



Unaudited Condensed Interim Financial Statements for the Six Months Ended 30 June 2021

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	Half year ended 30 June 2021 (Unaudited) \$'000	Half year ended 30 June 2020 (Unaudited) \$'000	Change %
Revenue			
Products and installation	1,189	796	49.4%
Servicing and maintenance	236	193	22.3%
Rental income	366	246	48.8%
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Total revenue	1,791	1,235	45.0%
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Other items of income			
Dividend income	-	2	N/M
Other income	235	236	(0.4%)
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Total other items of income	235	238	(1.2%)
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Cost and expenses			
Cost of products and installation	(921)	(670)	37.5%
Property operating expenses	(98)	(87)	12.6%
Salaries and employee benefits	(975)	(812)	20.1%
Depreciation and amortisation expense	(66)	(64)	3.1%
Other expenses	(294)	(252)	16.7%
Share of results of an associated company	-	-	-
Finance cost	(45)	(32)	40.6%
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Total cost and expenses	(2,399)	(1,917)	25.1%
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Loss before income tax	(373)	(444)	-16.0%
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Loss, net of tax, attributable to equity holders of the parent	(373)	(444)	
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Other comprehensive income			
Foreign currency translation	(9)	(5)	
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Total comprehensive income attributable to equity holders of the parent	(382)	(449)	
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Loss per share (cents per share)			
Basic	0.095	0.114	
Diluted	0.095	0.114	

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at 30 Jun 2021 (Unaudited) \$'000	As at 31 Dec 2020 (Audited) \$'000	As at 30 Jun 2021 (Unaudited) \$'000	As at 31 Dec 2020 (Audited) \$'000
Non-current assets				
Property, plant and equipment	422	463	–	–
Investment property	20,000	20,000	–	–
Right-of-use asset	1,685	1,700	154	224
Intangible asset	52	73	–	–
Fixed deposits	2,000	2,000	–	–
Investment in subsidiaries	–	–	8,987	8,987
Investment in an associated company	–	–	–	–
Amount due from subsidiaries	–	–	23,477	23,744
Loan to an associated company	8,630	8,630	–	–
Other receivables	580	523	–	–
Deferred tax asset	54	54	–	–
	33,423	33,443	32,618	32,955
Current assets				
Cash and bank balances	366	494	44	11
Trade receivables	886	1,062	–	–
Contract assets	155	155	–	–
Prepayments	119	85	12	14
Deposits	37	37	5	6
Other receivables	12	9	15	2
Investment securities	70	64	–	–
Grant receivable	13	115	4	8
Amounts due from subsidiaries	–	–	1,173	1,117
Inventories	324	331	–	–
	1,985	2,352	1,253	1,158
Current liabilities				
Trade payables	(866)	(1,092)	(56)	(34)
Deferred revenue	(85)	(75)	–	–
Other payables	(2,427)	(2,540)	(914)	(843)
Contract liabilities	(718)	(348)	–	–
Income tax payable	(6)	(6)	(5)	(5)
Deferred grant income	(44)	(175)	(8)	(31)
Borrowings	(1,400)	(1,300)	–	–
Amounts due to subsidiaries	–	–	(457)	(671)
Lease liabilities	(31)	(31)	(148)	(145)
	(5,577)	(5,567)	(1,588)	(1,729)
Net current liabilities	(3,592)	(3,215)	(335)	(571)
Non-current liabilities				
Lease liabilities	(1,654)	(1,669)	(13)	(87)
Net assets	28,177	28,559	32,270	32,297
Equity attributable to equity holders of the parent				
Share capital	32,390	32,390	32,390	32,390
Foreign currency translation	12	21	–	–
Accumulated loss	(4,225)	(3,852)	(27)	(93)
Total equity	28,177	28,559	32,270	32,297

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Half year ended 30 June 2021 (Unaudited) \$'000	Half year ended 30 June 2020 (Unaudited) \$'000
Operating activities		
Loss before income tax	(373)	(444)
<u>Adjustments for:</u>		
Interest income	(58)	(92)
Finance costs	45	32
Gain on disposal of property, plant and equipment	-	-
Dividend income from investment securities	-	(2)
Depreciation of property, plant and equipment	41	41
Amortisation of intangible asset	25	22
Fair value loss on right-of-use asset	15	14
Fair value gain on investment securities	(6)	(2)
Currency realignment	(9)	(5)
Operating cash flows before changes in working capital	(320)	(432)
Increase in trade and other receivables	172	1,942
Decrease/(increase) in grant receivables	101	(169)
Increase in prepayments and deposits	(34)	(36)
Decrease in inventories	6	3
Decrease in trade payables	(226)	(640)
Increase/(decrease) in deferred revenue	11	(21)
Decrease in other payables	(113)	(575)
Increase in contract liabilities	370	-
(Decrease)/increase in deferred income	(132)	276
Cash flows used in operations	(165)	348
Interest paid	(15)	(1)
Interest received	1	1
Net cash flows (used in)/from operating activities	(179)	348
Investing activities		
Purchase of property, plant and equipment	-	(26)
Additions to intangible asset	(4)	(2)
Dividends received from investment securities	-	2
Net cash flows used in investing activities	(4)	(26)
Financing activities		
Payment of lease liabilities	(45)	(45)
Proceeds from loans and borrowings	100	-
Net cash flows generated from/(used in) financing activities	55	(45)
Net (decrease)/increase in cash and cash equivalents	(126)	277
Cash and cash equivalents at 1 January	494	170
Cash and cash equivalents at 30 June	366	447

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)/profit \$'000	Total equity \$'000
Group				
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
2020				
As at 1 January	32,390	21	(918)	31,493
Loss net of tax	–	–	(444)	(444)
Other comprehensive income for the year	–	(5)	–	(5)
Total comprehensive income for the year	–	(5)	(444)	(449)
At 30 June	32,390	16	(1,362)	31,044

	Attributable to equity holders of the Company		
	Share capital \$'000	Accumulated (loss)/profit \$'000	Total equity \$'000
Company			
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
2020			
At 1 January	32,390	(21)	32,369
Loss net of tax	–	168	168
Total comprehensive income for the year	–	168	168
At 30 June	32,390	147	32,537

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 Catalist 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 2021 have been prepared in accordance with 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 2020.

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 2021. 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.

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 2020. 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

Business segments	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Property development \$'000	Others \$'000	Group \$'000
1 Jan to 30 Jun 2021						
<u>Segment revenue</u>						
Sales to external customers	1,189	236	366	–	–	1,791
Intersegment sales	36	–	76	–	–	–
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)	(16)	–	–	(66)
Other non-cash expenses	–	–	–	147	46	193
Loss, net of tax	(367)	45	66	(89)	(28)	(373)
<u>Segment assets and liabilities</u>						
Segment assets	3,279	299	22,523	9,210	97	35,408
Segment liabilities	2,366	195	2,194	–	2,476	7,231
1 Jan to 30 Jun 2020						
<u>Segment revenue</u>						
Sales to external customers	796	193	246	–	–	1,235
Intersegment sales	17	–	76	–	–	–
Total revenue						<u>1,235</u>
<u>Segment results</u>						
Interest income	11	1	4	76	–	92
Other income	70	16	28	–	23	137
Depreciation and amortisation	(44)	(5)	(15)	–	–	(64)
Other non-cash expenses	–	–	–	1	32	33
Loss, net of tax	(462)	2	(33)	76	(27)	(444)
<u>Segment assets and liabilities</u>						
Segment assets	3,856	370	23,267	8,202	100	35,795
Segment liabilities	2,384	193	2,188	–	2,471	7,236

E.5 Disaggregation of revenue

	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Group \$'000
1 Jan to 30 Jun 2021				
Transferred over time	1,157	216	366	1,739
Transferred at a point in time	32	20	–	52
Total revenue	<u>1,189</u>	<u>236</u>	<u>366</u>	<u>1,791</u>
1 Jan to 30 Jun 2020				
Transferred over time	770	185	246	1,201
Transferred at point in time	26	8	–	34
Total revenue	<u>796</u>	<u>193</u>	<u>246</u>	<u>1,235</u>

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 2021 \$'000	31 Dec 2020 \$'000	30 Jun 2021 \$'000	31 Dec 2020 \$'000
Financial assets				
-Cash and bank balances	366	494	44	11
-Trade receivables	886	1059	-	-
-Contract assets	155	155	-	-
-Fixed deposits	2,000	2,000	-	-
-Deposits	37	37	5	6
-Other receivables	592	532	15	2
-Investment securities	70	64	-	-
-Grant receivable	13	115	4	8
-Loan to an associated company	8,630	8,630	-	-
-Amount due from subsidiaries	-	-	1,173	1,117
	12,749	13086	1,241	1,144
Financial liabilities				
-Trade payables	(866)	(1,092)	(56)	(34)
-Other payables	(2,427)	(2,540)	(914)	(843)
-Contract liabilities	(718)	(348)	-	-
- Revolving credit facilities	(1,400)	(1,300)	-	-
-Lease liabilities	(2,764)	(2,809)	(164)	(239)
-Amount due to subsidiaries	-	-	(457)	(671)
	(8,175)	(8,089)	(1,591)	(1,787)

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 2021 and 31 December 2020 by classes are as follows:

	Group		Company	
	30 Jun 2021 \$'000	31 Dec 2020 \$'000	30 Jun 2021 \$'000	31 Dec 2020 \$'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	366	494	44	11
Trade receivables	886	1,062	-	-
Deposits	37	37	5	6
Other receivables	592	532	15	2
Contract assets	155	155	-	-
Amounts due from subsidiaries (current)	-	-	1,173	1,117
	12,666	12,910	1,237	1,136
Financial assets at fair value through profit or loss				
Investment securities	70	64	-	-
Financial liabilities at amortised cost				
Trade payables	(866)	(1,092)	(56)	(34)
Other payables	(2,427)	(2,540)	(914)	(843)
Contract liabilities	(718)	(348)	-	-

Borrowings	(1,400)	(1,300)	–	–
Amounts due to subsidiaries	–	–	(457)	(671)
Lease liabilities	(1,685)	(1,700)	(161)	(232)
	<u>(7,096)</u>	<u>(6,980)</u>	<u>(1,588)</u>	<u>(1,780)</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 2021				
Assets measures at fair value				
Financial assets:				
Equity securities at fair value through profit or loss	70	–	–	70
Financial assets as at 30 June 2021	<u>70</u>	<u>–</u>	<u>–</u>	<u>70</u>
Non-financial assets:				
Investment property – Factory	–	–	20,000	20,000
Non-financial assets as at 30 June 2021	<u>–</u>	<u>–</u>	<u>20,000</u>	<u>20,000</u>
31 December 2020				
Assets measures at fair value				
Financial assets:				
Equity securities at fair value through profit or loss	64	–	–	64
Financial assets as at 31 December 2020	<u>64</u>	<u>–</u>	<u>–</u>	<u>64</u>
Non-financial assets:				
Investment property – Factory	–	–	20,000	20,000
Non-financial assets as at 31 December 2020	<u>–</u>	<u>–</u>	<u>20,000</u>	<u>20,000</u>

There have been no transfers between Level 1, Level 2 and Level 3 for the 6 months ended 30 June 2021 and the 12 months ended 31 December 2020.

(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 2021				
<i>Investment property - Factory</i>	20,000	Direct comparison method	Price per square feet	120 - 230

Description	Fair value (\$'000)	Valuation techniques	Unobservable inputs	Range \$
Recurring fair value measurement				
31 December 2020				
<i>Investment property - Factory</i>	22,000	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 2020	22,000
Total losses for the period	
Included in profit or loss in 2020	(2,000)
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At 31 December 2020 and 30 June 2021	20,000
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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 2021 and 31 December 2020, 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 for the half year ended 30 June 2021 (30 June 2020: NIL).

E.11 Net asset value

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Net asset value per ordinary share (in cents)	7.215	7.313	8.263	8.270
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 2021, the additions to intangible assets amounted to S\$4,000 (30 June 2020: S\$2,000).

E.13 Property, plant and equipment

During the six months ended 30 June 2021, there were no additions to property, plant and equipment (30 June 2020: S\$24,000). There were also no disposals of property, plant and equipment (30 June 2020: 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 2021, there was no acquisition or disposal of investment properties.

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 2021. 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 2020 and concluded that there are no major aspects that could affect the fair value of the investment property as at 30 June 2021.

E.16 Borrowings

The Group's bank borrowings as at 30 June 2021 was S\$1,400,000 (31 December 2020: S\$1,300,000), which are all secured and repayable in one year or less, or on demand. The effective interest rate is 2.25% (2020: 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 2021 and 31 December 2020 was S\$32,390k comprising 390,511,778 shares. There were no outstanding convertibles as at 30 June 2021 and 30 June 2020.

E.18 Changes in treasury shares

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on. 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 the end of the current financial period reported on. 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 half year condensed interim financial statements and certain explanatory notes have not been audited or reviewed by the Company's auditor.

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 2020 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 2021 was previously provided.

F.4 Earnings per share

The basic and diluted loss per share for the half year ended 30 June 2021 were 0.095 cents per share (30 June 2020: 0.114 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 2020: 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 2021 and 30 June 2020.

F.5 Review of Group performance

Half year ended 30 June 2021 ("1H21") vs. Half year ended 30 June 2020 ("1H20")

Income Statement

The Group's revenue increased by S\$556k (45.0%) from S\$1,235k (1H20) to S\$1,791k (1H21) mainly due to the gradual resumption of business activities as the Government eased the restrictions initially imposed during the circuit breaker in phases.

Revenue from Products and installation increased by S\$393k (49.4%) from S\$796k (1H20) to S\$1,189k (1H21); while revenue from Servicing and maintenance increased by S\$43k (22.3%) from S\$193k (1H20) to S\$236k (1H21). Rental income increased by S\$120k (48.8%) from S\$246k (1H20) to S\$366k (1H21) due to higher occupancy rate.

Costs of Products and installation increased by S\$251k (37.5%) from S\$670k (1H20) to S\$921k (1H21), in line with the higher revenue generated in 1H21.

Property operating expenses increased by S\$11k (12.6%) from S\$87k (1H20) to S\$98k (1H21), mainly due to the higher cost incurred due to the higher occupancy rate in 1H21.

Cost of salaries and employee benefits increased by S\$163k (20.1%) from \$812k (1H20) to S\$975k (1H21) mainly due to the absence of cost cutting measures in 1H21 as compared to 1H20 whereby the Group had undertaken cost cutting measures in the form of pay cuts and unpaid leave in 1H20.

Other expenses increased by S\$42k (16.7%) from S\$252k (1H20) to S\$294k (1H21) mainly due to the commission fee paid to secure new tenants in 1H21 and the higher cost incurred to arrange designated transportation for workers and to comply with other guidelines by the authorities in order to get approval to work during this period of COVID-19 pandemic.

Finance cost increased by S\$13k (40.6%) from S\$32k (1H20) to S\$45k (1H21) mainly due to higher borrowings in 1H21 compared to 1H20.

As a result of the above, the Group's loss net of tax amounted to S\$373k in 1H21 as compared to S\$444k in 1H20.

Balance Sheet

Property, plant and equipment decreased by S\$41k from S\$463k to S\$422k as at 30 June 2021 due to the depreciation recognised during the period.

Intangible asset decreased by S\$21k from S\$73k to S\$52k as at 30 June 2021 due to the amortisation recognised during the period.

Other receivables increased by S\$57k from S\$523k to S\$580k as at 30 June 2021 due to the recognition of interest receivable on the loan to the associated company for the 6 months ended 30 June 2021.

The Group's current assets decreased by S\$367k from S\$2,352k to S\$1,985k as at 30 June 2021 mainly due to the reduction in trade receivables upon the receipt of a retention receivable for a project completed prior to 2021 and the reduction in grant receivable.

The Group's trade payables decreased by S\$226k from S\$1,092k to S\$866k as at 30 June 2021 mainly due to the payment to suppliers for goods received in 2020. Deferred grant income decreased by S\$131k from S\$175k to S\$44k as at 30 June 2021 with the monthly recognition of income.

Contract liabilities increased by S\$370k from S\$348k to S\$718k as at 30 June 2021 due to the timing difference of billings made.

Borrowings increased by S\$100k from S\$1,300k to S\$1,400k as at 30 June 2021 due to the S\$100k drawdown made by the Group in February 2021 for working capital purposes.

As a result of the above, the Group had net current liabilities position of S\$3,592k as at 30 June 2021. 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\$126k in 1H21. The Group used cash of S\$179k and S\$4k in operating activities and investing 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 claim. Net cash flows from financing activities of S\$55k comprised proceeds from loans and borrowings of S\$100k, which was partially offset by a lease payment of S\$45k for investment property.

F.6 Business outlook

The outlook for the six-month period ending 31 December 2021 and for the next 12 months remains challenging amidst vast uncertainties in domestic and global market conditions resulting from the COVID-19 pandemic.

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 2021 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 2021.

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

The Company did not carry out any acquisition 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 financial statements for the six-month period ended 30 June 2021 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
13 August 2021**

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