



Unaudited Condensed Interim Financial Statements for the Six Months Ended 30 June 2023

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Change %
	Half year ended 30 June 2023 (Unaudited) \$'000	Half year ended 30 June 2022 (Unaudited) \$'000	
Revenue			
Products and installation	2,081	1,000	108.1%
Servicing and maintenance	197	191	3.1%
Rental income	363	338	7.4%
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Total revenue	2,641	1,529	72.7%
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Other items of income			
Share of results of an associated company	173	–	N/M
Other income	251	199	26.1%
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Total other items of income	424	199	113.1%
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Cost and expenses			
Cost of products and installation	(1,516)	(658)	130.4%
Property operating expenses	(86)	(116)	(25.9%)
Salaries and employee benefits	(1,010)	(1,038)	(2.7%)
Depreciation and amortisation expense	(60)	(77)	(22.1%)
Other expenses	(319)	(291)	9.6%
Finance cost	(65)	(47)	38.3%
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Total cost and expenses	(3,056)	(2,227)	37.2%
	<hr/>		
Profit / (loss) before income tax			
	9	(499)	N/M
Income credit / (expense)	2	(32)	N/M
	<hr/>		
Profit / (loss), net of tax, attributable to equity holders of the parent	11	(531)	N/M
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Other comprehensive income			
Foreign currency translation	(26)	(14)	85.7%
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Total comprehensive income attributable to equity holders of the parent	(15)	(545)	(97.2%)
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Earnings / (loss) per share (cents per share)			
Basic	0.003	(0.136)	
Diluted	0.003	(0.136)	

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at 30 Jun 2023 (Unaudited) \$'000	As at 31 Dec 2022 (Audited) \$'000	As at 30 Jun 2023 (Unaudited) \$'000	As at 31 Dec 2022 (Audited) \$'000
Non-current assets				
Property, plant and equipment	359	417	52	58
Investment property	18,500	18,500	–	–
Right-of-use asset	1,711	1,727	691	759
Fixed deposits	2,000	2,000	–	–
Investment in subsidiaries	–	–	8,987	8,987
Investment in an associated company	1,536	1,363	–	–
Amount due from subsidiaries	–	–	23,161	23,192
Deferred tax asset	33	33	–	–
	24,139	24,040	32,891	32,996
Current assets				
Cash and bank balances	1,666	361	35	49
Fixed deposit	5,500	–	–	–
Trade receivables	892	1,107	–	–
Contract assets	–	142	–	–
Prepayments	46	49	2	5
Deposits	24	25	6	5
Other receivables	597	893	–	–
Investment securities	63	62	–	–
Amounts due from subsidiaries	–	–	1,354	1,411
Loan to an associated company	–	8,630	–	–
Inventories	175	206	–	–
	8,963	11,475	1,397	1,470
Current liabilities				
Trade payables	(491)	(884)	(43)	(34)
Deferred revenue	(86)	(80)	–	–
Other payables	(2,628)	(3,072)	(772)	(912)
Contract liabilities	(704)	(504)	–	–
Income tax payable	(6)	(6)	(5)	(5)
Borrowings	–	(1,750)	–	–
Amounts due to subsidiaries	–	–	(456)	(456)
Lease liabilities	(35)	(34)	(128)	(126)
	(3,950)	(6,330)	(1,404)	(1,533)
Net current assets / (liabilities)	5,013	5,145	(7)	(63)
Non-current liabilities				
Lease liabilities	(1,675)	(1,693)	(574)	(638)
Net assets	27,477	27,492	32,310	32,295
Equity attributable to equity holders of the parent				
Share capital	32,390	32,390	32,390	32,390
Foreign currency translation	(48)	(22)	–	–
Accumulated loss	(4,865)	(4,876)	(80)	(95)
Total equity	27,477	27,492	32,310	32,295

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Half year ended 30 June 2023 (Unaudited) \$'000	Half year ended 30 June 2022 (Unaudited) \$'000
Operating activities		
Profit / (loss) before income tax	9	(499)
Adjustments for:		
Interest income	(187)	(78)
Finance costs	65	47
Depreciation of property, plant and equipment	60	48
Amortisation of intangible asset	–	29
Fair value loss on right-of-use asset	16	16
Fair value (gain) / loss on investment securities	(1)	7
Currency realignment	(26)	(14)
Share of results of an associated company	(173)	–
	<hr/>	<hr/>
Operating cash flows before changes in working capital	(237)	(444)
Decrease in trade and other receivables	511	178
Decrease / (increase) in contract assets	142	(37)
Decrease / (increase) in prepayments and deposits	4	(6)
Decrease / (increase) in inventories	31	(24)
Decrease in trade payables	(393)	(1)
Increase/(decrease) in deferred revenue	6	(9)
(Decrease)/increase in other payables	(444)	121
Increase/(decrease) in contract liabilities	200	(140)
	<hr/>	<hr/>
Cash flows used in operations	(180)	(362)
Interest paid	(34)	(18)
Interest received	186	1
Income tax	2	–
	<hr/>	<hr/>
Net cash flows used in operating activities	(26)	(379)
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Investing activities		
Purchase of property, plant and equipment	(2)	(79)
Proceeds from repayment of loans to an associated company	8,630	–
	<hr/>	<hr/>
Net cash flows generated from / (used in) investing activities	8,628	(79)
	<hr/>	<hr/>
Financing activities		
Payment of lease liabilities	(47)	(45)
Repayment of loans and borrowings	(1,750)	–
	<hr/>	<hr/>
Net cash flows used in financing activities	(1,797)	(45)
	<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents	6,805	(503)
Cash and cash equivalents at 1 January	361	583
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	7,166	80
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D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			
	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Group				
2023				
As at 1 January	32,390	(22)	(4,876)	27,492
Profit net of tax	–	–	11	11
Other comprehensive income for the year	–	(26)	–	(26)
Total comprehensive income for the year	–	(26)	11	(15)
At 30 June	32,390	(48)	(4,865)	27,477
2022				
As at 1 January	32,390	12	(6,527)	25,875
Loss net of tax	–	–	(531)	(531)
Other comprehensive income for the year	–	(14)	–	(14)
Total comprehensive income for the year	–	(14)	(531)	(545)
At 30 June	32,390	(2)	(7,058)	25,330

	Attributable to equity holders of the Company		
	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
Company			
2023			
At 1 January	32,390	(95)	32,295
Profit net of tax	–	15	15
Total comprehensive income for the year	–	15	15
At 30 June	32,390	(80)	32,310
2022			
At 1 January	32,390	(112)	32,278
Loss net of tax	–	(55)	(55)
Total comprehensive income for the year	–	(55)	(55)
At 30 June	32,390	(167)	32,223

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

E.1 Corporate information

Progen Holdings Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on 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 ended 30 June 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 annual financial statements for the year ended 31 December 2022.

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 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 30 June 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 \$7,000 (31 December 2022: \$63,000). 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 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. 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 revenue from construction contracts, revaluation of investment property and provision for expected credit losses of financial assets carried at amortised costs. The Group based its assumptions and estimates on parameters available when the condensed interim 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, 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 2023. 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 2022 and concluded that there are no major aspects that could affect the fair

value of the investment property as at 30 June 2023. 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.

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 as at 30 June 2023 arising from the rapid changes in market and economic conditions.

(c) *Provision for expected credit losses 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 period.

E.4 Segment information

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

- I. The products and installation segment relates to contracting of engineering works, cooling towers, 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 ended 30 June 2023 and 30 June 2022:

Business segments	Servicing		Rental	Property development	Others	Eliminations/ Adjustments	Group
	Products and installation	and maintenance					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 Jan to 30 Jun 2023							
<u>Segment revenue</u>							
Sales to external customers	2,081	197	363	–	–	–	2,641
Intersegment sales	39	–	76	–	–	(115)	–
Total revenue							<u>2,641</u>
<u>Segment results</u>							
Interest income	44	1	9	133	–	–	187
Other income	13	12	2	–	8	–	35
Depreciation and amortisation	(43)	(3)	(76)	–	(6)	68	(60)
Other non-cash expenses	–	–	–	(3)	(65)	–	(68)
Segment profit before tax	(379)	27	178	(21)	266	(62)	9
Income tax credit							<u>2</u>
Profit, net of tax							<u>11</u>
<u>Segment assets and liabilities</u>							
Segment assets	7,581	252	23,128	519	1,643	–	33,123
Segment liabilities	2,566	115	2,074	823	892	(823)	5,647
1 Jan to 30 Jun 2022							
<u>Segment revenue</u>							
Sales to external customers	1,000	191	338	–	–	–	1,529
Intersegment sales	46	–	76	–	–	(122)	–
Total revenue							<u>1,529</u>
<u>Segment results</u>							
Interest income	1	–	–	77	–	–	78
Other income	47	2	19	–	37	–	105
Depreciation and amortisation	(49)	(3)	(90)	–	(5)	70	(77)
Other non-cash expenses	–	–	–	(1)	(47)	–	(48)
Segment loss before tax	(456)	(29)	9	(33)	85	(75)	(499)
Income tax expense							<u>(32)</u>
Loss, net of tax							<u>(531)</u>
<u>Segment assets and liabilities</u>							
Segment assets	1,083	63	21,860	9,344	145	–	32,495
Segment liabilities	2,347	121	2,199	9,587	2,498	(9,587)	7,165

E.5 Disaggregation of revenue

	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Group \$'000
1 Jan to 30 Jun 2023				
Transferred over time	1,937	–	–	1,937
Transferred at a point in time	144	197	363	704
Total revenue	<u>2,081</u>	<u>197</u>	<u>363</u>	<u>2,641</u>
1 Jan to 30 Jun 2022				
Transferred over time	945	–	–	945
Transferred at a point in time	55	191	338	584
Total revenue	<u>1,000</u>	<u>191</u>	<u>338</u>	<u>1,529</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 2023 \$'000	31 Dec 2022 \$'000	30 Jun 2023 \$'000	31 Dec 2022 \$'000
Financial assets				
Trade receivables	892	1,107	–	–
Other receivables	597	893	–	–
Cash and bank balances	1,666	361	35	49
Deposits	24	25	6	5
Investment securities	63	62	–	–
Fixed deposits	7,500	2,000	–	–
Loan to an associated company	–	8,630	–	–
Amount due from subsidiaries	–	–	1,354	1,411
	<u>10,742</u>	<u>13,078</u>	<u>1,395</u>	<u>1,465</u>
Financial liabilities				
Trade payables	491	884	43	34
Other payables	2,628	3,072	772	912
Borrowings	–	1,750	–	–
Lease liabilities	2,725	2,772	769	844
Amount due to subsidiaries	–	–	456	456
	<u>5,844</u>	<u>8,478</u>	<u>2,040</u>	<u>2,246</u>

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 2023 and 31 December 2022 by classes are as follows:

	Group		Company	
	30 Jun 2023 \$'000	31 Dec 2022 \$'000	30 Jun 2023 \$'000	31 Dec 2022 \$'000
Debt instruments at amortised cost				
Fixed deposits (non-current)	2,000	2,000	–	–
Loan to an associated company	–	8,630	–	–
Cash and bank balances	1,666	361	35	49
Fixed deposits (current)	5,500	–	–	–
Trade receivables	892	1,107	–	–
Deposits	24	25	6	5
Other receivables	597	893	–	–
Amounts due from subsidiaries (current)	–	–	1,354	1,411
	<u>10,679</u>	<u>13,016</u>	<u>1,395</u>	<u>1,465</u>
Financial assets at fair value through profit or loss				
Investment securities	63	62	–	–
Financial liabilities at amortised cost				
Trade payables	(491)	(884)	(43)	(34)
Other payables	(2,628)	(3,072)	(772)	(912)
Borrowings	–	(1,750)	–	–
Amounts due to subsidiaries	–	–	(456)	(456)
	<u>(3,119)</u>	<u>(5,706)</u>	<u>(1,271)</u>	<u>(1,402)</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 2023				
Assets measures at fair value				
Financial assets:				
Equity securities at fair value through profit or loss	63	–	–	63
Financial assets as at 30 June 2023	63	–	–	63
Non-financial assets:				
Investment property – Factory	–	–	18,500	18,500
Non-financial assets as at 30 June 2023	–	–	18,500	18,500
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 6 months ended 30 June 2023 and the 12 months ended 31 December 2022.

(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 2023				
<i>Investment property - Factory</i>	18,500	Direct comparison method	Price per square feet	120 - 230

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 losses for the period	
Included in profit or loss in 2022	500
	<hr/>
At 31 December 2022 and 30 June 2023	18,500
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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

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 30 June 2023 the loan has been fully repaid and interest accrued for the loan has been partially repaid. The Group expects the balance interest to be fully repaid by or before the end of the year.

E.9 Taxation

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

E.10 Dividends

There is no dividend recommended or paid for the half year ended 30 June 2023 (30 June 2022: NIL).

E.11 Net asset value

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
Net asset value per ordinary share (in cents)	7.036	7.040	8.274	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 2023, there were no movement for intangible assets (30 June 2022: NIL).

E.13 Property, plant and equipment

During the six months ended 30 June 2023, additions to property, plant and equipment amounted to S\$2,000 (30 June 2022: S\$79,000). There were no disposals of property, plant and equipment (30 June 2022: 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 2023, there was no acquisition or disposal of investment properties (30 June 2022: NIL).

E.15 Valuation

Investment property is stated at fair value, which has been determined based on a valuation performed by an external appraiser with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. The Group did not engage an independent valuer to determine the fair value of the investment property as at 30 June 2023. 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 2022 and concluded that there are no major aspects that could affect the fair value of the investment property as at 30 June 2023.

E.16 Borrowings

As at 31 December 2022, the outstanding bank borrowings amounted to S\$1,750,000 were all secured and repayable in one year or less, or on demand with an effective interest rate of 3.58% per annum. The bank borrowings were secured on the investment property. The amount had been fully repaid within the reporting period. As at 30 June 2023, the Group did not have any outstanding bank borrowings.

E.17 Share capital

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

E.18 Changes in treasury shares

Not applicable. There were no treasury shares during and as at 30 June 2023 and 30 June 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 period reported on.

E.19 Changes in subsidiary holdings

Not applicable. There were no subsidiary holdings during and as at 30 June 2023 and 30 June 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 period reported on.

E.20 Subsequent events

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

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

F.1 Review

The condensed consolidated statement of financial position of Progen Holdings Ltd and its subsidiaries as at 30 June 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-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable. The Group's latest financial statements for the financial year ended 31 December 2022 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 2023 was previously provided.

F.4 Earnings/loss per share

The basic and diluted earnings per share for the half year ended 30 June 2023 were 0.003 cents per share (30 June 2022: loss of 0.136 cents per share). The earnings 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 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 period ended 30 June 2023 and 30 June 2022.

F.5 Review of Group performance

Half year ended 30 June 2023 ("1H23") vs. Half year ended 30 June 2022 ("1H22")

Income Statement

The Group's revenue increased by S\$1,112k (72.7%) from S\$1,529k (1H22) to S\$2,641k (1H23) mainly due to the resumption of business activities with the government easing of COVID-19 related restrictions.

Revenue from Products and installation increased by S\$1,081k (108.1%) from S\$1,000k (1H22) to S\$2,081k (1H23); Revenue from Servicing and maintenance remained stable. Rental income increased by S\$25k (7.4%) from S\$338k (1H22) to S\$363k (1H23) due to higher occupancy rate.

For 1H23, the Group recognised share of results of an associated company of S\$173k (1H22: NIL) as the associated company was profitable in 1H23 as compared to 1H22. Other income increased by S\$52k (26.1%) from S\$199k (1H22) to S\$251k (1H23) mainly due to the higher interest income in 1H23 for fixed deposit.

Cost of Products and installation increased by S\$858k (130.4%) from S\$658k (1H22) to S\$1,516k (1H23). The foregoing rate of increase for Cost of Products and installation was higher than the rate of increase in revenue due to lower margin for projects in 1H23.

Property operating expenses decreased by S\$30k (25.9%) from S\$116k (1H22) to S\$86k (1H23), mainly due to the higher subletting and repair cost in 1H22.

Depreciation and amortisation expense decreased by S\$17k (22.1%) from S\$77k (1H22) to S\$60k (1H23) mainly because the intangible assets had been fully amortised in 2022.

Other expenses increased by S\$28k (9.6%) from S\$291k (1H22) to S\$319k (1H23) mainly due to higher utilities bill and higher professional fees.

Finance cost increased by S\$18k (38.3%) from S\$47k (1H22) to S\$65k (1H23) mainly due to the higher interest rate in 1H23.

As a result of the above, the Group's profit net of tax was S\$11k in 1H23 compared to the loss net of tax of S\$531k in 1H22.

Balance Sheet

Property, plant and equipment decreased by S\$58k from S\$417k to S\$359k as at 30 June 2023 due to depreciation of S\$60k recognised during the period which was partially offset by purchases amounting to S\$2k.

Investment in an associated company increased by S\$173k due to the recognition of share of results of the associated company.

The Group's current assets decreased by S\$2,512k from S\$11,475k to S\$8,963k as at 30 June 2023. With the receipt of the repayment of loan to an associated company of S\$8,630k, the Group had repaid its borrowings of S\$1,750k, placed a fixed deposit of S\$5,500k and maintained some cash as working capital. Reduction of trade receivables and contract

assets were due to timing difference of progress billings. Other receivables decreased by S\$296k from S\$893k to S\$597k as at 30 June 2023 mainly due to the partial receipt of interest receivable on the loan to the associated company.

The Group's current liabilities decreased by S\$2,380k from S\$6,330 to S\$3,950k as at 30 June 2023 mainly due to repayment of borrowings of S\$1,750k; and settlement of payables and accruals recognised as at 31 December 2022. These decreases were partially offset by increase of S\$200k in contract liabilities caused by timing difference of progress billings.

Cashflow Statement

The Group generated cash of S\$6,805k in 1H23. The net cash flows used in operating activities of S\$26k was mainly due to the timing difference between the cash outflow to purchase the equipment for a project and the corresponding cash inflow for the work done under the project, which the Company claims by monthly progress. Cash inflow of S\$8,628k under investing activities was due to receipt of repayment of loan to an associated company which was partially offset by the purchase of property, plant and equipment. Cash outflow of S\$1,797k under financing activities is for lease payment of investment property and repayment to bank for a revolving credit facility.

F.6 Business outlook

The outlook for the next 12 months remains challenging amidst high inflation, tight monetary policy and geopolitical tensions. Increasing material cost and labour crunch in the construction industry will continue to exert pressure on the Group's profit margin.

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 2023 as the Company deemed it more appropriate to retain the cash in the Group for operating cashflow purpose.

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 2023.

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

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

F.10 Confirmation of Undertakings from Directors and Executive Officers under Rule 720(1) of Section B: Rules of Catalist of the Listing Manual of the SGX-ST (“Catalist Rules”)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

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

We, Chee Wai Pong and Lee Ee @ Lee Eng, being two directors of Progen Holdings Ltd (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the Group’s unaudited condensed interim financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspects.

For and on behalf of the Board of Progen Holdings Ltd

Chee Wai Pong
Independent Director

Lee Ee @ Lee Eng
Managing Director

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

**Lee Ee @ Lee Eng
Managing Director
11 August 2023**

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.

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