



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

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

1(a) CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

	GROUP					
	2Q2016 \$'000	2Q2015 \$'000	Change %	1H2016 \$'000	1H2015 \$'000	Change %
<b>Revenue</b>	<b>39,198</b>	<b>42,152</b>	(7.0)	<b>74,436</b>	<b>96,612</b>	(23.0)
Changes in inventories of finished goods and work-in-progress	4,058	(1,973)	n.m.	901	(4,171)	n.m.
Raw materials	(33,054)	(30,938)	6.8	(56,328)	(71,805)	(21.6)
Gain on disposal of property, plant and equipment	351	69	n.m.	411	77	n.m.
Gain on disposal of investments	2,993	11	n.m.	3,475	11	n.m.
Investment income	-	3	n.m.	118	106	11.3
Interest income	620	43	n.m.	651	73	n.m.
Dividend income	108	105	2.9	167	163	2.5
Other income	631	604	4.5	1,458	3,797	(61.6)
Exchange loss	(659)	(636)	3.6	(1,794)	(3)	n.m.
Write-back for doubtful debts and bad debts written off, net	121	21	n.m.	142	32	n.m.
Depreciation of property, plant and equipment	(1,190)	(1,253)	(5.0)	(2,177)	(2,499)	(12.9)
Amortisation of intangible assets	(6)	(1)	n.m.	(8)	(1)	n.m.
Impairment losses on property, plant and equipment	-	(503)	n.m.	-	(1,003)	n.m.
(Allowance)/ writeback for impairment on investments, net	(749)	7	n.m.	(1,067)	(13)	n.m.
Net change in fair value of financial assets held for trading	140	(556)	n.m.	(1,177)	359	n.m.
Staff costs	(3,807)	(4,430)	(14.1)	(7,379)	(8,686)	(15.0)
Rental expenses	(761)	(712)	6.9	(1,528)	(1,331)	14.8
Other expenses	(4,624)	(5,715)	(19.1)	(9,049)	(11,914)	(24.0)
Interest expenses	(142)	(108)	31.5	(224)	(213)	5.2
<b>Profit/ (loss) before share of profit of associates and joint ventures</b>	<b>3,228</b>	<b>(3,810)</b>	n.m.	<b>1,028</b>	<b>(409)</b>	n.m.
Share of profit of associates and joint ventures, net of tax	1,818	1,450	25.4	1,438	1,178	22.1
<b>Profit/ (loss) before tax</b>	<b>5,046</b>	<b>(2,360)</b>	n.m.	<b>2,466</b>	<b>769</b>	n.m.
Tax expense	(391)	(257)	52.1	(588)	(479)	22.8
<b>Profit/ (loss) for the period</b>	<b>4,655</b>	<b>(2,617)</b>	n.m.	<b>1,878</b>	<b>290</b>	n.m.
<b>Attributable to:</b>						
Equity holders of the Company	4,511	(2,587)	n.m.	1,698	331	n.m.
Non-controlling interests	144	(30)	n.m.	180	(41)	n.m.
<b>Profit/ (loss) for the period</b>	<b>4,655</b>	<b>(2,617)</b>	n.m.	<b>1,878</b>	<b>290</b>	n.m.

n.m. - not meaningful

**1(b) CONSOLIDATED INCOME STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	<b>GROUP</b>					
	<b>2Q2016</b>	<b>2Q2015</b>	<b>Change</b>	<b>1H2016</b>	<b>1H2015</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Profit/ (loss) for the period</b>	<b>4,655</b>	<b>(2,617)</b>	n.m.	<b>1,878</b>	<b>290</b>	n.m.
<b>Other comprehensive income:</b>						
<b>Items that are or maybe reclassified subsequently to profit or loss:</b>						
Foreign currency translation differences for foreign operations	(3,612)	(2,072)	74.3	(5,192)	220	n.m.
Exchange differences on monetary items forming part of the net investment	(23)	(807)	(97.1)	(1,882)	591	n.m.
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(2,244)	(7)	n.m.	(2,408)	13	n.m.
Net change in fair value of available-for-sale financial assets	(455)	29	n.m.	(1,898)	1,272	n.m.
Other comprehensive income for the period, net of tax	(6,334)	(2,857)	121.7	(11,380)	2,096	n.m.
<b>Total comprehensive income for the period</b>	<b>(1,679)</b>	<b>(5,474)</b>	<b>(69.3)</b>	<b>(9,502)</b>	<b>2,386</b>	<b>n.m.</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	(1,679)	(5,417)	(69.0)	(9,599)	2,427	n.m.
Non-controlling interests	-	(57)	n.m.	97	(41)	n.m.
	<b>(1,679)</b>	<b>(5,474)</b>	<b>(69.3)</b>	<b>(9,502)</b>	<b>2,386</b>	<b>n.m.</b>

n.m. - not meaningful

**1(c) EARNINGS PER ORDINARY SHARE (EPS)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2Q2016</b>	<b>2Q2015</b>	<b>1H2016</b>	<b>1H2015</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
<b>Earnings per ordinary shares profit/ (loss) attributable to equity holders of the Company:</b>				
(i) Based on weighted average number of ordinary shares in issue	3.80	(2.18)	1.43	2.79
(ii) On a fully diluted basis	3.80	(2.18)	1.43	2.78

1(d) **BALANCE SHEETS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30 Jun 2016</b>	<b>31 Dec 2015</b>	<b>30 Jun 2016</b>	<b>31 Dec 2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>ASSETS</u></b>				
Property, plant and equipment	15,006	15,199	3,177	2,948
Subsidiaries	-	-	45,903	47,333
Intangible assets	320	328	-	-
Associates and joint ventures	95,724	101,007	60,555	60,243
Other investments	16,737	21,914	1,217	1,217
Other assets	172	172	172	172
Amount due from associates and a joint venture	1,010	1,607	-	-
Deferred tax assets	29	29	-	-
<b>Non-current assets</b>	<b>128,998</b>	<b>140,256</b>	<b>111,024</b>	<b>111,913</b>
Other investments	19,350	23,611	-	-
Inventories	14,333	13,725	6,598	8,170
Trade and other receivables	48,971	51,580	53,214	67,135
Loan to a subsidiary	-	-	6,982	7,498
Cash and cash equivalents	37,856	33,621	13,721	10,992
<b>Current assets</b>	<b>120,510</b>	<b>122,537</b>	<b>80,515</b>	<b>93,795</b>
<b>TOTAL ASSETS</b>	<b>249,508</b>	<b>262,793</b>	<b>191,539</b>	<b>205,708</b>
<b><u>Equity</u></b>				
Share capital	85,270	85,270	85,270	85,270
Reserves	125,642	138,181	89,498	95,129
<b>Equity attributable to owners of the Company</b>	<b>210,912</b>	<b>223,451</b>	<b>174,768</b>	<b>180,399</b>
Non-controlling interests	159	62	-	-
<b>Total equity</b>	<b>211,071</b>	<b>223,513</b>	<b>174,768</b>	<b>180,399</b>
<b><u>LIABILITIES</u></b>				
Loans and borrowings	6,512	7,291	357	433
Deferred tax liabilities	671	655	-	-
<b>Non-current liabilities</b>	<b>7,183</b>	<b>7,946</b>	<b>357</b>	<b>433</b>
Loans and borrowings	10,274	4,440	11,664	11,867
Trade and other payables	20,561	26,685	4,750	13,009
Current tax liabilities	419	209	-	-
<b>Current liabilities</b>	<b>31,254</b>	<b>31,334</b>	<b>16,414</b>	<b>24,876</b>
<b>TOTAL LIABILITIES</b>	<b>38,437</b>	<b>39,280</b>	<b>16,771</b>	<b>25,309</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>249,508</b>	<b>262,793</b>	<b>191,539</b>	<b>205,708</b>

**ANALYSIS OF BALANCE SHEETS**

Other investments decreased by \$9.4 million due to disposal of investment of \$5.9 million and fair value movements of \$3.3 million on available-for-sale financial assets.

Trade and other receivables decreased by \$2.6 million due to slowing down in sales.

Loans and borrowings increased by \$5.1 million due to the proceeds from trust receipts, offset by the repayment of finance lease liabilities during the financial period.

Trade and other payables decreased by \$6.1 million due to slow down in raw material purchase in line with weaker demand particularly in Singapore, and settlement of amount owing to a related party.

1(e) **GROUP BORROWINGS**

	As at 30 Jun 2016 \$'000	As at 31 Dec 2015 \$'000
<b>Amount repayable in one year</b>		
Secured	2,317	2,569
Unsecured	7,957	1,871
	<b>10,274</b>	<b>4,440</b>
<b>Amount repayable after one year</b>		
Secured	6,512	7,291
Unsecured	-	-
	<b>6,512</b>	<b>7,291</b>
<b>Total</b>	<b>16,786</b>	<b>11,731</b>

**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**

	<b>GROUP</b>		<b>COMPANY</b>	
	2Q2016 Cents	2Q2015 Cents	2Q2016 Cents	2Q2015 Cents
Net asset value per ordinary share at end of the financial period/year	1.78	1.94	1.47	1.55

2 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	<b>GROUP</b>	
	<b>2Q2016</b> <b>S\$'000</b>	<b>2Q2015</b> <b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax	5,046	(2,360)
Adjustments for:		
Depreciation of property, plant and equipment	1,190	1,253
Amortisation of intangible asset	6	1
Dividend income	(108)	(105)
Impairment losses on property, plant and equipment	-	503
Impairment losses on equity securities available for sale	749	(7)
Interest expenses	142	108
Interest income	(620)	(43)
Gain on disposal of:		
- investments	(2,993)	(11)
- property, plant and equipment	(351)	(69)
Net change in fair value of financial assets at fair value through profit or loss	(140)	556
Share of profit of associates and joint ventures, net of tax	(1,818)	(1,450)
<b>Operating profit/ (loss) before working capital changes</b>	<b>1,103</b>	<b>(1,624)</b>
Changes in working capital:		
Inventories	(3,915)	1,285
Trade and other payables	(3,496)	(5,186)
Trade and other receivables	136	5,347
<b>Net cash used in operating activities</b>	<b>(6,172)</b>	<b>(178)</b>
Tax paid	(193)	(161)
<b>Net cash used in operating activities</b>	<b>(6,365)</b>	<b>(339)</b>
<b>Cash flows from investing activities</b>		
Distribution from other investments	-	236
Dividends received from:		
- other investments	108	105
- associates and joint ventures	1,176	-
Interest received	-	43
Investment in a joint venture	(312)	-
Proceeds from disposal of:		
- other investments	3,441	36
- property, plant and equipment	569	184
Purchase of other investments	(371)	(719)
Purchase of an intangible asset	-	(20)
Purchase of property, plant and equipment	(551)	(530)
<b>Net cash generated from/ (used in) investing activities</b>	<b>4,060</b>	<b>(665)</b>
<b>Cash flows from financing activities</b>		
Deposit discharged	-	500
Dividends paid by the Company	(2,968)	-
Interest paid	(142)	(108)
Proceeds from short-term borrowings	6,434	-
Repayment of finance lease liabilities	(1,021)	(658)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,303</b>	<b>(266)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2)</b>	<b>(1,270)</b>
Cash and cash equivalents at beginning of period	38,038	24,522
Effect of exchange rate fluctuations on cash held	(180)	(10)
<b>Cash and cash equivalents at end of the period</b>	<b>37,856</b>	<b>23,242</b>

**2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2016 (cont'd)**

**ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS**

Net cash used in operating activities of \$6.4 million in 2Q2016 was higher than \$0.3 million cash used in 2Q2015. This was largely due to increase in inventories and decrease in trade and other payables balances.

Net cash generated from investing activities of \$4.1 million in 2Q2016 was attributed to the proceeds from disposal of other investments and dividend from joint venture.

Proceeds from short-term borrowings of \$6.4 million made up bulk of net cash generated from financing activities in 2Q2016, which partially offset by dividend payment to shareholders of \$3.0 million.

The cash and cash equivalents as at end 2Q2016 was \$37.8 million, \$14.6 million higher than 2Q2015.

3 **STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 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
<b>Group</b>										
<b>At 1 April 2015</b>	<b>85,270</b>	<b>(21)</b>	<b>(20)</b>	<b>168</b>	<b>4,288</b>	<b>9,388</b>	<b>136,762</b>	<b>235,835</b>	<b>156</b>	<b>235,991</b>
<b>Total comprehensive income for the period</b>										
Loss for the period	-	-	-	-	-	-	(2,587)	(2,587)	(30)	(2,617)
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	-	-	(2,045)	-	-	(2,045)	(27)	(2,072)
Exchange differences on monetary items forming part of the net investment	-	-	-	-	(807)	-	-	(807)	-	(807)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	(7)	-	(7)	-	(7)
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	29	-	29	-	29
Total other comprehensive income	-	-	-	-	(2,852)	22	-	(2,830)	(27)	(2,857)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,852)</b>	<b>22</b>	<b>(2,587)</b>	<b>(5,417)</b>	<b>(57)</b>	<b>(5,474)</b>
<b>At 30 June 2015</b>	<b>85,270</b>	<b>(21)</b>	<b>(20)</b>	<b>168</b>	<b>1,436</b>	<b>9,410</b>	<b>134,175</b>	<b>230,418</b>	<b>99</b>	<b>230,517</b>
<b>At 1 April 2016</b>	<b>85,270</b>	<b>(45)</b>	<b>-</b>	<b>154</b>	<b>(320)</b>	<b>8,315</b>	<b>122,185</b>	<b>215,559</b>	<b>159</b>	<b>215,718</b>
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	4,511	4,511	144	4,655
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	-	-	(3,468)	-	-	(3,468)	(144)	(3,612)
Exchange differences on monetary items forming part of the net investment	-	-	-	-	(23)	-	-	(23)	-	(23)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	(2,244)	-	(2,244)	-	(2,244)
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	(455)	-	(455)	-	(455)
Total other comprehensive income	-	-	-	-	(3,491)	(2,699)	-	(6,190)	(144)	(6,334)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,491)</b>	<b>(2,699)</b>	<b>4,511</b>	<b>(1,679)</b>	<b>-</b>	<b>(1,679)</b>
<b>Contributions by and distributions to owners</b>										
Final one-tier dividend declared of 2.5 cents per share	-	-	-	-	-	-	(2,968)	(2,968)	-	(2,968)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,968)</b>	<b>(2,968)</b>	<b>-</b>	<b>(2,968)</b>
<b>At 30 June 2016</b>	<b>85,270</b>	<b>(45)</b>	<b>-</b>	<b>154</b>	<b>(3,811)</b>	<b>5,616</b>	<b>123,728</b>	<b>210,912</b>	<b>159</b>	<b>211,071</b>

3 **STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 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
<b>Company</b>						
<b>At 1 April 2015</b>	<b>85,270</b>	<b>(21)</b>	<b>(20)</b>	<b>168</b>	<b>100,424</b>	<b>185,821</b>
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(1,561)	(1,561)
<b>Other comprehensive income</b>						
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,561)</b>	<b>(1,561)</b>
<b>At 30 June 2015</b>	<b>85,270</b>	<b>(21)</b>	<b>(20)</b>	<b>168</b>	<b>98,863</b>	<b>184,260</b>
<b>At 1 April 2016</b>	<b>85,270</b>	<b>(45)</b>	<b>-</b>	<b>154</b>	<b>92,200</b>	<b>177,579</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	157	157
<b>Other comprehensive income</b>						
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157</b>	<b>157</b>
<b>At 30 June 2016</b>	<b>85,270</b>	<b>(45)</b>	<b>-</b>	<b>154</b>	<b>89,389</b>	<b>174,768</b>



**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	<u>118,627,500</u>
Issued share capital of the Company (excluding treasury shares) as at 30 June 2016	<u>118,702,500</u>

The Company did not hold any treasury shares at 30 June 2016 (30 June 2015: 19,000).

As at 30 June 2016, options to subscribe to 1,087,500 ordinary shares remained unexercised (30 June 2015: 1,282,500 ordinary shares).

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

	<u>As at 30 Jun 2016</u>	<u>As at 31 Dec 2015</u>
Total number of issued shares excluding treasury shares	<u>118,702,500</u>	<u>118,627,500</u>

**3(c) TREASURY SHARES**

	<u>Number of shares for the quarter ended</u>	
<u>Group and Company</u>	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
As at beginning and end of the quarter	<u>-</u>	<u>19,000</u>

**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 \$39.2 million for 2Q2016, a decline of 7.0% from the \$42.2 million in 2Q2015 due to softer demand and selling price for Integral Cement and Ready-Mix Concrete business in the Singapore market. However the Group reported a net profit of \$4.5 million for 2Q2016 against a loss of \$2.6 million in 2Q2015 as a result of the following:

- a) Our China Joint Ventures registered higher contributions in 2Q2016 from a year ago, benefiting from the recent recovery in infrastructure construction activities.
- b) The Group's venture capital investment activities reported a profit in 2Q2016 due to the recognition of fair value gain arising from the liquidation of a venture capital fund and other fund distribution.

**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 1Q2016 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 July 2016, the construction sector grew by 2.7% on a year-on-year basis in the second quarter; easing from 4.5% growth recorded in the previous quarter. The slowdown is due to lower private sector construction activities.

The weak demand in construction from the private sector cum softening of the Singapore economy may affect the Group's performance.

China reported GDP growth of 6.7% in the second quarter, within the expectation for 2016. The recent announcement of infrastructure projects and spin-off in construction activities have benefited our joint venture business in the second quarter. We are cautiously optimistic that the momentum would be sustained.

**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 2nd 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 30 June 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  
8 August 2016