

POLLUX PROPERTIES LTD.*(Company Registration No. 199904729G)***HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 (UNAUDITED)**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Advisors Private Limited ("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. Lee Khai Yinn, at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone (65) 6532 3829. SAC Advisors Private Limited is a wholly-owned subsidiary of SAC Capital Private Limited.

The current financial period covers 6 months from 1 April 2016 to 30 September 2016 ("current financial period" or "1H2017") and the comparative financial period covers 6 months from 1 April 2015 to 30 September 2015 ("previous financial period" or "1H2016").

1(a) Consolidated income statement

	Group			
	1H2017	1H2016	Change	
	S\$'000	S\$'000	S\$'000	%
Revenue	18,659	27,866	(9,207)	(33.0)
Cost of sales	(15,949)	(24,664)	(8,715)	(35.3)
Gross profit	2,710	3,202		
Interest income	48	-	48	NM
Other income	14	26	(12)	(46.2)
Marketing and distribution expenses	(19)	-	19	NM
General and administrative expenses	(3,202)	(3,130)	72	2.3
Profit from operations	(449)	98		
Finance costs	(298)	(404)	(106)	(26.2)
Share of result of an associate	6	*	6	NM
Share of result of a joint venture	2,518	2,287	231	10.1
Profit before tax	1,777	1,981		
Income tax expense	-	(74)	(74)	NM
Profit for the financial period	1,777	1,907		

NM- Not meaningful

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

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

Group

1H2017	1H2016	Change	
S\$'000	S\$'000	S\$'000	%

Profit attributable to:

Owners of the Company

1,777	1,907	(130)	(6.8)
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Note:

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

Group

1H2017	1H2016	Change	
S\$'000	S\$'000	S\$'000	%

Depreciation of investment properties	1,292	1,292	-	-
Depreciation of plant and equipment	313	291	22	7.6
Interest expense on bank loans	297	393	(96)	(24.4)
Plant and equipment written off	3	-	3	NM
Allowance for doubtful debts ⁽¹⁾	500	419	81	19.3

NM- Not meaningful

⁽¹⁾ The allowance for doubtful debts pertaining to rental deposit and other receivables.

Consolidated statement of comprehensive income

	Group			
	1H2017	1H2016	Change	
	S\$'000	S\$'000	S\$'000	%
Profit for the financial period, net of tax	1,777	1,907	(130)	(6.8)
Total comprehensive income for the financial period, net of tax	-	-	-	-
Total comprehensive income for the financial period	1,777	1,907		
Total comprehensive income attributable to:				
Owners of the Company	1,777	1,907	(130)	(6.8)

1(b)(i) Balance Sheets

	Group		Company	
	As at 30 September 2016 S\$'000	As at 31 March 2016 S\$'000	As at 30 September 2016 S\$'000	As at 31 March 2016 S\$'000
Non-current assets				
Plant and equipment	1,823	2,138	17	22
Investment properties	50,975	52,267	-	-
Investment in subsidiaries	-	-	*	*
Investment in a joint venture	9,827	7,309	*	*
Investment in an associate	856	850	847	847
	63,481	62,564	864	869
Current assets				
Properties under development	22,084	41,821	-	-
Completed property held for sale	-	626	-	-
Trade receivables	13,502	6,776	-	-
Other receivables and deposits	674	1,166	531	1,032
Prepaid operating expenses	16	204	3	28
Due from subsidiaries	-	-	53,407	54,321
Due from related companies	4,510	3,783	4,510	3,783
Cash and cash equivalents	4,488	9,940	436	1,287
	45,274	64,316	58,887	60,451
Total assets	108,755	126,880	59,751	61,320
Equity attributable to owners of the Company				
Share capital	54,806	54,806	54,806	54,806
Revenue reserve	(2,245)	(4,022)	(11,825)	(10,550)
Total equity	52,561	50,784	42,981	44,256
Non-current liabilities				
Loans and borrowings	18,373	19,433	-	-
Deferred tax liabilities	418	678	-	-
	18,791	20,111	-	-

* Amount less than S\$1,000.

	Group		Company	
	As at 30 September 2016 S\$'000	As at 31 March 2016 S\$'000	As at 30 September 2016 S\$'000	As at 31 March 2016 S\$'000
Current liabilities				
Trade payables	4,923	3,479	-	-
Deferred revenue	68	184	-	-
Other payables and accruals	1,252	3,323	332	626
Provision for taxation	11	11	-	-
Loans and borrowings	16,658	34,497	-	-
Loan from joint venture	14,491	14,491	14,491	14,491
Due to subsidiaries	-	-	1,947	1,947
	37,403	55,985	16,770	17,064
Total liabilities	56,194	76,096	16,770	17,064
Total equity and liabilities	108,755	126,880	59,751	61,320

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 2016		As at 31 March 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
16,658	-	34,497	-

Amount repayable after one year

As at 30 September 2016		As at 31 March 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
18,373	-	19,433	-

Details of Collaterals:-

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

1. First legal mortgage over the related investment properties or the related properties under development;
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 and investment properties.

Cash and cash equivalents consist of the following:

	As at 30 September 2016 S\$'000	As at 31 March 2016 S\$'000
Cash at bank and cash on hand	1,746	3,344
Cash in project accounts	2,742	6,596
	4,488	9,940

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

1(c) Consolidated cash flow statement

	Group	
	1H2017	1H2016
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	1,777	1,981
Adjustments:		
Depreciation of plant and equipment	313	291
Depreciation of investment properties	1,292	1,292
Allowance for doubtful debts	500	419
Share of result of a joint venture	(2,518)	(2,287)
Share of result of an associate	(6)	*
Interest expense	297	393
Plant and equipment written off	3	-
Operating cash flows before changes in working capital	1,658	2,089
Changes in working capital:		
Trade receivables	(6,726)	5,693
Other receivables, deposits and prepayments	180	132
Deferred revenue	(116)	(47)
Properties under development	19,889	(3,953)
Completed property held for sale	626	-
Due from related companies	(727)	(2,366)
Trade payables	1,444	206
Other payables and accruals	(2,071)	(431)
Cash flows from operations	14,157	1,323
Interest paid	(449)	(988)
Income tax paid	(260)	(111)
Net cash flows from operating activities	13,448	224
Cash flows from investing activities		
Purchase of plant and equipment	(1)	(103)
Acquisition of investment in an associate	-	(550)
Net cash flows used in investing activities	(1)	(653)

* Amount less than S\$1,000.

1(c) Consolidated cash flow statement (cont'd)

	Group	
	1H2017	1H2016
	S\$'000	S\$'000
Cash flows from financing activities		
Repayment of loans and borrowings	(18,899)	(989)
Proceeds from loans and borrowings	-	2,000
Net cash flows (used in)/ from financing activities	(18,899)	1,011
Net (decrease)/ increase in cash and cash equivalents	(5,452)	582
Cash and cash equivalents at beginning of financial period	9,940	16,851
Cash and cash equivalents at end of financial period	4,488	17,433

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

	Attributable to owners of the Company		Total equity S\$'000
	Share capital	Revenue reserve	
	S\$'000	S\$'000	
Group			
At 1 April 2015	54,509	(5,679)	48,830
Shares issued for acquisition of an associate	297	-	297
Profit net of tax, representing total comprehensive income for the financial period	-	1,907	1,907
At 30 September 2015	54,806	(3,772)	51,034
At 1 April 2016	54,806	(4,022)	50,784
Profit net of tax, representing total comprehensive income for the financial period	-	1,777	1,777
At 30 September 2016	54,806	(2,245)	52,561
Company			
At 1 April 2015	54,509	(9,233)	45,276
Shares issued for acquisition of an associate	297	-	297
Loss net of tax, representing total comprehensive loss for the financial period	-	(1,386)	(1,386)
At 30 September 2015	54,806	(10,619)	44,187
At 1 April 2016	54,806	(10,550)	44,256
Loss net of tax, representing total comprehensive loss for the financial period	-	(1,275)	(1,275)
At 30 September 2016	54,806	(11,825)	42,981

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	Number of Shares	Issued and paid-up share capital (S\$'000)
Balance as at 30 September 2016 and 31 March 2016	627,115,384	54,806

There was no change in the Company's issued and paid-up share capital from 1 April 2016 to 30 September 2016.

There were no outstanding convertibles or treasury shares held by the Company as at 30 September 2016 (30 September 2015: 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 2016 is 627,115,384 shares (31 March 2016: 627,115,384 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 2016 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 2016. The adoption of these FRS and INT FTS 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	
	1H2017	1H2016
Basic (cents)	0.28	0.31
Diluted (cents)	0.28	0.31
Profit attributable to owners of the Company (in S\$'000)	1,777	1,907
Weighted average number of ordinary shares for basic and diluted earnings per share computation (in '000)	627,115	623,181

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

The basic and diluted earnings per share are the same for 1H2017 and 1H2016 as the Company has no dilutive equity instruments as at 30 September 2016 and 30 September 2015.

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 2016	As at 31 March 2016
Net asset value per ordinary share (cents) - Group	8.38	8.10
Net asset value per ordinary share (cents) - Company	6.85	7.06

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 2016 and 31 March 2016 respectively; and (ii) 627,115,384 shares as at 30 September 2016 and 31 March 2016.

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	1H2017 S\$'000	%	1H2016 S\$'000	%
Type of revenue:				
Sale of development properties (percentage of completion)	15,904	85.3	25,332	90.9
Rental Income				
- Serviced apartment	2,673	14.3	2,451	8.8
- Commercial units	82	0.4	83	0.3
Total Revenue	<u>18,659</u>	100.0	<u>27,866</u>	100.0
Cost of Sales:				
Sale of development properties (percentage of completion)	14,721	92.3	23,515	95.3
Serviced apartment	1,228	7.7	1,149	4.7
Total Cost of Sales	<u>15,949</u>	100.0	<u>24,664</u>	100.0

Consolidated income statement

Revenue

The Group's revenue in 1H2017 comprised revenue from sale of development properties and rental income.

The Group's revenue decreased by S\$9.21 million or 33%, from S\$27.87 million in 1H2016 to S\$18.66 million in 1H2017. The decrease was mainly due to 2 out of 4 development properties have obtained Temporary Occupancy Permit ("TOP") in the previous financial period and the revenue from these development properties have been recognized. In 1H2017, our serviced apartment, Louis Kienne Serviced Residences, contributed S\$2.67 million in revenue. Rental income from commercial units was generated from our 2 retail investment properties located along Balestier Road.

The Group currently has 5 ongoing projects as set out below. The percentage (%) sold is computed based on the number of units sold as at 30 September 2016.

<u>Project Name</u>	<u>Type of Development</u>	<u>Unit Sold (%)</u>	<u>Status</u>
1. Metro Loft Residences	Residential	100%	TOP obtained
2. Garden Park Residences	Residential	100%	TOP obtained
3. Berkeley Residences	Residential	100%	TOP obtained
4. Mayfair Residences	Residential	85%	Construction In Progress
5. Pavilion Square *	Residential / Commercial	100% / 100%	Construction In Progress

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

Cost of sales and Gross profit

Cost of sales of S\$15.95 million in 1H2017 included S\$14.72 million for the residential projects, namely, Garden Park Residences and Mayfair Residences. The remaining S\$1.23 million was the cost incurred to operate the serviced apartment.

Gross profit margin increased from 11.5% in 1H2016 to 14.5% in 1H2017. The improvement in gross profit margin was mainly due to higher margin contribution from the operation of the serviced apartment.

Interest income

Interest income in 1H2017 mainly consists of interest to be received from short term advances to a related company.

Other income

Other income in 1H2017 mainly consists of government incentive, whereas 1H2016 consists of abortive income from the sales of property.

Marketing and distribution expenses

Marketing and distribution expenses in 1H2017 consists mainly the expense incurred for selling the completed property.

General and administrative expenses

There was no significant change to the general and administrative expenses between 1H2017 and 1H2016. General and administrative expenses include staff costs, depreciation expenses, professional fees, directors' fees and office expenses.

Finance costs

The decrease in finance costs by S\$0.10 million from S\$0.40 million in 1H2016 to S\$0.30 million in 1H2017 was mainly due to lower interest rate and the repayment of loan during the financial period.

Share of result of a joint venture

The increase in share of result of a joint venture by S\$0.23 million from S\$2.29 million in 1H2016 to S\$2.52 million in 1H2017 was mainly due to the recognition of revenue based on percentage of completion for Pavilion Square project.

Income tax expense

The decrease in income tax expense in 1H2017 was mainly due to lower profit generated by the development property subsidiaries and utilization of group tax relief to offset against losses incurred by other companies in the Group.

Balance sheets

The financial position of the Group remained strong with net assets of S\$52.56 million as at 30 September 2016. The Group's cash and cash equivalents stood at S\$4.48 million as at 30 September 2016 as compared to S\$9.94 million as at 31 March 2016. The decrease in cash and cash equivalents was mainly due to repayment of bank loans during the period.

Assets

Total assets stood at S\$108.76 million as at 30 September 2016 as compared to S\$126.88 million as at 31 March 2016.

The decrease of S\$18.12 million was mainly due to (i) the sale of completed property; (ii) the decrease in properties under development due to completion of projects under construction; (iii) the decrease in investment properties due to depreciation charges; and (iv) the decrease in cash and cash equivalents. However, the decreases were partially offset by the increase in trade receivables and the increase in investment in a joint venture from the share of result during the financial period.

Liabilities

Total liabilities stood at S\$56.19 million as at 30 September 2016 as compared to S\$76.10 million as at 31 March 2016.

The decrease of S\$19.91 million was mainly due to the repayment of loans and borrowings after the completion of construction for the development properties and decrease in other payables and accruals.

The decreases were partially offset by the increase in trade payables.

Consolidated Cash flow statement

The Group's cash and cash equivalents decreased by S\$5.45 million from S\$9.94 million as at 31 March 2016 to S\$4.49 million as at 30 September 2016 mainly due to the following:-

- 1) Net cash flows from operating activities of S\$13.49 million was mainly due to (i) the decrease in properties under development and completed property held for sale; and (ii) the increase in trade payable. This was partially offset by the increase in (i) trade receivables, (ii) amount due from related companies; and (iii) other payables and accruals as well as (iv) interest paid and income tax paid.
- 2) Net cash flows used in financing activities of S\$18.90 million was mainly due to the repayment of bank term loans.

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 28 October 2016, the private residential property index fell 2.1 points or 1.5% in 3Q 2016 from the last quarter. This is the twelfth 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 2017.

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 associate fund management company, 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

Any dividend declared for the 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 2016.

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

The Group does not have 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**"). The aggregate value of the interested person transactions entered into during the financial period under review was as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$	S\$
Management Fee to Ariva Hospitality Premier Pte. Ltd. (Note A)	102,791	-

(Note A)

Peninsula Park Residences Pte. Ltd. ("Peninsula"), a wholly-owned subsidiary of the Company, has previously entered into a 5-year technical service and hospitality management agreement with Ariva Hospitality Pte. Ltd. ("Ariva") on 14 November 2013 (subject to a further period of 5-year). Subsequently this agreement was assigned by Ariva to Ariva Hospitality Premier Pte. Ltd. ("Ariva Premier") on 8 July 2015. Ariva Premier is an associate of Mr. Nico Purnomo Po, a director and controlling shareholder of the Company. Pursuant to the management agreement, management fee shall be payable by Peninsula to Ariva Premier.

The management agreement has been entered into in accordance with the Group's guidelines and review procedures for interested person transactions.

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 2016 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: 8 November 2016