

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

Issuer/ Manager

ENGRO CORPORATION LIMITED

Securities

ENGRO CORPORATION LIMITED - SG1H26001476 - S44

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No

Announcement Details

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Please refer to the attachment.

Additional Details

For Financial Period Ended

30/06/2020

Attachments

 [SGX%20Ann_1H2020.pdf](#)

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

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

1(a) CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2020

	GROUP		
	1H2020 \$'000	1H2019 \$'000	Change %
Revenue	45,289	59,215	(23.5)
Changes in inventories of finished goods and work-in-progress	(6,266)	4,499	n.m.
Raw materials	(28,488)	(48,980)	(41.8)
Loss on disposal of property, plant and equipment	-	(1)	n.m.
Investment income	193	-	n.m.
Gain on divestment of an associate	-	1,209	n.m.
Interest income	236	219	7.8
Dividend income	208	250	(16.8)
Other income	1,451	1,083	34.0
Exchange gain/(loss)	990	(145)	n.m.
Allowance for doubtful debts and bad debts written off, net	(257)	(798)	(67.8)
Depreciation of property, plant and equipment	(1,125)	(2,234)	(49.6)
Depreciation of right-of-use assets	(595)	(278)	n.m.
Amortisation of intangible assets	(44)	(44)	0.0
Net change in fair value of financial assets at fair value through profit or loss	1,380	2,420	(43.0)
Staff costs	(5,780)	(6,678)	(13.4)
Rental expenses	(271)	(256)	5.9
Other expenses	(5,478)	(7,380)	(25.8)
Interest expense	(121)	(669)	(81.9)
Profit before share of profit of associates and joint ventures	1,322	1,432	(7.7)
Share of profit of associates and joint ventures, net of tax	2,819	3,954	(28.7)
Profit before tax	4,141	5,386	(23.1)
Tax expense	(133)	(351)	(62.1)
Profit for the period	4,008	5,035	(20.4)
Attributable to:			
Owners of the Company	4,141	5,089	(18.6)
Non-controlling interests	(133)	(54)	n.m.
Profit for the period	4,008	5,035	(20.4)

n.m. - not meaningful

1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2020

	GROUP		
	1H2020	1H2019	Change
	\$'000	\$'000	%
Profit for the period	4,008	5,035	(20.4)
Other comprehensive income:			
Items that are or maybe reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	1,487	(721)	n.m.
Exchange differences on monetary items forming part of the net investment in foreign operations	1,420	(298)	n.m.
Other comprehensive income for the period, net of tax	2,907	(1,019)	n.m.
Total comprehensive income for the period	6,915	4,016	72.2
Total comprehensive income attributable to:			
Owners of the Company	7,009	4,081	71.7
Non-controlling interests	(94)	(65)	44.6
Total comprehensive income for the period	6,915	4,016	72.2

n.m. - not meaningful

1(c) EARNINGS PER ORDINARY SHARE

	GROUP	
	1H2020	1H2019
	Cents	Cents
Earnings per ordinary shares attributable to owners of the Company:		
(i) Based on weighted average number of ordinary shares in issue	3.49	4.29
(ii) On a fully diluted basis	3.49	4.29

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

	GROUP		COMPANY	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Property, plant and equipment	6,088	5,946	2,106	2,420
Subsidiaries	-	-	66,703	65,377
Intangible assets	339	377	91	102
Associates and joint ventures	103,275	104,533	59,943	59,943
Other investments	41,448	41,445	16,410	16,410
Other assets	78	78	78	78
Right-of-use assets	4,853	5,372	4,209	4,527
Non-current assets	156,081	157,751	149,540	148,857
Other investments	6,253	7,121	2,031	2,642
Inventories	7,565	14,330	3,084	9,085
Trade and other receivables	35,323	50,373	14,133	24,668
Loan to a subsidiary	-	-	5,087	4,933
Cash and cash equivalents	56,928	34,891	45,101	24,916
Current assets	106,069	106,715	69,436	66,244
TOTAL ASSETS	262,150	264,466	218,976	215,101
<u>EQUITY</u>				
Share capital	85,270	85,270	85,270	85,270
Reserves	154,797	150,754	110,655	106,090
Equity attributable to owners of the Company	240,067	236,024	195,925	191,360
Non-controlling interests	1,100	1,194	-	-
Total equity	241,167	237,218	195,925	191,360
<u>LIABILITIES</u>				
Lease liabilities	4,438	4,818	3,762	3,941
Deferred tax liabilities	712	883	-	-
Non-current liabilities	5,150	5,701	3,762	3,941
Loans and borrowings	1,086	1,064	12,467	12,223
Trade and other payables	12,937	17,794	6,257	6,811
Lease liabilities	1,810	2,689	565	766
Current liabilities	15,833	21,547	19,289	19,800
TOTAL LIABILITIES	20,983	27,248	23,051	23,741
TOTAL EQUITY AND LIABILITIES	262,150	264,466	218,976	215,101

STATEMENTS OF FINANCIAL POSITION (cont'd)

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION

Investment in associates and joint ventures decreased by \$1.3 million due to dividends payout of \$6.0 million, offset by share of profits of \$2.8 million for 1H 2020, foreign exchange difference of \$1.8 million due to strengthening of RMB, and capital injection of \$0.1 million to a joint venture company .

Net decrease of \$0.9 million in other investments was a result of disposal of investments amounting to \$2.1 million and cash distributions of \$1.3 million received from venture capital funds, offset by additional investments of \$0.9 million and fair value gain of \$1.6 million.

Inventories decreased by \$6.8 million due to higher base of stocks as at 31 December 2019 and buffer stocks consumed in 1H 2020.

Trade and other receivables decreased by \$15.1 million due to collection of trade receivables and low revenue in 1H 2020.

Cash and cash equivalents increased by \$22.0 million attributed to positive operating cash flows and dividends received from associates and joint ventures. The details are elaborated in Consolidated Statement of Cashflows.

Lease liabilities decreased by \$1.3 million due to repayment of lease liabilities.

Trade and other payables decreased by \$4.9 million due to slower business activities in 1H 2020.

1(e) GROUP BORROWINGS

	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Amount repayable in one year		
Secured	927	1,428
Unsecured	1,969	2,325
	<u>2,896</u>	<u>3,753</u>
Amount repayable after one year		
Secured	241	473
Unsecured	4,197	4,345
	<u>4,438</u>	<u>4,818</u>
Total	<u>7,334</u>	<u>8,571</u>

Details of any collateral

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 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	\$	\$	\$	\$
Net asset value per ordinary share at end of the financial period	<u>2.02</u>	<u>1.99</u>	<u>1.65</u>	<u>1.61</u>

2 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2020**

	GROUP	
	1H2020	1H2019
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	4,141	5,386
Adjustments for:		
Amortisation of intangible assets	44	44
Depreciation of property, plant and equipment	1,125	2,234
Depreciation of right-of-use assets	595	278
Dividend income	(208)	(250)
Loss on disposal of property, plant and equipment	-	1
Allowance for doubtful debts and bad debts written off, net	257	798
Gain on divestment of an associate	-	(1,209)
Interest expense	121	669
Interest income	(236)	(219)
Investment income	(193)	-
Net change in fair value of financial assets at fair value through profit or loss	(1,380)	(2,420)
Share of profits of associates and joint ventures, net of tax	(2,819)	(3,954)
	<u>1,447</u>	<u>1,358</u>
Changes in working capital:		
Inventories	6,765	(3,935)
Trade and other payables	(7,791)	(5,852)
Trade and other receivables	15,075	6,900
Cash from/(used in) operations	<u>15,496</u>	<u>(1,529)</u>
Tax paid	(505)	(517)
Net cash from/(used in) operating activities	<u>14,991</u>	<u>(2,046)</u>
Cash flows from investing activities		
Distribution from other investments	1,459	907
Dividends received from:		
- other investments	208	250
- associates and joint ventures	6,016	3,963
Interest received	236	219
Additions to investment in an associate	(98)	-
Proceeds from disposal of:		
- other investments	2,854	2,739
- property, plant and equipment	-	15
- an associate	-	2,170
Purchase of other investments	(913)	(1,634)
Purchase of intangible assets	(5)	(12)
Purchase of property, plant and equipment	(1,277)	(230)
Net cash from investing activities	<u>8,480</u>	<u>8,387</u>
Cash flows from financing activities		
Dividends paid	-	(2,966)
Interest paid	(121)	(669)
Repayment of lease liabilities	(1,344)	(1,195)
Net cash used in financing activities	<u>(1,465)</u>	<u>(4,830)</u>
Net increase in cash and cash equivalents	22,006	1,511
Cash and cash equivalents at beginning of the period	34,891	33,005
Effect of exchange rate fluctuations on cash held	31	(29)
Cash and cash equivalents at end of the period	<u>56,928</u>	<u>34,487</u>

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2020 (cont'd)**ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS**

Net cash from operating activities in 1H 2020 was \$15.0 million, arising from net changes in working capital of \$14.1 million largely from collection of trade receivables.

Net cash inflow of \$8.5 million from investing activities arising from dividends received from associates and joint ventures as well as other investments of \$6.2 million, cash distribution from other investments of \$1.5 million, and proceeds from disposal of other investments of \$2.9 million. These were partially offset by cash used for acquisition of property, plant and equipment of \$1.3 million as well as other investments of \$0.9 million.

Net cash used in financing activities of \$1.5 million largely relates to payment of lease liabilities of \$1.3 million.

The cash and cash equivalent as at end of 1H 2020 was \$56.9 million, an increase of \$22.4 million compared to 1H 2019.

3 STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2020

	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 2019	85,270	(41)	(72)	22	(6,036)	(435)	152,288	230,996	1,212	232,208
Effect on adoption of SFRS(I) 16	-	-	-	-	-	-	(282)	(282)	-	(282)
At 1 January 2019 (adjusted)	85,270	(41)	(72)	22	(6,036)	(435)	152,006	230,714	1,212	231,926
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	5,089	5,089	(54)	5,035
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	(710)	-	-	(710)	(11)	(721)
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	(298)	-	-	(298)	-	(298)
Total comprehensive income	-	-	-	-	(1,008)	-	-	(1,008)	(11)	(1,019)
Total comprehensive income for the period	-	-	-	-	(1,008)	-	5,089	4,081	(65)	4,016
Transactions with owners, recognised directly in equity										
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 2019	85,270	(41)	(72)	22	(7,044)	(435)	154,129	231,829	1,147	232,976
At 1 January 2020	85,270	(40)	(59)	20	(9,074)	(234)	160,141	236,024	1,194	237,218
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	4,141	4,141	(133)	4,008
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	-	1,448	-	-	1,448	39	1,487
Exchange differences on monetary items forming part of the net investment in foreign operations	-	-	-	-	1,420	-	-	1,420	-	1,420
Total other comprehensive income	-	-	-	-	2,868	-	-	2,868	39	2,907
Total comprehensive income for the period	-	-	-	-	2,868	-	4,141	7,009	(94)	6,915
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 2020	85,270	(40)	(59)	20	(6,206)	(234)	161,316	240,067	1,100	241,167

3 STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2020 (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 January 2019	85,270	(41)	(72)	22	(137)	106,169	191,211
Effect on adoption of SFRS(I) 16	-	-	-	-	-	(82)	(82)
At 1 January 2019 (adjusted)	85,270	(41)	(72)	22	(137)	106,087	191,129
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	4,246	4,246
Total comprehensive income for the period	-	-	-	-	-	4,246	4,246
Transactions with owners, recognised directly in equity							
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 2019	85,270	(41)	(72)	22	(137)	107,367	192,409
At 1 January 2020	85,270	(40)	(59)	20	(722)	106,891	191,360
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	7,531	7,531
Total comprehensive income for the period	-	-	-	-	-	7,531	7,531
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 2020	85,270	(40)	(59)	20	(722)	111,456	195,925

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 2019	<u>118,638,300</u>
Issued share capital of the Company (excluding treasury shares) as at 30 June 2020	<u>118,638,300</u>

There were 64,200 treasury shares held by the Company as at 30 June 2020 (31 December 2019: 64,200), which has been excluded in the number of issued ordinary shares stated above.

As at 30 June 2020, options to subscribe to 120,000 ordinary shares remained unexercised (31 December 2019: 120,000 ordinary shares).

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

	<u>As at 30 Jun 2020</u>	<u>As at 31 Dec 2019</u>
Total number of issued shares excluding treasury shares	<u>118,638,300</u>	<u>118,638,300</u>

3(c) TREASURY SHARES

	<u>Number of shares for the period ended</u>	
<u>Group and Company</u>	<u>30 Jun 2020</u>	<u>31 Dec 2019</u>
As at beginning/end of the period	<u>64,200</u>	<u>64,200</u>

4 AUDIT

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

5 AUDITORS' REPORT

Not applicable.

6 ACCOUNTING POLICIES

Other than the adoption of the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") which took effect on 1 January 2020, 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 2019.

7 CHANGES IN ACCOUNTING POLICIES

There are no changes to the accounting policies.

8 REVIEW OF GROUP PERFORMANCE

The Group achieved a total revenue of \$45.3 million in 1H 2020, a decrease of 23.5% compared to \$59.2 million reported in 1H 2019 due to lockdown in Singapore and Malaysia.

Operating results for the Group's business in Singapore and Malaysia was negatively impacted by COVID-19 outbreak. Despite the challenges, the Group achieved a profit after tax of \$4.0 million in 1H 2020 against \$5.0 million a year ago. This is largely attributable to recovery in China business from the pandemic in 2Q 2020, investment and forex gain as well as government's support packages.

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 4Q 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.

EnGro Group is expecting a challenging 2H 2020 as the economies in Singapore and Malaysia are likely to remain weak with the ongoing pandemic.

China domestic economy has however shown some resilience and we expect our China GGBS operations to continue its recovery in the coming months.

In view of the above, we are cautiously optimistic that EnGro will remain profitable for FY2020.

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 2020 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
7 August 2020