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ENGRO CORPORATION LIMITED

Securities

ENGRO CORPORATION LIMITED - SG1H26001476 - S44

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

No

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For Financial Period Ended

30/06/2021

Attachments

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EnGro Corporation Limited and its Subsidiaries
Registration Number: 197302229H

Condensed Interim Financial Information
For the six months ended 30 June 2021

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Condensed Interim Consolidated statement of profit or loss
For the half year ended 30 June 2021

	Note	Group		Change %
		1H2021 \$'000	1H2020 \$'000	
Revenue		62,393	45,289	37.8
Other income		1,823	1,451	25.6
Changes in inventories of finished goods and work in progress		(2,094)	(6,266)	(66.6)
Raw materials and consumables used		(45,599)	(28,488)	60.1
Depreciation of property, plant and equipment		(929)	(1,125)	(17.4)
Depreciation of right-of-use assets		(270)	(595)	(54.6)
Amortisation of intangible assets		(36)	(44)	(18.2)
Staff costs		(9,361)	(5,780)	62.0
Impairment loss on financial assets		(435)	(257)	69.3
Other expenses		(6,562)	(5,749)	14.1
Results from operating activities		<u>(1,070)</u>	<u>(1,564)</u>	(31.6)
Finance income	4	13,655	3,263	n.m.
Finance costs	4	(177)	(377)	(53.1)
Net finance income		<u>13,478</u>	<u>2,886</u>	n.m.
Share of profit of associates and joint ventures, net of tax		12,237	2,819	n.m.
Profit before tax		24,645	4,141	n.m.
Tax expense	5	(175)	(133)	31.6
Profit for the period		<u>24,470</u>	<u>4,008</u>	n.m.
Profit attributable to:				
Owners of the Company		24,381	4,141	n.m.
Non-controlling interests		89	(133)	n.m.
Profit for the period		<u>24,470</u>	<u>4,008</u>	n.m.
Earnings per share				
Basic earnings per share (cents)	6	20.55	3.49	
Diluted earnings per share (cents)	6	20.54	3.49	

n.m. – not meaningful

Condensed Interim Consolidated statement of comprehensive income
For the half year ended 30 June 2021

	Group		Change %
	1H2021 \$'000	1H2020 \$'000	
Profit for the period	24,470	4,008	n.m.
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in fair value of equity investments at fair value through other comprehensive income	964	–	n.m.
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations	84	1,487	(94.4)
Share of foreign currency translation differences of associates and joint ventures	2,492	1,420	75.5
Exchange differences on monetary items forming part of net investment in foreign operations	631	–	n.m.
	<u>3,207</u>	<u>2,907</u>	10.3
Other comprehensive income for the period, net of tax	<u>4,171</u>	<u>2,907</u>	43.5
Total comprehensive income for the period	<u><u>28,641</u></u>	<u><u>6,915</u></u>	n.m.
Total comprehensive income attributable to:			
Owners of the Company	28,493	7,009	n.m.
Non-controlling interests	148	(94)	n.m.
Total comprehensive income for the period	<u><u>28,641</u></u>	<u><u>6,915</u></u>	n.m.

n.m. – not meaningful

Condensed Interim Statements of financial position
As at 30 June 2021

	Note	Group		Company	
		As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Assets					
Property, plant and equipment	8	5,115	5,201	1,829	1,753
Subsidiaries		–	–	70,182	72,940
Intangible assets		189	194	131	125
Associates and joint ventures	9	130,195	115,466	59,943	59,943
Other investments	10	61,372	53,706	17,489	16,525
Other assets		78	78	78	78
Right-of-use assets	11	4,909	4,244	3,742	3,890
Deferred tax assets		183	186	–	–
Non-current assets		202,041	179,075	153,394	155,254
Other investments	10	11,990	11,019	6,695	6,595
Inventories	12	7,047	10,166	2,329	4,573
Trade and other receivables	13	45,453	43,452	30,940	24,200
Loan to a subsidiary		–	–	5,349	5,209
Cash and cash equivalents		51,971	44,523	26,975	29,250
Current assets		116,461	109,160	72,288	69,827
Total assets		318,502	288,235	225,682	225,081
Equity					
Share capital	14	85,270	85,270	85,270	85,270
Reserves		196,861	171,905	114,312	114,886
Equity attributable to owners of the Company		282,131	257,175	199,582	200,156
Non-controlling interests		1,385	1,237	–	–
Total equity		283,516	258,412	199,582	200,156
Liabilities					
Lease liabilities	15	5,824	5,192	3,396	3,580
Loans and borrowings	15	4,497	–	4,497	–
Deferred tax liabilities		1,093	917	–	–
Non-current liabilities		11,414	6,109	7,893	3,580
Loans and borrowings	15	1,649	1,114	7,968	10,839
Trade and other payables	16	20,916	21,166	9,872	10,145
Lease liabilities	15	1,007	1,434	367	361
Current liabilities		23,572	23,714	18,207	21,345
Total liabilities		34,986	29,823	26,100	24,925
Total equity and liabilities		318,502	288,235	225,682	225,081

Condensed Interim Consolidated statement of changes in equity
For the half year ended 30 June 2021

	Attributable to owners of the Company							Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000			
Group										
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 – foreign operations	–	–	–	–	1,448	–	–	1,448	39	1,487
Share of foreign currency translation differences of equity-accounted investees	–	–	–	–	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										
Distributions to owners										
Dividend declared of 2.5 cents per share	–	–	–	–	–	–	(2,966)	(2,966)	–	(2,966)
Total distributions to 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

Condensed Interim Consolidated statement of changes in equity (cont'd)
For the half year ended 30 June 2021

	Attributable to owners of the Company							Non- controlling interests \$'000	Total equity \$'000	
	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000			Total \$'000
Group										
At 1 January 2021	85,270	(40)	(59)	20	(6,217)	(995)	179,196	257,175	1,237	258,412
Total comprehensive income for the period										
Profit for the period	–	–	–	–	–	–	24,381	24,381	89	24,470
Other comprehensive income										
Foreign currency translation differences – foreign operations	–	–	–	–	78	–	–	78	6	84
Share of foreign currency translation differences of equity-accounted investees	–	–	–	–	2,439	–	–	2,439	53	2,492
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	–	631	–	–	631	–	631
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	964	–	964	–	964
Total other comprehensive income	–	–	–	–	3,148	964	–	4,112	59	4,171
Total comprehensive income for the period	–	–	–	–	3,148	964	24,381	28,493	148	28,641
Transactions with owners, recognised directly in equity										
Distributions to owners										
Dividend declared of 2.5 cents per share	–	–	–	–	–	–	(2,967)	(2,967)	–	(2,967)
Special dividend declared of 0.5 cents per share	–	–	–	–	–	–	(594)	(594)	–	(594)
Issue of treasury shares under share option scheme	–	(15)	59	(20)	–	–	–	24	–	24
Total distributions to owners	–	(15)	59	(20)	–	–	(3,561)	(3,537)	–	(3,537)
At 30 June 2021	85,270	(55)	–	–	(3,069)	(31)	200,016	282,131	1,385	283,516

Condensed Interim Consolidated statement of changes in equity (cont'd)
For the half year ended 30 June 2021

	Attributable to owners of the Company						
	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Share option reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total \$'000
Company							
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							
Distributions to owners							
Dividend declared of 2.5 cents per share	–	–	–	–	–	(2,966)	(2,966)
Total distributions to owners	–	–	–	–	–	(2,966)	(2,966)
At 30 June 2020	85,270	(40)	(59)	20	(722)	111,456	195,925
At 1 January 2021	85,270	(40)	(59)	20	(607)	115,572	200,156
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	1,999	1,999
Other comprehensive income							
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	964	–	964
Total other comprehensive income					964	–	964
Total comprehensive income for the period	–	–	–	–	964	1,999	2,963
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividend declared of 2.5 cents per share	–	–	–	–	–	(2,967)	(2,967)
Special dividend declared of 0.5 cents per share	–	–	–	–	–	(594)	(594)
Issue of treasury shares under share option scheme	–	(15)	59	(20)	–	–	24
Total distributions to owners	–	(15)	59	(20)	–	(3,561)	(3,537)
At 30 June 2021	85,270	(55)	–	–	357	114,010	199,582

Condensed Interim Consolidated statement of cash flows
For the half year ended 30 June 2021

	Note	Group	
		1H2021	1H2020
		\$'000	\$'000
Cash flows from operating activities			
Profit before tax		24,645	4,141
Adjustments for:			
Depreciation of property, plant and equipment		929	1,125
Depreciation of right-of-use assets		270	595
Amortisation of intangible assets		36	44
Dividend income	4	(1,132)	(208)
Impairment loss on financial assets		435	257
Interest income	4	(268)	(236)
Interest expense	4	177	121
Other investment income	4	(5,538)	(193)
Net change in fair value of financial assets at fair value through profit or loss		(6,352)	(1,380)
Share of profits of associates and joint ventures, net of tax		(12,237)	(2,819)
		965	1,447
Changes in:			
- Inventories		3,119	6,765
- Trade and other payables		(250)	(7,791)
- Trade and other receivables		(2,337)	15,075
Cash generated from operations		1,497	15,496
Tax paid		(101)	(505)
Net cash from operating activities		1,396	14,991
Cash flows from investing activities			
Acquisition of property, plant and equipment		(857)	(1,277)
Distributions from other investments		2,088	1,459
Dividends received from:			
- associates and joint ventures		–	6,016
- other investments		1,132	208
Interest received		268	236
Additions to investment in an associate		–	(98)
Proceeds from disposal of other investments		7,076	2,854
Purchase of other investments		(4,184)	(913)
Purchase of intangible assets		(31)	(5)
Net cash from investing activities		5,492	8,480

Condensed Interim Consolidated statement of cash flows (cont'd)
For the half year ended 30 June 2021

	Group		
	Note	1H2021	1H2020
		\$'000	\$'000
Cash flows from financing activities			
Dividends paid		(3,561)	–
Interest paid		(177)	(121)
Payment of lease liabilities		(785)	(1,344)
Proceeds from exercise of share options		24	–
Drawdown of bank loan		5,000	–
Net cash from/(used in) financing activities		501	(1,465)
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		7,389	22,006
Effect of exchange rate fluctuations on cash held		44,523	34,891
Cash and cash equivalents at 30 June		59	31
		51,971	56,928

(i) Cash and cash equivalents comprised:

	Group	
	As at	As at
	30 Jun 2021	30 Jun 2020
	\$'000	\$'000
Fixed deposits	19,032	35,043
Cash and bank balances	32,939	21,885
	51,971	56,928

Notes to the condensed interim consolidated financial statements

1 Corporate information

EnGro Corporation Limited (“the Company”) is incorporated in the Republic of Singapore. The address of the Company’s registered office is 29 International Business Park, #08-05/06 Acer Building Tower B, Singapore 609923.

These condensed interim financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group are mainly those relating to the manufacture and sale of building materials and specialty polymers. In addition, the Company is also an investment holding company.

2 Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.4.

2.2 Functional and presentation currency

The condensed interim financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.3 Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2020.

2 Basis of preparation (cont'd)

2.3 Use of estimates and judgements (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next interim period are included in the following notes:

- Note 10 – Valuation of financial assets measured at fair value
- Note 13 – Measurement of loss allowance for trade receivables

2.4 Changes in accounting policies

New standards and amendments

The accounting policies adopted and methods of computation are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except in the current financial period, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Finance income and finance costs

	Group	
	1H2021	1H2020
	\$'000	\$'000
Interest income under the effective interest method on:		
- Cash and cash equivalents	116	210
- Debt securities measured at fair value through profit or loss ("FVTPL")	152	26
Total interest income arising from financial assets measured at amortised cost or FVTPL	268	236
Dividend income	1,132	208
Other investment income	5,538	193
Net change in fair value of financial assets:		
- Mandatorily measured at FVTPL – held-for-trading	157	–
- Mandatorily measured at FVTPL – others	6,195	1,636
Net foreign exchange gain	365	990
Finance income	13,655	3,263

4 Finance income and finance costs (cont'd)

	Group	
	1H2021	1H2020
	\$'000	\$'000
Financial liabilities measured at amortised cost:		
- Interest expense on lease liabilities	(177)	(121)
Net change in fair value of financial assets mandatorily measured at FVTPL – held-for-trading	–	(256)
Finance costs	<u>(177)</u>	<u>(377)</u>
Net finance income recognised in profit or loss	<u>13,478</u>	<u>2,886</u>

5 Tax expense

The income tax expense recognised in each interim period is based on the best estimate of the weighted-average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

	Group	
	1H2021	1H2020
	\$'000	\$'000
Current tax expense		
Current period	175	133
	<u>175</u>	<u>133</u>

6 Earnings per share

	Group	
	1H2021	1H2020
Profit attributable to owners of Company (\$'000)	24,381	4,141
Weighted average number of ordinary shares (basic) ('000)	118,650	118,638
Potential ordinary shares issuable under share options ('000)	29	10
Weighted average number of ordinary shares (diluted) during the year ('000)	<u>118,679</u>	<u>118,648</u>
Basic earnings per share (cents)	<u>20.55</u>	<u>3.49</u>
Diluted earnings per share (cents)	<u>20.54</u>	<u>3.49</u>

7 Net assets value

	Group		Company	
	As at 30 Jun 2021 \$	As at 30 Dec 2020 \$	As at 30 Jun 2021 \$	As at 30 Dec 2020 \$
Net asset value per ordinary share at end of the financial period/year	2.38	2.17	1.68	1.69
Total number of issued shares* at the end of the financial period/year ('000)	118,703	118,638	118,703	118,638

*There were no treasury shares as at 30 June 2021 (31 December 2020: 64,200)

8 Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets with an aggregate cost of \$856,000 (30 June 2020: \$1,277,000) and disposed off assets amounting \$58,000 (30 June 2020: Nil).

9 Associates and joint ventures

During the current financial period, the Group's investments in associates and joint ventures increased by \$14,729,000 (30 June 2020: decreased by \$1,258,000) mainly due to share of profits and forex gain (30 June 2020: forex losses).

10 Other investments

	Group		Company	
	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000
Non-current				
Mandatorily at FVTPL:				
- Equity securities	7,880	7,923	-	-
- Venture capital funds	35,594	28,858	-	-
Designated at FVOCI:				
- Equity securities	17,898	16,925	17,489	16,525
	61,372	53,706	17,489	16,525
Current				
Mandatorily at FVTPL:				
- Equity securities	3,267	1,778	-	-
- Debt securities	7,836	7,728	6,695	6,595
- Investment funds	887	703	-	-
- Structured deposits	-	810	-	-
	11,990	11,019	6,695	6,595
	73,362	64,725	24,184	23,120

10 Other investments (cont'd)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values of financial assets.

When measuring the fair value of an asset, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There were no transfers of financial assets between Level 1 and Level 2 of the fair value hierarchy during the interim periods ended 30 June 2021 and 30 June 2020.

	Fair value			
	Level 1	Level 2	Level 3	Total
Group	\$'000	\$'000	\$'000	\$'000
30 June 2021				
Financial assets at fair value through profit or loss				
- Equity securities	3,365	–	7,782	11,147
- Venture capital funds	–	–	35,594	35,594
- Debt securities	–	7,836	–	7,836
- Investment funds	–	887	–	887
Financial assets at fair value through other comprehensive income				
- Equity securities	–	–	17,898	17,898
	<u>3,365</u>	<u>8,723</u>	<u>61,274</u>	<u>73,362</u>

10 Other investments (cont'd)

Measurement of fair values (cont'd)

	Fair value			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Group				
31 December 2020				
Financial assets at fair value through profit or loss				
- Equity securities	1,887	–	7,814	9,701
- Venture capital funds	–	–	28,858	28,858
- Debt securities	–	7,728	–	7,728
- Investment funds	–	703	–	703
- Structured deposits	–	810	–	810
Financial assets at fair value through other comprehensive income				
- Equity securities	–	–	16,925	16,925
	<u>1,887</u>	<u>9,241</u>	<u>53,597</u>	<u>64,725</u>
Company				
30 June 2021				
Financial assets at fair value through profit or loss				
- Debt securities	–	6,695	–	6,695
Financial assets at fair value through other comprehensive income				
- Equity securities	–	–	17,489	17,489
	–	<u>6,695</u>	<u>17,489</u>	<u>24,184</u>
31 December 2020				
Financial assets at fair value through profit or loss				
- Debt securities	–	6,595	–	6,595
Financial assets at fair value through other comprehensive income				
- Equity securities	–	–	16,525	16,525
	–	<u>6,595</u>	<u>16,525</u>	<u>23,120</u>

10 Other investments (cont'd)

Level 3 reconciliation

The fair value of financial assets classified in Level 3 of the fair value hierarchy is measured using the net asset values of the venture capital funds and equity securities.

	FVTPL – Venture capital funds \$'000	FVTPL – Equity securities \$'000	FVOCI – Equity securities \$'000
Group			
At 1 January 2021	28,858	7,814	16,925
Total unrealised gains recognised in profit or loss:			
- Finance income/(costs)	5,820	(154)	–
Total unrealised gain recognised in other comprehensive income:			
- Net change in fair value of equity investments at FVOCI	–	–	964
Purchases	2,583	–	–
Settlements	(2,270)	–	–
Exchange movement	603	122	9
At 30 June 2021	35,594	7,782	17,898

	FVOCI – Equity security \$'000
Company	
At 1 January 2021	16,525
Total unrealised losses recognised in other comprehensive income:	
- Net change in fair value of equity investments at FVOCI	964
At 30 June 2021	17,489

As at the reporting date, fair values of VCFs are determined based on the latest available net asset values obtained from the fund managers of the VCFs, and where relevant, adjustments for any capital contributions and distributions. The underlying assets of the VCFs consist of assets and liabilities which are measured at fair value.

Fair value of investments in unquoted equity securities are determined by estimating the fair value of the investee's net assets.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Net asset value ("NAV")	Value of the underlying net assets	The estimated fair value would increase/decrease if NAV was higher/lower

11 Right-of-use assets

During the six months ended 30 June 2021, the Group had additions rights-of-use assets with an aggregate cost of \$940,000 (30 June 2020: \$109,000), offset by depreciation of \$270,000 (30 June 2020: \$595,000).

12 Inventories

	Group		Company	
	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000
At cost				
Raw materials	770	1,756	–	–
Consumables	662	602	–	–
Work-in-progress	886	1,025	–	–
Finished goods	4,729	6,783	2,329	4,573
	7,047	10,166	2,329	4,573

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

13 Trade and other receivables

	Group		Company	
	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000
Trade receivables	33,997	34,149	14,775	12,135
Non-trade amount due from subsidiaries	–	–	12,529	9,854
Non-trade amount due from joint ventures	1,609	1,358	44	42
Deposits	422	497	35	63
Other receivables	3,699	988	2,642	504
Grant receivable	–	114	–	60
Dividends receivable from associates and joint ventures	4,434	4,308	–	–
Prepayments	1,292	2,038	915	1,542
	45,453	43,452	30,940	24,200

14 Share capital

	Ordinary shares			
	As at 30 Jun 2021		As at 30 Dec 2020	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and paid up:				
As beginning and end of financial period	118,703	85,270	118,703	85,270

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

15 Loans and borrowings and lease liabilities

	Group		Company	
	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000
Non-current				
Secured	4,578	109	4,548	61
Unsecured	5,743	5,083	3,345	3,519
	<u>10,321</u>	<u>5,192</u>	<u>7,893</u>	<u>3,580</u>
Current				
Secured	775	482	522	19
Unsecured	1,881	2,066	7,813	11,181
	<u>2,656</u>	<u>2,548</u>	<u>8,335</u>	<u>11,200</u>
	<u>12,977</u>	<u>7,740</u>	<u>16,228</u>	<u>14,780</u>

The bank loan bears 2% interest per annum on monthly rests.

16 Trade and other payables

	Group		Company	
	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 30 Dec 2020 \$'000
Trade payables	8,845	10,665	3,153	3,345
Non-trade amount due to a joint venture	–	969	–	–
Accrued expenses	9,583	7,830	5,787	6,089
Deferred grant income	–	114	–	60
Other payables	2,488	1,419	932	482
Forward exchange contracts	–	169	–	169
	<u>20,916</u>	<u>21,166</u>	<u>9,872</u>	<u>10,145</u>

17 Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. Each strategic business unit offer different products or services, and are managed separately. The Group's Chief Executive Officer ("CEO") reviews internal management reports of each strategic business unit on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Cement and building materials: Manufacture and sale of cement, ready-mix concrete and other building materials.
- Specialty polymer: Manufacture and sale of thermosetting synthetic resin and plastic materials.
- Investments: Trading of quoted equity securities, debt securities and holding of investments in venture capital and investment funds and unquoted equity securities.
- Food and beverage: Operation of food and beverage outlets under franchise.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss), as included in the internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Information about reportable segments

	Cement and building materials \$'000	Specialty polymer \$'000	Investments \$'000	Food and beverage \$'000	Total \$'000
Revenue and expenses					
30 June 2021					
External revenues, representing consolidated revenue	52,928	7,774	–	1,691	62,393
Dividend income	–	–	1,132	–	1,132
Reportable segment profit (excluding impairment)	4,035	842	12,242	213	17,332
Share of profit/(loss) of associates and joint ventures	3,861	(70)	8,446	–	12,237
	7,896	772	20,688	213	29,569
Impairment of financial assets	(435)	–	–	–	(435)
	7,461	772	20,688	213	29,134
Headquarter expenses					(3,974)
Support expenses of associates and joint ventures					(606)
Interest expense					(177)
Interest income					268
Profit before tax					24,645
Less: Tax expense					(175)
Profit for the year					24,470
Timing of revenue recognition:					
- Products transferred at a point in time	52,928	7,774	–	1,691	62,393

17 Operating segments (cont'd)

Information about reportable segments (Cont'd)

	Cement and building materials \$'000	Specialty polymer \$'000	Investments \$'000	Food and beverage \$'000	Total \$'000
Revenue and expenses					
30 June 2020					
External revenues, representing consolidated revenue	38,137	6,452	–	700	45,289
Dividend income	–	–	208	–	208
Reportable segment profit/(loss) (excluding impairment)	1,873	277	2,814	(523)	4,441
Share of profit of associates and joint ventures	2,819	–	–	–	2,819
	<u>4,692</u>	<u>277</u>	<u>2,814</u>	<u>(523)</u>	<u>7,260</u>
Impairment of financial assets	(257)	–	–	–	(257)
	<u>4,435</u>	<u>277</u>	<u>2,814</u>	<u>(523)</u>	<u>7,003</u>
Headquarter expenses					(2,317)
Support expenses of associates and joint ventures					(660)
Interest expense					(121)
Interest income					236
Profit before tax					4,141
Less: Tax expense					(133)
Profit for the year					<u>4,008</u>
Timing of revenue recognition:					
- Products transferred at a point in time	38,137	6,452	–	700	45,289

	Cement and building materials \$'000	Specialty polymer \$'000	Investments \$'000	Food and beverage \$'000	Others \$'000	Total \$'000
Assets and liabilities						
30 June 2021						
Total assets for reportable segments	62,332	18,073	89,425	1,427	1,627	172,884
Investments in associates and joint ventures						130,195
Other unallocated amounts						15,423
Consolidated total assets						<u>318,502</u>
Total liabilities for reportable segments	19,708	4,395	1,592	2,045	7	27,747
Other unallocated amounts						7,239
Consolidated total liabilities						<u>34,986</u>

17 Operating segments (cont'd)

Information about reportable segments (Cont'd)

	Cement and building materials	Specialty polymer	Investments	Food and beverage	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities						
30 June 2020						
Total assets for reportable segments	68,302	16,409	56,778	1,967	5	143,461
Investments in associates and joint ventures						103,275
Other unallocated amounts						15,414
Consolidated total assets						<u>262,150</u>
Total liabilities for reportable segments	12,623	2,542	147	902	5	16,219
Other unallocated amounts						4,764
Consolidated total liabilities						<u>20,983</u>
Other segment information						
30 June 2021						
Capital expenditure	805	60	–	23	–	888
Depreciation and amortisation	1,145	90	–	–	–	1,235
Impairment of financial assets	435	–	–	–	–	435
30 June 2020						
Capital expenditure	1,183	99	–	–	–	1,282
Depreciation and amortisation	1,621	87	–	56	–	1,764
Impairment of financial assets	257	–	–	–	–	257

Geographical segments

The Group's operations are mainly in Singapore, Malaysia and the People's Republic of China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Singapore	Malaysia	People's Republic of China	Others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021						
External customers						
- Cement and building materials	47,232	5,523	1	172	–	52,928
- Specialty polymer	5,451	232	142	1,949	–	7,774
- Food and beverage	–	–	1,691	–	–	1,691
Inter-segment revenue	3,097	53	–	–	(3,150)	–
Total revenue	<u>55,780</u>	<u>5,808</u>	<u>1,834</u>	<u>2,121</u>	<u>(3,150)</u>	<u>62,393</u>

17 Operating segments (cont'd)

Geographical segments (Cont'd)

	Singapore \$'000	Malaysia \$'000	People's Republic of China \$'000	Others \$'000	Elimination \$'000	Total \$'000
30 June 2020						
External customers						
- Cement and building materials	28,615	6,872	–	2,650	–	38,137
- Specialty polymer	3,582	231	891	1,748	–	6,452
- Food and beverage	–	–	700	–	–	700
Inter-segment revenue	2,154	2	–	–	(2,156)	–
Total revenue	<u>34,351</u>	<u>7,105</u>	<u>1,591</u>	<u>4,398</u>	<u>(2,156)</u>	<u>45,289</u>

18 Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1 Review

The condensed consolidated statements of financial position of EnGro Corporation Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated statement of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2 Review of Group performance

2.1 Analysis of Statements of profit or loss

The Group's revenue recovered 37.7% to \$62.4 million in 1H 2021 as compared to 1H 2020 during the onset of COVID-19 outbreak.

Our key operating segments achieved better results in 1H 2021 compared to same period last year and outperformed pre-COVID level in 2019, while most of our JVs in China recorded stronger performance due to pent up demand after pandemic.

Realised and unrealised gains in our Venture Capital investments and profits from the balance of phase 2 of our joint venture property development project in Tangshan China further boosted the Group's earnings for 1H 2021.

2.2 Analysis of Statements of financial position

Investment in associates and joint ventures increased by \$14.7 million attributable to share of profits of \$12.2 million for 1H 2021 and foreign exchange gain of \$2.5 million due to strengthening of RMB against SGD.

Net increase of \$8.6 million in other investments was a result of fair value gain of \$6.4 million and additional investments of \$4.2 million, offset by cash distributions of \$2.1 million received from venture capital funds.

Inventories decreased by \$3.1 million due to fewer shipments in transit and clearing of old stocks.

Trade and other receivables increased by \$2.0 million due to higher revenue in 1H 2021.

Cash and cash equivalents increased by \$7.4 million attributed to positive operating cash flows and dividends received from other investments. The details are elaborated in Consolidated Statement of cash flows.

Lease liabilities increased by \$0.2 million due to new lease liabilities of \$1.0 million, offset by repayment of lease liabilities of \$0.8 million.

2 Review of Group performance (cont'd)

2.3 Analysis Statements of cash flows

Net cash from operating activities in 1H 2021 was \$1.4 million, arising largely from inventories quick turnover.

Net cash inflow of \$5.5 million from investing activities arising from dividends received from other investments of \$1.1 million, cash distribution from other investments of \$2.1 million, and proceeds from disposal of other investments of \$7.1 million. These were partially offset by cash used for acquisition of property, plant and equipment of \$0.9 million as well as other investments of \$4.2 million.

Net cash from financing activities of \$0.5 million, arising from bank loan \$5 million, partially offset by dividend payment \$3.6 million and payment of lease liabilities of \$0.8 million.

The cash and cash equivalents as at end of 1H 2021 was \$52.0 million, an decrease of \$5.0 million compared to 1H 2020.

3 Changes in share capital

3.1 Changes in share capital since the end of the previous period reported on:

	Number of Shares
Issued share capital of the Company (excluding treasury shares) as at 31 December 2020	118,638,300
Issued share capital of the Company (excluding treasury shares) as at 30 June 2021	118,702,500

There were no treasury shares held by the Company as at 30 June 2021 (As at 31 December 2020: 64,200 treasury shares). Treasury shares have been excluded in the number of issued ordinary shares stated above.

Employee share options have been fully exercised as at 30 June 2021 (31 December 2020: options to subscribe to 120,000 ordinary shares were unexercised).

3.2 Total number of issued shares excluding treasury shares

	As at 30 Jun 2021	As at 31 Dec 2020
Total number of issued shares excluding treasury shares	118,702,500	118,638,300

3 Changes in share capital (cont'd)

3.3 Treasury shares

	Number of shares for the period ended	
	30 Jun 2021	31 Dec 2020
Group and Company		
As at beginning of the period/year	64,200	64,200
Purchase of treasury shares	55,800	–
Treasury shares transferred on exercise of the share option	(120,000)	–
As at end of the period/year	–	64,200

4 Prospect statement

Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Actual results for 1H 2021 were better than expected because of gains from venture capital and property investments. In this regard, despite uncertainty from the on-going pandemic, the Group is expected to remain profitable for the current financial year.

5 Outlook

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.

The slow-down of construction developments in Singapore, coupled with disruption of raw material supply due to Malaysia's FMCO, high import costs, freight hike and shortage of foreign construction workers would weigh on the performance of our Integral Cement and RMC segment in near term.

While China achieved GDP growth of 18.3 percent and 7.9 percent in the first and second quarter respectively, it is rebalancing its economy to a sustainable growth of between 5 and 6 percent for 2021, the level seen during pre-COVID. Against this backdrop, our JVs in China should continue to enjoy the benefits of a stable economy and continue to contribute to the Group's performance.

Despite recent surge in COVID-19 cases amidst the spreading of more contagious Delta variant and headwinds confronting our operating units, we are cautiously optimistic that the economic recovery would improve further with increasing vaccine inoculation rates in Singapore and Malaysia.

6 Dividends

(a) Current financial period reported on

No

(b) Corresponding period of the immediate preceding financial year

No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

(e) If no dividend has been declared/ recommended, a statement to that effect and the reason for the decision

No dividend has been declared/recommendeded for the current financial period. Our current policy is to pay annual dividend.

7 Interested person transactions

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

8 Undertaking 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.

9 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 2021 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
12 August 2021