



Unaudited Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

TABLE OF CONTENT

- A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
- C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
- D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
- E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
- F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	6 months ended 31 Dec 2023 (Unaudited) \$'000	6 months ended 31 Dec 2022 (Audited) \$'000	Increase/ (decrease) %	12 months ended 31 Dec 2023 (Unaudited) \$'000	12 months ended 31 Dec 2022 (Audited) \$'000	Increase/ (decrease) %
Revenue						
Products and installation	1,169	3,122	(62.6)	3,250	4,122	(21.2)
Servicing and maintenance	221	217	1.8	418	408	2.5
Rental income	375	369	1.6	738	707	4.4
Total revenue	1,765	3,708	(52.4)	4,406	5,237	(15.9)
Other items of income						
Share of results of an associated company	(45)	1,363	N.M.	128	1,363	(90.6)
Other income	169	729	(76.8)	420	928	(54.7)
Total other items of income	124	2,092	(94.1)	548	2,291	(76.1)
Cost and expenses						
Cost of products and installation	(932)	(1,992)	(53.2)	(2,448)	(2,650)	(7.6)
Property operating expenses	(88)	(85)	3.5	(174)	(201)	(13.4)
Salaries and employee benefits	(1,063)	(1,131)	(6.0)	(2,073)	(2,169)	(4.4)
Depreciation and amortisation expense	(70)	(55)	27.3	(130)	(132)	(1.5)
Other expenses	(829)	(300)	176.3	(1,148)	(591)	94.2
Finance cost	(30)	(66)	(54.5)	(95)	(113)	(15.9)
Total cost and expenses	(3,012)	(3,629)	(17.0)	(6,068)	(5,856)	3.6
(Loss)/profit before tax	(1,123)	2,171	N.M.	(1,114)	1,672	N.M.
Income tax	1	11	(90.9)	3	(21)	N.M.
(Loss)/profit, net of tax, attributable to equity holders of the parent	(1,122)	2,182	N.M.	(1,111)	1,651	N.M.
Other comprehensive income						
Foreign currency translation	(5)	(20)	(75.0)	(30)	(34)	N.M.
Total comprehensive income attributable to equity holders of the parent	(1,127)	2,162	N.M.	(1,141)	1,617	N.M.
N.M. denotes not meaningful						
(Loss)/profit per share (cents per share)						
Basic	(0.287)	0.559		(0.284)	0.423	
Diluted	(0.287)	0.559		(0.284)	0.423	

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at 31 Dec 2023 (Unaudited) \$'000	As at 31 Dec 2022 (Audited) \$'000	As at 31 Dec 2023 (Unaudited) \$'000	As at 31 Dec 2022 (Audited) \$'000
Non-current assets				
Property, plant and equipment	18,519	417	46	58
Investment property	–	18,500	–	–
Right-of-use asset	1,786	1,727	623	759
Fixed deposits	2,000	2,000	–	–
Investment in subsidiaries	–	–	8,987	8,987
Investment in an associated company	1,491	1,363	–	–
Amount due from subsidiaries	–	–	23,127	23,192
Deferred tax asset	33	33	–	–
	23,829	24,040	32,783	32,996
Current assets				
Cash and bank balances	2,017	361	85	49
Fixed deposit	5,380	–	–	–
Trade receivables	913	1,107	–	–
Contract assets	88	142	–	–
Prepayments	53	49	1	5
Deposits	51	25	6	5
Other receivables	126	893	–	–
Investment securities	60	62	–	–
Amounts due from subsidiaries	–	–	1,419	1,411
Loan to an associated company	–	8,630	–	–
Inventories	172	206	–	–
	8,860	11,475	1,511	1,470
Current liabilities				
Trade payables	(531)	(884)	(43)	(34)
Deferred revenue	(86)	(80)	–	–
Other payables	(2,842)	(3,072)	(928)	(912)
Contract liabilities	(1,089)	(504)	–	–
Income tax payable	(5)	(6)	(5)	(5)
Borrowings	–	(1,750)	–	–
Amounts due to subsidiaries	–	–	(459)	(456)
Lease liabilities	(37)	(34)	(131)	(126)
	(4,590)	(6,330)	(1,566)	(1,533)
Net current assets	4,270	5,145	(55)	(63)
Non-current liabilities				
Lease liabilities	(1,748)	(1,693)	(508)	(638)
Net assets	26,351	27,492	32,220	32,295
Equity attributable to equity holders of the parent				
Share capital	32,390	32,390	32,390	32,390
Foreign currency translation	(52)	(22)	–	–
Accumulated loss	(5,987)	(4,876)	(170)	(95)
Total equity	26,351	27,492	32,220	32,295

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 December 2023 (Unaudited) \$'000	12 months ended 31 December 2022 (Audited) \$'000
Operating activities		
(Loss)/profit before income tax	(1,114)	1,672
Adjustments for:		
Interest income	(335)	(252)
Finance costs	95	113
Gain on disposal of property, plant and equipment	(3)	–
Depreciation of property, plant and equipment	130	103
Amortisation of intangible asset	–	29
Allowance for expected credit loss	–	49
Bad debt expense	1	–
Write-back for stock obsolescence	(1)	–
Fair value loss/(gain) on investment property	500	(500)
Fair value loss on right-of-use asset	34	32
Fair value loss on investment securities	2	9
Currency realignment	(30)	(34)
Share of results of an associated company	(128)	(1,363)
Operating cash flows before changes in working capital	(849)	(142)
Decrease/(increase) in trade and other receivables	962	(488)
Decrease/(increase) in contract asset	54	(99)
(Increase)/decrease in prepayments and deposits	(30)	15
Decrease/(increase) in inventories	34	(63)
(Decrease)/increase in trade payables	(353)	304
Increase/(decrease) in deferred revenue	6	(9)
(Decrease)/increase in other payables	(231)	550
Increase/(decrease) in contract liabilities	585	(406)
Cash flows generated/(used in) from operations	178	(338)
Interest paid	(34)	(54)
Interest received	335	3
Net cash flows generated from/(used in) operating activities	479	(389)
Investing activities		
Purchase of property, plant and equipment	(279)	(93)
Proceeds from disposal of property, plant and equipment	51	–
Repayment of shareholder loan from associated company	8,630	–
Net cash flows generated from/(used in) investing activities	8,402	(93)
Financing activities		
Payment of lease liabilities	(95)	(90)
(Repayment of)/proceeds from loans and borrowings	(1,750)	350
Net cash flows (used in)/generated from financing activities	(1,845)	260
Net increase/(decrease) in cash and cash equivalents	7,036	(222)
Cash and cash equivalents at 1 January	361	583
Cash and cash equivalents at 31 December	7,397	361

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				
2023				
As at 1 January	32,390	(22)	(4,876)	27,492
Loss net of tax	–	–	(1,111)	(1,111)
Other comprehensive income for the year	–	(30)	–	(30)
Total comprehensive income for the year	–	(30)	(1,111)	(1,141)
At 31 December	32,390	(52)	(5,987)	26,351
2022				
As at 1 January	32,390	12	(6,527)	25,875
Profit net of tax	–	–	1,651	1,651
Other comprehensive income for the year	–	(34)	–	(34)
Total comprehensive income for the year	–	(34)	1,651	1,617
At 31 December	32,390	(22)	(4,876)	27,492

	Attributable to equity holders of the Company		
	Share capital \$'000	Accumulated (loss) \$'000	Total equity \$'000
Company			
2023			
At 1 January	32,390	(95)	32,295
Loss net of tax	–	(75)	(75)
Total comprehensive income for the year	–	(75)	(75)
At 31 December	32,390	(170)	32,220
2022			
At 1 January	32,390	(112)	32,278
Profit net of tax	–	17	17
Total comprehensive income for the year	–	17	17
At 31 December	32,390	(95)	32,295

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

E.1 Corporate information

Progen Holdings Ltd (the "Company", and together with its subsidiaries, the "Group") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board 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, #04-01, 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 activity of the associated company is property development.

E.2.1 Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 December 2023 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 interim financial statements for the period ended 30 June 2023.

The accounting policies and method of computation adopted are consistent with those of the previous financial year except that in the current financial year, 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 2023. 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 31 December 2023, the condensed interim financial statements of the Company have been prepared on a going concern basis, notwithstanding that the Company was in a net current liabilities position of S\$55,000 (2022: S\$63,000). The Group reported net current asset of S\$4,270,000 (2022:S\$5,145,000). The subsidiaries of the Company maintain adequate cash and retained earnings and the Company has the right to call upon dividends from the subsidiaries.

E.2.2 New and amended standards adopted by the Group

The Group has adopted the new and revised SFRS(I)s and SFRS(I) Interpretations and amendments to SFRS(I)s that are mandatory for application from 1 January 2023. The adoption of these amendments to SFRS(I)s did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior financial periods.

E.2.3 Use of judgements and estimates

In preparing the condensed 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. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period. 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Revenue from construction contracts*

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and revenue recognised. The estimates are made based on past experience and knowledge of the project engineers.

(b) *Revaluation of investment property*

The investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, with changes in fair value being recognised in profit or loss. The fair value of investment property is determined by independent real estate valuation expert using direct comparison approach. The determination of the fair value of the investment property requires the use of estimates such as price per square feet. These estimates are based on local market conditions existing at the end of each reporting date. In relying on the valuation report, management has exercised its judgement to ensure that the

valuation method and estimates are reflective of current local market conditions existing at the end of each reporting date. The determination of the fair value of the investment property involves the use of a range of estimates made by management and the external appraiser. There continues to be a heightened level of estimation uncertainty in determining the valuation of the investment property arising from the rapid changes in market and economic conditions. On 29 December 2023, the investment property was reclassified to property, plant and equipment due to a change in use.

(c) *Provision for expected credit losses ("ECLs") of financial assets carried at amortised costs*

(i) Simplified approach

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(ii) General approach

The Group applies the general approach to provide for ECLs on all other financial assets carried at amortised cost. At each reporting date, the Group assesses whether the credit risk of a financial asset has increased significantly since initial recognition. When initial credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

The assessment of whether credit risk of a financial asset has increased significantly since initial recognition is a significant estimate. Credit risk assessment is based on both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

E.3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year ended 31 December 2023.

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, air-conditioning 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 and full years ended 31 December 2023 and 31 December 2022:

Business segments	Products and	Servicing and	Property				Adjustment	Group
	installation	maintenance	Rental	development	Others	\$'000		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
1 Jul to 31 Dec 2023								
<u>Segment revenue</u>								
Sales to external customers	1,169	221	375	–	–	–	1,765	
Intersegment sales	59	–	75	–	–	(134)	–	
Total revenue							<u>1,765</u>	
<u>Segment results</u>								
Interest income	93	3	29	23	–	–	148	
Other income	10	–	3	–	–	–	13	
Depreciation and amortisation	(47)	(3)	(81)	–	(7)	68	(70)	
Other non-cash expense	(483)	(13)	(134)	(161)	(65)	154	(702)	
Segment (loss)/profit before tax	(584)	(11)	(415)	23	(72)	(64)	(1,123)	
Income tax							<u>1</u>	
Loss, net of tax							<u>(1,122)</u>	
1 Jul to 31 Dec 2022								
<u>Segment revenue</u>								
Sales to external customers	3,122	217	369	–	–	–	3,708	
Intersegment sales	53	–	75	–	–	(128)	–	
Total revenue							<u>3,708</u>	
<u>Segment results</u>								
Interest income	1	–	–	172	–	–	173	
Other income	39	1	(1)	–	27	–	66	
Depreciation and amortisation	(47)	(3)	(68)	–	(6)	69	(55)	
Other non-cash expense	–	–	–	(1)	(47)	–	(48)	
Segment (loss)/profit before tax	(95)	56	755	(35)	1,553	(63)	2,171	
Income tax							<u>11</u>	
Profit, net of tax							<u>2,182</u>	

Business segments	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Property development \$'000	Others \$'000	Adjustment \$'000	Group \$'000
1 Jan to 31 Dec 2023							
<u>Segment revenue</u>							
Sales to external customers	3,250	418	738	–	–	–	4,406
Intersegment sales	98	–	151	–	–	(249)	–
Total revenue							<u>4,406</u>
<u>Segment results</u>							
Interest income	137	4	38	156	–	–	335
Other income	23	12	5	–	8	–	48
Depreciation and amortisation	(90)	(6)	(157)	–	(13)	136	(130)
Other non-cash expense	(483)	(13)	(134)	(158)	–	154	(634)
Segment (loss)/profit before tax	(963)	16	(237)	2	194	(126)	(1,114)
Income tax							<u>3</u>
Loss, net of tax							<u>(1,111)</u>
<u>Segment assets and liabilities</u>							
Segment assets	7,177	421	23,439	10	1,642	–	32,689
Segment liabilities	2,896	139	2,254	292	1,049	(292)	6,338
1 Jan to 31 Dec 2022							
<u>Segment revenue</u>							
Sales to external customers	4,122	408	707	–	–	–	5,237
Intersegment sales	99	–	151	–	–	(250)	–
Total revenue							<u>5,237</u>
<u>Segment results</u>							
Interest income	3	–	–	249	–	–	252
Other income	86	3	18	–	64	–	171
Depreciation and amortisation	(96)	(6)	(158)	–	(11)	139	(132)
Other non-cash expense	–	–	–	–	–	–	–
Segment (loss)/profit before tax	(551)	27	764	(68)	1,638	(138)	1,672
Income tax							<u>(21)</u>
Profit, net of tax							<u>1,651</u>
<u>Segment assets and liabilities</u>							
Segment assets	2,436	118	21,970	9,516	1,496	–	35,536
Segment liabilities	2,936	131	2,200	9,796	2,777	(9,796)	8,044

E.5 Disaggregation of revenue

	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Group \$'000
1 Jul to 31 Dec 2023				
Transferred over time	1,038	-	-	1,038
Transferred at a point in time	131	221	375	727
Total revenue	<u>1,169</u>	<u>221</u>	<u>375</u>	<u>1,765</u>

1 Jul to 31 Dec 2022				
Transferred over time	2,619	-	-	2,619
Transferred at point in time	503	217	369	1,089
Total revenue	<u>3,122</u>	<u>217</u>	<u>369</u>	<u>3,708</u>

	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Group \$'000
1 Jan to 31 Dec 2023				
Transferred over time	2,975	-	-	2,975
Transferred at a point in time	275	418	738	1,431
Total revenue	<u>3,250</u>	<u>418</u>	<u>738</u>	<u>4,406</u>

1 Jan to 31 Dec 2022				
Transferred over time	3,564	-	-	3,564
Transferred at point in time	558	408	707	1,673
Total revenue	<u>4,122</u>	<u>408</u>	<u>707</u>	<u>5,237</u>

Breakdown of sales

	FY2023 \$'000	FY2022 \$'000	Change
(a) Sales reported for first half year	2,641	1,529	72.7%
(b) Operating profit/(losses) after tax before deducting non-controlling interests reported for first half of year	11	(531)	Not meaningful
(c) Sales reported for second half year	1,765	3,708	(52.4%)
(d) Operating (losses)/profit after tax before deducting non-controlling interests reported for second half of year	(1,122)	2,182	Not meaningful

E.6 Financial assets and financial liabilities

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

	Group		Company	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Financial assets				
-Trade receivables	913	1,107	–	–
-Other receivables	126	893	–	–
-Cash and bank balances	2,017	361	85	49
-Deposits	51	25	6	5
-Investment securities	60	62	–	–
-Fixed deposits	7,380	2,000	–	–
-Loan to an associated company	–	8,630	–	–
-Amount due from subsidiaries	–	–	1,419	1,411
	10,547	13,078	1,510	1,465
Financial liabilities				
-Trade payables	(531)	(884)	(43)	(34)
-Other payables	(2,842)	(3,072)	(928)	(912)
-Borrowings	–	(1,750)	–	–
-Lease liabilities	(2,824)	(2,772)	(693)	(844)
-Amount due to subsidiaries	–	–	(459)	(456)
	(6,197)	(8,478)	(2,123)	(2,246)

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 31 December 2023 and 31 December 2022 by classes are as follows:

	Group		Company	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Financial assets at amortised cost				
Fixed deposits (non-current)	2,000	2,000	–	–
Loan to an associated company	–	8,630	–	–
Cash and bank balances	2,017	361	85	49
Fixed deposits (current)	5,380	–	–	–
Trade receivables	913	1,107	–	–
Deposits	51	25	6	5
Other receivables	126	893	–	–
Amounts due from subsidiaries	–	–	1,419	1,411
	<u>10,487</u>	<u>13,016</u>	<u>1,510</u>	<u>1,465</u>
Financial assets at fair value through profit or loss				
Investment securities	60	62	–	–
Financial liabilities at amortised cost				
Trade payables	(531)	(884)	(43)	(34)
Other payables	(2,842)	(3,072)	(928)	(912)
Borrowings	–	(1,750)	–	–
Amounts due to subsidiaries	–	–	(459)	(456)
Lease liabilities	(1,785)	(1,727)	(639)	(764)
	<u>(5,158)</u>	<u>(7,433)</u>	<u>(2,069)</u>	<u>(2,166)</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 year:

Group (\$000)	Fair value measurements at the end of the reporting year 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)	
31 December 2023				
Assets measures at fair value				
Financial assets:				
Equity securities at fair value through profit or loss	60	–	–	60
Financial assets as at 31 December 2023	60	–	–	60
31 December 2022				
Assets measures at fair value				
Financial assets:				
Equity securities at fair value through profit or loss	62	–	–	62
Financial assets as at 31 December 2022	62	–	–	62
Non-financial assets:				
Investment property – Factory	–	–	18,500	18,500
Non-financial assets as at 31 December 2022	–	–	18,500	18,500

There have been no transfers between Level 1, Level 2 and Level 3 for the 12 months ended 31 December 2023 and 31 December 2022 respectively.

(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				
31 December 2022				
<i>Investment property - Factory</i>	18,500	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:

	Investment property – Factory S\$'000
At 1 January 2022	18,000
Total gains for the period Included in profit or loss in 2022	500
	<hr/>
At 31 December 2022 and 1 January 2023	18,500
Total losses for the period Included in profit or loss in 2023	(500)
Reclassification on 29 December 2023	(18,000)
	<hr/>
At 31 December 2023	–
	<hr/> <hr/>

(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 disclosures

Loan to an associated company

This amount relates to shareholder's loan provided to the associated company for the property development project at 17 Balmoral Road. The property development project was completed and the temporary occupation permit and certificate of statutory completion were issued on 18 November 2022 and 13 April 2023 respectively. All the units in the project were sold as of January 2023.

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

The Group considered information on the progress of the associated company's property development and sales plans, outlook of the relevant property market prices, 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 31 December 2022, the Group has not recorded any expected credit loss on the loan to an associated company. As at 31 December 2023 the loan and the interest accrued for the loan had been fully repaid.

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 Net asset value

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Net asset value per ordinary share (in cents)	6.748	7.040	8.251	8.270
Number of ordinary shares in issue	390,511,778	390,511,778	390,511,778	390,511,778

E.11 Property, plant and equipment

Group	Plant and machinery \$'000	Leasehold building, furniture, fittings and equipment \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Cost					
At 1 January 2022	79	672	500	212	1,463
Additions	8	35	–	50	93
<hr/>					
At 31 December 2022 and 1 January 2023	87	707	500	262	1,556
Additions	2	2	275	–	279
Disposal	–	–	(301)	–	(301)
Reclassification	–	18,000	–	–	18,000
<hr/>					
At 31 December 2023	89	18,709	474	262	19,534
<hr/>					
Accumulated depreciation					
At 1 January 2022	53	367	425	191	1,036
Charge for the year	9	58	15	21	103
<hr/>					
At 31 December 2022 and 1 January 2023	62	425	440	212	1,139
Charge for the year	11	70	25	24	130
Disposal	–	–	(254)	–	(254)
<hr/>					
At 31 December 2023	73	495	211	236	1,015
<hr/>					
Net carrying amount					
At 31 December 2022	25	282	60	50	417
<hr/>					
At 31 December 2023	16	18,214	263	26	18,519
<hr/>					

During the six months ended 31 December 2023, additions to property, plant and equipment amounted to S\$277,000 (31 December 2022: S\$14,000); disposals of property, plant and equipment was S\$301,000 (31 December 2022: NIL); and there was no write-off of property, plant and equipment (31 December 2022: NIL).

On 29 December 2023, the investment property was reclassified to property, plant and equipment due to a change in use.

E.12 Investment property

The investment property was 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. On 29 December 2023, the investment property was reclassified to property, plant and equipment due to a change in use.

E.13 Valuation

The investment property was reclassified to property, plant and equipment 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 fair value loss recorded for the financial year ended 31 December 2023 was S\$500,000 (31 December 2022: fair value gain of S\$500,000). The fair value was determined using the Direct Comparison Method which takes into account the price per square feet applicable to the property. In arriving at its estimate of market value, the valuer has used his market knowledge and professional judgement.

E.14 Borrowings

The Group did not have any bank borrowings as at 31 December 2023 (31 December 2022: S\$1,750,000). Bank borrowings as at 31 December 2022 were secured on the investment property and repayable in one year or less, or on demand. The effective interest rate for 2022 was 3.58% per annum. The amount had been fully repaid during the financial year ended 31 December 2023.

E.15 Share capital

The Company's share capital as at 30 June 2023, 31 December 2023 and 31 December 2022 was S\$32,390,000 comprising 390,511,778 shares. There were no outstanding convertibles as at 31 December 2023 and 31 December 2022.

E.16 Changes in treasury shares

Not applicable. There were no treasury shares during and as at 31 December 2023 and 31 December 2022. As such, there was no sale, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial year reported on.

E.17 Changes in subsidiary holdings

Not applicable. There were no subsidiary holdings during and as at 31 December 2023 and 31 December 2022. As such, there was no sale, transfer, cancellation and/or use of subsidiary holdings during and as at the end of the current financial year reported on.

E.18 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 31 December 2023 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 months and financial year then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

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

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2022 was not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

F.3 Variance from forecast or prospect statements

Not applicable as no forecast or prospect statements was previously provided.

F.4 Earnings per share

The basic and diluted loss per share for the financial year ended 31 December 2023 were 0.284 cents per share (31 December 2022: earnings of 0.423 cents per share). The earnings per ordinary share for the financial year under review is calculated based on the weighted average of 390,511,778 ordinary shares (financial year ended 31 December 2022: 390,511,778 ordinary shares) in issue. The basic and fully diluted earnings/(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 year ended 31 December 2023 and 31 December 2022.

F.5 Review of Group performance

Financial year ended 31 December 2023 ("FY2023") vs. Financial year ended 31 December 2022 ("FY2022")

Income Statement

The Group's revenue decreased by S\$831k (15.9%) from S\$5,237k (FY2022) to S\$4,406k (FY2023) mainly due to delayed work progress at project sites for contracts on hand under Products and installation. Revenue from Products and installation decreased by S\$872k (21.2%) from S\$4,122k (FY2022) to S\$3,250k (FY2023). The decrease was partially offset by slight increase in revenue from Servicing and maintenance, which increased by S\$10k (2.5%) from S\$408k (FY2022) to S\$418k (FY2023), and Rental income, increased by S\$31k (4.4%) from S\$707k (FY2022) to S\$738k (FY2023).

Other income decreased by S\$1,743k (76.1%) from S\$2,291k (FY2022) to S\$548k (FY2023) mainly due to drop in Share of results of an associated company by S\$1,235k (90.6%) from S\$1,363k (FY2022) to S\$128k (FY2023) and absence of fair value gain on Investment Property in FY2023 (FY2022: S\$500k). All the units developed by the associated company were fully sold as of January 2023 and the majority of the revenue from the property development had been recognised in FY2022. The Group's proportionate share of results of the associated company had been recognised in FY2022.

Costs of Products and installation decreased by S\$202k (7.6%) from S\$2,650k (FY2022) to S\$2,448k (FY2023), in line with the lower revenue generated in FY2023. The foregoing rate of decrease was lower than the rate of decrease in revenue from Products and installation due to lower economies of scale which is commonly achieved with higher revenue.

Property operating expenses decreased by S\$27k (13.4%) from S\$201k (FY2022) to S\$174k (FY2023), mainly due to the higher subletting and repair cost in FY2022 which were absent in FY2023.

Depreciation and amortisation expense remained fairly constant.

Other expenses increased by S\$557k (94.2%) from S\$591k (FY2022) to S\$1,148k (FY2023), mainly due to the fair value loss of S\$500k recorded in FY2023 for the building at 28 Riverside Road.

Finance cost decreased by S\$18k (15.9%) from S\$113k (FY2022) to S\$95k (FY2023), mainly due to the full repayment of loans and borrowings in FY2023.

As a result of the above, the Group's loss net of tax amounted to S\$1,111k in FY2023 as compared to profit of S\$1,651k in FY2022.

Balance Sheet

Property, plant and equipment increased by S\$18,102k from S\$417k as at 31 December 2022 to S\$18,519k as at 31 December 2023 due to the reclassification of investment property at S\$18,000k and purchase of property, plant and equipment of S\$279k; which were partially offset by disposal of property, plant and equipment and depreciation during FY2023.

Trade receivable decreased by S\$194k from S\$1,107k as at 31 December 2022 to S\$913k as at 31 December 2023; and contract assets decreased by S\$54k from S\$142k as at 31 December 2022 to S\$88k as at 31 December 2023 due to the timing difference of billings made.

Other receivables decreased by S\$767k from S\$893k as at 31 December 2022 to S\$126k as at 31 December 2023, mainly due to the receipt of the interest accrued on the shareholder loan to the associated company during FY2023. The associated company had also fully repaid the shareholder loan during FY2023.

Trade payables decreased by S\$353k from S\$884k as at 31 December 2022 to S\$531k as at 31 December 2023, mainly due to settlement of payables. Borrowings of S\$1,750k were fully repaid in FY2023.

Contract liabilities increased by S\$585k from S\$504k as at 31 December 2022 to S\$1,089k as at 31 December 2023 due to the timing difference of billings made.

Cashflow Statement

The Group's cash increased by S\$7,036 in FY2023. Operating activities and investing activities generated cash of S\$479k and S\$8,402k respectively in FY2023. Cashflow generated from investing activities was mainly due to the repayment of shareholder loan from associated company. Deficit in cashflow for financing activities of S\$1,845k was mainly due to repayment of borrowings in FY2023.

F.6 Business outlook

The outlook for the next 12 months remains challenging amidst vast uncertainties in domestic and global market conditions.

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 financial year ended 31 December 2023 as the Company was 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 financial year ended 31 December 2023.

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.

Additional information required for full year announcement

F.11 Segmented revenue and results for operating 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

Refer to E.4 of the Notes to the Condensed Interim Financial Statements.

F.12 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Refer to Section F.5.

F.13 A breakdown of sales

Refer to E.5 of the Notes to the Condensed Interim Financial Statements.

F.14 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 FY2023 and FY2022.

F.15 Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lee Pui Hoon	46	Daughter of Mr Lee Ee @ Lee Eng	Admin and Corporate Affairs Director Assist the Group in administrative matters and corporate affairs and oversees the finance department. Position was first held in 2014.	NIL
Lee Yung Li	44	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	NIL

BY ORDER OF THE BOARD PROGEN HOLDINGS LTD

Lee Ee @ Lee Eng
Managing Director
28 February 2024

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 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 Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.