.6)

n.m. - not meaningful

Statement of Comprehensive Income

	Group		
	1Q12	1Q11	%
	S\$'000	S\$'000	Change
Net profit for the period ended	587	1,352	(56.6)
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(1,472)	(341)	n.m.
Exchange differences on monetary items forming part of net investment	(526)	(656)	(19.8)
Net change in fair value of equity securities available for sale	480	1,900	(74.7)
Other comprehensive (loss)/ income for the period, net of tax	(1,518)	903	n.m.
Total comprehensive (loss)/ income for the period	(931)	2,255	n.m.
Total comprehensive (loss)/ income attributable to:			
Equity holders of the Company	(922)	2,316	n.m.
Non-controlling interests	(9)	(61)	(85.2)
	(931)	2,255	n.m.

n.m. - not meaningful

Note: Figures for prior year has been re-presented to conform with current year's 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
	31.03.2012	31.12.2011	31.03.2012	31.12.2011	%	%
	S\$'000	S\$'000	S\$'000	S\$'000	Change	Change
Non-current assets						
Property, plant and equipment	12,394	12,625	1,339	1,074	(1.8)	24.7
Subsidiaries	-	-	55,672	55,426	0.0	0.4
Associates	79,707	81,502	53,603	53,603	(2.2)	0.0
Amount due from associates	3,137	3,137	-	-	0.0	0.0
Other investments	18,602	18,440	1,327	1,334	0.9	(0.5)
Other financial assets	172	172	172	172	0.0	0.0
	114,012	115,876	112,113	111,609	(1.6)	0.5
Current assets						
Inventories	5,719	8,046	3,734	6,102	(28.9)	(38.8)
Trade and other receivables	34,134	31,754	37,518	34,188	7.5	9.7
Other investments	13,853	11,373	1,507	1,005	21.8	50.0
Cash and cash equivalents	38,352	42,075	23,748	27,043	(8.8)	(12.2)
	92,058	93,248	66,507	68,338	(1.3)	(2.7)
Total assets	206,070	209,124	178,620	179,947	(1.5)	(0.7)
Equity						
Share capital	84,128	84,128	84,128	84,128	0.0	0.0
Reserves	97,615	98,537	80,489	81,295	(0.9)	(1.0)
Equity attributable to equity holders of the Company	181,743	182,665	164,617	165,423	(0.5)	(0.5)
Non-controlling interests	198	207	-	-	(4.3)	0.0
Total equity	181,941	182,872	164,617	165,423	(0.5)	(0.5)
Non-current liabilities						
Financial liabilities	3,176	2,585	8	16	22.9	(50.0)
Deferred tax liabilities	687	661	-	-	3.9	0.0
	3,863	3,246	8	16	19.0	(50.0)
Current liabilities						
Trade and other payables	18,899	21,461	7,027	7,357	(11.9)	(4.5)
Financial liabilities	1,006	1,168	6,968	7,151	(13.9)	(2.6)
Current tax payable	361	377	-	-	(4.2)	0.0
	20,266	23,006	13,995	14,508	(11.9)	(3.5)
Total liabilities	24,129	26,252	14,003	14,524	(8.1)	(3.6)
Total equity and liabilities	206,070	209,124	178,620	179,947	(1.5)	(0.7)

n.m. - not meaningful

Note: Figures for prior year has been re-presented to conform with current year's presentation.

Explanatory Notes to Balance Sheet

Shareholders' equity of the Group dipped from S\$182.9 million to S\$182.0 million, the fall were mainly due to foreign currency translation losses of S\$2.0 million partially offset by increased in profit of S\$0.6 million and gain in fair value of equity securities of S\$0.5million.

Total assets for the Group amounted to S\$206.1 million as at 31 March 2012, representing S\$3.1 million or 1.5% decreased in the asset base of S\$209.1 million as at 31 December 2011.

Non Current Assets

Decrease in associates by S\$1.8 million was mainly due to increase in share of associate profits net of tax of S\$0.1 million offset by foreign currency translation loss of S\$1.9 million.

Current Assets

Inventories fell by S\$2.3m was due to timing of goods arrivals.

Trade and other receivables rose by S\$2.4 million was mainly due to a loan to a GGBS associate, whilst other investment increased by S\$2.5 million was due to investment on equity securities.

Current Liabilities

Decreased in trade and other payables were resulted from lower inventories.

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

Amount repayable in one year or less, or on demand

As at 31.03.2012		As at 31.12.2011	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
631	375	793	375

Amount repayable after one year

As at 31.03.2012		As at 31.12.2011	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,989	187	2,304	281

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 S\$0.1 million,
- fixed deposits amounting to S\$0.6 million,
- the hire purchase facilities of the Group are secured by the Company and its subsidiaries' plant and machineries 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	
	1Q12 S\$'000	1Q11 S\$'000
Operating activities		
Profit before income tax	641	1,378
Adjustments for:		
Bad debts written off	-	19
Depreciation of property, plant and equipment	529	469
Dividend income	(36)	(35)
Impairment losses on investments	-	183
Interest expense	16	20
Interest income	(71)	(22)
Loss on disposal of property, plant & equipment	1	-
Net change in fair value of financial assets held for trading	(724)	112
Share of profit of associates (net of tax)	(90)	(444)
Operating gain before working capital changes	266	1,680
Changes in working capital:		
Inventories	2,343	1,054
Trade and other payables	(1,322)	19
Trade and other receivables	(236)	(1,152)
Cash generated from operations	1,051	1,601
Income tax recovered	12	24
Net cash from operating activities	1,063	1,625
Investing activities		
Distribution from other investments	118	6
Dividends received	281	35
Interest received	71	22
Loan to associates	(2,314)	-
Proceeds from disposal of property, plant and equipment	34	-
Purchase of other investments	(1,756)	-
Purchase of property, plant and equipment	(411)	(247)
Cash paid for investment in associates	-	(5,110)
Net cash used in investing activities	(3,977)	(5,294)
Financing activities		
Deposits pledged	(5)	(3)
Interest paid	(16)	(20)
Repayment of short term borrowings	(51)	(14)
Repayment of finance leases, net	(442)	(30)
Repayment of long term borrowings	(94)	-
Net cash used in financing activities	(608)	(67)
Net decrease in cash and cash equivalents	(3,522)	(3,736)
Cash and cash equivalents at beginning of period	41,450	40,148
Effect of exchange fluctuations on cash held	(207)	(95)
Cash and cash equivalents at end of period	37,721	36,317
Comprising:		
Fixed deposits	3,589	2,654
Bank balances	34,763	34,326
	38,352	36,980
Deposits pledged	(631)	(663)
	37,721	36,317

Explanatory Notes to Cash Flow Statement

The Group's cash and cash equivalents decreased by approximately S\$0.2 million over corresponding period last year, this was mainly attributable to improvement in cash flow generated from investing activities by S\$1.3 million partially offset by lower net cash from operating activities by S\$0.6 million and higher net cash used in financing activities by S\$0.5 million.

Better cash flow generated from investing activities was due to absence of cash used in investment in GGBS associate of S\$5.1 million during 1st quarter 2011 offset by loans to associates of S\$2.3 million and investment in equity securities of S\$1.8 million.

Higher net cash used in financing activities arose from repayment of leases of vehicles.

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 January 2011	84,268	902	(7,483)	(474)	86,604	163,817	463	164,280
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	1,413	1,413	(61)	1,352
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(341)	-	-	(341)	-	(341)
Exchange differences on monetary items forming part of net investment	-	-	(656)	-	-	(656)	-	(656)
Net change in fair value of equity securities available for sale	-	-	-	1,900	-	1,900	-	1,900
Total other comprehensive income	-	-	(997)	1,900	-	903	-	903
Total comprehensive income for the period	-	-	(997)	1,900	1,413	2,316	(61)	2,255
At 31 March 2011	84,268	902	(8,480)	1,426	88,017	166,133	402	166,535
At 1 January 2012	84,128	902	(4,077)	5,231	96,481	182,665	207	182,872
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	596	596	(9)	587
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(1,472)	-	-	(1,472)	-	(1,472)
Exchange differences on monetary items forming part of net investment	-	-	(526)	-	-	(526)	-	(526)
Net change in fair value of equity securities available for sale	-	-	-	480	-	480	-	480
Total other comprehensive income	-	-	(1,998)	480	-	(1,518)	-	(1,518)
Total comprehensive income for the period	-	-	(1,998)	480	596	(922)	(9)	(931)
At 31 March 2012	84,128	902	(6,075)	5,711	97,077	181,743	198	181,941

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 January 2011	84,268	902	166	68,227	153,563
Total comprehensive income for the period					
Net profit for the period	-	-	-	1,420	1,420
Other comprehensive income					
Net change in fair value of equity securities available for sale	-	-	221	-	221
Total other comprehensive income	-	-	221	-	221
Total comprehensive income for the period	-	-	221	1,420	1,641
At 31 March 2011	84,268	902	387	69,647	155,204
At 1 January 2012	84,128	902	5	80,388	165,423
Total comprehensive income for the period					
Net loss for the period	-	-	-	(806)	(806)
Other comprehensive income					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(806)	(806)
At 31 March 2012	84,128	902	5	79,582	164,617

- 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.**

The Company did not hold any treasury shares at 31 March 2012 (31 March 2011 : Nil).

There have been no changes to the issued share capital of the Company since the end of the previous period reported on, up to 31 March 2012.

	<u>Number of Shares</u>	<u>Amount S\$'000</u>
Issued share capital of the Company as at 31 March 2012 and 31 December 2011	118,232,500	84,128

As at 31 March 2012, options to subscribe to 1,577,500 ordinary shares remained unexercised (31 March 2011: 2,100,000 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 Mar 2012</u>	<u>As at 31 Dec 2011</u>
Total number of issued shares	118,232,500	118,232,500

- 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.**

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.**

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 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.**

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 2012.

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.

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	
1Q12	1Q11
0.50 cents	1.20 cents
0.50 cents	1.20 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	
31.03.2012	31.12.2011	31.03.2012	31.12.2011
S\$1.54	S\$1.54	S\$1.39	S\$1.40

Net asset value per ordinary share is computed based on 118,232,500 ordinary shares as at 31 March 2012 (31 December 2011: 118,232,500 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.

(a) Revenue

The Group's revenue increased 10% to S\$29.9 million due to improved sales from the Singapore Integral Cement and Ready-mix concrete business.

(b) Profitability

Profit declined by 57.8% to S\$0.6 million due to:

- i) higher revaluation loss on USD denominated assets by S\$0.8 million,
- ii) higher operating costs in freight, maintenance, trucking, utilities and raising wages in tandem with the increase in business activities by S\$1.2 million,
- iii) lower share of profits from associates by S\$0.4 million.

However, the decline was mitigated by the following favourable factors:

- i) increased selling prices from integral cement and ready-mix concrete segment,
- ii) absence of impairment losses of S\$0.2 million on investment incurred during corresponding period last year, and
- iii) higher fair valuation of financial assets held for trading by S\$0.8 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 2012 outlook for Singapore construction sector remains robust buoyed primarily by major public infrastructure construction and HDB housing program coupled with spill-over demand from private sector building. Demand of cement and ready-mixed concrete is expected to increase further and our Integral Cement and Ready-mix Concrete operation stands to benefit despite keen competition. Our Singapore building material operations will continue to contribute positively to the Group's performance despite margin squeeze caused by rising material costs and overall operating costs.

In China, continuing with our growth plan, we have embarked on Phase II expansion for the Wuhan Wuxin JV to add an additional 1.8 million tons annual capacity. Notwithstanding a forecasted economic slowdown, demand of GGBS continues to grow. Collectively, our China JVs will contribute meaningfully to the Group's profits.

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.

Interested person transactions conducted during 1st quarter of financial year 2012:

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)
	1Q12
	S\$'000
Loan to an associated company	
- HBS Investments Pte Ltd	60

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 2012 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
15 May 2012