



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		
	3Q08 S\$'000	3Q07 S\$'000	% Change	YTD08 S\$'000	YTD07 S\$'000	% Change
Revenue	39,522	35,532	11.2	103,142	90,535	13.9
Changes in inventories of finished goods and work-in-progress	180	(3,625)	n.m.	(3,116)	(1,511)	n.m.
Raw materials	(30,845)	(25,709)	20.0	(77,143)	(73,316)	5.2
Gain on disposal of property, plant and equipment	36	4	n.m.	152	36	n.m.
Investment income and gain / loss on disposal of investments	198	1,146	(82.7)	1,182	2,027	(41.7)
Interest income	201	426	(52.8)	566	1,141	(50.4)
Dividend income	38	48	(20.8)	205	243	(15.6)
Other income	202	38	n.m.	889	77	n.m.
Exchange gain / (loss)	1,088	(700)	n.m.	1	(504)	n.m.
Write-back / (Allowance) for doubtful receivables and bad debts recovered / (written off)	4	16	(75.0)	(596)	43	n.m.
Depreciation of property, plant and equipment	(438)	(441)	(0.7)	(1,302)	(1,258)	3.5
Negative goodwill arising from additional investment in subsidiary	-	-	n.m.	-	414	n.m.
Impairment losses on investments	(51)	-	n.m.	(153)	-	n.m.
Net change in fair value of financial assets held for trading	(1,373)	618	n.m.	(2,296)	1,765	n.m.
Staff costs	(2,493)	(2,471)	0.9	(7,446)	(7,301)	2.0
Rental expenses	(464)	(473)	(1.9)	(1,419)	(1,415)	0.3
Other expenses	(4,487)	(3,063)	46.5	(11,257)	(8,603)	30.8
Interest expenses	(245)	(323)	(24.1)	(681)	(973)	(30.0)
Profit before share of profit of associates	1,073	1,023	4.9	728	1,400	(48.0)
Share of profit of associates (net of tax)	3,389	1,667	n.m.	7,388	3,648	n.m.
Profit from ordinary activities before taxation	4,462	2,690	65.9	8,116	5,048	60.8
Income tax credit / (expense)	36	(4)	n.m.	(272)	2,557	n.m.
Net profit for the period	4,498	2,686	67.5	7,844	7,605	3.1
Attributable to :						
Equity holders of the Company	4,567	2,705	68.8	8,069	7,635	5.7
Minority interests	(69)	(19)	n.m.	(225)	(30)	n.m.
Net profit for the period	4,498	2,686	67.5	7,844	7,605	3.1

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
	30.09.2008	31.12.2007	30.09.2008	31.12.2007	%	%
	S\$'000	S\$'000	S\$'000	S\$'000	Change	Change
Non-current assets						
Property, plant and equipment	10,860	10,897	833	570	(0.3)	46.1
Subsidiaries	-	-	65,940	66,657	0.0	(1.1)
Associates	58,712	50,161	33,387	30,205	17.0	10.5
Other investments	40,054	39,202	4,904	4,155	2.2	18.0
Other financial assets	5,124	5,140	5,124	5,140	(0.3)	(0.3)
	114,750	105,400	110,188	106,727	8.9	3.2
Current assets						
Inventories	9,533	12,627	1,334	5,508	(24.5)	(75.8)
Trade and other receivables	35,293	27,549	26,938	16,800	28.1	60.3
Other investments	17,779	20,149	2,113	1,913	(11.8)	10.5
Cash and cash equivalents	14,038	16,249	7,056	9,439	(13.6)	(25.2)
	76,643	76,574	37,441	33,660	0.1	11.2
Total assets	191,393	181,974	147,629	140,387	5.2	5.2
Equity attributable to equity holders of the Company						
Share capital	83,605	82,562	83,605	82,562	1.3	1.3
Reserves	71,190	65,860	43,551	40,157	8.1	8.5
	154,795	148,422	127,156	122,719	4.3	3.6
Minority interests	1,304	1,529	-	-	(14.7)	0.0
Total equity	156,099	149,951	127,156	122,719	4.1	3.6
Non-current liabilities						
Financial liabilities	1,794	13,102	628	11,364	(86.3)	(94.5)
Deferred tax liabilities	96	126	-	-	(23.8)	0.0
	1,890	13,228	628	11,364	(85.7)	(94.5)
Current liabilities						
Trade and other payables	17,559	17,359	1,891	3,644	1.2	(48.1)
Financial liabilities	15,741	1,302	17,954	2,660	n.m.	n.m.
Current tax payable	104	134	-	-	(22.4)	0.0
	33,404	18,795	19,845	6,304	77.7	n.m.
Total liabilities	35,294	32,023	20,473	17,668	10.2	15.9
Total equity and liabilities	191,393	181,974	147,629	140,387	5.2	5.2

n.m. - not meaningful

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

Amount repayable in one year or less, or on demand

As at 30.09.2008		As at 31.12.2007	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
11,416	4,325	402	900

Amount repayable after one year

As at 30.09.2008		As at 31.12.2007	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,166	-	12,138	600

Details of any collateral

The Group's banking facilities are secured by :

- a) tradeable securities of a subsidiary with a carrying amount of S\$7.7 million;
- b) a structured deposit of a subsidiary with a carrying amount of S\$6.8 million;
- c) a legal charge on a subsidiary's freehold land and building with a carrying amount of S\$1.2 million;
- d) debenture incorporating fixed and floating charge for S\$2.1 million over all the assets of a subsidiary; and
- e) fixed deposits amounting to S\$2.6 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	
	3Q08 S\$'000	3Q07 S\$'000
Operating activities		
Profit before income tax	4,462	2,690
Adjustments for:		
Allowance for inventory obsolescence	14	6
Amortisation of financial guarantee	(115)	-
Bad debts recovered	(4)	-
Depreciation of property, plant and equipment	438	441
Dividend income	(38)	(48)
Equity settled share-based payment transactions	130	54
Gain on disposal of property, plant & equipment	(36)	(4)
Impairment losses on investments	51	-
Interest expense	245	323
Interest income	(201)	(426)
Loss / (gain) on disposal of investments	1	(907)
Net change in fair value of financial assets held for trading	1,373	(618)
Share of profit of associates (net of tax)	(3,389)	(1,667)
Write-back for doubtful receivables	-	(16)
Operating profit / (loss) before working capital changes	<u>2,931</u>	<u>(172)</u>
Changes in working capital:		
Inventories	210	3,593
Trade and other payables	2,305	(2,156)
Trade and other receivables	(6,226)	(3,412)
Cash used in operations	<u>(780)</u>	<u>(2,147)</u>
Income tax recovered	167	11
Cash flows from operating activities	<u>(613)</u>	<u>(2,136)</u>
Investing activities		
Cash paid for investment in associates	(2,219)	(1,614)
Dividends received	38	48
Dividends received from associates	1,259	-
Interest received	167	220
Loan to associates	(579)	(627)
Proceeds from disposal of other investments	5	4,342
Proceeds from disposal of property, plant and equipment	47	15
Purchase of other investments	(657)	(1,741)
Purchase of property, plant and equipment	(506)	(464)
Repayment of loan received from / (loan to) an investee company	44	(505)
Cash flows from investing activities	<u>(2,401)</u>	<u>(326)</u>
Financing activities		
Deposits pledged	(127)	37
Dividends paid by the Company	(3,507)	(11,585)
Interest paid	(245)	(327)
Proceeds / (repayment) of finance leases, net	218	(80)
Proceeds from issue of shares under rights issue	-	11,585
Proceeds of short term borrowings	2,573	944
Repayment of long term borrowings	(156)	(229)
Cash flows from financing activities	<u>(1,244)</u>	<u>345</u>
Net decrease in cash and cash equivalents	(4,258)	(2,117)
Cash and cash equivalents at beginning of period	15,518	11,363
Effect of exchange fluctuations on cash held	137	(49)
Cash and cash equivalents at end of period	<u>11,397</u>	<u>9,197</u>
Comprising:		
Fixed and term deposits	7,274	5,716
Demand deposits and cash in hand	6,764	6,012
	<u>14,038</u>	<u>11,728</u>
Deposits pledged	(2,641)	(2,531)
	<u>11,397</u>	<u>9,197</u>

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	Minority interests S\$'000	Total equity S\$'000
Group								
At 1 July 2007	70,977	124	871	4,650	68,748	145,370	1,642	147,012
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	(401)	-	-	(401)	-	(401)
Exchange differences on monetary items forming part of net investment	-	-	(954)	-	-	(954)	-	(954)
Net change in fair value of equity securities available for sale	-	-	-	1,613	-	1,613	-	1,613
Net gain / (loss) recognised directly in equity	-	-	(1,355)	1,613	-	258	-	258
Net profit for the period	-	-	-	-	2,705	2,705	(19)	2,686
Total recognised income and expense for the period	-	-	(1,355)	1,613	2,705	2,963	(19)	2,944
Interim dividend paid of 18.29 cents per share less tax at 18%	-	-	-	-	(11,585)	(11,585)	-	(11,585)
Value of employee services received for issue of share options	-	54	-	-	-	54	-	54
Issue of shares under rights issue	11,585	-	-	-	-	11,585	-	11,585
At 30 September 2007	82,562	178	(484)	6,263	59,868	148,387	1,623	150,010
At 1 July 2008	83,605	446	(4,402)	6,557	64,170	150,376	1,373	151,749
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	1,646	-	-	1,646	-	1,646
Exchange differences on monetary items forming part of net investment	-	-	1,850	-	-	1,850	-	1,850
Net change in fair value of equity securities available for sale	-	-	-	(267)	-	(267)	-	(267)
Net gain / (loss) recognised directly in equity	-	-	3,496	(267)	-	3,229	-	3,229
Net profit for the period	-	-	-	-	4,567	4,567	(69)	4,498
Total recognised income and expense for the period	-	-	3,496	(267)	4,567	7,796	(69)	7,727
Final one-tier dividend paid of 3 cents per share	-	-	-	-	(3,507)	(3,507)	-	(3,507)
Value of employee services received for issue of share options	-	130	-	-	-	130	-	130
At 30 September 2008	83,605	576	(906)	6,290	65,230	154,795	1,304	156,099

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 2007	70,977	124	(96)	48,018	119,023
Net change in fair value of equity securities available for sale	-	-	59	-	59
Net loss for the period	-	-	-	(1,447)	(1,447)
Total recognised income and expense for the period	-	-	59	(1,447)	(1,388)
Interim dividend paid of 18.29 cents per share less tax at 18%	-	-	-	(11,585)	(11,585)
Value of employee services received for issue of share options	-	54	-	-	54
Issue of shares under rights issue	11,585	-	-	-	11,585
At 30 September 2007	82,562	178	(37)	34,986	117,689
At 1 July 2008	83,605	446	85	41,412	125,548
Net change in fair value of equity securities available for sale	-	-	168	-	168
Net profit for the period	-	-	-	4,817	4,817
Total recognised income and expense for the period	-	-	168	4,817	4,985
Final one-tier dividend paid of 3 cents per share	-	-	-	(3,507)	(3,507)
Value of employee services received for issue of share options	-	130	-	-	130
At 30 September 2008	83,605	576	253	42,722	127,156

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

As at 30 September 2008, the total number of Company's ordinary shares was 117,237,500.

During Q1 2008 and Q2 2008, the Company issued 690,000 and 695,000 ordinary shares respectively under the Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Options Scheme at exercise price of \$0.75 per ordinary share

As at 30 September 2008, options to subscribe to 4,565,000 ordinary shares remained unexercised (30 September 2007: 1,870,000).

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 30 September 2008</u>	<u>As at 31 Dec 2007</u>
Total number of issued shares	<u>117,237,500</u>	<u>115,852,500</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

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 financial period as compared with the audited financial statements for the financial year ended 31 December 2007.

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

	Group Figures	
	3Q08	3Q07
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	3.90 cents	2.60 cents
(ii) On a fully diluted basis	3.89 cents	2.59 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	
30.09.2008	31.12.2007	30.09.2008	31.12.2007
S\$1.32	S\$1.28	S\$1.08	S\$1.06

Net asset value per ordinary share is computed based on 117,237,500 ordinary shares as at 30 September 2008 (31 December 2007: 115,852,500 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**

Profit and Loss Statement

Group revenue for Q3 2008 registered S\$39.5 million, an increase of 11.2% over the corresponding period last year. The revenue growth stemmed primarily from improved performance in the cement and ready-mix concrete business in Singapore.

Profit attributable to equity holders of the Company amounted to S\$4.6 million, rising 69% over the S\$2.7 million booked in the same period last year. The factors contributing to the growth in Q3 2008 are:

- a) Increase in gross profit of S\$2.7 million, mainly from cement and ready-mix concrete operations as result of continued strong demand for building materials from the construction industry in Singapore. This increase in gross profit is partially offset by lower gross profit contribution from the specialty polymer business due to lower sales;
- b) Higher contribution from associates amounting to S\$1.7 million, mainly from China GGBS joint ventures despite some disruption to plant operations and restricted highway access during the recent Beijing Olympics;
- c) An exchange gain of S\$1.1 million in Q3 2008, as compared to exchange loss of S\$0.7 million in Q3 2007. This can be attributed to revaluation of the Group's US\$ net asset position due to a strengthening US\$; and
- d) Higher other income of S\$0.2 million, arising mainly from amortization of financial guarantees (to an investee company).

The above profit growth contributions are partially offset by the following:

- e) Net fair value loss of S\$1.4 million (from equity investments and structured deposits), as compared to a gain of S\$0.6 million in Q3 2007;
- f) Decline in gain on disposal of investments of S\$0.9 million. Higher income in Q3 2007 mainly related to gain on disposal of quoted investment;
- g) Decrease in interest income of S\$0.2 million mainly due to lower loan principal outstanding (to an investee company) and lower interest rates; and
- h) Increase in other expenses of S\$1.4 million. This can be largely attributed to higher: i) ground transportation expenses (delivery and trucking); ii) shipping demurrage charges; and iii) repair & maintenance; all of which are incurred to support higher volume of cement and ready-mix concrete business in Singapore.

Balance Sheet (Group)

Total assets for the group registered S\$191 million as at end-September 2008, 5% higher than the S\$182 million asset base as at end-December 2007. The asset growth is fueled mainly by higher investment in overseas associates and growth in trade and other receivables.

Key variances in the Q3 2008 balance sheet are:

Non-Current Assets

Increased investment in associates (Tangshan Tanglong Materials Co, Ltd and Jiangsu Huailong Materials Co, Ltd) and share of associates' profits.

Current Assets

- a. Decline in inventories of S\$3.1 million, mainly attributed to strong sales in Singapore cement business;
- b. Increase in trade and other receivables of S\$7.7 million is mainly due to:
 - i) a loan to an associate company (HBS Investments Pte Ltd); and
 - ii) increased business volume.
- c. Decline in other investments of S\$2.4 million reflects mainly the net fair value loss recorded for equity investments and structured deposits.

Equity

Increase in share capital is due to issuance of 1,385,000 ordinary shares under the Ssangyong Cement (Singapore) Ltd 2000 Employees' Share Options Scheme at exercise price of \$0.75 per ordinary share.

Non-Current Liabilities

Decrease in financial liabilities is attributed to a reclassification of S\$11 million long-term bank loan (which will be due within next 12 months) from non-current to current liabilities.

Current Liabilities

Increase in financial liabilities mainly stemmed from the S\$3.5 million bank loan taken up for working capital purposes and reclassification of S\$11 million long-term bank loan (as mentioned above).

Cash Flow

The Group's net cash used in operating activities in Q3 2008 was S\$0.6 million. Profit before tax was adjusted for adding back non-cash items, such as net change in fair value of financial assets held for trading and share of net profit of associates. Net working capital outflow of S\$0.8 million resulted from an increase in trade and other receivables of S\$6.2 million, and partially offset by drop in inventories and growth in trade and other payables.

The Group's net cash used in investing activities in Q3 2008 was S\$2.4 million. The additional investment in associate, Jiangsu Huailong Materials Co Ltd, of S\$2.2 million largely accounted for the net cash used in Q3 2008.

The Group's net cash used in financing activities in Q3 2008 was S\$1.2 million. The Group paid out dividends amounting to S\$3.5 million and received net proceeds of S\$2.4 million from bank borrowings in Q3 2008.

Overall, the net cash outflow of the Group was S\$4.3 million for Q3 2008.

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

Construction demand is expected to slow down against a backdrop of turbulent financial markets, weakening housing sector, and deteriorating economic outlook. Escalating construction costs and shortage of resources have also resulted in project delays. In view of the economic downturn, the Singapore government stands ready to inject some S\$4.7 billion worth of public projects that have been previously deferred. Such measures, if adopted, are likely to take place in 2009 and should provide major sustenance to the construction industry going into 2010 and beyond.

Despite a tough and challenging operating environment, we expect group performance in the final quarter to remain profitable. Our Singapore cement and ready-mix concrete operations are expected to produce good revenue momentum going into Q4 2008 although earnings may come under pressure from rising costs.

Riding on China's GDP growth and a higher annual production capacity of 4.2 million tons, we expect our China GGBS joint venture associates to continue contributing to the Group's earnings.

The Sep 08 announcement of a toll compounding agreement with ExxonMobil Chemical augurs well for our specialty polymer business. Under this agreement, EnGro's specialty polymer business unit will manufacture a broad range of ExxonMobil Chemical's specialty compounds for use in automotive applications for the Asia-Pacific markets.

Barring further shocks to the global economy and financial markets, we expect Q4 and full year 2008 to show year-on-year growth and improvement.

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

Not applicable.

13 Interested Person Transactions

Interested person transactions conducted during 3rd quarter of financial year 2008:

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 2008
	S\$'000
Loan to an associated company	
- HBS Investments Pte Ltd	579

BY ORDER OF THE BOARD

Tan Cheng Gay
Chairman and CEO
6 November 2008

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 3Q 2008 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, 6 November 2008