

Half Year Financial Statement And Dividend Announcement for the Period Ended 30 June 2020

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

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

	Group		%
	For the half year ended		
	30 Jun 20	30 Jun 19	
	Unaudited	Unaudited	
	S\$ '000	S\$ '000	
Revenues			
Products and installation	796	1,649	(51.73)
Services and maintenance	193	238	(18.91)
Rental income	246	285	(13.68)
Total revenues	1,235	2,172	(43.14)
Other items of income			
Dividend income	2	2	-
Other income	236	146	61.64
Total other items of income	238	148	60.81
Costs and expenses			
Cost of products and installation	(670)	(1,374)	(51.24)
Property operating expenses	(87)	(83)	4.82
Salaries and employee benefits	(812)	(1,144)	(29.02)
Depreciation and amortisation expense	(64)	(74)	(13.51)
Other expenses	(252)	(273)	(7.69)
Total costs and expenses	(1,885)	(2,970)	(36.53)
Loss from operating activities	(412)	(650)	(36.62)
Finance cost	(32)	(43)	(25.58)
Loss before income tax	(444)	(693)	(35.93)
Income tax expenses	-	-	-
Loss net of tax, attributable to equity holders of the parent	(444)	(693)	(35.93)
Other comprehensive income :			
Foreign currency translation	(5)	(4)	25.00
Total comprehensive loss attributable to equity holders of the parent	(449)	(697)	(35.58)
<u>Note 1: (Other Income)</u>			
Interest income	92	129	(28.68)
Job Support Scheme/ Foreign Worker Levy reb	119	0	
Others	25	17	47.06
	236	146	61.64

* NM- Not Meaningful

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

	Group		Company	
	As at 30 Jun 20 (Unaudited) S\$'000	As at 31 Dec 19 (Audited) S\$'000	As at 30 Jun 20 (Unaudited) S\$'000	As at 31 Dec 19 (Audited) S\$'000
Non-current assets				
Property, plant and equipment	503	518	1	-
Investment property	22,000	22,000	-	-
Intangible asset - development cost	114	134	-	-
Right of use asset	1,718	1,774	295	366
Fixed deposits	2,000	2,000	-	-
Deferred tax asset	54	54	-	-
Investment in subsidiaries	-	-	8,987	8,987
Investment in associated company	-	-	-	-
Amount due from subsidiaries	-	-	23,447	23,425
Loan to associated company	7,730	7,730	-	-
	<u>34,119</u>	<u>34,210</u>	<u>32,730</u>	<u>32,778</u>
Current assets				
Cash and bank balances	433	170	(7)	45
Fixed deposits	14	-	-	-
Trade receivables	1,017	2,511	-	-
Prepayments	95	59	53	13
Deposits	36	36	5	6
Other receivables	548	905	25	6
Grant receivable	169	-	-	-
Investment securities	52	54	-	-
Amounts due from subsidiaries	-	-	1,190	1,075
Inventories	190	193	-	-
	<u>2,554</u>	<u>3,928</u>	<u>1,266</u>	<u>1,145</u>
Current liabilities				
Trade payables	(944)	(1,584)	(53)	(49)
Deferred revenue	(70)	(91)	-	-
Other payables	(2,615)	(3,190)	(603)	(672)
Income tax payable	(6)	(6)	(5)	(5)
Deferred grant income	(276)	-	(38)	-
Lease liabilities	(30)	(30)	(71)	(140)
Amounts due to subsidiaries	-	-	(456)	(456)
	<u>(3,941)</u>	<u>(4,901)</u>	<u>(1,226)</u>	<u>(1,322)</u>
Net current (liabilities) / assets	(1,387)	(973)	40	(177)
Non-current liabilities				
Lease liabilities	(1,688)	(1,744)	(233)	(232)
	<u>(1,688)</u>	<u>(1,744)</u>	<u>(233)</u>	<u>(232)</u>
Net assets	<u>31,044</u>	<u>31,493</u>	<u>32,537</u>	<u>32,369</u>
Equity attributable to equity holders of the parent				
Share capital	32,390	32,390	32,390	32,390
Foreign currency translation reserve	16	21	-	-
Accumulated profit	(1,362)	(918)	147	(21)
Total equity	<u>31,044</u>	<u>31,493</u>	<u>32,537</u>	<u>32,369</u>

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of current financial period reported on with comparative figures as at the end of the immediately preceding financial year

(A) the amount repayable in one year or less, or on demand:

None.

(B) the amount repayable after one year:

None.

(C) whether the amounts are secured or unsecured; and

None.

(D) details of any collaterals.

None.

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

	For the half year ended	
	30 Jun 20	30 Jun 19
	Unaudited S\$'000	Unaudited S\$'000
Operating activities		
Loss before income tax	(444)	(693)
<u>Adjustments for :</u>		
Interest income	(92)	(129)
Finance cost	32	43
Dividend income from investment securities	(2)	(2)
Depreciation of property, plant and equipment	41	74
Amortisation of intangible asset	22	22
Fair value loss on right-to-use asset	14	-
Fair value loss/ (gain) on investment securities	2	(1)
Currency realignment	(5)	-
Operating cash flows before changes in working capital	(432)	(686)
Decrease/ (increase) in trade and other receivables	1,942	(526)
(Increase)/decrease in prepayments and deposits	(36)	4
Decrease in inventories	3	4
Increase in grant receivable	(169)	-
(Decrease)/ increase in trade payables	(640)	66
Decrease in deferred revenue	(21)	(13)
(Decrease)/ increase in other payables	(575)	538
Increase in deferred grant income	276	-
Cash flows generated / (used in) operations	348	(613)
Interest expenses	(1)	(5)
Interest received	1	2
Payment of taxes	-	(5)
Net cash flows generated/ (used in) operating activities	348	(621)
Investing activities		
Purchase of property, plant and equipment	(26)	(4)
Loan to an associated company	-	(400)
Cash attributed to R&D cost activities	(2)	
Dividends received from investment securities	2	2
Net cash flows used in investing activities	(26)	(402)
Financing activities		
Lease payment	(45)	(46)
Net cash flows generated from financing activities	(45)	(46)
Net (decrease)/ increase in cash and cash equivalents	277	(1,069)
Cash and cash equivalents at 1 January	170	1,461
Cash and cash equivalents at 30 June	447	392

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

	Share Capital	Foreign Currency Translation Reserve	Accumulated Profits/ (Losses)	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
Group (Unaudited)				
2020				
At 1 January	32,390	21	(918)	31,493
Loss net of tax	-	-	(444)	(444)
Other comprehensive income for the half year	-	(5)	-	(5)
Total comprehensive income for the half year	-	(5)	(444)	(449)
At 30 June	<u>32,390</u>	<u>16</u>	<u>(1,362)</u>	<u>31,044</u>
2019				
At 1 January	32,390	22	1,340	33,752
Loss net of tax	-	-	(693)	(693)
Other comprehensive income for the half year	-	(4)	-	(4)
Total comprehensive income for the half year	-	(4)	(693)	(697)
At 30 June	<u>32,390</u>	<u>18</u>	<u>647</u>	<u>33,055</u>
Company (Unaudited)				
2020				
At 1 January	32,390	-	(21)	32,369
Loss net of tax	-	-	168	168
Total comprehensive income for the half year	-	-	168	168
At 30 June	<u>32,390</u>	<u>-</u>	<u>147</u>	<u>32,537</u>
2019				
At 1 January	32,390	-	48	32,438
Loss net of tax	-	-	(42)	(42)
Total comprehensive income for the half year	-	-	(42)	(42)
At 30 June	<u>32,390</u>	<u>-</u>	<u>6</u>	<u>32,396</u>

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

The Company's share capital as at 31 December 2019 was S\$32,390k comprising 390,511,778 issued shares. As at 30 June 2020, the Company's share capital was S\$32,390k comprising 390,511,778 shares.

There were no outstanding convertibles, subsidiary holdings and treasury shares as at 30 June 2020 and 30 June 2019.

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

The total number of issued shares as at 30 June 2020 was 390,511,778 (31 December 2019: 390,511,778). There were no treasury shares as at 30 June 2020 and 31 December 2019.

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

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

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

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

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

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

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

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (This is not required for any audit issue that is a material uncertainty relating to going concern):-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable, as the Group's latest financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 2019, 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 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 2020.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to SFRS(I) 3 <i>Definition of a Business</i>	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 <i>Definition of Material</i>	1 January 2020

The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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

Cents	For the financial period ended	
	30 Jun 20 (Unaudited)	30 Jun 19 (Unaudited)
a) Based on weighted average number of ordinary shares in issue	(0.114)	(0.177)
b) On a fully diluted basis	(0.114)	(0.177)

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 2019: 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 2020 and 30 June 2019.

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

Cents	Group	Company
As at 30 June 2020 (Unaudited)	7.949	8.332
As at 31 December 2019 (Audited)	8.065	8.289

Net asset value per share is calculated based on 390,511,778 shares as at 30 June 2020 and as at 31 December 2019.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Half year ended 30 June 2020 ("1H20") vs. Half year ended 30 June 2019 ("1H19")

Income Statement

The Group's revenue decreased by S\$937k (43.14%) to S\$1,235k mainly due to the imposition of circuit breaker measures by the Government. During the circuit breaker period, the work for products and installation came to a complete standstill and the work for services and maintenance was only restricted to support essential services. With the gradual easing of the restrictions by the Government on 2 June 2020, work for services and maintenance had resumed but with very limited workforce as the migrant workers were still unable to resume work.

Rental income from leasing of the investment property at 28 Riverside Road ("Investment Property") contributed S\$246k of revenue in 1H20. Rental income reduced to S\$246k (13.68%) from S\$285k in 1H19 mainly due to the non-renewal of one major tenant upon the expiry of agreement in March 2020.

Other income increased to S\$236k (60.81%) from S\$146k mainly due to the recognition of Government grant under the Job Support Scheme and Foreign Worker Levy Rebate in 1H20 amounting to S\$119k. There was also S\$76k interest accrued for the loan to associate company.

The Group's costs and expenses decreased to S\$ 1,885k (36.53%) from S\$2,970k mainly due to the decrease in cost of products and installation in line with the lower revenue generated in 1H20.

Cost of salaries and employee benefits decreased by S\$332k to S\$812k mainly due to a reduction in salaries and leave entitlement during 1H20.

Depreciation and amortisation expenses decreased by 13.51% to S\$64k mainly due to depreciation of computer software cost being fully depreciated during financial year 2019..

Other expenses decreased by S\$21k to S\$252k in 1H20 mainly due to lower director fee accrued with the cessation of Mr. Johnlin Yuwono's directorship with effect from 25 June 2020.

Finance cost decreased by S\$11k mainly due to lower borrowings in 1H20 compared to 1H19 after partial offset with interest incurred for the JTC lease.

The Group's loss net of tax amounted to S\$444k in 1H20 as compared to S\$693k in 1H19.

Balance Sheet

The Group's non-current assets decreased by S\$91k to S\$34,119k as at 30 June 2020. This was mainly due to the adoption of SFRS(I) 16 Leases in January 2019. The Group has capitalised its land leases from JTC to recognise a right of use asset. The finance cost of the lease incurred during 1H20 amounted to S\$31k and a fair value loss on right to use asset amount to S\$14k after offset with JTC lease payment of S\$45k.

The Group's property, plant and equipment decreased by S\$15k mainly due to depreciation amount of S\$41k, which was offset by the payment of S\$26k for a vehicle COE renewal.

The Group's current assets decreased by S\$1,374k to S\$2,554k as at 30 June 2020. The reduction of trade receivable was mainly due to lower sales from major projects in 1H20 compared to 1H19.

Other receivables reduced by S\$357k mainly due to reclassification of project income in 1H20.

Grant receivable was mainly from Job Support Scheme and Foreign Worker Levy rebate. It will be amortised and recognised as income from July to December 2020.

The Group's current liabilities decreased by S\$960k to S\$3,941k as at 30 June 2020. This was mainly due to the reduction in trade payable amounting to S\$640k due to payment made to project suppliers and lower cost incurred for purchasing of project materials and site worker wages during the circuit breaker period. The other payables included some project accrual cost which was reduced as payment was made and reduced project related cost during April to June 2020. Deferred grant income amounted to S\$276k mainly from Job Support Scheme and Foreign Worker Levy.

The Group's non-current lease liabilities reduced to S\$1,688k mainly due to the partial reclassification to current liability in accordance to accounting principal.

As a result of the above, the Group had net current liabilities position of S\$1,387k as at 30 June 2020. 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 generated cash of S\$277k in 1H20 which was mainly from operating activities.. The Group generated S\$348k in operating activities mainly due to additional cashflow received from project customers relating to product and installation. The Group used S\$26k in its investing activities mainly due to purchase of PPE. The Group used S\$45k in rental expenses payment for lease payment to JTC. Cash and cash equivalents as at 30 June 2020 was S\$447k.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The COVID-19 pandemic and the circuit breaker measures (“CB”) imposed by the Government have severely impacted the construction industry. Despite the easing of the CB measures and the gradual clearance of the migrant workers to rejoin the workforce by the end of August 2020, it is not likely that the construction industry will recover back to the pre-COVID level of operation within this year. For the next 12 months, the Group expects the construction industry to remain challenging with increased project cost for the additional safe distancing management measures. To tide through this crisis, the Group will also focus on preserving cash by reducing operating expenses where applicable and deferring all non-critical expenditures.

11. If a decision regarding dividend has been made:-

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

No dividends have been declared or recommended for the current reporting period.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous Corresponding Period (cents)

None.

(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 the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded for the current financial period reported on as the Group was loss making for 1H20.

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

The Group does not have a shareholders’ mandate for interested person transactions. There was no interested person transaction for the 6 months ended 30 June 2020.

14. Additional information required pursuant to Rule 706A

Not applicable. During 1H20, the Company did not acquire or dispose of any shares resulting in any of the prescribed situations under Rule 706A.

15. 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.

16. Negative 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 Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the half-year financial statement for the period ended 30 June 2020 to be false or misleading in any material aspects.

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

**Lee Ee @ Lee Eng
Managing Director
14 August 2020**

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”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).