PROGEN HOLDINGS LTD

Unaudited Full Year Financial Statement And Dividend Announcement for the Year Ended 31 December 2015

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.

S$'000		Group		
		For the financial year ended		
		31 Dec 15 (Unaudited)	31 Dec 14 (Audited)	%
Revenue				
Products and installation		6,337	15,668	(59.55)
Services and maintenance		490	460	6.52
Rental income		-	1,687	(100.00)
Total revenue		6,827	17,815	(61.68)
Other items of income				
Dividend income		2	3	(33.33)
Other income	Note 1	3,079	3,734	(17.54)
Total other items of income		3,081	3,737	(17.55)
Costs and expenses				
Cost of products and installation		(3,999)	(10,708)	(62.65)
Property operating expenses		-	(1,434)	N/M
Salaries and employee benefits		(2,786)	(3,161)	(11.86)
Depreciation expense		(89)	(152)	(41.45)
Other expenses		(1,040)	(1,045)	(0.48)
Total costs and expenses		(7,914)	(16,500)	(52.04)
Profit before income tax		1,994	5,052	(60.53)
Income tax credit/ (expense)		82	(157)	N/M
Profit net of tax, attributable to equity holders of the parent		2,076	4,895	(57.59)
Other comprehensive income :				
Foreign currency translation		(89)	(18)	N/M
Total comprehensive income attributable to equity holders of the parent		1,987	4,877	(59.26)

N/M - Not meaningful

Note 1:

Fair value gain on investment property	2,640	3,241	(18.54)
Overprovision of reinstatement cost	65	-	N/M
Foreign exchange gain	84	17	394.12
Gain on disposal of property, plant and equipment	-	250	N/M
Interest income	192	132	45.45
PIC Cash payout and bonus	3	74	N/M
Others	95	20	N/M
	3,079	3,734	(17.54)

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.

S$'000	Group		Company	
	As at 31 Dec 15 (Unaudited)	As at 31 Dec 14 (Audited)	As at 31 Dec 15 (Unaudited)	As at 31 Dec 14 (Audited)
Non-current assets				
Property, plant and equipment	173	252	60	102
Investment property	26,000	13,800	-	-
Intangible asset - development cost	228	166	-	-
Fixed deposits	4,000	2,000	-	-
Deferred tax asset	95	8		
Investment in subsidiaries	-	-	9,003	9,023
	30,496	16,226	9,063	9,125
Current assets				
Cash and bank balances	1,813	8,607	217	2,988
Fixed deposits	8,175	12,253	6,610	7,185
Trade receivables	1,950	1,978	-	-
Prepayments	48	73	14	33
Deposits	132	96	47	47
Other receivables	12	51	5	-
Investment securities	63	68	-	-
Amounts due from subsidiaries	-	-	13,016	1,014
Inventories	273	253	-	-
Gross amount due from customers for contract work-in-progress	696	765	-	-
	13,162	24,144	19,909	11,267
Current liabilities				
Trade payables	(897)	(677)	(45)	(43)
Deferred revenue	(107)	(133)	-	-
Other payables	(3,813)	(2,261)	(554)	(839)
Income tax payable	(43)	(305)	(5)	(14)
Amounts due to subsidiaries	-	-	(456)	(509)
Gross amount due to customers for contract work-in-progress	(871)	(1,052)	-	-
	(5,731)	(4,428)	(1,060)	(1,405)
Net current assets	**7,431**	**19,716**	**18,849**	**9,862**
Non-current liabilities				
Deferred tax liabilities	(3)	(5)	-	-
	(3)	(5)	-	-
Net assets	**37,924**	**35,937**	**27,912**	**18,987**
Equity attributable to equity holders of the parent				
Share capital	27,224	27,224	27,224	27,224
Foreign currency translation reserve	(200)	(111)	-	-
Accumulated profit / (losses)	10,900	8,824	688	(8,237)
Total equity	**37,924**	**35,937**	**27,912**	**18,987**

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

Not applicable. The Group does not have any external borrowings and/or debt securities as at 31 December 2015 and 31 December 2014.

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.

S$'000	For the financial year ended	
	31 Dec 15 (Unaudited)	31 Dec 14 (Audited)
Operating activities		
Profit before income tax	1,994	5,052
Adjustments for :		
Interest income	(192)	(132)
Gain on disposal of property, plant and equipment	-	(250)
Dividend income from investment securities	(2)	(3)
Depreciation of property, plant and equipment	89	152
Bad debt writen off	-	105
Provision for doubtful debt	-	117
Fair value gain on investment property	(2,640)	(3,241)
Fair value loss on investment securities	5	6
Currency realignment	(89)	(18)
Operating cash flows before changes in working capital	(835)	1,788
Decrease in trade and other receivables	67	823
Increase in prepayments and deposits	(11)	(64)
Increase in inventories	(20)	(93)
Decrease in deferred rental income	-	52
Decrease/ (Increase) in gross amount due from customer for contract work-in-progress	69	(125)
Increase in trade payables	220	70
(Decrease)/ Increase in deferred revenue	(26)	4
Increase/ (Decrease) in other payables	447	(885)
Decrease in deferred rental expense	-	(138)
Decrease in gross amount due to customer for contract work-in-progress	(181)	(202)
Cash flows (used in)/ generated from operations	(270)	1,230
Interest received	192	132
(Payment)/ refund of taxes	(269)	114
Net cash flows (used in)/ generated from operating activities	(347)	1,476
Investing activities		
Purchase of property, plant and equipment	(10)	(37)
Proceeds from disposal of property, plant and equipment	-	250
Cash attributed to development cost	(32)	-
(Increase)/ decrease in fixed deposit pledged	(2,000)	6,000
Dividends received from investment securities	2	3
Additions to investment property	(8,485)	(1,759)
Net cash flows (used in)/ generated from investing activities	(10,525)	4,457
Net (decrease)/ increase in cash and cash equivalents	(10,872)	5,933
Cash and cash equivalents at 1 January	20,860	14,927
Cash and cash equivalents at 31 December	9,988	20,860

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.

S$'000				
Group	Share Capital	Foreign Currency Translation Reserve	Accumulated Profit / (Losses)	Total Equity
2015 (Unaudited)				
At 1 January	27,224	(111)	8,824	35,937
Profit net of tax	-	-	2,076	2,076
Other comprehensive loss for the year	-	(89)	-	(89)
Total comprehensive (loss) / income for the year	-	(89)	2,076	1,987
At 31 December	27,224	(200)	10,900	37,924
2014 (Audited)				
At 1 January	27,224	(93)	3,929	31,060
Profit net of tax	-	-	4,895	4,895
Other comprehensive loss for the year	-	(18)	-	(18)
Total comprehensive (loss) / income for the year	-	(18)	4,895	4,877
At 31 December	27,224	(111)	8,824	35,937
Company				
2015 (Unaudited)				
At 1 January	27,224	-	(8,237)	18,987
Profit net of tax	-	-	8,925	8,925
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	8,925	8,925
At 31 December	27,224	-	688	27,912
2014 (Audited)				
At 1 January	27,224	-	(8,317)	18,907
Profit net of tax	-	-	80	80
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	80	80
At 31 December	27,224	-	(8,237)	18,987

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

There were no changes in the Company's share capital between 30 June 2015 and 31 December 2015. The Company's share capital as at 30 June 2015 and 31 December 2014 was S$27,224k comprising 271,980,729 shares. There were no outstanding convertibles, options or treasury shares as at 31 December 2015 and 31 December 2014.

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 excluding treasury shares as at 31 December 2015 and 31 December 2014 was 271,980,729. There were no treasury shares as at 31 December 2015 and 31 December 2014.

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

Not applicable.

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 reported on compared with those for the most recently audited financial statements, 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 are mandatory for financial years beginning on or after 1 January 2015. The adoption of these new FRS has no significant impact on the financial statements of the Group and the Company for current and prior reporting periods.

6. 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.

	31 Dec 15 (Unaudited)	31 Dec 14 (Audited)
a) Based on weighted average number of ordinary shares in issue	0.764	1.800
b) On a fully diluted basis	0.764	1.800

The earnings per ordinary share for the financial year under review is calculated based on the weighted average of 271,980,729 ordinary shares in issue (31 December 2014: 271,980,729).

The basic and fully diluted earnings per share are the same as there were no potentially dilutive shares in issue during and as at the end of the financial years ended 31 Decmeber 2015 and 31 December 2014 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.

Singapore Cents	Group	Company
As at 31 December 2015 (Unaudited)	13.944	10.263
As at 31 December 2014 (Audited)	13.213	6.981

Net asset value per share is calculated based on 271,980,729 ordinary shares in issue as at 31 December 2015 and 31 December 2014.

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.

Financial year ended 31 Dec 2015 ("FY2015") vs. financial year ended 31 Dec 2014 ("FY2014")

Income Statement

Revenue

Group's revenue decreased by S$10,988k from S$17,815k (FY2014) to S$6,827k (FY2015) due to the following reasons:-

Revenue from products and installation decreased by S$9,331k from S$15,668k (FY2014) to S$6,337k (FY2015) mainly due to the completion of two major projects in FY2014 and slower progress of several existing projects as the completion of several existing projects have been extended to the financial year ending 31 December 2016.

Revenue from services and maintenance increased by S$30k from S$460k (FY2014) to S$490k (FY2015) largely due to an increase in service maintenance contracts signed following project completions.

There were no revenue generated from rental income (FY2014: S$1,687k) following the expiry of the commercial leases related to a sale and leaseback agreement in July 2014 ("**Lease Expiry**").

Other items of income

Other income decreased by S$656k from S$3,737k (FY2014) to S$3,081k (FY2015). The decrease in FY2015 was mainly due to the absence of gain from disposal of property, plant and equipment (FY2014: S$250k); and lower fair value gain on the investment property of S$2,640k (FY2014: S$3,241k) pursuant to the revaluation of the investment property; which were partially offset by overprovision of reinstatement costs of S$65k relating to the Lease Expiry (FY2014: NIL); higher foreign exchange gain of S$84k (FY2014: S$17k); and higher interest income of S$192k (FY2014: 132k) due to higher interest rates.

Costs and expenses

Group's costs and expenses decreased by S$8,586k from S$16,500k (FY2014) to S$7,914k (FY2015) mainly due to the following reasons:-

Cost of products and installation decreased by S$6,709k from S$10,708k (FY2014) to S$3,999k (FY2015), in line with the lower revenue generated in FY2015.

There were no property operating expenses incurred (FY2014: S$1,434k) following the Lease Expiry.

Cost of salaries and employee benefits decreased by S$375k from S$3,161k (FY2014) to S$2,786k (FY2015) inline with decreased activities from products and installation.

Depreciation expense decreased by S$63k from S$152k (FY2014) to S$89k (FY2015) as some of the property, plant and equipment have been fully depreciated as at 31 December 2014.]

Income tax credit / (expense)

There was a income tax credit of S$82k for FY2015 (FY2014: income tax expenses of S$157k) mainly due to lower profits generated and recognition of deferred tax assets in FY2015.

Profit net of Tax

The Group's profit net of tax decreased by S$2,819k from S$4,895k (FY2014) to S$2,076k (FY2015).

Balance Sheet

Non-current assets

The Group's property, plant and equipment ("**PPE**") decreased by S$79k from S$252k (FY2014) to S$173k (FY2015) mainly due to depreciation of PPE of S$89k offset by asset acquisition of S$10k.

Investment property (i.e. 28 Riverside Road) increased by S$12,200k from S$13,800k (FY2014) to S$26,000k (FY2015) due to redevelopment cost of S$9,560k capitalised and the revaluation gain of S$2,640k.

Intangible asset – development cost increased by S$62k from S$166k (FY2014) to S$228k (FY2015) due to capitalisation of the additional costs incurred related to research collaboration with Nanyang Technological University ("NTU").

Fixed deposit pledged increased by S$2,000k from S$2,000k (FY2014) to S$4,000k (FY2015) for additional bank facilities obtained in FY2015.

Deferred tax asset increased by S$87k from S$8k (FY2014) to S$95k (FY2015) due to unutilized tax credit available for use in subsequent financial years.

Current assets

The Group's cash and cash equivalent, comprising of fixed deposits and cash and bank balances, decreased from S$20,860k (FY2014) to S$9,988k (FY2015) mainly due to lower revenue, increase in pledged fixed deposit for banking facilities and expenditure incurred relating to the redevelopement of the investment property.

The Group's other receivables decreased by S$39k from S$51k (FY2014) to S$12k (FY2015) mainly due the receipt of cash payout from Inland Revenue Authority of Singapore ("IRAS") under Productivity and Invnovation Credit Scheme ("PIC") in early FY2015.

The Group's deposit increased by S$36k from S$96k (FY2014) to S$132k (FY2015) mainly due to deposit paid for opening of water and electricity account for the investment property.

Current liabilities

The Group's trade payable increased by S$220k from S$677k (FY2014) to S$897k (FY2015) mainly due to payment of S$300k to suppliers in January 2016, which was after the balance sheet date .

The Group's other payables increased by S$1,552k from S$2,261k (FY2014) to S$3,813k (FY2015) mainly due to cost incurred and accrued for redevelopment of the investment property.

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$112k from S$287k (FY2014) to S$175k (FY2015) mainly due to timing difference for progress billings.

Cash flow Statement

The Group utilised S$347k of cash for its operating activities in FY2015, as compared to S$1,476k of cash generated in FY2014 mainly due to lower revenue and higher tax payment for FY2015.

The Group utilitsed S$10,525k of cash in its investing activities in FY2015, as compared to S$4,457k of cash generated in FY2014 mainly due to increase in fixed deposit pledged to the bank for banking facilities and expenditure incurred for the redevelopment of the investment property.

As a whole, the Group utilised cash of S$10,872k in FY2015 as compared to generated cash of S$5,933k in FY2014. The cash and cash equivalents as at 31 December 2015 was S$9,988k (31 December 2014: S$20,860k).

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

The current results are in line with the Company's discussion presented in Note 10 of the unaudited results announcement dated 14 August 2015.

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 research and development collaboration with NTU has concluded in December 2015. There are ongoing discussion between the Company and NTU on future collaboration works and the Company will update shareholders when formalised agreements are entered into.

The redevelopment of the investment property is nearing completion and the Temporary Occupation Permit is expected to be obtained by the 2nd quarter of 2016.

The Group's operating environment for the next 12 months continues to be very challenging with strong market competions, increasing operating and labour costs, and slow industry growth.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The directors have recommended to the Company to pay first and final dividend in respect of the financial year end 31 December 2015.

Name of dividend	First & Final
Dividend type	Cash
Dividend amount per share	S$0.002 per ordinary share
Tax rate	Tax-exempt (1-tier)

(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

To be advised.

(d) Books closure date

To be advised.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

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 of S$100,000 and above for the financial year ended 31 December 2015.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

S$'000	Products & installation		Services & maintenance		Rental		Others		Eliminations / Adjustments		Group	
	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)
Segment revenue												
Sales to external customers	6,337	15,640	490	488	-	1,687	-	-	-	-	6,827	17,815
Intersegment sales	392	67	35	87	-	-	-	-	(427)	(154)	-	-
Total revenue											6,827	17,815
Segment results												
Interest income	94	34	7	6	-	4	91	88	-	-	192	132
Dividend income	2	3	-	-	-	-	8,900	-	(8,900)	-	2	3
Fair value gain on investment property	-	-	-	-	2,633	3,241	-	-	7	-	2,640	3,241
Depreciation	(19)	(72)	(20)	(18)	-	(6)	(50)	(56)	-	-	(89)	(152)
Other non-cash expenses	-	200	-	-	-	22	-	-	-	-	-	222
Segment profit before tax	(1,215)	1,361	3	50	2,633	3,367	180	120	393	154	1,994	5,052
Income tax expense	83	(124)	2	(10)	-	(14)	(3)	(9)	-	-	82	(157)
Profit, net of tax											2,076	4,895
Segment assets and liabilities												
Segment assets	9,186	17,089	1,541	2,414	26,000	10,392	6,966	10,475	(35)	-	43,658	40,370
Segment liabilities	4,969	3,084	160	194	-	192	605	963	-	-	5,734	4,433
Capital expenditure	65	10	-	24	9,567	1,760	7	2	(7)	-	9,632	1,796

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 .

16. A breakdown of sales.

		Latest Financial Year (Unaudited) S$'000	Previous Financial Year (Audited) S$'000	% increase / (decrease)
(a)	Sales reported for first half year	3,628	10,775	(66)
(b)	Operating profit after tax before deducting minority interests reported for first half year	751	1,284	(42)
(c)	Sales reported for second half year	3,199	7,040	(55)
(d)	Operating profit after tax before deducting minority interests reported for second half year	1,325	3,611	(63)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Financial Year (Unaudited) S$'000	Previous Financial Year (Audited) S$'000
Ordinary Shares (tax exempt 1-tier) - Final (Proposed)	544	-
Total Annual Dividend	544	-

Note:
FY2015's final dividend of S$0.002 per ordinary share was calculated based on the number of ordinary shares in issue as at 31 December 2015, and is subject to the approval of shareholders at the forthcoming Annual General Meeting.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lee Pui Hoon	38	Daughter of Mr Lee Ee @ Lee Eng	Admin and Corporate Affair Director Assist the Group in administrative matters and corporate affairs and oversees the finance department. Position was first held in 2014.	
Lee Yungli, Andy	36	Son of Mr Lee Ee @ Lee Eng	Senior Manager (in a wholly-owned subsidiary, Progen Pte Ltd) Responsible for Product Innovation and Development. Position was first held in 2014.	

BY ORDER OF THE BOARD
PROGEN HOLDINGS LTD

Lee Ee @ Lee Eng
Managing Director
26 February 2016

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.

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.