



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

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

1(a) CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	GROUP					
	3Q2019 \$'000	3Q2018 \$'000	Change %	YTD2019 \$'000	YTD2018 \$'000	Change %
Revenue	32,824	36,923	(11.1)	92,039	110,807	(16.9)
Changes in inventories of finished goods and work-in-progress	842	(1,144)	n.m.	5,341	1,874	n.m.
Raw materials	(25,780)	(27,540)	(6.4)	(74,760)	(89,240)	(16.2)
(Loss)/gain on disposal of property, plant and equipment	(31)	34	n.m.	(32)	33	n.m.
Gain on divestment of a subsidiary and an associate	93	2,253	(95.9)	1,302	2,253	(42.2)
Interest income	125	80	56.3	344	211	63.0
Dividend income	22	25	(12.0)	272	311	(12.5)
Other income	507	525	(3.4)	1,590	1,721	(7.6)
Exchange gain/(loss)	249	(87)	n.m.	104	135	(23.0)
Reversal of/(allowance for) doubtful debts and bad debts written off, net	40	(890)	n.m.	(758)	(1,419)	(46.6)
Depreciation of property, plant and equipment	(920)	(1,112)	(17.3)	(3,154)	(3,356)	(6.0)
Depreciation of right-of-use assets	(110)	-	n.m.	(388)	-	n.m.
Amortisation of intangible assets	(19)	(20)	(5.0)	(63)	(60)	5.0
Net change in fair value of financial assets at fair value through profit or loss	896	(231)	n.m.	3,316	373	n.m.
Staff costs	(3,110)	(3,475)	(10.5)	(9,788)	(10,049)	(2.6)
Rental expenses	(102)	(513)	(80.1)	(358)	(1,452)	(75.3)
Other expenses	(3,563)	(4,144)	(14.0)	(10,943)	(11,636)	(6.0)
Interest expense	(271)	(45)	n.m.	(940)	(176)	n.m.
Profit before share of profit of associates and joint ventures	1,692	639	n.m.	3,124	330	n.m.
Share of profit of associates and joint ventures, net of tax	2,488	2,036	22.2	6,442	5,965	8.0
Profit before tax	4,180	2,675	56.3	9,566	6,295	52.0
Tax expense	(361)	(345)	4.6	(712)	(740)	(3.8)
Profit for the period	3,819	2,330	63.9	8,854	5,555	59.4
Attributable to:						
Owners of the Company	3,784	2,267	66.9	8,873	5,503	61.2
Non-controlling interests	35	63	(44.4)	(19)	52	n.m.
Profit for the period	3,819	2,330	63.9	8,854	5,555	59.4

n.m. - not meaningful

1(b) **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	GROUP					
	3Q2019	3Q2018	Change	YTD2019	YTD2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	3,819	2,330	63.9	8,854	5,555	59.4
Other comprehensive income:						
Items that are or maybe reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(1,573)	(2,710)	(42.0)	(2,294)	(2,919)	(21.4)
Exchange differences on monetary items forming part of the net investment in foreign operations	844	129	n.m.	546	880	(38.0)
Foreign currency translation differences on divestment of a subsidiary reclassified to profit or loss	-	(53)	n.m.	-	(53)	n.m.
Other comprehensive income for the period, net of tax	(729)	(2,634)	(72.3)	(1,748)	(2,092)	(16.4)
Total comprehensive income for the period	3,090	(304)	n.m.	7,106	3,463	n.m.
Total comprehensive income attributable to:						
Owners of the Company	3,080	(344)	n.m.	7,161	3,440	n.m.
Non-controlling interests	10	40	(75.0)	(55)	23	n.m.
Total comprehensive income for the period	3,090	(304)	n.m.	7,106	3,463	n.m.

n.m. - not meaningful

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

	GROUP		GROUP	
	3Q2019	3Q2018	YTD2019	YTD2018
	Cents	Cents	Cents	Cents
Earnings per ordinary shares attributable to owners of the Company:				
(i) Based on weighted average number of ordinary shares in issue	3.19	1.91	7.48	4.64
(ii) On a fully diluted basis	3.19	1.91	7.48	4.64

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

	GROUP		COMPANY	
	30 Sept 2019	31 Dec 2018	30 Sept 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Property, plant and equipment	6,233	9,283	2,324	2,790
Subsidiaries	-	-	66,409	65,665
Intangible assets	400	452	109	125
Associates and joint ventures	101,868	101,676	60,255	60,555
Other investments	42,265	37,372	16,996	16,996
Other assets	78	78	78	78
Right-of-use assets	972	-	623	-
Non-current assets	151,816	148,861	146,794	146,209
Other investments	7,104	10,712	2,616	3,191
Inventories	16,867	12,687	10,837	3,910
Trade and other receivables	47,520	51,966	22,370	26,778
Loan to a subsidiary	-	-	4,944	4,933
Cash and cash equivalents	33,432	33,005	23,534	22,090
Current assets	104,923	108,370	64,301	60,902
TOTAL ASSETS	256,739	257,231	211,095	207,111
<u>EQUITY</u>				
Share capital	85,270	85,270	85,270	85,270
Reserves	149,245	145,726	108,100	105,941
Equity attributable to owners of the Company	234,515	230,996	193,370	191,211
Non-controlling interests	1,157	1,212	-	-
Total equity	235,672	232,208	193,370	191,211
<u>LIABILITIES</u>				
Loans and borrowings	632	1,805	-	-
Lease liabilities	1,583	-	919	-
Deferred tax liabilities	694	591	-	-
Non-current liabilities	2,909	2,396	919	-
Loans and borrowings	2,667	2,916	12,580	8,930
Trade and other payables	15,423	19,711	4,208	6,970
Lease liabilities	68	-	18	-
Current liabilities	18,158	22,627	16,806	15,900
TOTAL LIABILITIES	21,067	25,023	17,725	15,900
TOTAL EQUITY AND LIABILITIES	256,739	257,231	211,095	207,111

STATEMENTS OF FINANCIAL POSITION (cont'd)

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment decreased by \$3.0 million due to depreciation charges of \$3.2 million and disposal or write-off of \$0.1 million, partially offset by acquisition of \$0.3 million.

Right-of-use assets of \$1.0 million refers to operating lease commitments recognised in accordance with the adoption of SFRS(I)16 effective 1 January 2019.

Net increase of \$1.3 million in other investments was a result of additional investments of \$1.5 million and fair value gain of \$3.7 million, offset by disposals of \$2.6 million and cash distributions of \$1.3 million.

Inventories increased by \$4.2 million largely due to lower base of cement stock as at 31 December 2018.

Trade and other receivables decreased by \$4.4 million in line with lower revenue in 2019 and collection of trade receivables.

Loans and borrowings decreased by \$1.4 million, due to repayment of finance lease liabilities, while lease liabilities of \$1.7 million relates to the discounted future rental payments recognised upon the adoption of SFRS(I)16 on 1 January 2019.

Trade and other payables decreased by \$4.3 million due to slow down in purchases during 2019, in line with lower revenue.

1(e) GROUP BORROWINGS

	As at 30 Sept 2019 \$'000	As at 31 Dec 2018 \$'000
Amount repayable in one year		
Secured	1,600	1,825
Unsecured	1,067	1,091
	<u>2,667</u>	<u>2,916</u>
Amount repayable after one year		
Secured	632	1,805
Unsecured	-	-
	<u>632</u>	<u>1,805</u>
Total	<u>3,299</u>	<u>4,721</u>

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>	
	30 Sept 2019	31 Dec 2018	30 Sept 2019	31 Dec 2018
	\$	\$	\$	\$
Net asset value per ordinary share at end of the financial period	<u>1.98</u>	<u>1.95</u>	<u>1.63</u>	<u>1.61</u>

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	GROUP	
	3Q2019	3Q2018
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	4,180	2,675
Adjustments for:		
Amortisation of intangible assets	19	20
Depreciation of property, plant and equipment	920	1,112
Depreciation of right-of-use assets	110	-
Dividend income	(22)	(25)
Gain on divestment of a subsidiary	(93)	(2,253)
Loss/(gain) on disposal of property, plant and equipment	31	(34)
(Reversal of)/allowance for doubtful debts and bad debts written off, net	(40)	890
Interest expense	271	45
Interest income	(125)	(80)
Net change in fair value of financial assets at fair value through profit or loss	(896)	231
Share of profit of associates and joint ventures, net of tax	(2,488)	(2,036)
	<u>1,867</u>	<u>545</u>
Changes in working capital:		
Inventories	(278)	2,238
Trade and other payables	1,874	(2,039)
Trade and other receivables	(3,209)	237
Cash from operations	<u>254</u>	<u>981</u>
Tax paid	(130)	(113)
Net cash from operating activities	<u>124</u>	<u>868</u>
Cash flows from investing activities		
Distribution from other investments	381	184
Dividends received from:		
- other investments	22	25
- associates and joint ventures	-	545
Interest received	125	80
Investment in a joint venture	(303)	-
Divestment of a subsidiary, net of cash disposed of	(365)	2,361
Proceeds from disposal of:		
- other investments	356	10
- property, plant and equipment	1	56
Purchase of other investments	(464)	(2,224)
Purchase of property, plant and equipment	(149)	(401)
Net cash (used in)/from investing activities	<u>(396)</u>	<u>636</u>
Cash flows from financing activities		
Interest paid	(271)	(45)
Proceeds from exercise of share options	12	-
Repayment of finance lease liabilities	(434)	(578)
Repayment of lease liabilities	(122)	-
Net cash used in financing activities	<u>(815)</u>	<u>(623)</u>
Net (decrease)/increase in cash and cash equivalents	(1,087)	881
Cash and cash equivalents at beginning of the period	34,487	30,272
Effect of exchange rate fluctuations on cash held	32	(128)
Cash and cash equivalents at end of the period	<u>33,432</u>	<u>31,025</u>

2 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**
(cont'd)

ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash from operating activities in 3Q 2019 was \$0.1 million, arising from operating profit before working capital changes of \$1.9 million, partially offset by net changes in working capital of \$1.7 million and tax payment of \$0.1 million.

Net cash used in investing activities of \$0.4 million, arising from divestment of a subsidiary amounting to \$0.4 million, investment in a joint venture of \$0.3 million, purchase of other investments and properties, plant and equipment of \$0.6 million, partially offset by distribution from other investments of \$0.4 million and proceeds from disposal of other investments of \$0.4 million.

Cash used in financing activities related to repayment of finance lease liabilities and interest.

The cash and cash equivalent as at end of 3Q 2019 was \$33.4 million, an increase of \$2.4 million compared to 3Q 2018.

3 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	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 July 2018	85,270	(41)	(72)	22	(2,991)	-	133,435	215,623	1,152	216,775
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	2,267	2,267	63	2,330
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(2,687)	-	-	(2,687)	(23)	(2,710)
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	129	-	-	129	-	129
Foreign currency translation differences on divestment of a subsidiary reclassified to profit or loss	-	-	-	-	(53)	-	-	(53)	-	(53)
Total other comprehensive income	-	-	-	-	(2,611)	-	-	(2,611)	(23)	(2,634)
Total comprehensive income for the period										
	-	-	-	-	(2,611)	-	2,267	(344)	40	(304)
At 30 September 2018	85,270	(41)	(72)	22	(5,602)	-	135,702	215,279	1,192	216,471
At 1 July 2019	85,270	(41)	(72)	22	(7,044)	(435)	153,723	231,423	1,147	232,570
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	3,784	3,784	35	3,819
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(1,548)	-	-	(1,548)	(25)	(1,573)
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	844	-	-	844	-	844
Total other comprehensive income	-	-	-	-	(704)	-	-	(704)	(25)	(729)
Total comprehensive income for the period										
	-	-	-	-	(704)	-	3,784	3,080	10	3,090
Transactions with owners, recognised directly in equity										
Contributions by owners										
Issue of treasury shares under share option scheme	-	1	13	(2)	-	-	-	12	-	12
Total transactions with owners	-	1	13	(2)	-	-	-	12	-	12
At 30 September 2019	85,270	(40)	(59)	20	(7,748)	(435)	157,507	234,515	1,157	235,672

3 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)

	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total equity \$'000
Company							
At 1 July 2018	85,270	(41)	(72)	22	-	88,460	173,639
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	93	93
Total comprehensive income for the period	-	-	-	-	-	93	93
At 30 September 2018	85,270	(41)	(72)	22	-	88,553	173,732
At 1 July 2019	85,270	(41)	(72)	22	(137)	107,176	192,218
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,140	1,140
Total comprehensive income for the period	-	-	-	-	-	1,140	1,140
Transactions with owners, recognised directly in equity							
Contributions by owners							
Issue of treasury shares under share option scheme	-	1	13	(2)	-	-	12
Total transactions with owners	-	1	13	(2)	-	-	12
At 30 September 2019	85,270	(40)	(59)	20	(137)	108,316	193,370

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 2018	118,623,300
Issued share capital of the Company (excluding treasury shares) as at 30 September 2019	118,638,300

There were 64,200 treasury shares held by the Company as at 30 September 2019 (30 September 2018: 79,200), which has been excluded in the number of issued ordinary shares stated above.

As at 30 September 2019, options to subscribe to 120,000 ordinary shares remained unexercised (30 September 2018: 135,000 ordinary shares).

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

	<u>As at 30 Sept 2019</u>	<u>As at 31 Dec 2018</u>
Total number of issued shares excluding treasury shares	118,638,300	118,623,300

3(c) TREASURY SHARES

	<u>Number of shares for the quarter ended</u>	
<u>Group and Company</u>	<u>30 Sept 2019</u>	<u>30 Sept 2018</u>
As at beginning of the quarter	79,200	79,200
Treasury shares transferred on exercise of the share option	(15,000)	-
As at end of the quarter	64,200	79,200

4 AUDIT

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

5 AUDITORS' REPORT

Not applicable.

6 ACCOUNTING POLICIES

Except as disclosed in Section 7 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those used in the audited financial statements for the financial year ended 31 December 2018.

7 CHANGES IN ACCOUNTING POLICIES

The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are effective for annual periods beginning on or after 1 January 2019 and are relevant to its operations. The adoption of these new SFRS(I)s, specifically SFRS(I) 16 Leases, does not result in any changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current financial period or prior financial years.

8 REVIEW OF GROUP PERFORMANCE

The Group achieved a total revenue of \$32.8 million in 3Q 2019, a decrease of 11.1% compared to \$36.9 million reported in 3Q 2018 due to lower revenue from our Integral Cement and Ready-Mix Concrete as well as Specialty Polymer business owing to weak market demand and keen competition.

Despite lower divestment gain, overall performance of the Group for 3Q 2019 was still 63.9% higher than same period last year. This is due to higher fair value gain from our Investment segment as well as stronger performance from our China JVs. As a result, the Group achieved a profit after tax of \$3.8 million in 3Q 2019 compared to \$2.3 million in the corresponding period of last year.

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 2Q 2019 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.

Guided by the advance estimates, the construction sector in Singapore, though grew by 2.7% on a year on year in 3Q 2019, remains challenging and competitive. Notwithstanding this backdrop, performance of our Integral Cement and RMC segment is expected to be stable in the coming quarters.

China's growth slowed to 6.0% in 3Q 2019, the weakest pace in almost three decades, weighed down by US-China trade war and weakening global demand. Although the GDP figure expected to be at the lower range of the government's target range of 6.0-6.5% for 2019, we are cautiously optimistic that demand for our Green Cement would continue to be sustained by government spending in infrastructure projects.

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 September 2019 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
5 November 2019