



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

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

1(a) CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

	GROUP		
	1Q2018	1Q2017	Change
	\$'000	\$'000	%
Revenue	34,982	37,356	(6.4)
Changes in inventories of finished goods and work-in-progress	813	(4,115)	n.m.
Raw materials	(28,630)	(26,013)	(10.1)
Loss on disposal of property, plant and equipment	(2)	(42)	(95.2)
Interest income	49	52	(5.8)
Dividend income	254	41	n.m.
Other income	592	477	24.1
Exchange loss	(393)	(754)	47.9
Write-back of doubtful debts and bad debts written off, net	-	68	n.m.
Depreciation of property, plant and equipment	(1,118)	(1,053)	(6.2)
Amortisation of intangible assets	(20)	(24)	n.m.
Impairment loss on available-for-sale financial assets	-	(299)	n.m.
Net change in fair value of financial assets at fair value through profit or loss	766	512	49.6
Staff costs	(3,170)	(3,399)	6.7
Rental expenses	(469)	(646)	27.4
Other expenses	(3,517)	(4,375)	19.6
Interest expense	(71)	(82)	13.4
Profit/ (loss) before share of profit of associates and joint ventures	66	(2,296)	n.m.
Share of profit of associates and joint ventures, net of tax	162	912	(82.2)
Profit/ (loss) before tax	228	(1,384)	n.m.
Tax (expense)/ credit	(33)	79	n.m.
Profit/ (loss) for the period	195	(1,305)	n.m.
Attributable to:			
Owners of the Company	282	(1,293)	n.m.
Non-controlling interests	(87)	(12)	n.m.
Profit/ (loss) for the period	195	(1,305)	n.m.

n.m. - not meaningful

1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER
ENDED 31 MARCH 2018

	GROUP		
	1Q2018	1Q2017	Change
	\$'000	\$'000	%
Profit/ (loss) for the period	195	(1,305)	n.m.
Other comprehensive income:			
Items that are or maybe reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	1,486	(1,396)	n.m.
Exchange differences on monetary items forming part of the net investment in foreign operations	(681)	(1,384)	50.8
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	299	n.m.
Net change in fair value of available-for-sale financial assets	-	(163)	n.m.
Other comprehensive income for the period, net of tax	805	(2,644)	n.m.
Total comprehensive income for the period	1,000	(3,949)	n.m.
Total comprehensive income attributable to:			
Owners of the Company	1,100	(3,907)	n.m.
Non-controlling interests	(100)	(42)	138.1
Total comprehensive income for the period	1,000	(3,949)	n.m.

n.m. - not meaningful

1(c) EARNINGS PER ORDINARY SHARE

	GROUP	
	1Q2018	1Q2017
	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	0.24	(1.09)
(ii) On a fully diluted basis	0.24	(1.09)

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

	GROUP		COMPANY	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Property, plant and equipment	12,077	12,824	2,239	2,336
Subsidiaries	-	-	56,221	55,766
Intangible assets	502	512	147	154
Associates and joint ventures	101,852	100,630	60,555	60,555
Other investments	17,834	16,452	1,217	1,217
Other assets	78	78	78	78
Non-current assets	132,343	130,496	120,457	120,106
Other investments	24,337	26,110	-	-
Inventories	14,786	12,318	5,125	3,956
Trade and other receivables	57,830	51,524	52,861	49,364
Loan to a subsidiary	-	-	5,136	5,059
Cash and cash equivalents	19,607	23,869	5,067	8,878
Current assets	116,560	113,821	68,189	67,257
TOTAL ASSETS	248,903	244,317	188,646	187,363
<u>EQUITY</u>				
Share capital	85,270	85,270	85,270	85,270
Reserves	130,635	129,971	88,584	89,118
Equity attributable to owners of the Company	215,905	215,241	173,854	174,388
Non-controlling interests	1,069	1,169	-	-
Total equity	216,974	216,410	173,854	174,388
<u>LIABILITIES</u>				
Loans and borrowings	3,158	3,558	-	-
Deferred tax liabilities	503	481	-	-
Non-current liabilities	3,661	4,039	-	-
Loans and borrowings	7,528	4,963	10,815	8,339
Trade and other payables	20,534	18,699	3,977	4,636
Current tax liabilities	206	206	-	-
Current liabilities	28,268	23,868	14,792	12,975
TOTAL LIABILITIES	31,929	27,907	14,792	12,975
TOTAL EQUITY AND LIABILITIES	248,903	244,317	188,646	187,363

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION

Compared to 31 December 2017, Other Investments decreased by \$0.4 million due to disposal of quoted equities and bond amounting to \$4.1 million, offset by additional investments of \$3.3 million and fair value movements of \$0.4 million.

Inventories increased by \$2.5 million largely from the buffer stocks for Specialty Polymer and Cement.

Trade and Other Receivables increased by \$6.3 million due to higher trade receivables balance, in line with higher revenue in 1Q 2018 compared to last quarter.

Loan and Borrowing grew by \$2.2 million, attributed to increase in short term borrowing.

1(e) **GROUP BORROWINGS**

	As at 31 Mar 2018 \$'000	As at 31 Dec 2017 \$'000
Amount repayable in one year		
Secured	2,245	2,336
Unsecured	5,283	2,627
	7,528	4,963
Amount repayable after one year		
Secured	3,158	3,558
Unsecured	-	-
	3,158	3,558
Total	10,686	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**

	GROUP		COMPANY	
	1Q2018	1Q2017	1Q2018	1Q2017
	\$	\$	\$	\$
Net asset value per ordinary share at end of the financial period	1.82	1.82	1.47	1.46

2 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	GROUP	
	1Q2018	1Q2017
	\$'000	\$'000
Cash flows from operating activities		
Profit/ (loss) before tax	228	(1,384)
Adjustments for:		
Amortisation of intangible assets	20	24
Depreciation of property, plant and equipment	1,118	1,053
Dividend income	(254)	(41)
Loss on disposal of property, plant and equipment	2	42
Impairment loss on available-for-sale financial assets	-	299
Interest expense	71	82
Interest income	(49)	(52)
Net change in fair value of financial assets at fair value through profit or loss	(766)	(512)
Share of profit of associates and joint ventures, net of tax	(162)	(912)
	<u>208</u>	<u>(1,401)</u>
Changes in working capital:		
Inventories	(2,470)	(178)
Trade and other payables	1,370	(157)
Trade and other receivables	(6,301)	(1,375)
Cash used in operations	<u>(7,193)</u>	<u>(3,111)</u>
Tax paid	(61)	(124)
Net cash used in operating activities	<u>(7,254)</u>	<u>(3,235)</u>
Cash flows from investing activities		
Distribution from other investments	-	477
Dividends received	243	30
Interest received	49	52
Proceeds from disposal of:		
- financial assets fair value through profit or loss	4,122	114
- property, plant and equipment	2	210
Purchase of available-for-sale financial assets	-	(366)
Purchase of financial assets at fair value through profit or loss	(3,273)	(62)
Purchase of intangible assets	(9)	-
Purchase of other assets	-	(21)
Purchase of property, plant and equipment	(174)	(1,904)
Net cash generated from/ (used in) investing activities	<u>960</u>	<u>(1,470)</u>
Cash flows from financing activities		
Interest paid	(71)	(82)
Proceeds from exercise of share options	-	3
Repayment of finance lease liabilities	(590)	(936)
Proceeds from/ (repayment of) trust receipts	2,639	(1,273)
Net cash generated from/ (used in) financing activities	<u>1,978</u>	<u>(2,288)</u>
Net decrease in cash and cash equivalents	(4,316)	(6,993)
Cash and cash equivalents at beginning of the period	23,869	39,393
Effect of exchange rate fluctuations on cash held	54	(296)
Cash and cash equivalents at end of the period	<u>19,607</u>	<u>32,104</u>

2 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2018 (cont'd)

ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash used in operating activities in 1Q 2018 was \$7.3 million, due to higher Trade Receivables and Inventories.

Investing activities generated net cash inflow of \$1.0 million from the disposal of investment portfolios which exceeded the amount of additional investments made during the quarter.

Net cash generated from financing activities of \$2.0 million was attributed to proceeds from short term borrowing.

The cash and cash equivalents as at end of 1Q 2018 was \$19.6 million, a decline of \$12.5 million compared to 1Q 2017.

3 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 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 January 2017 (FRS)	85,270	(45)	(120)	154	1,236	4,913	127,800	219,208	123	219,331
Effect of transition to SFRS(I) 1	-	-	-	-	(1,236)	-	1,236	-	-	-
At 1 January 2017 (SFRS(I))	85,270	(45)	(120)	154	-	4,913	129,036	219,208	123	219,331
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	(1,293)	(1,293)	(12)	(1,305)
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(1,366)	-	-	(1,366)	(30)	(1,396)
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	(1,384)	-	-	(1,384)	-	(1,384)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	299	-	299	-	299
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	(163)	-	(163)	-	(163)
Total comprehensive income	-	-	-	-	(2,750)	136	-	(2,614)	(30)	(2,644)
Total comprehensive income for the period	-	-	-	-	(2,750)	136	(1,293)	(3,907)	(42)	(3,949)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issue of treasury shares under share option scheme	-	-	4	(1)	-	-	-	3	-	3
Share options forfeited	-	-	-	(20)	-	-	20	-	-	-
Total transactions with owners	-	-	4	(21)	-	-	20	3	-	3
At 31 March 2017	85,270	(45)	(116)	133	(2,750)	5,049	127,763	215,304	81	215,385
At 1 January 2018	85,270	(41)	(72)	126	(3,539)	3,665	129,832	215,241	1,169	216,410
Effect on adoption of SFRS(I) 9	-	-	-	-	-	(3,665)	3,229	(436)	-	(436)
At 1 January 2018 (SFRS(I))	85,270	(41)	(72)	126	(3,539)	-	133,061	214,805	1,169	215,974
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	282	282	(87)	195
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	1,499	-	-	1,499	(13)	1,486
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	(681)	-	-	(681)	-	(681)
Total other comprehensive income	-	-	-	-	818	-	-	818	(13)	805
Total comprehensive income for the period	-	-	-	-	818	-	282	1,100	(100)	1,000
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Share options forfeited	-	-	-	(104)	-	-	104	-	-	-
Total transactions with owners	-	-	-	(104)	-	-	104	-	-	-
At 31 March 2018	85,270	(41)	(72)	22	(2,721)	-	133,447	215,905	1,069	216,974

3 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2018 (cont'd)**

	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total equity \$'000
Company						
At 1 January 2017	85,270	(45)	(120)	154	90,123	175,382
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(2,163)	(2,163)
Total comprehensive income for the period	-	-	-	-	(2,163)	(2,163)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of treasury shares under share option scheme	-	-	4	(1)	-	3
Share options forfeited	-	-	-	(20)	20	-
Total transactions with owners	-	-	4	(21)	20	3
At 31 March 2017	85,270	(45)	(116)	133	87,980	173,222
At 1 January 2018 (SFRS(I))	85,270	(41)	(72)	126	89,105	174,388
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(534)	(534)
Total comprehensive income for the period	-	-	-	-	(534)	(534)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Share options forfeited	-	-	-	(104)	104	-
Total transactions with owners	-	-	-	(104)	104	-
At 31 March 2018	85,270	(41)	(72)	22	88,675	173,854

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 31 March 2018	<u>118,623,300</u>

There were 79,200 treasury shares held by the Company as at 31 March 2018 (31 March 2017: 129,200), which has been excluded in the number of issued ordinary shares stated above.

As at 31 March 2018, options to subscribe to 135,000 ordinary shares remained unexercised (31 March 2017: 925,000 ordinary shares).

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

	<u>As at 31 Mar 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>Group and Company</u>	<u>Number of shares for the quarter ended</u>	
	<u>31 Mar 2018</u>	<u>31 Mar 2017</u>
As at beginning of the quarter	79,200	134,200
Treasury shares transferred on exercise of the share option	-	(5,000)
As at end of the quarter	<u>79,200</u>	<u>129,200</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 \$35.0 million for 1Q 2018, a decrease of 6.4% from \$37.4 million in 1Q 2017. The fall in revenue resulted from lower sales in our Integral Cement and Ready-Mix Concrete business as well as our Specialty Polymer business when the plant in Singapore was largely transferred to a joint venture in China.

The Group however managed to achieve a profit after tax of \$0.3 million against a loss of \$1.3 million in 1Q 2017, due to higher selling price and lower material cost in our Integral Cement and Ready-Mix Concrete business together with a higher valuation for our investments in venture capital funds.

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 4Q2017 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 April 2018, the construction sector contracted by 4.4% in the first quarter of 2018 on a year-on-year basis. This is an improvement compared to the 8.4% decline in the previous quarter.

BCA has forecast that the value of construction contracts to be awarded in 2018 should fall in the range of \$26 billion to \$31 billion, 60% of which are expected to come from public projects. The forecast is a significant improvement from the \$24.5 billion awarded in 2018.

We are therefore cautiously optimistic that our Integral Cement and Ready-Mix Concrete business would benefit from a turnaround in the construction sector.

The Chinese economy grew 6.8% in 1Q 2018, in line with the whole year's growth target of 6.5%. Notwithstanding the uncertainty from the trade war tensions with the United States, as well as its determination to control pollution in several heavy industries, our GGBS joint ventures in China are expected to remain profitable in 2018 given its projected positive economic growth.

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.
There are no interested person transactions conducted during the 1st quarter of financial year 2018.

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 31 March 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
9 May 2018