

Half Year Financial Statement And Dividend Announcement for the Period Ended 30 June 2017

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | % |
|--|-------------------------|----------------|----------------|
| | For the half year ended | | |
| | 30 Jun 17 | 30 Jun 16 | |
| | Unaudited | Unaudited | |
| | \$ '000 | \$ '000 | |
| Revenues | | | |
| Products and installation | 2,410 | 4,672 | (48.42) |
| Services and maintenance | 213 | 210 | 1.43 |
| Rental income | 18 | - | NM |
| Total revenues | 2,641 | 4,882 | (45.90) |
| Other items of income | | | |
| Dividend income | 2 | 2 | - |
| Other income | 67 | 104 | (35.58) |
| Total other items of income | 69 | 106 | (34.91) |
| Costs and expenses | | | |
| Cost of products and installation | (1,757) | (2,919) | (39.81) |
| Salaries and employee benefits | (1,425) | (1,451) | (1.79) |
| Depreciation and amortisation expense | (47) | (41) | 14.63 |
| Other expenses | (455) | (564) | (19.33) |
| Total costs and expenses | (3,684) | (4,975) | (25.95) |
| (Loss)/ profit before income tax | (974) | 13 | NM |
| Income tax expenses | (1) | (9) | (88.89) |
| (Loss)/ profit net of tax, attributable to equity holders of the parent | (975) | 4 | NM |
| Other comprehensive income : | | | |
| Foreign currency translation | (3) | 10 | NM |
| Total comprehensive (loss)/ income attributable to equity holders of the parent | (978) | 14 | NM |
| <u>Note 1: (Other Income)</u> | | | |
| Foreign exchange gain | 2 | - | NM |
| Interest income | 47 | 80 | (41.25) |
| Others | 18 | 24 | (25.00) |
| | 67 | 104 | (35.58) |

* NM- Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|--|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | As at 30 Jun 17 (Unaudited) | As at 31 Dec 16 (Audited) | As at 30 Jun 17 (Unaudited) | As at 31 Dec 16 (Audited) |
| Non-current assets | | | | |
| Property, plant and equipment | 198 | 201 | 21 | 32 |
| Investment property | 26,000 | 26,000 | - | - |
| Intangible asset | 208 | 228 | - | - |
| Fixed deposits | 4,000 | 4,000 | - | - |
| Investment in subsidiaries | - | - | 9,003 | 9,003 |
| Deferred tax asset | 54 | 54 | - | - |
| | <u>30,460</u> | <u>30,483</u> | <u>9,024</u> | <u>9,035</u> |
| Current assets | | | | |
| Cash and bank balances | 946 | 2,190 | 132 | 363 |
| Fixed deposits | 3,694 | 3,648 | 3,597 | 3,577 |
| Trade receivables | 1,343 | 1,299 | - | - |
| Prepayments | 51 | 36 | 20 | 12 |
| Deposits | 74 | 78 | 47 | 47 |
| Other receivables | 7 | 33 | - | 25 |
| Investment securities | 61 | 57 | - | - |
| Amounts due from subsidiaries | - | - | 15,663 | 15,494 |
| Inventories | 235 | 144 | - | - |
| Gross amount due from customers for contract work-in-progress | 950 | 2,169 | - | - |
| | <u>7,361</u> | <u>9,654</u> | <u>19,459</u> | <u>19,518</u> |
| Current liabilities | | | | |
| Trade payables | (785) | (1,323) | (76) | (79) |
| Deferred revenue | (92) | (96) | - | - |
| Other payables | (1,956) | (2,697) | (597) | (661) |
| Income tax payable | (36) | (43) | (6) | (8) |
| Amounts due to subsidiaries | - | - | (456) | (456) |
| Gross amount due to customers for contract work-in-progress | (156) | (203) | - | - |
| | <u>(3,025)</u> | <u>(4,362)</u> | <u>(1,135)</u> | <u>(1,204)</u> |
| Net current assets | 4,336 | 5,292 | 18,324 | 18,314 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | - | (1) | - | - |
| | - | (1) | - | - |
| Net assets | <u>34,796</u> | <u>35,774</u> | <u>27,348</u> | <u>27,349</u> |
| Equity attributable to equity holders of the parent | | | | |
| Share capital | 27,224 | 27,224 | 27,224 | 27,224 |
| Foreign currency translation reserve | (216) | (213) | - | - |
| Accumulated profits | 7,788 | 8,763 | 124 | 125 |
| Total equity | <u>34,796</u> | <u>35,774</u> | <u>27,348</u> | <u>27,349</u> |

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Not applicable. The Group does not have any external borrowings and debt securities as at 30 June 2017 and 31 December 2016.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | For the half year ended | |
|---|-------------------------|----------------|
| | 30 Jun 17 | 30 Jun 16 |
| | Unaudited | Unaudited |
| | S\$'000 | S\$'000 |
| Operating activities | | |
| (Loss)/ profit before income tax | (974) | 13 |
| Adjustments for : | | |
| Interest income | (47) | (80) |
| Dividend income from investment securities | (2) | (2) |
| Depreciation of property, plant and equipment | 27 | 41 |
| Loss on disposal of fixed assets | - | 5 |
| Amortisation of intangible asset | 20 | - |
| Fair value (gain)/ loss on investment securities | (4) | 4 |
| Currency realignment | 3 | - |
| Operating cash flows before changes in working capital | (977) | (19) |
| (Increase)/ decrease in trade and other receivables | (18) | 738 |
| Increase in prepayments and deposits | (11) | (16) |
| (Increase)/ decrease in inventories | (91) | 138 |
| Decrease/ (increase) in gross amount due from customers for contract work-in-progress | 1,219 | (628) |
| (Decrease)/ increase in trade payables | (538) | 417 |
| (Decrease)/ increase in deferred revenue | (4) | 21 |
| Decrease in other payables | (741) | (1,041) |
| Decrease in gross amount due to customers for contract work-in-progress | (47) | (720) |
| Cash flows used in operations | (1,208) | (1,110) |
| Interest received | 47 | 80 |
| Payment of taxes | (15) | - |
| Net cash flows used in operating activities | (1,176) | (1,030) |
| Investing activities | | |
| Purchase of property, plant and equipment | (24) | (48) |
| Proceeds from disposal of fixed assets | - | 15 |
| Dividends received from investment securities | 2 | 2 |
| Additions to investment property | - | (2,413) |
| Net cash flows used in investing activities | (22) | (2,444) |
| Financing activities | | |
| Dividends paid | - | (544) |
| Net cash flows used in financing activities | - | (544) |
| Net decrease in cash and cash equivalents | (1,198) | (4,018) |
| Cash and cash equivalents at 1 January | 5,838 | 9,988 |
| Cash and cash equivalents at 30 June | 4,640 | 5,970 |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Share Capital | Foreign Currency Translation Reserve | Accumulated Profits/ (Losses) | Total Equity |
|--|---------------|---|-------------------------------------|--------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Group (Unaudited) | | | | |
| 2017 | | | | |
| At 1 January | 27,224 | (213) | 8,763 | 35,774 |
| Loss net of tax | - | - | (975) | (975) |
| Other comprehensive income for the half year | - | (3) | - | (3) |
| Total comprehensive income for the half year | - | (3) | (975) | (978) |
| At 30 June | 27,224 | (216) | 7,788 | 34,796 |
| 2016 | | | | |
| At 1 January | 27,224 | (200) | 10,900 | 37,924 |
| Profit net of tax | - | - | 4 | 4 |
| Dividend Declared/ Paid | - | - | (544) | (544) |
| Other comprehensive income for the half year | - | 10 | - | 10 |
| Total comprehensive income for the half year | - | 10 | (540) | (530) |
| At 30 June | 27,224 | (190) | 10,360 | 37,394 |
| Company (Unaudited) | | | | |
| 2017 | | | | |
| At 1 January | 27,224 | - | 125 | 27,349 |
| Loss net of tax | - | - | (1) | (1) |
| Total comprehensive income for the half year | - | - | (1) | (1) |
| At 30 June | 27,224 | - | 124 | 27,348 |
| 2016 | | | | |
| At 1 January | 27,224 | - | 688 | 27,912 |
| Profit net of tax | - | - | 8 | 8 |
| Dividend Declared/ Paid | - | - | (544) | (544) |
| Total comprehensive income for the half year | - | - | (536) | (536) |
| At 30 June | 27,224 | - | 152 | 27,376 |

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since the end of the previous year reported on. The Company's share capital as at 31 December 2016 and 30 June 2017 was S\$27,224k comprising 271,980,729 ordinary shares in the capital of the Company.

There were no outstanding convertibles, subsidiary holdings and treasury shares as at 30 June 2017 and 30 June 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares as at 30 June 2017 was 271,980,729 (31 December 2016: 271,980,729). There were no treasury shares as at 30 June 2017 and 31 December 2016.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Group's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements for the year ended 31 December 2016, except for those as stated in Note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted applicable new or revised Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2017. The adoption of these FRS did not have any material impact on the financial statements of the Group and the Company for the current financial period reported on.

6. (Loss)/earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| Cents | For the financial period ended | |
|---|--------------------------------|--------------------------|
| | 30 Jun 17 (Unaudited) | 30 Jun 16 (Unaudited) |
| a) Based on weighted average number of ordinary shares in issue | (0.358) | 0.001 |
| b) On a fully diluted basis | (0.358) | 0.001 |

The (loss)/earnings per ordinary share for the financial period under review is calculated based on the weighted average of 271,980,729 ordinary shares (half year ended 30 June 2016: 271,980,729 ordinary shares) in issue.

The basic and fully diluted earnings per ordinary share are the same as there were no potentially dilutive shares in issue during and as at the half year ended 30 June 2017 and 30 June 2016 respectively.

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

| Cents | Group | Company |
|----------------------------------|--------|---------|
| As at 30 June 2017 (Unaudited) | 12.793 | 10.055 |
| As at 31 December 2016 (Audited) | 13.153 | 10.055 |

Net asset value per share is calculated based on 271,980,729 shares as at 30 June 2017 and 31 December 2016.

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Half year ended 30 June 2017 ("1H17") vs. half year ended 30 June 2016 ("1H16")

Income Statement

The Group's revenue decreased by 48.42% to S\$2,410k mainly due to a decrease in revenue from products and installation as a result of the completion of several major projects during the last financial year.

Rental income from leasing of the investment property at 28 Riverside Road ("Investment Property") contributed S\$18k of revenue in 1H17. There was no corresponding rental revenue in 1H16 as the Investment Property was only completed in July 2016.

Other income decreased by 35.58% to S\$67k mainly due to a decrease in interest income by S\$33k as a result of the withdrawal of fixed deposits during 1H17 to fund the operating activities.

The Group's costs and expenses decreased by 25.95% to S\$1,291k mainly due to a decrease in cost of products and installation, in line with the lower revenue generated in 1H17.

Other expenses decreased by 19.33% to S\$455k mainly due to the decrease in rental expense as the Company ceased incurring rental expenses following the shift of its office to the Investment Property in July 2016. This was offset by higher maintenance cost for the current new office.

The Group's loss net of tax amounted to S\$975k (1H17) as compared to a profit net of tax of S\$4k (1H16).

Balance Sheet

The Group's non-current assets decreased by S\$23k to S\$30,460k as at 30 June 2017. This was mainly due to depreciation of fixed assets and amortisation of intangible asset.

The Group's current assets decreased by S\$2,293k to S\$7,361k as at 30 June 2017. This was largely due to a decrease in the Group's cash and cash equivalents, comprising of fixed deposits and cash and bank balances, by S\$1,198k mainly due to expenditure incurred in relation to operating activities. The decrease was partially offset by increased in (i) trade receivables by S\$44k mainly due to timing difference of progress billings; and (ii) inventories by S\$91k mainly due to additional inventories purchased in June 17.

The Group's net amount due to customer for contract work-in-progress (after deducting amount due from customer for contract work-in-progress) decreased by S\$1,172k to S\$794k (30 Jun 2017) mainly due to timing difference of progress billings.

The Group's current liabilities decreased by S\$1,337k to S\$3,025k as at 30 June 2017. This was mainly due to decreases in (i) trade payables by S\$538k, in line with the decreased activities from products and installation in 1H17; and (ii) other payables by S\$741k mainly due to lower accrual for project related costs in line with lower revenues.

Cashflow Statement

The Group utilised cash of S\$1,198k in 1H17 that was mainly used in operating activities. Net cash used in operating activities of S\$1,109k was largely attributable to payments to trade and other creditors and timing difference of progress billings. Cash and cash equivalents as at 30 June 2017 was S\$4,640k.

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

Not applicable.

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.

The Group continues to explore with various developers the use of the Chilled Ceiling Panel that was co-developed with Nanyang Technological University.

The Group will continue to work with property agents to find suitable tenants for its leasable space.

In view of the current market condition with competitive margin pressure, the Group will continue to manage our cost effectively and actively identify new potential markets and suitable opportunities for growth.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(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/recommended for the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a shareholders' mandate for interested person transactions. There was no interested person transaction for the 6-months ended 30 June 2017.

14. Confirmation of Undertakings from Directors and Executive Officers under Rule 720(1) of Section B: Rules of Catalist of the Listing Manual of the SGX-ST (“Catalist Rules”)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

15. Negative Confirmation by the Board pursuant to Rule 705(5) OF THE LISTING MANUAL SECTION B: RULES OF CATALIST

We, Tan Eng Liang and Lee Ee @ Lee Eng, being two directors of Progen Holdings Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the half-year financial statement for the period ended 30 June 2017 to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD
PROGEN HOLDINGS LTD**

**Lee Ee @ Lee Eng
Managing Director
11 August 2017**

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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