

**POLLUX PROPERTIES LTD.***(Company Registration No. 199904729G)***HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

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

*The contact person for the Sponsor is Ms. Goh Mei Xian, Deputy Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02, Singapore 068896, telephone (65) 6854-6160.*

**The current financial period covers 6 months from 1 April 2015 to 30 September 2015 ("current financial period" or "1H2016") and the comparative financial period covers 6 months from 1 April 2014 to 30 September 2014 ("previous financial period" or "1H2015").**

**1(a) Consolidated income statement**

	Group			
	1H2016	1H2015	Change	
	S\$'000	S\$'000	S\$'000	%
Revenue	27,866	16,973	10,893	64.2
Cost of sales	(24,664)	(15,345)	9,319	60.7
<b>Gross profit</b>	<b>3,202</b>	<b>1,628</b>		
Other income	26	27	(1)	(3.7)
Selling and distribution expenses	-	(3)	3	100.0
General and administrative expenses	(3,130)	(1,404)	1,726	122.9
<b>Profit from operations</b>	<b>98</b>	<b>248</b>		
Finance expenses	(404)	(75)	329	438.7
Share of results of associate, net of tax	*	-	-	-
Share of results of joint venture, net of tax	2,287	2,145	142	6.6
<b>Profit before taxation</b>	<b>1,981</b>	<b>2,318</b>		
Income tax expense	(74)	(30)	44	146.7
<b>Profit for the financial period</b>	<b>1,907</b>	<b>2,288</b>		

\* Amount less than S\$1,000.

**1(a) Consolidated income statement (cont'd)**

**Group**

1H2016	1H2015	Change	
S\$'000	S\$'000	S\$'000	%

Profit attributable to:

Equity holders of the Company	<b>1,907</b>	<b>2,288</b>	(381)	(16.7)
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**Note:**

The following items have been included in arriving at profit/(loss):

**Group**

1H2016	1H2015	Change	
S\$'000	S\$'000	S\$'000	%

Depreciation of investment properties	1,292	4	1,288	NM
Depreciation of property, plant and equipment	291	13	278	NM
Loan interest expenses	393	68	325	477.9
Loss on disposal of property, plant and equipment	-	16	(16)	(100.0)
Allowance for doubtful debts <sup>(1)</sup>	419	-	419	NM

*NM- Not meaningful*

<sup>(1)</sup> The allowance for doubtful debts pertaining to rental deposit.

## Consolidated statement of comprehensive income

	Group			
	1H2016	1H2015	Change	
	S\$'000	S\$'000	S\$'000	%
<b>Profit for the financial period, net of tax</b>	<b>1,907</b>	<b>2,288</b>	(381)	(16.7)
Total comprehensive income for the financial period, net of tax	-	-	-	-
<b>Total comprehensive income for the financial period</b>	<b>1,907</b>	<b>2,288</b>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<b>1,907</b>	<b>2,288</b>	(381)	(16.7)

## 1(b)(i) Statement of financial position

	Group		Company	
	As at 30 September 2015 S\$'000	As at 31 March 2015 S\$'000	As at 30 September 2015 S\$'000	As at 31 March 2015 S\$'000
<b>Non-current assets</b>				
Plant and equipment	2,298	2,489	25	35
Investment properties	53,559	54,851	-	-
Investment in subsidiaries	-	-	*	*
Investment in a joint venture	5,756	3,469	*	*
Investment in an associate	1,000	-	1,000	-
	<b>62,613</b>	<b>60,809</b>	<b>1,025</b>	<b>35</b>
<b>Current assets</b>				
Properties under development	58,029	53,480	-	-
Trade receivables	97	5,790	-	-
Other receivables and deposits	1,768	2,113	1,624	2,039
Prepaid operating expenses	83	290	66	29
Due from subsidiaries	-	-	53,054	55,321
Due from related companies	3,166	796	3,162	796
Cash and cash equivalents	17,433	16,851	256	2,174
	<b>80,576</b>	<b>79,320</b>	<b>58,162</b>	<b>60,359</b>
<b>Total assets</b>	<b>143,189</b>	<b>140,129</b>	<b>59,187</b>	<b>60,394</b>
<b>Equity attributable to owners of the parent</b>				
Share capital	54,959	54,509	54,959	54,509
Revenue reserve	(3,772)	(5,679)	(10,619)	(9,233)
<b>Total equity</b>	<b>51,187</b>	<b>48,830</b>	<b>44,340</b>	<b>45,276</b>
<b>Non-current liabilities</b>				
Loans and borrowings	20,466	33,250	-	-
Deferred tax liabilities	444	444	-	-
	<b>20,910</b>	<b>33,694</b>	<b>-</b>	<b>-</b>

\* Amount less than S\$1,000.

	Group		Company	
	As at 30 September 2015 S\$'000	As at 31 March 2015 S\$'000	As at 30 September 2015 S\$'000	As at 31 March 2015 S\$'000
<b>Current liabilities</b>				
Trade payables	3,723	3,517	-	-
Deferred revenue	38	85	-	-
Loans and borrowings	51,557	37,761	-	-
Other payables and accruals	1,090	1,521	356	627
Provision for taxation	193	230	-	-
Loan from joint venture	14,491	14,491	14,491	14,491
	71,092	57,605	14,847	15,118
<b>Total liabilities</b>	<b>92,002</b>	<b>91,299</b>	<b>14,847</b>	<b>15,118</b>
<b>Total equity and liabilities</b>	<b>143,189</b>	<b>140,129</b>	<b>59,187</b>	<b>60,394</b>

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

Amount repayable in one year or less, or on demand

As at 30 September 2015		As at 31 March 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
51,557	14,491	37,761	14,491

Amount repayable after one year

As at 30 September 2015		As at 31 March 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
20,466	-	33,250	-

**Details of Collaterals:-**

The above borrowings are from financial institutions and are secured by the following:

1. First legal mortgage over the related property held for investment, the related land held for property development and the related development properties;
2. Corporate guarantee by the Company; and
3. Legal assignment over all rights, title, and interests in the related construction contract, insurance policies, performance bond (if any), tenancy agreements, current and future rental income relating to the specified property pledged and sale and purchase agreements in respect of properties under development.

**Cash and cash equivalents consist of the following:**

	<b>As at 30 September 2015</b>	<b>As at 31 March 2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash at banks	1,715	2,763
Cash in project accounts	15,718	14,088
	<b>17,433</b>	<b>16,851</b>

The use of the cash in project accounts is restricted to payments for development expenditure incurred on development properties.

## 1(c) Statement of cash flows

	Group	
	1H2016	1H2015
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	1,981	2,318
Adjustments:		
Depreciation of plant and equipment	291	13
Depreciation of investment properties	1,292	4
Allowance for doubtful debts	419	-
Share of results of joint venture, net of tax	(2,287)	(2,145)
Interest expense	393	68
Loss on disposal of plant and equipment	-	16
Operating cash flows before changes in working capital	2,089	274
Changes in working capital:		
Trade receivables	5,693	1
Other receivables, deposits and prepayments	132	1,262
Deferred revenue	(47)	-
Properties under development	(3,953)	(10,101)
Due from related companies	(2,366)	-
Land held for development properties	-	17,957
Investment properties	-	(4,347)
Trade payables	206	(1,951)
Other payables and accruals	(431)	(1,050)
Cash flows from operations	1,323	2,045
Interest paid	(988)	(1,410)
Income tax paid	(111)	-
<b>Net cash flows from operating activities</b>	224	635
<b>Cash flows from investing activities</b>		
Proceeds from disposal of plant and equipment	-	7
Purchase of plant and equipment	(103)	(38)
Acquisition of investment in associate	(1,000)	-
<b>Net cash flows used in investing activities</b>	(1,103)	(31)

**1(c) Statement of cash flows (cont'd)**

	<b>Group</b>	
	<b>1H2016</b>	<b>1H2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issuance	450	-
Receipts from joint venture	-	47
Advance from a related company	-	879
Repayment of bank term loans	(989)	(5)
Proceeds from bank term loans	2,000	2,614
<b>Net cash flows from financing activities</b>	<b>1,461</b>	<b>3,535</b>
<b>Net increase in cash and cash equivalents</b>	<b>582</b>	<b>4,139</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>16,851</b>	<b>9,711</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>17,433</b>	<b>13,850</b>



**1(d)(i) Statement of changes in equity**

	Attributable to equity holders of the Company		Total equity S\$'000
	Share capital	Revenue reserve	
	S\$'000	S\$'000	
<b>Group</b>			
<b>At 1 April 2014</b>	54,509	(7,797)	<b>46,712</b>
Profit net of tax, representing total comprehensive income for the financial period	-	2,288	<b>2,288</b>
<b>At 30 September 2014</b>	54,509	(5,509)	<b>49,000</b>
<b>At 1 April 2015</b>			
	54,509	(5,679)	<b>48,830</b>
Share issuance	450	-	<b>450</b>
Profit net of tax, representing total comprehensive income for the financial period	-	1,907	<b>1,907</b>
<b>At 30 September 2015</b>	54,959	(3,772)	<b>51,187</b>
<b>Company</b>			
<b>At 1 April 2014</b>	54,509	(8,817)	<b>45,692</b>
Loss net of tax, representing total comprehensive loss for the financial period	-	(910)	<b>(910)</b>
<b>At 30 September 2014</b>	54,509	(9,727)	<b>44,782</b>
<b>At 1 April 2015</b>			
	54,509	(9,233)	<b>45,276</b>
Share issuance	450	-	<b>450</b>
Loss net of tax, representing total comprehensive loss for the financial period	-	(1,386)	<b>(1,386)</b>
<b>At 30 September 2015</b>	54,959	(10,619)	<b>44,340</b>

**1(d)(ii) Details of any changes in the company's share capital arising from the rights issue, bond issue, share buybacks, exercise of share options or warrants, conversion of other assets of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous financial period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Issued and paid-up ordinary shares	Company	
	Number of shares	Issued and paid-up share capital (S\$'000)
Balance at 31 March 2015	622,615,384	54,509
Issuance of new shares <sup>(1)</sup>	4,500,000	450
Balance at 30 September 2015	<u>627,115,384</u>	<u>54,959</u>

(1) Pursuant to the subscription agreement entered into by the Company in relation Stirling Fort Asia Pte. Ltd.(now known as Stirling Fort Capital Pte Ltd), the Company has, on 7 September 2015, issued and allotted 4,500,000 fully paid new ordinary shares in the capital of the Company to Intra-city Development Limited (a nominee company wholly-owned by Elwyn Chan). Please refer to the Company's announcement dated 11 August 2015 for further details.

There were no outstanding convertibles or treasury shares held by the Company as at 30 September 2015 (30 September 2014: Nil).

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

The total number of issued shares (excluding treasury shares) as at 30 September 2015 is 627,115,384 shares (31 March 2015: 622,615,384 shares).

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

Not applicable as the Company does not have any treasury shares.

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

The figures have not been audited or reviewed by the auditors of the Company.

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

Not applicable.

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

The Group has consistently applied the same accounting policies and methods of computation in the consolidated financial statements for the current financial period as compared to the most recently audited consolidated financial statements for the financial year ended 31 March 2015 except that the Group has adopted all the new or revised Financial Reporting Standards (FRS) as mentioned in item 5 below.

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

The Group has adopted the new and revised FRS and interpretations of FRS (INT FTS) that are relevant to its operations and effective for annual period beginning 1 April 2015. The adoption of these FRSs has no material impact on the financial position and results of the current financial period and prior year of the Group.

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

	Group	
	1H 2016	1H 2015
Basic (cents)	0.31	0.37
Diluted (cents)	0.31	0.37
Profit attributable to shareholders ( in S\$'000)	1,907	2,288
Weighted average number of ordinary shares for basic and diluted earnings per share computation ( in '000)	623,181	622,615

Earnings per ordinary share is calculated by dividing the consolidated profit after tax attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the period.

Weighted average number of ordinary shares used in the computation of earnings per share in 1H 2016 has taken into consideration the number of new ordinary shares issued on 7 September 2015.

The basic and diluted earnings per share are the same for 1H2016 and 1H2015 as the Company has no dilutive equity instruments as at 30 September 2015 and 30 September 2014.

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

	As at 30 September 2015	As at 31 March 2015
Net asset value per ordinary share (cents) - Group	8.16	7.84
Net asset value per ordinary share (cents) - Company	7.07	7.27

The calculations of net asset value per ordinary share of the Group and the Company were based on (i) the net asset value of the Group and the Company as at 30 September 2015 and 31 March 2015 respectively; and (ii) 627,115,384 shares and 622,615,384 shares as at 30 September 2015 and 31 March 2015 respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

The Group	1H2016 S\$'000	%	1H2015 S\$'000	%
<b>Type of revenue:</b>				
Sale of development properties (percentage of completion)	25,332	90.9	16,822	99.1
Rental Income				
- Serviced apartment	2,451	8.8	-	-
- Commercial units	83	0.3	151	0.9
Total Revenue	<u>27,866</u>	100.0	<u>16,973</u>	100.0
<b>Cost of Sales:</b>				
Sale of development properties (percentage of completion)	23,515	95.3	15,345	100.0
Serviced apartment	1,149	4.7	-	-
Total Cost of Sales	<u>24,664</u>	100.0	<u>15,345</u>	100.0

## Consolidated income statement

### Revenue

The Group's revenue in 1H2016 comprised revenue from sale of development properties and rental income.

The Group's revenue increased by S\$10.89 million or 64.2%, from S\$16.97 million in 1H2015 to S\$27.87 million in 1H2016. The increase was mainly due to project revenue recognised from the residential projects, namely Metro Loft Residences, Garden Park Residences, Berkeley Residences and Mayfair Residences with the percentage of completion of 89%, 64%, 83% and 26% respectively. In addition, the serviced apartment, Louis Kienne Serviced Residences, contributed S\$2.45 million in revenue in 1H2016. Rental income from commercial units was generated from our 2 retail investment properties located along Balestier Road.

The Group currently has 5 projects ongoing as set out below. The percentage (%) sold is computed based on the number of units sold as at 30 September 2015.

<u>Project Name</u>	<u>Type of Development</u>	<u>Unit Sold (%)</u>
1. Metro Loft Residences	Residential	100%
2. Garden Park Residences	Residential	100%
3. Berkeley Residences	Residential	100%
4. Mayfair Residences	Residential	80%
5. Pavilion Square *	Residential / Commercial	100% / 100%

\*Pavilion Square is a 50% joint venture of mixed development in commercial and residential development.

### Cost of sales and Gross profit

Cost of sales of S\$24.66 million in 1H2016 included S\$23.52 million for the residential projects under construction, namely, Metro Loft Residences, Garden Park Residences, Berkeley Residences and Mayfair Residences. The remaining S\$1.14 million was the cost incurred to operate the serviced apartment.

Gross profit margin increased from 9.6% in 1H2015 to 11.5% in 1H2016. The improvement in gross profit margin was mainly due to higher margin contribution from the operation of the serviced apartment.

### Selling and distribution expenses

There were no selling and distribution expenses incurred in 1H2016 as compared to 1H2015 mainly because most of the development projects are fully sold and are currently in the construction stage. Most of these projects were launched in year 2014.

### General and administrative expenses

General and administrative expenses increased by S\$1.73 million from S\$1.40 million in 1H2015 to S\$3.13 million in 1H2016. General and administrative expenses include staff costs, depreciation expenses, professional fees, directors' fees and office expenses. The increase was mainly due to (i) significant increase in depreciation by S\$1.57 million from S\$0.02 million in 1H2015 to S\$1.59 million in 1H2016 as a result of the depreciation charges incurred for the serviced apartment which commenced operations in December 2014; and (ii) higher staff costs incurred in 1H2016 as a result of the increase in head count of the Group.

### Finance expenses

The increase in finance expenses by S\$0.33 million from S\$0.07 million in 1H2015 to S\$0.40 million in 1H2016 was mainly due to additional borrowings and higher interest rate.

### Share of results of joint venture (net of tax)

The increase in share of results of joint venture (net of tax) by S\$0.14 million from S\$2.15 million in 1H2015 to S\$2.29 million in 1H2016 was mainly due to the recognition of revenue based on percentage of completion for Pavilion Square project.

### Income tax expense

The increase in income tax expense by S\$0.04 million from S\$0.03 million in 1H2015 to S\$0.07 million in 1H2016 was mainly due to higher profit generated by the development property subsidiaries which cannot be offset against losses incurred by other companies in the Group.

### **Statement of Financial Position**

The financial position of the Group remained strong with net assets of S\$51.19 million as at 30 September 2015. The Group's cash and cash equivalents stood at S\$17.43 million as at 30 September 2015 as compared to S\$16.85 million as at 31 March 2015. The increase in cash and cash equivalents was mainly due to additional loan drawdown during the period.

### **Assets**

Total assets stood at S\$143.19 million as at 30 September 2015 as compared to S\$140.13 million as at 31 March 2015.

The increase of S\$3.06 million was mainly due to the increase in:-

- (i) investment in an associate as a result of the subscription by the Company of 300,100 new ordinary shares in the capital of the associate;
- (ii) investment in a joint venture from the share of profit during the current financial period;
- (iii) properties under development which consist of projects under construction;
- (iv) amount due from related companies for the short term advances; and
- (v) cash and cash equivalents from projects sales proceeds.

However, these increases were partially offset by the decrease in:

- (i) plant and equipment due to additional depreciation;
- (ii) investment properties due to additional depreciation incurred by the serviced apartment;
- (iii) trade receivables; and
- (iv) other receivables and deposits.

### **Liabilities**

Total liabilities stood at S\$92.00 million as at 30 September 2015 as compared to S\$91.30 million as at 31 March 2015.

The increase of S\$0.70 million was mainly due to the increase in:-

- (i) total loans and borrowings due to the additional loan drawdown for the construction of the development properties; and
- (ii) trade payables.

These increases were partially offset by the decrease in other payables and accruals.

## Statement of Cash Flows

The Group's cash and cash equivalents increased by S\$0.58 million from S\$16.85 million as at 31 March 2015 to S\$17.43 million as at 30 September 2015 mainly due to the following:-

- 1) Net cash flows from operating activities of S\$0.22 million was mainly due to (i) the decrease in trade receivables as well as other receivables, deposits and prepayments; and (ii) the increase in trade payable. This was partially offset by the increase in (i) amount due from related companies; (ii) properties under development; and (iii) other payables and accruals as well as interest paid.
- 2) Net cash flows from financing activities of S\$1.46 million was mainly due to (i) the proceeds from issuance of new shares; and (ii) the proceeds from bank term loan.

The increase in cash flows from operating activities and financing activities was partially offset by the cash flows used in investing activities mainly for the acquisition of investment in associate.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

Based on a news release published by the Urban Redevelopment Authority on 23 October 2015, the private residential property index fell 1.3 points or 0.9% in 3Q 2015 from the last quarter. This is the eighth continuous quarter of price decrease. With the various property cooling measures still in place, the Group expects prices in the residential property market to continue to moderate in year 2016.

The current property market conditions remain challenging and the Group intends to explore suitable investment opportunities in Singapore and the South East Asia region moving forward.

Barring any unforeseen circumstances, the Group believes that with the continued growth of the operation of Louis Kienne Serviced Residences at 554 Havelock Road as well as the growth of the newly acquired associate fund management company, Stirling Fort Asia Pte Ltd (now known as Stirling Fort Capital Pte Ltd), their revenue streams will widen and provide a stable long term recurring income.

## **11. Dividend**

### **(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

None.

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 30 September 2015.

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

The Group does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920 (1)(a)(ii) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**").

**14. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules**

The board of directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the board of directors which may render the unaudited financial results for the six months ended 30 September 2015 to be false or misleading in any material aspect.

**15. Confirmation by the Company to Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured all the required undertakings from all directors and executive officers of the Company under Rule 720(1) of the Catalist Rules.

**BY ORDER OF THE BOARD OF DIRECTORS**

NICO PURNOMO PO  
EXECUTIVE DIRECTOR

Date: 6 November 2015