PROGEN HOLDINGS LTD

Unaudited Full Year Financial Statement And Dividend Announcement for the Year Ended 31 December 2014

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 14 (Unaudited)	31 Dec 13 (Audited)	%
Revenue				
Products and installation		15,668	8,569	82.85
Services and maintenance		460	535	(14.02)
Rental income		1,687	3,254	(48.16)
Total revenue		17,815	12,358	44.16
Other items of income				
Dividend income		3	2	50.00
Other income	Note 1	3,734	972	284.16
Total other items of income		3,737	974	283.68
Costs and expenses				
Cost of products and installation		(10,708)	(4,294)	149.37
Property operating expenses		(1,434)	(2,380)	(39.75)
Salaries and employee benefits		(3,161)	(3,086)	2.43
Depreciation expense		(152)	(167)	(8.98)
Write back / (Provision) for claims		-	216	N/M
Other expenses		(1,045)	(1,348)	(22.48)
Finance costs		-	(1)	(100.00)
Total costs and expenses		(16,500)	(11,060)	49.19
Profit before income tax		5,052	2,272	122.36
Income tax expense		(157)	(5)	N/M
Profit net of tax, attributable to equity holders of the parent		4,895	2,267	115.92
Other comprehensive income :				
Foreign currency translation		(18)	(19)	(5.26)
Total comprehensive income attributable to equity holders of the parent		4,877	2,248	116.95

N/M - Not meaningful

Note 1:

Fair value gain on investment property	3,241	689	370.39
Fair value gain on equity-linked structured deposit	-	30	(100.00)
Foreign exchange gain	17	17	-
Gain on disposal of property, plant and equipment	250	51	390.20
Interest income	132	138	(4.35)
PIC cash payout and bonus	74	-	N/M
Others	20	47	(57.45)
	3,734	972	284.16

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 14 (Unaudited)	As at 31 Dec 13 (Audited)	As at 31 Dec 14 (Unaudited)	As at 31 Dec 13 (Audited)
Non-current assets				
Property, plant and equipment	252	367	102	157
Investment property	13,800	8,800	-	-
Intangible Asset - Development Cost	166	166	-	-
Fixed deposits	2,000	8,000	-	-
Deferred tax asset	8			
Investment in subsidiaries	-	-	9,023	9,173
	16,226	17,333	9,125	9,330
Current assets				
Cash and bank balances	8,607	7,715	2,988	3,411
Fixed deposits	12,253	7,212	7,185	7,108
Trade receivables	1,978	3,069	-	-
Prepayments	73	75	33	17
Deposits	96	30	47	-
Other receivables	51	115	-	-
Investment securities	68	74	-	-
Amounts due from subsidiaries	-	-	1,014	820
Inventories	253	160	-	-
Deferred rental income	-	52	-	125
Gross amount due from customers for contract work-in-progress	765	640	-	-
	24,144	19,142	11,267	11,481
Current liabilities				
Trade payables	(677)	(607)	(43)	(33)
Deferred revenue	(133)	(129)	-	-
Other payables	(2,261)	(3,146)	(839)	(790)
Provision for claims	-	-	-	-
Income tax payable	(305)	(97)	(14)	-
Deferred rental expense	-	(138)	-	(138)
Amounts due to subsidiaries	-	-	(509)	(943)
Gross amount due to customers for contract work-in-progress	(1,052)	(1,254)	-	-
	(4,428)	(5,371)	(1,405)	(1,904)
Net current assets	**19,716**	**13,771**	**9,862**	**9,577**
Non-current liabilities				
Deferred tax liabilities	(5)	(44)	-	-
	(5)	(44)	-	-
Net assets	**35,937**	**31,060**	**18,987**	**18,907**
Equity attributable to equity holders of the parent				
Share capital	27,224	27,224	27,224	27,224
Foreign currency translation reserve	(111)	(93)	-	-
Accumulated profit / (losses)	8,824	3,929	(8,237)	(8,317)
Total equity	**35,937**	**31,060**	**18,987**	**18,907**

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

Not applicable. There were no external borrowings and/or debt securities as at 31 December 2014 and 31 December 2013.

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 14 (Unaudited)	31 Dec 13 (Audited)
Operating activities		
Profit before income tax	5,052	2,272
Adjustments for :		
Interest income	(132)	(138)
Interest expense	-	1
Gain on disposal of property, plant and equipment	(250)	(51)
Dividend income from investment securities	(3)	(2)
Depreciation of property, plant and equipment	152	167
Bad debt writen off	105	-
Provision for doubtful debt	117	515
Fair value gain on investment property	(3,241)	(689)
Fair value loss/ (gain) on investment securities	6	(1)
Fair value gain on equity-linked structured deposit	-	(30)
Currency realignment	(18)	(19)
Operating cash flows before changes in working capital	1,788	2,025
Decrease/ (Increase) in trade and other receivables	823	(1,197)
(Increase)/ Decrease in prepayments and deposits	(64)	21
Increase in inventories	(93)	(11)
Decrease in deferred rental income	52	96
(Increase)/ Decrease in gross amount due from customer for contract work-in-progress	(125)	346
Increase / (Decrease) in trade payables	70	(378)
Increase in deferred revenue	4	21
(Decrease)/ Increase in other payables	(884)	1,372
Decrease in provision for claims	-	(1,757)
Decrease in deferred rental expense	(138)	(222)
(Decrease)/ Increase in gross amount due to customer for contract work-in-progress	(202)	26
Cash flows generated from operations	1,231	342
Interest paid	-	(1)
Interest received	132	138
Refund/ (Payment) of taxes	113	(247)
Net cash flows generated from operating activities	1,476	232
Investing activities		
Purchase of property, plant and equipment	(37)	(168)
Proceeds from disposal of property, plant and equipment	250	51
Cash attributed to R&D activities	-	(106)
Decrease in fixed deposit pledged	6,000	-
Dividends received from investment securities	3	2
Additions to investment property	(1,759)	(311)
Net cash flows generated/ (used) from investing activities	4,457	(532)
Financing activities		
Repayment of hire purchase creditors	-	(25)
Net cash flows used in financing activity	-	(25)
Net increase/ (decrease) in cash and cash equivalents	5,933	(325)
Cash and cash equivalents at 1 January	14,927	15,252
Cash and cash equivalents at 31 December	20,860	14,927

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
2014 (Unaudited)				
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
2013 (Audited)				
At 1 January	27,224	(74)	1,662	28,812
Profit net of tax	-	-	2,267	2,267
Other comprehensive loss for the year	-	(19)	-	(19)
Total comprehensive (loss) / income for the year	-	(19)	2,267	2,248
At 31 December	27,224	(93)	3,929	31,060
Company				
2014 (Unaudited)				
At 1 January	27,224	-	(8,317)	18,907
Profit net of tax	-	-	80	80
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	80	80
At 31 December	27,224	-	(8,237)	18,987
2013 (Audited)				
At 1 January	27,224	-	(9,573)	17,651
Loss net of tax	-	-	1,256	1,256
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	1,256	1,256
At 31 December	27,224	-	(8,317)	18,907

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 since 30 June 2014. The Companys's share capital as at 30 June 2014 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 2014 and 31 December 2013.

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 2014 and 31 December 2013 were 271,980,729.There were no treasury shares as at 31 December 2014 and 31 December 2013.

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 auditors.

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements for the year ended 31 December 2013, except for those as stated in Note 5 below.

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

The Group has adopted applicable new or revised Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2014. The adoption of these FRS did not have any material impact on the financial statements of the Group and the Company for the financial year ended 31 December 2014.

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.

Cents	For the financial year ended	
	31 Dec 14 (Unaudited)	31 Dec 13 (Audited)
a) Based on weighted average number of ordinary shares in issue	1.800	0.833
b) On a fully diluted basis	1.800	0.833

The earnings per ordinary share for the financial year under review is calculated based on the weighted average of 271,980,729 ordinary shares (31 December 2013: 271,980,729) in issue.

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 financial years ended 31 Decmeber 2014 and 31 December 2013 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 2014 (Unaudited)	13.213	6.981
As at 31 December 2013 (Audited)	11.420	6.951

Net asset value per share is calculated based on 271,980,729 shares as at 31 December 2014 and 31 December 2013.

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.

Income Statement

Revenue

Group's revenue increased by S$5,457k from S$12,358k (FY2013) to S$17,815k (FY2014) due to the following reasons:-

Revenue from products and installation increased by S$7,099k from S$8,569k (FY2013) to S$15,668k (FY2014) mainly due to increased activities from existing projects and revenue generated from new projects which commenced in FY2014.

The increase was offset by a decrease in rental income by S$1,567k from S$3,254k (FY2013) to S$1,687k (FY2014) mainly due to the tenant lease agreement having expired in July 2014 ("**Expiry of Lease Agreement**") and a decrease in services and maintenance from S$535k (FY2013) to S$460k (FY2014) from lower revenue generated from adhoc services and product installations sales in FY2014.

Other items of income

Other income increased by S$2,763k from S$974k (FY2013) to S$3,737k (FY2014) mainly due to a fair value gain on the investment property of S$3,241k (FY2013: S$689k) on the revaluation of investment property and gain on disposal of property, plant and equipment of S$250k (FY2013: S$51k).

Costs and expenses

Group's costs and expenses increased by S$5,440k from S$11,060k (FY2013) to S$16,500k (FY2014) mainly due to the following reasons:-

Cost of products and installation increased by S$6,414k from S$4,294k (FY2013) to S$10,708k (FY2014), in line with the higher revenue recorded in FY2014.

The increase was partially offset by a decrease in property operating expenses by S$946k from S$2,380k (FY2013) to S$1,434k (FY2014) due to the Expiry of Lease Agreement and a decrease in other expenses by S$303k from S$1,348k (FY2013) to S$1,045k (FY2014) mainly attributable to lower provision for doubtful debts of S$117k in FY2014 (FY2013: S$515k) for trade receivable.

Income tax expense

Income tax expense was S$157k for FY2014 (FY2013:S$5k) due to higher profits.

Profit net of Tax

The Group's profit net of tax increased by S$2,629k from S$2,248k (FY2013) to S$4,877k (FY2014).

Balance Sheet

Non-current assets

Investment property increased by S$5,000k from S$8,800k (FY2013) to S$13,800k (FY2014) mainly due to redevelopment works performed and revaluation gain on the investment property.

Fixed deposit (pledged) decreased from S$8,000k (FY2013) to S$2,000k (FY2014) following the release of a pledge on S$6,000k of the Group's fixed deposit upon the revision of the terms of banking facilities for one of its subsidiaries (the " Release of Pledge").

Current assets

The Group's cash and cash equivalent, comprising of fixed deposits and cash and bank balances, increased from S$14,927k (FY2013) to S$20,860k (FY2014) mainly due to the an increase in unpledged fixed deposit pursuant to the "Release of Pledge" and higher revenue generated from operations offset by expenditure incurred in relation to the redevelopment of the investment property.

The Group's trade receivables decreased by S$1,091k from S$3,069k (FY2013) to S$1,978k (FY2014) mainly due to reduction in rental receiveables following the Expiry of Lease Agreement and lower retention receivables as at 31 December 2014.

The Group's inventory increased by S$93k from S$160k (FY2013) to S$253k (FY2014) mainly due to materials purchased for projects which were not ready for installation as at 31 December 2014.

Current liabilities

The Group's other payables decreased by S$885k from S$3,146k (FY2013) to S$2,261k (FY2014) mainly due to refund of tenancy deposits following the Expiry of Lease Agreement.

The Group's current deferred rental expense decreased by S$138k from S$138k (FY2013) to Nil (FY2014) following the Expiry of Lease Agreement.

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$327k from S$614k (FY2013) to S$287k (FY2014). The decrease was mainly due to higher recognition of progress revenue in FY2014.

Cash flow Statement

The Group generated S$1,476k of cash from its operating activities in FY2014, as compared to S$232k of cash generated in FY2013. The increase was mainly due to cash inflow from increased revenue generated from projects offset by refund of tenancy deposits following the Expiry of Lease Agreement.

The Group generated S$4,457k of cash in its investing activities in FY2014 as compared to cash utilised of S$532k in FY2013. This was mainly pursuant to the "Release of Pledge" and higher proceeds from disposal of property, plant and equipment, offset by higher expenditure incurred for the redevelopment of the investment property.

The Group generated cash of S$5,933k in FY2014 as compared to cash utilised of S$325k in FY2013. The cash and cash equivalents as at 31 December 2014 was S$20,860k (31 December 2013: S$14,927k).

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 12 August 2014.

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 is ongoing and is expected to complete by the second half 2015.

The redevelopment of 28 Riverside is expected to be completed by the 4th quarter in 2015.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended

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

The Group does not have a Shareholders' Mandate for Interested Person Transactions. There was no interested person transaction for financial year ended 31 December 2014.

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		Group	
	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)
Segment revenue												
Sales to external customers	15,640	8,569	488	535	1,687	3,254	-	-	-	-	17,815	12,358
Intersegment sales	67	100	87	14	-	-	-	-	(154)	(114)	-	-
Total revenue											17,815	12,358
Segment results												
Interest income	34	35	6	5	4	13	88	85	-	-	132	138
Dividend income	3	1	-	-	-	1	-	-	-	-	3	2
Fair value gain on structured deposit	-	22	-	-	-	8	-	-	-	-	-	30
Fair value gain on investment property	-	-	-	-	3,241	689	-	-	-	-	3,241	689
Depreciation	(72)	(83)	(18)	(7)	(6)	(24)	(56)	(53)	-	-	(152)	(167)
Provision for legal claim	-	-	-	-	-	-	-	216	-	-	-	216
Other non-cash expenses	200	373	-	-	22	142	-	1	-	-	222	516
Segment profit before tax	1,361	1,437	50	115	3,367	499	120	108	154	113	5,052	2,272
Income tax expense	(124)	(4)	(10)	-	(14)	-	(9)	(1)	-	-	(157)	(5)
Profit, net of tax											4,895	2,267
Segment assets and liabilities												
Segment assets	17,089	11,239	2,414	2,073	10,392	12,295	10,475	10,868	-	-	40,370	36,475
Segment liabilities	3,084	3,442	194	179	192	894	963	900	-	-	4,433	5,415
Capital expenditure	10	44	24	64	1	17	2	43	-	-	37	168

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	10,775	5,970	80
(b)	Operating profit after tax before deducting minority interests reported for first half year	1,288	646	99
(c)	Sales reported for second half year	7,040	6,388	10
(d)	Operating profit after tax before deducting minority interests reported for second half year	3,589	1,602	124

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

Not applicable. No dividend has been declared or recommended for the financial years ended 31 December 2014 and 31 December 2013.

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
Koh May Kiaw	65	Sister-in-law of Mr Lee Ee @ Lee Eng	Project Manager Management and supervision of subsidiary's projects. Position was first held in 1995.	Nil.
Lee Pui Hoon	37	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	35	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.	Was previously holding position of Project Manager (in a wholly-owned subsidiary, Progen Pte Ltd) Was promoted with effect from 1 February 2014.

BY ORDER OF THE BOARD
PROGEN HOLDINGS LTD

Lee Ee @ Lee Eng
Managing Director
26 February 2015

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.