



Unaudited Condensed Interim Financial Statements for the Six Months Ended 30 June 2022

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	Half year ended 30 June 2022 (Unaudited) \$'000	Half year ended 30 June 2021 (Unaudited) \$'000	Change %
Revenue			
Products and installation	1,000	1,189	(15.9%)
Servicing and maintenance	191	236	(19.1%)
Rental income	338	366	(7.7%)
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Total revenue	1,529	1,791	(14.6%)
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Other items of income			
Other income	199	235	(15.3%)
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Total other items of income	199	235	(15.3%)
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Cost and expenses			
Cost of products and installation	(658)	(921)	(28.6%)
Property operating expenses	(116)	(98)	18.4%
Salaries and employee benefits	(1,038)	(975)	6.5%
Depreciation and amortisation expense	(77)	(66)	16.7%
Other expenses	(291)	(294)	(1.0%)
Finance cost	(47)	(45)	4.4%
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Total cost and expenses	(2,227)	(2,399)	(7.2%)
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Loss before income tax	(499)	(373)	33.8%
Income tax	(32)	–	N/M
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Loss, net of tax, attributable to equity holders of the parent	(531)	(373)	42.4%
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Other comprehensive income			
Foreign currency translation	(14)	(9)	N/M
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Total comprehensive income attributable to equity holders of the parent	(545)	(382)	42.7%
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Loss per share (cents per share)			
Basic	0.136	0.095	
Diluted	0.136	0.095	

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at 30 Jun 2022 (Unaudited) \$'000	As at 31 Dec 2021 (Audited) \$'000	As at 30 Jun 2022 (Unaudited) \$'000	As at 31 Dec 2021 (Audited) \$'000
Non-current assets				
Property, plant and equipment	458	427	65	58
Investment property	18,000	18,000	–	–
Right-of-use asset	1,654	1,670	12	83
Intangible asset	–	29	–	–
Fixed deposits	2,000	2,000	–	–
Investment in subsidiaries	–	–	8,987	8,987
Investment in an associated company	–	–	–	–
Amount due from subsidiaries	–	–	23,207	24,822
Loan to an associated company	8,630	8,630	–	–
Other receivables	714	637	–	–
Deferred tax asset	54	54	–	–
	31,510	31,447	32,271	33,950
Current assets				
Cash and bank balances	80	583	57	65
Trade receivables	489	660	–	–
Contract assets	80	43	–	–
Prepayments	70	52	1	6
Deposits	25	37	6	5
Other receivables	10	17	–	3
Investment securities	64	71	–	–
Amounts due from subsidiaries	–	–	1,366	1,264
Inventories	167	143	–	–
	985	1,606	1,430	1,343
Current liabilities				
Trade payables	(580)	(581)	(52)	(38)
Deferred revenue	(80)	(89)	–	–
Other payables	(2,643)	(2,522)	(952)	(862)
Contract liabilities	(770)	(910)	–	–
Income tax payable	(6)	(6)	(5)	(5)
Borrowings	(1,400)	(1,400)	–	–
Amounts due to subsidiaries	–	–	(456)	(2,023)
Lease liabilities	(32)	(32)	(13)	(87)
	(5,511)	(5,540)	(1,478)	(3,015)
Net current liabilities	(4,526)	(3,934)	(48)	(1,672)
Non-current liabilities				
Lease liabilities	(1,622)	(1,638)	–	–
Deferred tax liabilities	(32)	–	–	–
Net assets	25,330	25,875	32,223	32,278
Equity attributable to equity holders of the parent				
Share capital	32,390	32,390	32,390	32,390
Foreign currency translation	(2)	12	–	–
Accumulated loss	(7,058)	(6,527)	(167)	(112)
Total equity	25,330	25,875	32,223	32,278

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Half year ended 30 June 2022 (Unaudited) \$'000	Half year ended 30 June 2021 (Unaudited) \$'000
Operating activities		
Loss before income tax	(499)	(373)
<u>Adjustments for:</u>		
Interest income	(78)	(58)
Finance costs	47	45
Depreciation of property, plant and equipment	48	41
Amortisation of intangible asset	29	25
Fair value loss on right-of-use asset	16	15
Fair value loss/(gain) on investment securities	7	(6)
Currency realignment	(14)	(9)
Operating cash flows before changes in working capital	(444)	(320)
Decrease in trade and other receivables	178	172
Decrease in grant receivables	–	101
Increase in prepayments and deposits	(6)	(34)
(Increase)/decrease in inventories	(24)	6
Decrease in trade payables	(1)	(226)
(Decrease)/increase in deferred revenue	(9)	11
Increase/(decrease) in other payables	121	(113)
(Decrease)/increase in contract liabilities	(177)	370
Decrease in deferred grant income	–	(132)
Cash flows used in operations	(362)	(165)
Interest paid	(18)	(15)
Interest received	1	1
Net cash flows used in operating activities	(379)	(179)
Investing activities		
Purchase of property, plant and equipment	(79)	–
Additions to intangible asset	–	(4)
Net cash flows used in investing activities	(79)	(4)
Financing activities		
Payment of lease liabilities	(45)	(45)
Proceeds from loans and borrowings	–	100
Net cash flows (used in) / generated from financing activities	(45)	55
Net decrease in cash and cash equivalents	(503)	(128)
Cash and cash equivalents at 1 January	583	494
Cash and cash equivalents at 30 June	80	366

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			
	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated loss \$'000	Total equity \$'000
Group				
2022				
As at 1 January	32,390	12	(6,527)	25,875
Loss net of tax	–	(14)	(531)	(545)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	(14)	(531)	(545)
At 30 June	32,390	(2)	(7,058)	25,330
2021				
As at 1 January	32,390	21	(3,852)	28,559
Loss net of tax	–	(9)	(373)	(382)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	(9)	(373)	(382)
At 30 June	32,390	12	(4,225)	28,177

	Attributable to equity holders of the Company		
	Share capital \$'000	Accumulated loss \$'000	Total equity \$'000
Company			
2022			
At 1 January	32,390	(112)	32,278
Loss net of tax	–	(55)	(55)
Total comprehensive income for the year	–	(55)	(55)
At 30 June	32,390	(167)	32,223
2021			
At 1 January	32,390	(93)	32,297
Loss net of tax	–	(27)	(27)
Total comprehensive income for the year	–	(27)	(27)
At 30 June	32,390	(120)	32,270

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

E.1 Corporate information

Progen Holdings Ltd (the "Company") is a public company limited by shares incorporated and domiciled in Singapore and is listed on the Catalyst of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office and principal place of business of the Company is located at 28 Riverside Road, Singapore 739085.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are trading, contracting, servicing and maintenance of air-conditioning and mechanical ventilation systems and rental of building space. The principal activities of the associated company is property development.

E.2.1 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standard (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 performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies and method of computation adopted are consistent with those of the previous financial year except that in the current financial period, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency and all values are rounded to the nearest thousand, except when otherwise indicated.

As at 30 June 2022, the Group's and the Company's current liabilities exceeded its current assets by S\$4,526,000 (31 December 2021: S\$3,934,000) and S\$48,000 (31 December 2021: S\$1,672,000) respectively. The financial statements have been prepared on a going concern basis as the management has critically assessed the cash flow forecasts of the Group for the next twelve months and is reasonably confident that the Group will have sufficient resources including revenue from products and installation and unutilised committed banking facilities for it to pay its debts as and when they fall due.

E.2.2 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

E.2.3 Use of judgements and estimates

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 expense. 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 consolidated financial statements as at and for the year ended 31 December 2021. 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.

E.3 Seasonal operations

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

E.4 Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- I. The products and installation segment relates to contracting of engineering works, cooling towers, airconditioning and mechanical ventilation systems.
- II. The servicing and maintenance segment relates to servicing and repairing of air-conditioners, cooling towers and other cooling equipment.
- III. The rental segment relates to the leasing of factory and office space.
- IV. The property development segment relates to the business of developing and selling of residential properties undertaken by the associated company.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

As the Group operates substantially in Singapore, no segment information by geographical segment is presented.

The following table presents revenue and results information regarding the Group's business segments for the six months ended 30 June 2022 and 30 June 2021:

Business segments	Servicing		Rental \$'000	Property development \$'000	Others \$'000	Eliminations/ Adjustments \$'000	Group \$'000
	Products and installation \$'000	and maintenance \$'000					
1 Jan to 30 Jun 2022							
<u>Segment revenue</u>							
Sales to external customers	1,000	191	338	–	–	–	1,529
Intersegment sales	46	–	76	–	–	(122)	–
Total revenue							<u>1,529</u>
<u>Segment results</u>							
Interest income	1	–	–	77	–	–	78
Other income	47	2	19	–	37	–	105
Depreciation and amortisation	(49)	(3)	(90)	–	(5)	70	(77)
Other non-cash expenses	–	–	–	(1)	(47)	–	(48)
Segment loss before tax	(456)	(29)	9	(33)	85	(75)	(499)
Income tax credit							(32)
Loss, net of tax							<u>(531)</u>
<u>Segment assets and liabilities</u>							
Segment assets	1,083	63	21,860	9,344	145	–	32,495
Segment liabilities	2,347	121	2,199	9,587	2,498	(9,587)	7,165
1 Jan to 30 Jun 2021							
<u>Segment revenue</u>							
Sales to external customers	1,189	236	366	–	–	–	1,791
Intersegment sales	36	–	76	–	–	(112)	–
Total revenue							<u>1,791</u>
<u>Segment results</u>							
Interest income	1	–	–	57	–	–	58
Other income	71	27	26	–	31	–	155
Depreciation and amortisation	(45)	(5)	(86)	–	–	70	(66)
Other non-cash expenses	–	–	–	(147)	(46)	–	(193)
Segment loss before tax	(367)	45	142	(89)	(32)	(72)	(373)
Income tax credit							–
Loss, net of tax							<u>(373)</u>

Segment assets and liabilities

Segment assets	3,291	299	22,523	9,210	97	(12)	35,408
Segment liabilities	2,366	195	2,194	9,377	2,476	(9,377)	7,231

E.5 Disaggregation of revenue

	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Group \$'000
1 Jan to 30 Jun 2022				
Transferred over time	978	157	338	1,473
Transferred at a point in time	22	34	–	56
Total revenue	1,000	191	338	1,529
1 Jan to 30 Jun 2021				
Transferred over time	1,157	216	366	1,739
Transferred at point in time	32	20	–	52
Total revenue	1,189	236	366	1,791

E.6 Financial assets and financial liabilities

The undiscounted financial assets and liabilities of the Group and Company are as follows:

	Group		Company	
	30 Jun 2022 \$'000	31 Dec 2021 \$'000	30 Jun 2022 \$'000	31 Dec 2021 \$'000
Financial assets				
Trade receivables	443	660	–	–
Contract assets	80	43	–	–
Other receivables	724	654	–	3
Cash and bank balances	80	583	57	65
Deposits	25	37	6	5
Investment securities	64	71	–	–
Fixed deposits	2,000	2,000	–	–
Loan to an associated company	8,630	8,630	–	–
Amount due from subsidiaries	–	–	1,366	1,264
	12,046	12,678	1,429	1,337
Financial liabilities				
Trade payables	560	547	32	10
Other payables	2,643	2,522	952	862
Contract liabilities	770	910	–	–
Revolving credit facilities	1,400	1,400	–	–
Lease liabilities	2,628	2,719	13	88
Amount due to subsidiaries	–	–	456	2,023
	8,001	8,098	1,453	2,983

E.7 Fair value of assets and liabilities

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The financial instruments of the Group and Company as at 30 June 2022 and 31 December 2021 by classes are as follows:

	Group		Company	
	30 Jun 2022 \$'000	31 Dec 2021 \$'000	30 Jun 2022 \$'000	31 Dec 2021 \$'000
Debt instruments at amortised cost				
Fixed deposits (non-current)	2,000	2,000	–	–
Loan to an associated company	8,630	8,630	–	–
Cash and bank balances	80	583	57	65
Trade receivables	489	660	–	–
Deposits	25	37	6	5
Other receivables	724	654	–	3
Contract assets	80	43	–	–
Amounts due from subsidiaries (current)	–	–	1,366	1,264
	<u>12,028</u>	<u>12,607</u>	<u>1,429</u>	<u>1,337</u>
Financial assets at fair value through profit or loss				
Investment securities	64	71	–	–
Financial liabilities at amortised cost				
Trade payables	(580)	(581)	(52)	(38)
Other payables	(2,643)	(2,522)	(952)	(862)
Contract liabilities	(770)	(910)	–	–
Borrowings	(1,400)	(1,400)	–	–
Amounts due to subsidiaries	–	–	(456)	(2,023)
Lease liabilities	(1,654)	(1,670)	(13)	(87)
	<u>(7,047)</u>	<u>(7,083)</u>	<u>(1,473)</u>	<u>(3,010)</u>

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

(b) **Assets and liabilities measured at fair value**

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group (\$000)	Fair value measurements at the end of the reporting period using:			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
30 June 2022				
Assets measures at fair value				
Financial assets:				
Equity securities at fair value through profit or loss	64	–	–	64
Financial assets as at 30 June 2022	64	–	–	64
Non-financial assets:				
Investment property – Factory	–	–	18,000	18,000
Non-financial assets as at 30 June 2022	–	–	18,000	18,000
31 December 2021				
Assets measures at fair value				
Financial assets:				
Equity securities at fair value through profit or loss	71	–	–	71
Financial assets as at 31 December 2021	71	–	–	71
Non-financial assets:				
Investment property – Factory	–	–	18,000	18,000
Non-financial assets as at 31 December 2021	–	–	18,000	18,000

There have been no transfers between Level 1, Level 2 and Level 3 for the 6 months ended 30 June 2022 and the 12 months ended 31 December 2021.

(c) **Level 3 fair value measurements**

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable input level 3.

Description	Fair value (\$'000)	Valuation techniques	Unobservable inputs	Range \$
Recurring fair value measurement				
30 June 2022				
<i>Investment property - Factory</i>	18,000	Direct comparison method	Price per square feet	120 - 230

Description	Fair value (\$'000)	Valuation techniques	Unobservable inputs	Range \$
Recurring fair value measurement				
31 December 2021				
<i>Investment property - Factory</i>	18,000	Direct comparison method	Price per square feet	120 - 230

Observable inputs are quoted prices for assets in a market. Where the market price for an asset is not available, unobservable inputs are used and they are developed using assumptions that market participants would use when pricing the asset.

Where necessary, these inputs have been adjusted to reflect specific circumstances of the investment property and developed using the best information available about the assumptions that market participants would use when pricing the assets.

A significant increase/(decrease) in price per square feet based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs:

At 1 January 2021	20,000
Total losses for the period	
Included in profit or loss in 2021	(2,000)
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At 31 December 2021 and 30 June 2022	18,000
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(iii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation appraisers who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by the independent external appraiser, the appropriateness of the valuation methodologies and assumptions adopted are reviewed by management along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) **Assets and liabilities not carried at fair value but for which fair value is disclosed**

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature: cash and bank balances, fixed deposits, trade receivables deposits and other receivables, related party balances, trade payables, other payables and loan and borrowings.

E.8 Related party balances – Loan to an associated company

The loan is interest bearing, unsecured, repayable upon the completion of the associated company's development project and is to be settled in cash. The interest rate is pegged to the interest rate of the land loan obtained by the associated company from external banks.

This amount relates to shareholder's' loan provided to the associated company for the property development project at 17 Balmoral Road.

The Group considers default when there is adverse internal or external information relating to the progress of the planned development, information on the progress of the associated company's property development and sales plans, outlook of the relevant property market prices, potential impact of the COVID-19 pandemic on expected sale prices and development completion date and costs, the credentials, track record and credit default information of the main developer and major shareholder of the associated company, external information on the industry default rate and rate of return for similar investments. As at 30 June 2022 and 31 December 2021, the Group has not recorded any expected credit loss on the loan to an associated company.

E.9 Taxation

Deferred tax asset arising from temporary differences during the periods under review are not recognised due to uncertainty of its recoverability.

E.10 Dividends

There is no dividend recommended or paid for the half year ended 30 June 2022 (30 June 2021: NIL).

E.11 Net asset value

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Net asset value per ordinary share (in cents)	6.486	6.627	8.251	8.267
Number of ordinary shares in issue	390,511,778	390,511,778	390,511,778	390,511,778

E.12 Intangible asset

During the six months ended 30 June 2022, there were no addition to intangible assets (30 June 2021: S\$4,000).

E.13 Property, plant and equipment

During the six months ended 30 June 2022, additions to property, plant and equipment amounted to S\$79,000 (30 June 2021: S\$NIL). There were no disposals of property, plant and equipment (30 June 2021: S\$NIL).

E.14 Investment property

The investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property is included in profit or loss in the period in which it arises. During the six months ended 30 June 2022, there was no acquisition or disposal of investment properties (30 June 2021: S\$NIL).

E.15 Valuation

Investment property is stated at fair value, which has been determined based on a valuation performed by an external appraiser with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. The Group did not engage an independent valuer to determine the fair value of the investment property as at 30 June 2022. However, the Management had taken into consideration those underlying factors that would have impact to the fair value of the investment property since the last valuation completed in December 2021 and concluded that there are no major aspects that could affect the fair value of the investment property as at 30 June 2022.

E.16 Borrowings

The Group's bank borrowings as at 30 June 2022 was S\$1,400,000 (31 December 2021: S\$1,400,000), which are all secured and repayable in one year or less, or on demand. The effective interest rate is 2.49% (2021: 2.25%) per annum. The bank borrowings were secured on the investment property.

E.17 Share capital

The Company's share capital as at 30 June 2022 and 31 December 2021 was S\$32,390,000 comprising 390,511,778 shares. There were no outstanding convertibles as at 30 June 2022 and 30 June 2021.

E.18 Changes in treasury shares

Not applicable. There were no treasury shares during and as at 30 June 2022 and 30 June 2021. As such, there was no sale, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

E.19 Changes in subsidiary holdings

Not applicable. There were no subsidiary holdings during and as at 30 June 2022 and 30 June 2021. As such, there was no sale, transfer, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

E.20 Subsequent events

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

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

F.1 Review

The condensed consolidated statement of financial position of Progen Holdings Ltd and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement 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.

F.2 Audit Opinion (Applicable to Companies That Have Received Modified Audit Opinions)

Not applicable. The Group's latest financial statements for the financial year ended 31 December 2021 was not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

F.3 Variance from forecast or prospect statements

No forecast or prospect statements for the period ended 30 June 2022 was previously provided.

F.4 Earnings/loss per share

The basic and diluted loss per share for the half year ended 30 June 2022 were 0.136 cents per share (30 June 2021: 0.095 cents per share). The loss per ordinary share for the financial period under review is calculated based on the weighted average of 390,511,778 ordinary shares (half year ended 30 June 2021: 390,511,778 ordinary shares) in issue. The basic and fully diluted loss per ordinary share are the same as there were no potentially dilutive shares in issue during and as at the end of the financial period ended 30 June 2022 and 30 June 2021.

F.5 Review of Group performance

Half year ended 30 June 2022 ("1H22") vs. Half year ended 30 June 2021 ("1H21")

Income Statement

The Group's revenue decreased by S\$262k (14.6%) from S\$1,791k (1H21) to S\$1,529k (1H22) mainly due to the main contractors' delays in the building structure of the 2 major projects on hand contributed by the shortage of direct labour in the construction industry.

Revenue from Products and installation decreased by S\$189k (15.9%) from S\$1,189k (1H21) to S\$1,000k (1H22); Revenue from Servicing and maintenance decreased by S\$45k (19.1%) from S\$236k (1H21) to S\$191k (1H22). Rental income decreased by S\$28k (7.7%) from S\$366k (1H21) to S\$338k (1H22) due to lower occupancy rate.

Other income decreased by S\$36k (15.3%) from S\$235k (1H21) to S\$199k (1H22) mainly due to the absence of Job Support Scheme that was granted by the government in 1H21 but not in 1H22. The impact of this was partially offset by the higher interest income in 1H22.

Costs of Products and installation decreased by S\$263k (28.6%) from S\$921k (1H21) to S\$658k (1H22). The foregoing rate of decrease was higher than the rate of decrease in revenue due to higher margin for a project in 1H22.

Property operating expenses increased by S\$18k (18.4%) from S\$98k (1H21) to S\$116k (1H22), mainly due to the higher subletting cost in 1H22.

Cost of salaries and employee benefits increased by S\$63k (6.5%) from \$975k (1H21) to S\$1,038k (1H22) mainly due to the absence of cost cutting measures in 1H22 compared to 1H21 whereby the Group had undertaken cost cutting measures in the form of shorter work week in 1H21.

As a result of the above, the Group's loss net of tax amounted to S\$531k in 1H22 compared to S\$373k in 1H21.

Balance Sheet

Property, plant and equipment increased by S\$31k from S\$427k to S\$458k as at 30 June 2022 due to purchases amounting to S\$79k which was partially offset by depreciation of S\$48k recognised during the period.

Intangible asset decreased by S\$29k from S\$29k to S\$0k as at 30 June 2022 due to the amortisation recognised during the period.

Other receivables increased by S\$77k from S\$637k to S\$714k as at 30 June 2022 due to the recognition of interest receivable on the loan to the associated company for the 6 months ended 30 June 2022.

The Group's current assets decreased by S\$621k from S\$1,606k to S\$985k as at 30 June 2022 mainly due to reduction in cash and bank balances (for reasons as detailed in the cashflow analysis below), trade receivables caused by timing difference of progress billings; which is partially offset by increase in contract assets and inventories.

The Group's current liabilities decreased by S\$29k from S\$5,540 to S\$5,511k as at 30 June 2022 mainly due to decrease of S\$140k in contract liabilities caused by timing difference of progress billings which is partially offset by increase of S\$121k in other payables due to accruals made and not yet paid.

As a result of the above, the Group was in a net current liabilities position of S\$4,526k as at 30 June 2022. The Board confirms that the Group will have sufficient financial resources to meet its obligations as and when they fall due as it has a revolving credit facility which is sufficient to fulfill its working capital requirements for the next 12 months.

Cashflow Statement

The Group used cash of S\$503k in 1H22, which comprised S\$379k, S\$79k and S\$45k of cash used in operating activities, investing activities and financing activities respectively. The negative working capital was mainly due to the timing difference between the cash outflow to purchase the equipment for a project and the corresponding cash inflow for the work done under the project, which the company claims by monthly progress. Cash outflow of S\$79k under investing activities is for the purchase of property, plant and equipment. Cash outflow of S\$45k under financing activities is for lease payment of investment property.

F.6 Business outlook

The outlook for the six-month period ending 31 December 2022 and for the next 12 months remains challenging amidst vast uncertainties in domestic and global market conditions resulting from lingering Covid-19 supply chain pressures, rising inflation and interest rates and ongoing Russian-Ukraine conflict. Despite the easing of border control measures, the construction industry still faces labour crunch which will continue to impact revenue related to construction activities in the next few months.

The Group will continue to explore new business opportunities, transform and consolidate its existing businesses to improve effectiveness and efficiency, and synergise and optimise resources across its businesses.

F.7 Dividend information

If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

Not applicable.

(b)(i) Amount per share cents

Nil

(b) (ii) Previous corresponding period cents

Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for the half year ended 30 June 2022 as the Company and the Group are loss making.

F.8 Interested person transactions

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 2022.

F.9 Disclosure of acquisition (including incorporations) and sale of shares under Rule 706A

The Company did not carry out any acquisition (including incorporation) or sale of shares for the current financial period reported on.

F.10 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.

F.11 Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

We, Tan Eng Liang and Lee Ee @ Lee Eng, being two directors of Progen Holdings Ltd (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 Group's unaudited condensed interim financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspects.

For and on behalf of the Board of Progen Holdings Ltd

Tan Eng Liang
Independent Director

Lee Ee @ Lee Eng
Managing Director

BY ORDER OF THE BOARD PROGEN HOLDINGS LTD

Lee Ee @ Lee Eng
Managing Director
12 August 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg