



PropNex Limited and its Subsidiaries
(Company Registration No. 201801373N)

Condensed Interim Financial Statements
For the six months ended 30 June 2024

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PropNex Limited and its Subsidiaries

**Condensed Interim Consolidated Statement of Profit or Loss
For the six months ended 30 June 2024**

	Note	Group		Change %
		Six months ended 30 June		
		2024 \$'000	2023 \$'000	
Revenue	5	345,586	364,283	(5.1)
Cost of services rendered		(312,145)	(328,505)	(5.0)
Finance income		2,858	1,958	46.0
Other income		5,396	4,660	15.8
Staff costs		(9,990)	(8,004)	24.8
Depreciation of plant and equipment		(252)	(471)	(46.5)
Depreciation of right-of-use assets		(1,091)	(1,153)	(5.4)
Amortisation of intangible assets		(149)	(149)	–
Finance costs		(13)	(18)	(27.8)
Other expenses		(7,341)	(12,438)	(41.0)
Reversal of impairment losses recognised on trade and other receivables		601	7,312	(91.8)
Profit before tax	6	23,460	27,475	(14.6)
Tax expense	7	(4,001)	(4,527)	(11.6)
Profit for the period		19,459	22,948	(15.2)
Profit attributable to:				
Owners of the Company		19,001	22,054	(13.8)
Non-controlling interests		458	894	(48.8)
Profit for the period		19,459	22,948	(15.2)
Earnings per share				
Basic earnings per share (cents)	8	2.57	2.98	(13.8)
Diluted earnings per share (cents)	8	2.57	2.98	(13.8)

The accompanying notes form an integral part of these condensed interim financial statements.

PropNex Limited and its Subsidiaries

**Condensed Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2024**

	Group		
	Six months ended 30 June		
	2024	2023	Change
	\$'000	\$'000	%
Profit for the period	19,459	22,948	(15.2)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences			
- foreign operations	–	3	(100.0)
Other comprehensive income for the period, net of tax	–	3	(100.0)
Total comprehensive income for the period	<u>19,459</u>	<u>22,951</u>	<u>(15.2)</u>
Total comprehensive income attributable to:			
Owners of the Company	19,001	22,057	(13.9)
Non-controlling interests	458	894	(48.8)
Total comprehensive income for the period	<u>19,459</u>	<u>22,951</u>	<u>(15.2)</u>

The accompanying notes form an integral part of these condensed interim financial statements.

PropNex Limited and its Subsidiaries

**Condensed Interim Statements of Financial Position
As at 30 June 2024**

	Note	Group		Company	
		30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Assets					
Plant and equipment	9	1,078	1,214	–	–
Right-of-use assets		1,861	2,952	–	–
Intangible assets		156	305	15	30
Subsidiaries		–	–	17,548	17,548
Other investments		362	362	–	–
Long-term deposits	11	18,000	14,710	18,000	14,710
Deferred tax assets		29	29	–	–
Non-current assets		21,486	19,572	35,563	32,288
Other investments		11,015	5,443	11,015	5,443
Trade and other receivables	10	141,955	184,631	13,660	3,719
Cash and cash equivalents	11	116,439	133,417	58,032	84,424
Current assets		269,409	323,491	82,707	93,586
Total assets		290,895	343,063	118,270	125,874
Equity					
Share capital	12	57,491	57,491	57,491	57,491
Merger reserve		(17,663)	(17,663)	–	–
Capital reserve		607	607	–	–
Foreign currency translation reserve		6	6	–	–
Retained earnings		77,811	84,710	55,701	58,539
Equity attributable to owners of the Company		118,252	125,151	113,192	116,030
Non-controlling interests		970	1,075	–	–
Total equity		119,222	126,226	113,192	116,030
Liabilities					
Deferred tax liabilities		179	179	170	170
Lease liabilities		200	924	–	–
Non-current liabilities		379	1,103	170	170
Trade and other payables		157,365	200,667	3,363	8,615
Deferred income		3,120	2,884	985	622
Lease liabilities		1,675	2,042	–	–
Current tax liabilities		9,134	10,141	560	437
Current liabilities		171,294	215,734	4,908	9,674
Total liabilities		171,673	216,837	5,078	9,844
Total equity and liabilities		290,895	343,063	118,270	125,874

The accompanying notes form an integral part of these condensed interim financial statements.

PropNex Limited and its Subsidiaries

Condensed Interim Statements of Changes in Equity
For the six months ended 30 June 2024

<u>Group</u>	Note	Attributable to owners of the Company						Non-controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Merger reserve \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000		
At 1 January 2024		57,491	(17,663)	607	6	84,710	125,151	1,075	126,226
Profit for the period		–	–	–	–	19,001	19,001	458	19,459
Total comprehensive income for the period		–	–	–	–	19,001	19,001	458	19,459
Transactions with owners, recognised directly in equity									
<i>Distributions to owners</i>									
Dividends paid	13	–	–	–	–	(25,900)	(25,900)	(563)	(26,463)
Total transactions with owners		–	–	–	–	(25,900)	(25,900)	(563)	(26,463)
At 30 June 2024		57,491	(17,663)	607	6	77,811	118,252	970	119,222

The accompanying notes form an integral part of these condensed interim financial statements.

PropNex Limited and its Subsidiaries

Condensed Interim Statements of Changes in Equity
For the six months ended 30 June 2024

<u>Group</u>	Attributable to owners of the Company								
	Note	Share capital \$'000	Merger reserve \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2023		57,491	(17,663)	607	4	85,110	125,549	944	126,493
Profit for the period		–	–	–	–	22,054	22,054	894	22,948
Other comprehensive income									
Foreign currency translation differences		–	–	–	3	–	3	–	3
Total comprehensive income for the period		–	–	–	3	22,054	22,057	894	22,951
Transactions with owners, recognised directly in equity									
<i>Distributions to owners</i>									
Dividends paid	13	–	–	–	–	(29,600)	(29,600)	–	(29,600)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control		–	–	–	–	(107)	(107)	17	(90)
Total transactions with owners		–	–	–	–	(29,707)	(29,707)	17	(29,690)
At 30 June 2023		57,491	(17,663)	607	7	77,457	117,899	1,855	119,754

The accompanying notes form an integral part of these condensed interim financial statements.

PropNex Limited and its Subsidiaries

**Condensed Interim Statements of Changes in Equity
For the six months ended 30 June 2024**

<u>Company</u>	Note	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2024		57,491	58,539	116,030
Profit for the period		–	23,062	23,062
Total comprehensive income for the period		–	23,062	23,062
Transactions with owners, recognised directly in equity				
<i>Distributions to owners</i>				
Dividends paid	13	–	(25,900)	(25,900)
Total transactions with owners		–	(25,900)	(25,900)
At 30 June 2024		57,491	55,701	113,192
At 1 January 2023		57,491	38,730	96,221
Profit for the period		–	25,566	25,566
Total comprehensive income for the period		–	25,566	25,566
Transactions with owner, recognised directly in equity				
<i>Distributions to owners</i>				
Dividends paid	13	–	(29,600)	(29,600)
Total transactions with owners		–	(29,600)	(29,600)
At 30 June 2023		57,491	34,696	92,187

The accompanying notes form an integral part of these condensed interim financial statements.

PropNex Limited and its Subsidiaries

**Condensed Interim Consolidated Statement of Cash Flows
For the six months ended 30 June 2024**

	Note	Group	
		Six months ended 30 June	
		2024	2023
		\$'000	\$'000
Cash flows from operating activities			
Profit before tax		23,460	27,475
Adjustments for:			
Amortisation of intangible assets	6	149	149
Bad debts written off	6	372	25
Depreciation of plant and equipment	6	252	471
Depreciation of right-of-use assets	6	1,091	1,153
Fair value (gain)/loss on other investments	6	(79)	37
Reversal of derecognition of trade payables	6	449	5,814
Reversal of impairment losses recognised on trade and other receivables	6	(601)	(7,312)
Interest expense	6	13	18
Interest income	6	(2,858)	(1,958)
Operating cash flows before changes in working capital		22,248	25,872
Changes in working capital:			
Trade and other receivables		42,735	79,147
Trade and other payables		(43,829)	(66,586)
Deferred income		136	135
Cash generated from operations		21,290	38,568
Tax paid		(5,008)	(6,842)
Net cash from operating activities		16,282	31,726
Cash flows from investing activities			
Acquisition of plant and equipment	9	(116)	(550)
Interest received		3,127	416
Increase in long-term deposits		(3,290)	–
Acquisition of other investments		(5,414)	–
Decrease in deposits pledged		62	–
Net cash used in investing activities		(5,631)	(134)
Cash flows from financing activities			
Acquisition of non-controlling interests		–	(90)
Dividends paid to owners of the Company	13	(25,900)	(29,600)
Dividends paid to non-controlling interests	13	(563)	–
Interest paid		(13)	(18)
Payment of lease liabilities		(1,091)	(1,148)
Net cash used in financing activities		(27,567)	(30,856)
Net (decrease)/increase in cash and cash equivalents		(16,916)	736
Cash and cash equivalents at beginning of the period		133,355	138,829
Cash and cash equivalents at end of the period		116,439	139,565

The accompanying notes form an integral part of these condensed interim financial statements.

1. Corporate information

PropNex Limited (the “Company”) is incorporated and domiciled in Singapore and its shares are publicly traded on the Mainboard of the Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are the provision of real estate agency services, real estate project marketing services, administrative support services and training/courses.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standards (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 financial year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as disclosed in Note 2.1 below.

The condensed interim financial statements are presented in Singapore Dollar (“\$”) which is the Company’s functional currency and all values in the tables are rounded to the nearest thousand (\$’000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group adopted various new accounting standards, amendments to and interpretations of standards that are effective for annual periods beginning on or after 1 January 2024. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2.2 Use of estimates and judgements

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

There are no critical judgements in the application of accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. The key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

2. Basis of preparation (continued)

2.2 Use of estimates and judgements (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period is as follows:

Revenue recognition on commission income from the resale of Housing and Development Board (“HDB”) properties which is included in real estate agency services.

Management’s judgement is applied in determining when HDB’s approval is granted, thereby representing legal completion has taken place and determining the point of revenue recognition. The Group has used its past experience as well as other publicly available information to estimate the expected legal completion date.

3. Seasonal operations

The Group’s businesses are not significantly affected by seasonal or cyclical factors.

4. Segment information

The Group has four strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they require different marketing strategies. The Group’s Chief Executive Officer (“CEO”), who is the chief operating decision maker, reviews internal management reports of each division at least on a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments:

- Agency services Real estate agency services relate to services rendered in the sale and lease of public and private residential and commercial/industrial properties, including HDB flats and executive condominiums, private condominiums, landed properties, retail shops, offices and factories.
- Project marketing services Real estate project marketing services relate to services rendered in the sale of new private residential development projects for third-party property developers in Singapore as well as overseas.
- Administrative support services Administrative support services relate to the use of space and other ancillary services.
- Training services Training services relate mainly to real estate related courses and training programmes organised by the Group to salespersons.

Information regarding the results of each reportable segment is included below. Performance is measured based on profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group’s CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

PropNex Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

4. Segment information (continued)

Group	Agency services \$'000	Project marketing services \$'000	Administrative support services \$'000	Training services \$'000	Others \$'000	Total \$'000
Six months ended 30 June 2024						
Revenue	333,878	91,266	2,179	1,304	26,804	455,431
Inter-segment revenue	(82,006)	–	(1,040)	–	(26,799)	(109,845)
External revenue	<u>251,872</u>	<u>91,266</u>	<u>1,139</u>	<u>1,304</u>	<u>5</u>	<u>345,586</u>
Finance income	700	132	9	5	2,012	2,858
Depreciation expense	(228)	(44)	(1,020)	(51)	–	(1,343)
Amortisation expense	–	–	–	–	(149)	(149)
Finance costs	–	–	(9)	(4)	–	(13)
Segment profit before tax	<u>18,512</u>	<u>2,065</u>	<u>493</u>	<u>631</u>	<u>1,759</u>	<u>23,460</u>
Other material non-cash items:						
- Bad debts written off	372	–	–	–	–	372
- Reversal of impairment losses recognised on trade and other receivables	(544)	(57)	–	–	–	(601)
- Reversal of derecognition of trade payables	449	–	–	–	–	449
- Net foreign exchange loss	–	24	–	–	–	24
- Fair value gain on other investments	–	–	–	–	(79)	(79)
As at 30 June 2024						
Reportable segment assets	144,545	53,316	1,803	1,809	89,422	290,895
Additions to non-current assets	96	1	–	19	–	116
Reportable segment liabilities	<u>161,868</u>	<u>1,674</u>	<u>3,427</u>	<u>975</u>	<u>3,729</u>	<u>171,673</u>

PropNex Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

4. Segment information (continued)

Group	Agency services \$'000	Project marketing services \$'000	Administrative support services \$'000	Training services \$'000	Others \$'000	Total \$'000
Six months ended 30 June 2023						
Revenue	352,177	113,473	2,194	969	28,449	497,262
Inter-segment revenue	(103,504)	–	(1,033)	–	(28,442)	(132,979)
External revenue	<u>248,673</u>	<u>113,473</u>	<u>1,161</u>	<u>969</u>	<u>7</u>	<u>364,283</u>
Finance income	150	29	–	–	1,779	1,958
Depreciation expense	(441)	(106)	(1,020)	(56)	(1)	(1,624)
Amortisation expense	–	–	–	–	(149)	(149)
Finance costs	–	(1)	(17)	–	–	(18)
Segment profit before tax	<u>21,283</u>	<u>3,935</u>	<u>487</u>	<u>454</u>	<u>1,316</u>	<u>27,475</u>
Other material non-cash items:						
- Bad debts written off	25	–	–	–	–	25
- Reversal of impairment losses recognised on trade and other receivables	(891)	(6,415)	–	(2)	(4)	(7,312)
- Reversal of derecognition of trade payables	5,814	–	–	–	–	5,814
- Net foreign exchange loss	–	13	–	–	–	13
- Fair value loss on other investments	–	–	–	–	37	37
As at 31 December 2023						
Reportable segment assets	166,885	63,896	3,209	1,789	107,284	343,063
Additions to non-current assets	665	35	–	22	–	722
Reportable segment liabilities	<u>206,054</u>	<u>2,083</u>	<u>4,299</u>	<u>773</u>	<u>3,628</u>	<u>216,837</u>

5. Revenue

	Group	
	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Commission income from real estate agency services	251,872	248,673
Commission income from real estate project marketing services	91,266	113,473
Administrative support fee income	1,139	1,161
Courses and related fee income from training services	1,304	969
Technology platform income from services providers	5	7
	<u>345,586</u>	<u>364,283</u>
Timing of revenue recognition:		
Services transferred at a point in time	345,000	363,686
Services transferred over time	586	597
	<u>345,586</u>	<u>364,283</u>

6. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Income		
Interest income	(2,858)	(1,958)
Expenses		
Amortisation of intangible assets	149	149
Depreciation of plant and equipment	252	471
Depreciation of right-of-use assets	1,091	1,153
Net foreign exchange loss	24	13
Bad debts written off	372	25
Reversal of impairment losses recognised on trade and other receivables	(601)	(7,312)
Reversal of derecognition of trade payables ^(a)	449	5,814
Interest expense on lease liabilities	13	18
Fair value (gain)/loss on other investments	(79)	37

^(a) In prior years, the Group derecognised commission payables for impaired trade receivables as the Group does not have obligation to pay its salespersons when the trade receivables were impaired. The Group reversed the previously derecognised commission payables in the consolidated statement of profit or loss when the Group recovered the previously impaired trade receivables.

7. Tax expense

	Group	
	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
<i>Current tax expense</i>		
Current period	3,992	4,676
Under/(over) provision in prior years	9	(149)
	<u>4,001</u>	<u>4,527</u>

8. Earnings per share

Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to owners of the Company and weighted average number of ordinary shares outstanding:

	Group	
	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Profit for the period attributable to owners of the Company	<u>19,001</u>	<u>22,054</u>

	Group	
	Six months ended 30 June	
	2024	2023
	'000	'000
Weighted average number of ordinary shares	<u>740,000</u>	<u>740,000</u>

In accordance with SFRS(I) 1-33 *Earning per Share*, the weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources. The number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented. The Group had accounted for the issuance of bonus shares on 5 May 2023 as if it had occurred on 1 January 2023 which is the beginning of the earliest period presented as the bonus shares were issued to existing shareholders for no additional consideration.

Diluted earnings per share

Diluted earnings per share are the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding during the period.

Notes to the Condensed Interim Financial Statements

9. Plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to \$116,000 (30 June 2023: \$550,000).

10. Trade and other receivables

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Trade receivables				
- third parties	138,132	183,172	–	–
Impairment losses	(1,277)	(2,220)	–	–
	<u>136,855</u>	<u>180,952</u>	<u>–</u>	<u>–</u>
Other receivables				
- third parties	1,006	237	–	–
- subsidiaries	–	–	11,642	1,574
Deposits	396	430	253	253
Accrued interest receivable	1,684	1,853	1,602	1,853
	<u>3,086</u>	<u>2,520</u>	<u>13,497</u>	<u>3,680</u>
	139,941	183,472	13,497	3,680
Prepayments	2,014	1,159	163	39
	<u>141,955</u>	<u>184,631</u>	<u>13,660</u>	<u>3,719</u>

Other receivables comprised mainly advanced payments to the Group's salespersons.

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to credit risk and impairment losses for trade and other receivables are disclosed in Note 14.

11. Cash and cash equivalents and long-term deposits

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Cash at banks and on hand	22,080	35,013	2,046	3,355
Brokerage accounts	159	508	159	508
Short-term deposits	94,200	97,896	55,827	80,561
Cash and cash equivalents in the statements of financial position	<u>116,439</u>	<u>133,417</u>	<u>58,032</u>	<u>84,424</u>
Deposits pledged	–	(62)		
Cash and cash equivalents in the consolidated statement of cash flows	<u>116,439</u>	<u>133,355</u>		
Long-term deposits	<u>18,000</u>	<u>14,710</u>	<u>18,000</u>	<u>14,710</u>

12. Share capital

	Group and Company			
	Number of shares		Amount	
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
	'000	'000	\$'000	\$'000
Fully paid ordinary shares, with no par value:				
At beginning of the period/year	740,000	370,000	57,491	57,491
Issuance of ordinary shares by virtue of bonus issue	–	370,000	–	–
At end of the period/year	740,000	740,000	57,491	57,491

On 5 May 2023, the Company allotted and issued 370,000,000 ordinary shares pursuant to a bonus issue exercise on the basis of one bonus share credited as fully paid for every one ordinary share held by shareholders in the Company.

There were no outstanding share options, treasury shares and subsidiary holdings as at 30 June 2024 and 31 December 2023.

13. Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and the Company:

	Group and Company	
	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Paid by the Company to owners of the Company		
Final dividends for financial year ended 31 December 2023 of \$0.035 per ordinary share	25,900	–
Final dividends for financial year ended 31 December 2022 of \$0.080 per ordinary share	–	29,600
	25,900	29,600

	Group	
	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Paid by a subsidiary to non-controlling interests		
<u>PropNex International Pte. Ltd.</u>		
First interim dividends for financial year ending 31 December 2024 of \$20 per ordinary share	563	–

Notes to the Condensed Interim Financial Statements

14. Financial instruments

14.1 Accounting classifications

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company:

Group	Carrying amount				Total \$'000
	Fair value through other comprehensive income \$'000	Mandatorily at fair value through profit or loss \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	
30 June 2024					
Financial assets					
Other investments	362	5,601	5,414	–	11,377
Trade and other receivables ⁽¹⁾	–	–	139,941	–	139,941
Long-term deposits	–	–	18,000	–	18,000
Cash and cash equivalents	–	–	116,439	–	116,439
	<u>362</u>	<u>5,601</u>	<u>279,794</u>	<u>–</u>	<u>285,757</u>
Financial liabilities					
Trade and other payables ⁽²⁾	–	–	–	(156,856)	(156,856)
Lease liabilities	–	–	–	(1,875)	(1,875)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(158,731)</u>	<u>(158,731)</u>
31 December 2023					
Financial assets					
Other investments	362	5,443	–	–	5,805
Trade and other receivables ⁽¹⁾	–	–	183,472	–	183,472
Long-term deposits	–	–	14,710	–	14,710
Cash and cash equivalents	–	–	133,417	–	133,417
	<u>362</u>	<u>5,443</u>	<u>331,599</u>	<u>–</u>	<u>337,404</u>
Financial liabilities					
Trade and other payables ⁽²⁾	–	–	–	(200,277)	(200,277)
Lease liabilities	–	–	–	(2,966)	(2,966)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(203,243)</u>	<u>(203,243)</u>

⁽¹⁾ Exclude prepayments

⁽²⁾ Exclude provision for unutilised leave

Notes to the Condensed Interim Financial Statements

14. Financial instruments (continued)

14.1 Accounting classifications (continued)

Company	Carrying amount			Total \$'000
	Mandatorily at fair value through profit or loss \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	
30 June 2024				
Financial assets				
Other investments	5,601	5,414	–	11,015
Trade and other receivables ⁽¹⁾	–	13,497	–	13,497
Long-term deposits	–	18,000	–	18,000
Cash and cash equivalents	–	58,032	–	58,032
	5,601	94,943	–	100,544
Financial liabilities				
Trade and other payables ⁽²⁾	–	–	(3,033)	(3,033)
31 December 2023				
Financial assets				
Other investments	5,443	–	–	5,443
Trade and other receivables ⁽¹⁾	–	3,680	–	3,680
Long-term deposits	–	14,710	–	14,710
Cash and cash equivalents	–	84,424	–	84,424
	5,443	102,814	–	108,257
Financial liabilities				
Trade and other payables ⁽²⁾	–	–	(8,386)	(8,386)

⁽¹⁾ Exclude prepayments

⁽²⁾ Exclude provision for unutilised leave

14.2 Fair values

The Group categories fair values into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Notes to the Condensed Interim Financial Statements

14. Financial instruments (continued)

14.2 Fair values (continued)

The financial assets carried at fair values are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Group			
30 June 2024			
Financial assets			
Other investments – at fair value through other comprehensive income	–	–	362
Other investments – mandatorily at fair value through profit or loss	5,601	–	–
	5,601	–	362
31 December 2023			
Financial assets			
Other investments – at fair value through other comprehensive income	–	–	362
Other investments – mandatorily at fair value through profit or loss	5,443	–	–
	5,443	–	362
Company			
30 June 2024			
Financial assets			
Other investments – mandatorily at fair value through profit or loss	5,601	–	–
	5,601	–	–
31 December 2023			
Financial assets			
Other investments – mandatorily at fair value through profit or loss	5,443	–	–
	5,443	–	–

Measurement of fair values

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
30 June 2024			
Other investments – at fair value through other comprehensive income	The fair value is calculated using the net asset value of the investee entity adjusted for the fair value of the underlying assets, where applicable.	Net asset value of the investee entity.	The higher/(lower) of the net asset value of the investee entity, the higher/(lower) of the fair value.

Notes to the Condensed Interim Financial Statements

14. Financial instruments (continued)

14.2 Fair values (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
31 December 2023			
Other investments – at fair value through other comprehensive income	The fair value is calculated using the net asset value of the investee entity adjusted for the fair value of the underlying assets, where applicable.	Net asset value of the investee entity.	The higher/(lower) of the net asset value of the investee entity, the higher/(lower) of the fair value.

14.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers.

The carrying amounts of financial assets represent the Group’s and the Company’s maximum exposures to credit risk. The Group and the Company do not require any collateral in respect of their financial assets.

Trade receivables

The exposure to credit risk for trade receivables is as follows:

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Trade receivables				
- real estate agency services	91,373	128,037	–	–
- real estate project marketing services	46,749	55,124	–	–
- administrative support services	10	11	–	–
Total gross carrying amount	138,132	183,172	–	–
Less: Impairment losses	(1,277)	(2,220)	–	–
Net carrying amount	136,855	180,952	–	–

Expected credit losses (“ECL”) assessment for trade receivables of real estate agency services

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers of real estate agency services, which comprise a very large number of small balances.

Notes to the Condensed Interim Financial Statements

14. Financial instruments (continued)

14.3 Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables of real estate agency services:

<u>Group</u>	Weighted average loss rate %	Gross carrying amount \$'000	Impairment loss allowance		
			Credit- impaired \$'000	Not credit- impaired \$'000	Total \$'000
30 June 2024					
Past due					
- Past due 1 to 30 days	0.01	52,463	–	(2)	(2)
- Past due 31 to 90 days	0.02	23,134	–	(5)	(5)
- Past due 91 to 180 days	0.04	5,708	–	(3)	(3)
- Past due 181 to 270 days	0.43	3,068	–	(13)	(13)
- Past due more than 270 days	1.19	7,000	(1,133)	(70)	(1,203)
		<u>91,373</u>	<u>(1,133)</u>	<u>(93)</u>	<u>(1,226)</u>
31 December 2023					
Past due					
- Past due 1 to 30 days	0.01	73,389	–	(5)	(5)
- Past due 31 to 90 days	0.02	38,724	–	(10)	(10)
- Past due 91 to 180 days	0.05	6,724	–	(5)	(5)
- Past due 181 to 270 days	0.46	2,364	–	(10)	(10)
- Past due more than 270 days	1.62	6,836	(1,977)	(105)	(2,082)
		<u>128,037</u>	<u>(1,977)</u>	<u>(135)</u>	<u>(2,112)</u>

Loss rates are based on actual credit loss experience over the past 3 years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. These scalar factors are calculated using statistical models that determine numeric co-relation of loss rates with relevant economic variables.

Scalar factors are based on actual and forecast gross domestic products at 1.04 (31 December 2023: 1.04) for Singapore.

ECL assessment for trade receivables of real estate project marketing services, administrative support services and training services

These trade receivables comprise mainly recurring customers. The Group assessed the ECL exposure of these receivables based on the historical default rates, the Group's view of current and future conditions corresponding with default rates pertaining to the group of customers. The Group applies the published independent default rate of real estate industry and monitors changes in the default rate by tracking to the published independent research report.

Notes to the Condensed Interim Financial Statements

14. Financial instruments (continued)

14.3 Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables of real estate project marketing services and administrative support services:

<u>Group</u>	Weighted average loss rate %	Gross carrying amount \$'000	Impairment loss allowance		
			Credit- impaired \$'000	Not credit- impaired \$'000	Total \$'000
30 June 2024					
Past due					
- Past due 1 to 30 days	0.11-1.36	25,072	–	(27)	(27)
- Past due 31 to 90 days	0.11-1.36	12,906	–	(14)	(14)
- Past due 91 to 180 days	0.11-1.36	4,759	–	(5)	(5)
- Past due 181 to 270 days	0.11-1.36	1,277	–	(2)	(2)
- Past due more than 270 days	0.11-1.36	2,745	–	(3)	(3)
		46,759	–	(51)	(51)
31 December 2023					
Past due					
- Past due 1 to 30 days	0.11-1.36	14,721	–	(16)	(16)
- Past due 31 to 90 days	0.11-1.36	21,674	–	(24)	(24)
- Past due 91 to 180 days	0.11-1.36	4,642	–	(5)	(5)
- Past due 181 to 270 days	0.11-1.36	7,879	–	(8)	(8)
- Past due more than 270 days	0.11-1.36	6,219	(48)	(7)	(55)
		55,135	(48)	(60)	(108)

Movements in allowance for impairment losses in respect of trade receivables are as follows:

	Group	
	30 June 2024 \$'000	31 December 2023 \$'000
At beginning of the period/year	2,220	9,819
Reversal of impairment losses recognised	(601)	(6,795)
Amounts written off	(342)	(804)
At end of the period/year	1,277	2,220

PropNex Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

15. Net asset value

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Net asset value per ordinary share (cents)	15.98	16.91	15.30	15.68

16. Subsequent events

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

1. Review

The condensed interim financial statements which comprise the condensed interim statements of financial position of the Group and the Company as at 30 June 2024, the condensed interim statements of changes in equity of the Group and the Company and the condensed interim consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows for the six months then ended, and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Condensed Interim Consolidated Statement of Profit or Loss

Revenue

Revenue decreased by \$18.7 million or 5.1% from \$364.3 million in the six months ended 30 June 2023 (“1H2023”) to \$345.6 million in the six months ended 30 June 2024 (“1H2024”) mainly due to decrease in commission income from project marketing services of \$22.2 million. This was a result of lower number of transactions completed for project marketing in 1H2024.

Cost of services rendered

Cost of services decreased by \$16.4 million or 5.0% from \$328.5 million in 1H2023 to \$312.1 million in 1H2024. This was mainly due to the decrease in commission cost to salespersons which was in line with the decrease in revenue.

Gross profit

Gross profit decreased by \$2.3 million or 6.5% from \$35.8 million in 1H2023 to \$33.4 million in 1H2024 which was in line with the decrease in revenue.

Finance income

Finance income increased by \$0.9 million or 46.0% from \$2.0 million in 1H2023 to \$2.9 million in 1H2024 mainly due to the increase in interest income from higher fixed deposit placements in 1H2024.

Staff costs

Staff costs increased by \$2.0 million or 24.8% from \$8.0 million in 1H2023 to \$10.0 million in 1H2024 mainly due to the absence of reversal of over accrual for staff bonus in 1H2024.

Other expenses

Other expenses decreased by \$5.1 million or 41.0% from \$12.4 million in 1H2023 to \$7.3 million in 1H2024. This was mainly due to the decrease in reversal of derecognition of trade payables arising from impaired receivables collected in 1H2024.

Reversal of impairment losses recognised on trade and other receivables

The Group reversed impairment losses on trade and other receivables of \$0.6 million in 1H2024, compared to \$7.3 million in 1H2023, representing a decrease of \$6.7 million or 91.8%.

Profit before tax

As a result of the foregoing, profit before tax decreased by \$4.0 million or 14.6% from \$27.5 million in 1H2023 to \$23.5 million in 1H2024.

Tax expense

Tax expense decreased by \$0.5 million or 11.6% from \$4.5 million in 1H2023 to \$4.0 million in 1H2024 in line with lower profits.

2. Review of performance of the Group (continued)

Condensed Interim Consolidated Statement of Financial Position

Non-current assets

Non-current assets increased by \$1.9 million or 9.8% from \$19.6 million as at 31 December 2023 to \$21.5 million as at 30 June 2024. This was mainly due to the increase in long-term deposits of \$3.3 million, partially offset by the depreciation of right-of-use assets and plant and equipment of \$1.1 million and \$0.3 million respectively.

Current assets

Trade and other receivables decreased by \$42.7 million or 23.1% from \$184.6 million as at 31 December 2023 to \$142.0 million as at 30 June 2024. The decrease was in line with lower revenue in 1H2024.

Cash and cash equivalents decreased by \$17.0 million or 12.7% from \$133.4 million as at 31 December 2023 to \$116.4 million as at 30 June 2024. The decrease was mainly due to payment of dividends of \$26.4 million and purchase of other investments of \$5.4 million, partially offset by net cash from operating activities of \$16.3 million.

As a result, total current assets decreased by \$54.1 million or 16.7% from \$323.5 million as at 31 December 2023 to \$269.4 million as at 30 June 2024.

Non-current liabilities

Non-current liabilities decreased by \$0.7 million or 65.6% from \$1.1 million as at 31 December 2023 to \$0.4 million as at 30 June 2024. This was mainly due to payment of lease liabilities in 1H2024.

Current liabilities

Trade and other payables decreased by \$43.3 million or 21.6% from \$200.7 million as at 31 December 2023 to \$157.4 million as at 30 June 2024. This was mainly due to the decrease in trade payables of \$43.7 million which was in line with lower commission payable to salespersons and revenue.

Current tax liabilities decreased by \$1.0 million or 9.9% from \$10.1 million as at 31 December 2023 to \$9.1 million as at 30 June 2024.

As a result, total current liabilities decreased by \$44.4 million or 20.6% from \$215.7 million as at 31 December 2023 to \$171.3 million as at 30 June 2024.

Equity

Equity attributable to owners of the Company decreased by \$6.9 million or 5.5% from \$125.2 million as at 31 December 2023 to \$118.3 million as at 30 June 2024. This was mainly due to payment of dividends of \$25.9 million, offset by net profit of \$19.0 million in 1H2024.

Other Information Required by Listing Rule Appendix 7.2

2. Review of performance of the Group (continued)

Condensed Interim Consolidated Statement of Cash Flows

Net cash from operating activities was \$16.3 million in 1H2024 as compared to \$31.7 million in 1H2023. The decrease was mainly due to lower cash generated from operations of \$17.3 million.

Net cash used in investing activities was \$5.6 million in 1H2024 as compared to \$0.1 million in 1H2023. The increase was mainly due to the placement of long-term deposits of \$3.3 million and purchase of other investments of \$5.4 million.

Net cash used in financing activities was \$27.6 million in 1H2024 as compared to \$30.9 million in 1H2023. The decrease was mainly due to the decrease in payment of dividends of \$3.1 million.

As a result, there was a net decrease in cash and cash equivalents of \$16.9 million in 1H2024 as compared to a net increase of \$0.7 million in 1H2023.

3. Use of proceeds raised from initial public offering (“IPO”)

Pursuant to the Company’s IPO, the Company received net proceeds of approximately \$38.3 million (“Net Proceeds”). The Board of Directors wishes to provide an update on the use of Net Proceeds as at 30 June 2024 as follows.

Use of Net Proceeds	Allocation of Net Proceeds \$’000	Net Proceeds Utilised \$’000	Balance of Net Proceeds \$’000
Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy	700	696 ⁽¹⁾	4
Enhancement of real estate brokerage business	14,700	13,072 ⁽²⁾	1,628
Expansion in range of business services	12,880	11,878 ⁽³⁾	1,002
Enhancement of technological capabilities	10,000	7,763 ⁽⁴⁾	2,237
	38,280	33,409	4,871

Notes:

- (1) These were mainly investment in overseas franchisees, business trips and due diligence expenses for existing or potential franchisees.
- (2) These were mainly renovation costs incurred for the new office at level 18 of HDB Hub and recruitment expenses for the real estate brokerage business.
- (3) These were mainly expenses incurred by Auction, Collective Sales, Corporate Leasing, Valuation and Good Class Bungalows Departments as well as funding new business initiatives.
- (4) These were mainly expenses incurred for subscriptions of new software, renewal of IT software, purchases of new hardware, expansion and development cost of in-house IT team for software development.

Other Information Required by Listing Rule Appendix 7.2

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

The Company did not disclose any forecast or prospect statement previously.

5. 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.

Private Homes Prices

Overall private residential prices grew at a slower pace in 2Q2024 as the weaker primary market sales and limited project launches weighed on prices. According to the Urban Redevelopment Authority (“URA”), overall private home prices rose by 0.9% quarter on quarter (“QoQ”) in 2Q2024, marking the fourth straight quarter of growth but slowing from the 1.4% increase in 1Q2024. Prices of landed properties rose 1.9% in 2Q2024 compared to the 2.6% increase in 1Q2024, while prices of non-landed properties increased by 0.6% following the 1.0% growth a quarter ago.

On a half year basis, overall private home prices rose by a cumulative 2.3% in 1H2024, slowing from the 3.1% increase in 1H2023. Similarly, prices of landed properties rose 4.5% in 1H2024 while those of non-landed properties were up 1.6%, moderating from the respective increases of 7.0% and 2.0% in 1H2023.

Private Homes Sales Volume

The private resale homes segment shone in 2Q2024 as volumes grew by 41.4% QoQ. The segment posted 3,802 transactions (excluding Executive Condominiums (“ECs”)), which is the highest in eight quarters since 4,236 units were resold in 2Q2022. Of note, private resale homes made up 77.4% of the overall private residential transactions (including new sales, resale, and sub-sales) during the quarter. All in, 6,491 private resale homes were sold in 1H2024, marking a recovery from the two halves of 2023, where 5,598 units and 5,731 units were resold in 1H2023 and 2H2023 respectively.

The pick-up in the private resale volume can be attributed to several factors, including limited suitable new project launches, and the sizable price gap between private new and resale homes which had steered more buyers to the secondary market.

Developers sold 725 units (excluding ECs) in 2Q2024, down 37.7% QoQ from 1,164 units transacted in 1Q2024 due to the absence of major launches in the quarter. On a half year basis, 1,889 private new homes were sold in 1H2024, marking a 44.2% decrease from the 3,383 units moved in 1H2023. The pullback in private new home sales was largely due to fewer launches, with developers placing 634 new units for sale in 2Q2024, compared with 1,304 units (excluding ECs) in 1Q2024.

Private Homes Rentals

Meanwhile, quarterly rentals of private homes dipped by 0.8% in 2Q2024, following a decline of 1.9% in 1Q2024. This is the third straight quarter of rental decline since the URA Rental Index of private residential properties hit a peak in 3Q2023. On a half year basis, rentals fell by 2.7% in 1H2024, compared with the 10.2% increase in 1H2023. The moderation was partly due to the influx of rental stock from strong completions in 2023 which had exerted downward pressure on rents.

Other Information Required by Listing Rule Appendix 7.2

5. **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. (continued)**

HDB Resale Prices

During the quarter, Housing and Development Board (“HDB”) resale flat prices grew at a faster clip on the back of higher transaction volumes while the number of million-dollar HDB resale flats hit a new high in 2Q2024. The HDB Resale Price Index rose by a strong 2.3% QoQ in 2Q2024 after the 1.8% QoQ growth in 1Q2024. This marked the fastest pace of quarterly increase in six quarters. Cumulatively, the HDB Resale Price Index grew by 4.2% in 1H2024, which is higher than the 2.5% increase registered in 1H2023.

HDB Resale Volume

There were 7,352 HDB flats resold in 2Q2024, 12.9% YoY more than the 6,514 resale flats transacted in 2Q2023. Including the 7,068 flats resold in 1Q2024, 14,420 HDB resale flats were transacted in 1H2024, an increase of 6.9% compared to 13,493 in 1H2023.

Outlook

In view of the latest data, the Group has revised its projection for private new homes sales downwards to around 5,500 to 6,000 units (excluding ECs) for 2024. However, given that several sizable projects are slated for launch, the Group is cautiously optimistic that developers' sales could pick up in 2H2024. Some new projects include Sora (launched), Kassia (launched), Emerald of Katong, The Chuan Park, Arina East Residences, the Bukit Timah Link project, Meyer Blue, and Union Square Residences, which collectively offer over 3,300 private new residential units. For 2024, the Group projects that overall private homes prices could rise by 4% to 5%, moderating from the 6.8% increase in 2023.

In the HDB resale segment, the Group expects the demand for HDB resale flats to remain resilient for the rest of the year, with the overall annual HDB resale volume at 28,000 to 29,000 units in 2024.

With a strong leadership team and sizable sales network, the Group continues to be well-positioned to grow its market shares in the different revenue segments. As of 7 August 2024, the Group’s salesforce remains the largest in Singapore with 12,700 salespersons compared to 11,999 as of 1 January 2024. In addition, the Group continues to scale up its salesforce and information technology development and training programmes to drive operational productivity and business growth. Barring any unforeseen circumstances, the Group remains cautiously optimistic about the private residential property outlook in 2024, in view of several support factors such as stabilising home prices; more upcoming new launches; potential pent-up demand due to the softer sales in recent quarters; as well as the prospect of rate cuts by the US Federal Reserve, which will have an impact on borrowing costs and help to improve affordability.

6. **Dividend**

- a. **Any dividend declared (recommended) for the current financial period reported on?**

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	2.25 cents per ordinary share
Dividend Amount	\$16,650,000
Tax Rate	Tax exempt

6. Dividend (continued)

- b. Any dividend declared (recommended) for the corresponding period of the immediately preceding financial year?**

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	2.50 cents per ordinary share
Dividend Amount	\$18,500,000
Tax Rate	Tax exempt

- c. Date payable**

10 September 2024

- d. Books closure date**

28 August 2024 at 5.00 p.m.

- 7. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

8. Interested Person Transactions

The Group does not have a general mandate from shareholders for interested person transactions.

- 9. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company confirmed that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

10. Confirmation pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the condensed interim financial statements for the six months ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Mohamed Ismail S/O Abdul Gafoore
Executive Chairman and Chief Executive Officer

Kelvin Fong Keng Seong
Executive Director and Deputy Chief
Executive Officer

BY ORDER OF THE BOARD

Lee Li Huang
Chief Financial Officer and Company Secretary

13 August 2024