



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

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018

1(a) CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

	GROUP					
	2Q2018	2Q2017	Change	1H2018	1H2017	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	38,902	36,533	6.5	73,884	73,889	(0.0)
Changes in inventories of finished goods and work-in-progress	2,205	3,911	(43.6)	3,018	(204)	n.m.
Raw materials	(33,070)	(33,190)	0.4	(61,700)	(59,203)	(4.2)
Gain/ (loss) on disposal of property, plant and equipment	1	69	(98.6)	(1)	27	n.m.
Investment income	-	1	n.m.	-	1	n.m.
Interest income	82	39	n.m.	131	91	44.0
Dividend income	32	79	(59.5)	286	120	n.m.
Other income	604	560	7.9	1,196	1,037	15.3
Exchange gain/ (loss)	615	(572)	n.m.	222	(1,326)	n.m.
(Allowance for)/ reversal of allowance for doubtful debts and bad debts recovered, net	(529)	173	n.m.	(529)	241	n.m.
Depreciation of property, plant and equipment	(1,126)	(1,110)	(1.4)	(2,244)	(2,163)	(3.7)
Amortisation of intangible assets	(20)	(24)	16.7	(40)	(48)	16.7
Impairment loss on available-for-sale financial assets	-	(106)	n.m.	-	(405)	n.m.
Net change in fair value of financial assets at fair value through profit or loss	(162)	(959)	(83.1)	604	(447)	n.m.
Staff costs	(3,404)	(2,342)	(45.3)	(6,574)	(5,741)	(14.5)
Rental expenses	(470)	(667)	29.5	(939)	(1,313)	28.5
Other expenses	(3,975)	(4,204)	5.4	(7,492)	(8,579)	12.7
Interest expense	(60)	(72)	16.7	(131)	(154)	14.9
Loss before share of profit of associates and joint ventures	(375)	(1,881)	n.m.	(309)	(4,177)	(92.6)
Share of profit of associates and joint ventures, net of tax	3,767	2,924	28.8	3,929	3,836	2.4
Profit/ (loss) before tax	3,392	1,043	n.m.	3,620	(341)	n.m.
Tax expense	(362)	(86)	n.m.	(395)	(7)	n.m.
Profit/ (loss) for the period	3,030	957	n.m.	3,225	(348)	n.m.
Attributable to:						
Owners of the Company	2,954	880	n.m.	3,236	(413)	n.m.
Non-controlling interests	76	77	(1.3)	(11)	65	n.m.
Profit/ (loss) for the period	3,030	957	n.m.	3,225	(348)	n.m.

n.m. - not meaningful

1(b) **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

	GROUP					
	2Q2018	2Q2017	Change	1H2018	1H2017	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/ (loss) for the period	3,030	957	n.m.	3,225	(348)	n.m.
Other comprehensive income:						
Items that are or maybe reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(1,695)	150	n.m.	(209)	(1,246)	(83.2)
Exchange differences on monetary items forming part of the net investment in foreign operations	1,432	(581)	n.m.	751	(1,965)	n.m.
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	106	n.m.	-	405	n.m.
Net change in fair value of available-for-sale financial assets	-	(346)	n.m.	-	(509)	n.m.
Other comprehensive income for the period, net of tax	(263)	(671)	n.m.	542	(3,315)	n.m.
Total comprehensive income for the period	2,767	286	n.m.	3,767	(3,663)	n.m.
Total comprehensive income attributable to:						
Owners of the Company	2,684	207	n.m.	3,784	(3,700)	n.m.
Non-controlling interests	83	79	5.1	(17)	37	n.m.
Total comprehensive income for the period	2,767	286	n.m.	3,767	(3,663)	n.m.

n.m. - not meaningful

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

	GROUP		GROUP	
	2Q2018	2Q2017	1H2018	1H2017
	Cents	Cents	Cents	Cents
Earnings/ (loss) per ordinary shares attributable to equity holders of the Company:				
(i) Based on weighted average number of ordinary shares in issue	2.49	0.74	2.73	(0.35)
(ii) On a fully diluted basis	2.49	0.74	2.73	(0.35)

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

	GROUP		COMPANY	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Property, plant and equipment	11,457	12,824	2,561	2,336
Subsidiaries	-	-	51,524	55,766
Intangible assets	492	512	140	154
Associates and joint ventures	103,178	100,630	60,555	60,555
Other investments	19,226	16,452	1,217	1,217
Other assets	78	78	78	78
Non-current assets	134,431	130,496	116,075	120,106
Other investments	8,431	26,110	-	-
Inventories	17,136	12,318	6,995	3,956
Trade and other receivables	54,363	51,524	41,583	49,364
Loan to a subsidiary	-	-	5,081	5,059
Cash and cash equivalents	30,272	23,869	17,706	8,878
Current assets	110,202	113,821	71,365	67,257
TOTAL ASSETS	244,633	244,317	187,440	187,363
<u>EQUITY</u>				
Share capital	85,270	85,270	85,270	85,270
Reserves	130,353	129,971	88,369	89,118
Equity attributable to owners of the Company	215,623	215,241	173,639	174,388
Non-controlling interests	1,152	1,169	-	-
Total equity	216,775	216,410	173,639	174,388
<u>LIABILITIES</u>				
Loans and borrowings	2,693	3,558	-	-
Deferred tax liabilities	547	481	-	-
Non-current liabilities	3,240	4,039	-	-
Loans and borrowings	3,243	4,963	9,030	8,339
Trade and other payables	21,128	18,699	4,771	4,636
Current tax liabilities	247	206	-	-
Current liabilities	24,618	23,868	13,801	12,975
TOTAL LIABILITIES	27,858	27,907	13,801	12,975
TOTAL EQUITY AND LIABILITIES	244,633	244,317	187,440	187,363

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION

During 1H2018, the Group disposed \$19.9 million worth of quoted equities and bonds while acquired additional investments of \$4.6 million. Fair value gain during the period was \$0.4 million. These resulted in net decrease of \$14.9 million in Other Investment compared to 31 December 2017.

Inventories increased by \$4.8 million largely due to buffer stocks for Specialty Polymer and Cement.

Trade Receivables and Trade Payables increased by \$2.8 million and \$2.4 million respectively in tandem with higher business volume in 2Q 2018 compared to 4Q 2017.

Loans and Borrowings decreased by \$2.6 million, attributed to repayment of short-term borrowings and finance lease liabilities.

1(e) **GROUP BORROWINGS**

	As at 30 Jun 2018 \$'000	As at 31 Dec 2017 \$'000
Amount repayable in one year		
Secured	2,107	2,336
Unsecured	1,136	2,627
	3,243	4,963
Amount repayable after one year		
Secured	2,693	3,558
Unsecured	-	-
	2,693	3,558
Total	5,936	8,521

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>	
	2Q2018	2Q2017	2Q2018	2Q2017
	\$	\$	\$	\$
Net asset value per ordinary share at end of the financial period	1.82	1.79	1.46	1.43

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2018

	GROUP	
	2Q2018	2Q2017
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	3,392	1,043
Adjustments for:		
Amortisation of intangible assets	20	24
Depreciation of property, plant and equipment	1,126	1,110
Dividend income	(32)	(79)
Gain on disposal of property, plant and equipment	(1)	(69)
Allowance for/ (reversal of allowance for) doubtful debts	529	(173)
Impairment loss on available-for-sale financial assets	-	106
Interest expense	60	72
Interest income	(82)	(39)
Net change in fair value of financial assets at fair value through profit or loss	162	959
Share of profit of associates and joint ventures, net of tax	(3,767)	(2,924)
	<u>1,407</u>	<u>30</u>
Changes in working capital:		
Inventories	(2,346)	(1,069)
Trade and other payables	641	(1,951)
Trade and other receivables	2,910	506
Cash generated from/ (used in) operations	<u>2,612</u>	<u>(2,484)</u>
Tax paid	(156)	(111)
Net cash generated from/ (used in) operating activities	<u>2,456</u>	<u>(2,595)</u>
Cash flows from investing activities		
Distribution from other investments	490	-
Dividends received from:		
- other investments	32	63
- associates and joint ventures	1,240	-
Interest received	82	39
Proceeds from disposal of:		
- financial assets at fair value through profit or loss	15,845	169
- property, plant and equipment	102	69
- other assets	-	40
Purchase of financial assets at fair value through profit or loss	(1,289)	(875)
Purchase of intangible assets	(11)	-
Purchase of property, plant and equipment	(644)	(689)
Net cash generated from/ (used in) investing activities	<u>15,847</u>	<u>(1,184)</u>
Cash flows from financing activities		
Dividends paid	(2,966)	(2,964)
Interest paid	(60)	(72)
Proceeds from exercise of share options	-	39
Repayment of finance lease liabilities	(590)	(706)
Repayment of trust receipts	(4,135)	-
Net cash used in financing activities	<u>(7,751)</u>	<u>(3,703)</u>
Net increase/ (decrease) in cash and cash equivalents	10,552	(7,482)
Cash and cash equivalents at beginning of the period	19,607	32,104
Effect of exchange rate fluctuations on cash held	113	(12)
Cash and cash equivalents at end of the period	<u>30,272</u>	<u>24,610</u>

2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2018
(cont'd)

ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash generated from operating activities in 2Q 2018 was \$2.5 million, attributed to positive operating results and movements in working capital.

Proceeds from disposal of financial assets made up bulk of net cash generated from investing activities of \$15.8 million during 2Q 2018.

Net cash used in financing activities of \$7.8 million was largely used for dividend payment and repayment of short term borrowings.

The cash and cash equivalent as at end of 2Q 2018 was \$30.3 million, an increase of \$5.7 million compared to 2Q 2017.

3 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2018

	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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
At 1 April 2017	85,270	(45)	(116)	133	(2,750)	5,049	127,763	215,304	81	215,385
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	880	880	77	957
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	148	-	-	148	2	150
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	(581)	-	-	(581)	-	(581)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	106	-	106	-	106
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	(346)	-	(346)	-	(346)
Total other comprehensive income	-	-	-	-	(433)	(240)	-	(673)	2	(671)
Total comprehensive income for the period	-	-	-	-	(433)	(240)	880	207	79	286
Transactions with owners, recognised directly in equity										
Distributions to owners										
Final one-tier dividend declared of 2.5 cents per share	-	-	-	-	-	-	(2,964)	(2,964)	-	(2,964)
Issue of treasury shares under share option scheme	-	3	44	(8)	-	-	-	39	-	39
Total transactions with owners	-	3	44	(8)	-	-	(2,964)	(2,925)	-	(2,925)
At 30 June 2017	85,270	(42)	(72)	125	(3,183)	4,809	125,679	212,586	160	212,746
At 1 April 2018	85,270	(41)	(72)	22	(2,721)	-	133,447	215,905	1,069	216,974
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	2,954	2,954	76	3,030
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(1,702)	-	-	(1,702)	7	(1,695)
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	1,432	-	-	1,432	-	1,432
Total other comprehensive income	-	-	-	-	(270)	-	-	(270)	7	(263)
Total comprehensive income for the period	-	-	-	-	(270)	-	2,954	2,684	83	2,767
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Final one-tier dividend declared of 2.5 cents per share	-	-	-	-	-	-	(2,966)	(2,966)	-	(2,966)
Total transactions with owners	-	-	-	-	-	-	(2,966)	(2,966)	-	(2,966)
At 30 June 2018	85,270	(41)	(72)	22	(2,991)	-	133,435	215,623	1,152	216,775

3 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (cont'd)

Company	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total equity \$'000
At 1 April 2017	85,270	(45)	(116)	133	87,980	173,222
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(229)	(229)
Total comprehensive income for the period	-	-	-	-	(229)	(229)
Transactions with owners, recognised directly in equity						
Distributions to owners						
Final one-tier dividend declared of 2.5 cents per share	-	-	-	-	(2,964)	(2,964)
Issue of treasury shares under share option scheme	-	3	44	(8)	-	39
Total transactions with owners	-	3	44	(8)	(2,964)	(2,925)
At 30 June 2017	85,270	(42)	(72)	125	84,787	170,068
At 1 April 2018	85,270	(41)	(72)	22	88,675	173,854
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,751	2,751
Total comprehensive income for the period	-	-	-	-	2,751	2,751
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Final one-tier dividend declared of 2.5 cents per share	-	-	-	-	(2,966)	(2,966)
Total transactions with owners	-	-	-	-	(2,966)	(2,966)
At 30 June 2018	85,270	(41)	(72)	22	88,460	173,639

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 2017	<u>118,623,300</u>
Issued share capital of the Company (excluding treasury shares) as at 30 June 2018	<u>118,623,300</u>

There were 79,200 treasury shares held by the Company as at 30 June 2018 (30 June 2017: 79,200), which has been excluded in the number of issued ordinary shares stated above.

As at 30 June 2018, options to subscribe to 135,000 ordinary shares remained unexercised (30 June 2017: 875,000 ordinary shares).

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

	<u>As at 30 Jun 2018</u>	<u>As at 31 Dec 2017</u>
Total number of issued shares excluding treasury shares	<u>118,623,300</u>	<u>118,623,300</u>

3(c) TREASURY SHARES

	<u>Number of shares for the quarter ended</u>	
<u>Group and Company</u>	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>
As at beginning of the quarter	79,200	129,200
Treasury shares transferred on exercise of the share option	-	(50,000)
As at end of the quarter	<u>79,200</u>	<u>79,200</u>

4 AUDIT

These figures have not been audited or reviewed by the Company's auditors.

5 AUDITORS' REPORT

Not applicable.

6 ACCOUNTING POLICIES

The Group's financial statements for the current financial period is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council.

Other than the adoption of the new framework and the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect on 1 January 2018, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 2017.

7 CHANGES IN ACCOUNTING POLICIES

In adopting the new SFRS(I) framework with effect from 1 January 2018, the Group is required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of International Financial Reporting Standards.

In addition, during the current financial year, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018:

- SFRS(I) 15 Revenue from Contracts with Customers and Amendments to SFRS(I) Clarifications to SFRS(I) 15
- SFRS(I) 9 Financial Instruments
- Amendments to SFRS(I) 2 Share-based Payment
- Amendments to SFRS(I) 1-40 Transfers of Investment Property
- Amendments to SFRS(I) 1 Deletion of short-term exemptions for first-time adopters
- Amendments to SFRS(I) 1-28 Measuring an Associate or Joint Venture at Fair Value

Except for SFRS(I) 1 and SFRS(I) 9, the adoption of the above new SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material impact to the results and financial position of the Group and of the Company for the year ending 31 December 2018.

Please refer to the Statement of Changes in Equity for the Group and for the Company on pages 7 and 8 for further details on the quantum of the respective adjustments made in relation to SFRS(I) 1 and SFRS(I) 9.

8 REVIEW OF GROUP PERFORMANCE

The Group reported a total revenue of \$38.9 million for 2Q 2018, an increase of 6.5% from \$36.5 million in 2Q 2017. Higher revenue was contributed by volume increase and higher selling price for Ready-Mix Concrete business. This improvement together with better performance from Integral Cement and Ready Mix Concrete as well as China GGBS contributed to a higher profit after tax of \$3.0 million for 2Q 2018 against a profit of \$0.9 million for 2Q 2017.

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 1Q2018 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 13 July 2018, the construction sector weighed down by continued weakness in the private sector contracted by 4.4% on a year-on-year basis in 2Q 2018, extending the 5.2% decline in the previous quarter. However, notwithstanding this slowdown and the recent cooling measures targeting the private residential property sector, barring unforeseen circumstances, we are of the view that the construction sector could show a turn-around this year, to benefit our Integral Cement and Ready-Mix Concrete business.

Malaysia's economy is expected to grow 5% in 2018, lower than 2017 as it braces for the effect of brewing global trade war and a high national debt. Austerity measures driven by the newly-elected government resulted in several mega development projects being suspended, affecting demand in the medium term.

China posted 2Q 2018 GDP growth of 6.7%, slightly lower than 6.8% in the previous quarter but well within the target of 6.5% for 2018. It is expected that the negative effect from the US-China trade war would only start to show in the second half of this year.

Despite the uncertainties ahead, we believe the Group will remain profitable in 2H 2018.

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/recommendeded for the current financial period.

13 INTERESTED PERSON TRANSACTIONS

The Company does not have a shareholders' mandate for interested person transactions.

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 2018 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 2018