

POLLUX PROPERTIES LTD.*(Company Registration No. 199904729G)***HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (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. Karen Soh, Managing Director, Corporate Finance, 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 2014 to 30 September 2014 ("current financial period" or "1H2015") and the comparative financial period covers 6 months from 1 April 2013 to 30 September 2013 ("previous financial period" or "1H2014").

1(a) Consolidated income statement

	Group			
	6 Months Ended			
	30 September 2014	30 September 2013	Change	
	S\$'000	S\$'000	S\$'000	%
Revenue	16,973	9,946	7,027	70.7
Cost of sales	(15,345)	(7,747)	7,598	98.1
Gross profit	1,628	2,199		
Other income	27	8	19	237.5
Selling and distribution expenses	(3)	(11)	(8)	(72.7)
General and administrative expenses	(1,404)	(1,292)	112	8.7
Profit from operations	248	904		
Finance expenses	(75)	(39)	36	92.3
Share of results of joint venture	2,145	(292)	2,437	834.6
Profit before taxation	2,318	573		
Income tax expense	(30)	(42)	(12)	(28.6)
Profit for the financial period, net of tax	2,288	531		

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

Group

6 Months Ended

	30 September 2014	30 September 2013	Change	
	S\$'000	S\$'000	S\$'000	%
Discontinued operations				
Loss for discontinued operations, net of tax	-	(136)	(136)	(100.0)
Profit for the financial period	2,288	395		
Profit attributable to:				
Equity holders of the Company	2,288	395	1,893	479.2

Note:

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

Continuing operations

Group

6 Months Ended

	30 September 2014	30 September 2013	Change	
	S\$'000	S\$'000	S\$'000	%
Depreciation of investment property	4	-	4	NM
Depreciation of property, plant and equipment	13	20	(7)	(35.0)
Interest expenses	68	37	31	83.8
Loss on disposal of property, plant and equipment	16	-	16	NM
Expense on discontinue operation	-	136	(136)	(100.0)
Provision for impairment written back	-	(58)	58	100.0

NM- Not meaningful

Consolidated statement of comprehensive income

Group				
6 Months Ended				
	30 September 2014	30 September 2013	Change	
	S\$'000	S\$'000	S\$'000	%
Profit for the financial period, net of tax	2,288	395	1,893	479.2
Total comprehensive income for the financial period, net of tax	-	-	-	NM
Total comprehensive income for the financial period	2,288	395		
Total comprehensive income attributable to:				
Equity holders of the Company	2,288	395	1,893	479.2

NM- Not meaningful

1(b)(i) Statement of financial position

	Group		Company	
	As at 30 September 2014 S\$'000	As at 31 March 2014 S\$'000	As at 30 September 2014 S\$'000	As at 31 March 2014 S\$'000
Non-current assets				
Property, plant and equipment	491	489	42	45
Investment properties	55,169	50,539	-	-
Investment in subsidiaries	-	-	*	*
Investment in joint venture	2,340	195	*	*
	58,000	51,223	42	45
Current assets				
Properties under development	55,153	43,997	-	-
Land held for development property	-	17,957	-	-
Trade receivables	3,590	3,591	-	-
Other receivables and deposits	2,380	3,198	2,337	3,005
Prepaid operating expenses	70	514	70	349
Due from subsidiaries	-	-	51,454	50,080
Due from joint venture	510	557	510	557
Cash and bank balances	13,850	9,711	(22)	1,605
	75,553	79,525	54,349	55,596
Total assets	133,553	130,748	54,391	55,641
Share capital	54,509	54,509	54,509	54,509
Revenue reserve	(5,509)	(7,797)	(9,727)	(8,817)
Total equity	49,000	46,712	44,782	45,692
Non-current liabilities				
Bank term loans	40,841	47,480	-	-
Deferred taxation	374	374	-	-
	41,215	47,854	-	-

	Group		Company	
	As at 30 September 2014 S\$'000	As at 31 March 2014 S\$'000	As at 30 September 2014 S\$'000	As at 31 March 2014 S\$'000
Current liabilities				
Trade payables	3,885	5,836	-	-
Loans and borrowings	29,669	20,421	-	-
Other payables and accruals	874	1,924	730	929
Income tax payable	31	1	-	-
Due to subsidiaries	-	-	-	1,020
Due to a related company	879	-	879	-
Loan from joint venture	8,000	8,000	8,000	8,000
	43,338	36,182	9,609	9,949
Total liabilities	84,553	84,036	9,609	9,949
Total equity and liabilities	133,553	130,748	54,391	55,641

* amount less than S\$1,000.

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 2014		As at 31 March 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
29,669	8,000	20,421	8,000

Amount repayable after one year

As at 30 September 2014		As at 31 March 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
40,841	-	47,480	-

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 land held for property development and development properties.

Cash and cash balances consist of the following:

	As at 30 September 2014 S\$'000	As at 31 March 2014 S\$'000
Cash at bank	132	1,890
Cash in project accounts	13,718	7,821
	13,850	9,711

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

1(c) Statement of cash flows

	Group	
	30 September 2014	30 September 2013
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax from continuing operations	2,318	573
Loss before tax from discontinuing operations	-	(136)
Profit before taxation	2,318	437
Adjustments:		
Depreciation of property, plant and equipment	13	20
Depreciation of investment properties	4	-
Share of results of joint venture, net of tax	(2,145)	(2)
Interest expense	68	-
Loss on disposal of property, plant and equipment	16	-
Operating cash flows before changes in working capital	274	455
Changes in working capital:		
Trade receivables	1	-
Other receivables, deposits and prepayments	1,262	1,025
Property development	(10,101)	3,291
Land held for property development	17,957	-
Investment property	(4,347)	(10,128)
Trade payables	(1,951)	605
Other payables and accruals	(1,050)	-
Cash generated from /(used in) operations	2,045	(4,752)
Interest paid	(1,410)	-
Income tax paid	-	(110)
Net cash flows generated from /(used in) operating activities	635	(4,862)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	7	-
Purchase of property, plant and equipment	(38)	(1)
Net cash flows used in investing activities	(31)	(1)

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

	Group	
	30 September 2014	30 September 2013
	S\$'000	S\$'000
Cash flows from financing activities		
Receipts from Joint venture	47	2,157
Increase in other receivables	-	322
Advance from a director	-	3,047
Advance from a related company	879	-
Repayment of bank term loans	(5)	-
Proceeds from bank term loans	2,614	3,996
Net cash flows generated from financing activities	3,535	9,522
Net increase in cash and cash equivalents	4,139	4,659
Cash and cash equivalents at beginning of period	9,711	7,001
Cash and cash equivalents at end of period	13,850	11,660

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

	Share capital	Revenue reserve	Total Equity
	S\$'000	S\$'000	S\$'000
Group			
At 1 April 2013	54,509	(8,024)	46,485
Profit net of tax, representing total comprehensive income for the financial year	-	395	395
At 30 September 2013	54,509	(7,629)	46,880
At 1 April 2014	54,509	(7,797)	46,712
Profit net of tax, representing total comprehensive income for the financial year	-	2,288	2,288
At 30 September 2014	54,509	(5,509)	49,000
Company			
At 1 April 2013	54,509	(7,918)	46,591
Loss net of tax, representing total comprehensive loss for the financial year	-	(456)	(456)
At 30 September 2013	54,509	(8,374)	46,135
At 1 April 2014	54,509	(8,817)	45,692
Loss net of tax, representing total comprehensive loss for the financial year	-	(910)	(910)
At 30 September 2014	54,509	(9,727)	44,782

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.

There were no changes to the issued share capital of the Company since 31 March 2014. As at 30 September 2014, the issued share capital of the Company was \$54,508,876 comprising 622,615,384 ordinary shares.

There were no outstanding convertibles or treasury shares held by the Company as at 30 September 2014 (30 September 2013 : 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 2014 is 622,615,384 shares (31 March 2014 : 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.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at 30 September 2014. (30 September 2013 : Nil)

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard of 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 2014 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 Financial Reporting Standards (FRS) and interpretations of FRS (INT FTS) that are relevant to its operations and effective for annual period beginning 1 April 2014. 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	
	6 months ended	
	30 September 2014	30 September 2013
Basic (cents)	0.37	0.06
Diluted (cents)	0.37	0.06
Profit attributable to shareholders (in S\$'000)	2,288	395
Weighted average number of shares for basic and diluted earnings per share computation (in '000)	622,615	622,615

<u>Continuing operations</u>	Group	
	6 months ended	
	30 September 2014	30 September 2013
Basic (cents)	0.37	0.06
Diluted (cents)	0.37	0.06
Profit attributable to shareholders (in S\$'000)	2,288	395
Weighted average number of shares for basic and diluted earnings per share computation (in '000)	622,615	622,615

The basic and diluted earnings per share are the same for 1H2015 and 1H2014 as the Company has no dilutive equity instruments as at 30 September 2014 and 30 September 2013.

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 2014	31 March 2014
Net asset value per ordinary share (cents)-Group	7.87	7.50
Net asset value per ordinary share (cents)- Company	7.19	7.34

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 2014 and 31 March 2014 respectively; and (ii) 622,615,384 shares as at 30 September 2014 and 31 March 2014.

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	Half Year			Half Year	
	1 Apr 14 to 30 Sep 14 S\$'000	%		1 Apr 13 to 30 Sep 13 S\$'000	%
Type of revenue:					
Sale of development properties (percentage of completion)	16,822	99.1		9,678	97.3
Rental Income	151	0.9		240	2.4
Investment income	-	-		28	0.3
Total Revenue	16,973	100.0		9,946	100.0

Consolidated income statement

Revenue

The Group's revenue in 1H2015 comprised revenue from sale of development properties and rental income.

The Group's revenue increased by S\$7.03 million or 70.7% from S\$9.95 million in 1H2014 to S\$16.97 million in 1H2015 mainly due to project revenue recognition from the residential projects, namely i) Metro Loft Residences, Garden Park Residences and Berkeley Residences with the percentage of completion of 43%, 29% and 26% respectively as at 30 September 2014. Rental income was generated from our 2 retail investment properties located along Balestier Road.

The Group has launched 6 projects to-date as set out below. The percentage (%) sold is computed based on the number of units sold as at 30 September 2014.

<u>Project Name</u>	<u>Type of Development</u>	<u>Unit Sold (%)</u>
1. Park Residences Kovan	Residential	100%
2. Metro Loft	Residential	100%
3. Garden Park Residences	Residential	97%
4. Berkeley Residences	Residential	100%
5. Mayfair Residences	Residential	70%
6. Pavilion Square *	Residential / Commercial	95% / 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\$15.35 million in 1H2015 related to the residential projects under construction, namely, Metro Loft Residences, Garden Park Residences and Berkeley Residences. The gross profit margin for 1H2015 was approximately 9.6% as compared to 1H2014 of approximately 22.1%. The decrease in gross profit margin was mainly due to lower profit margin recognized from the development projects.

Other income

Other income increased by S\$0.02 million from S\$0.01 million in 1H2014 to S\$0.03 million in 1H2015 mainly due to income from disposal of show units and income from forfeiture of booking fees from customers who did not exercise their options to purchase.

Selling and distribution expenses

Lower selling and distribution expenses incurred in 1H2015 as compared to 1H2014 was mainly because most of the development projects were fully sold and in the construction stage. Most of these projects were launched in 1H2014.

General and administrative expenses

General and administrative expenses increased by S\$0.11 million from S\$1.29 million in 1H2014 to S\$1.40 million in 1H2015. General and administrative expenses include staff costs, depreciation expenses, professional fees, directors' fees and office expenses. The increase was mainly due to higher staff costs incurred in 1H2015 as a result of the increase in head count of the Group.

There was no significant difference for the Group's depreciation charge for plant and equipment as well as investment properties in 1H2015 as compared to 1H2014.

Finance expenses

The increase in finance expenses during the current financial period was mainly due to term loan interest from investment properties at Balestier Road.

Share of results of joint venture

The increase in share of results of joint venture by S\$2.44 million from a loss of S\$0.30 million in 1H2014 to a gain of S\$2.15 million in 1H2015. The increase was mainly due to the recognition of revenue based on percentage of completion for Pavilion Square project.

Loss for discontinued operations

In 1H2014, loss from discontinued operations was in relation to the disposal of subsidiaries by the Company. There was no such activity carried out in 1H2015.

Statement of Financial Position

The financial position of the Group remained strong with net assets of S\$49.00 million as at 30 September 2014. The Group's cash and bank balances stood at S\$13.85 million as at 30 September 2014 as compared to S\$9.71 million as at 31 March 2014. The increase in cash and bank balances was mainly due to proceeds from the residential projects comprising the new buyer's 20% booking fee and exercise option monies from Garden Park Residences and Berkeley Residences.

Assets

Total assets stood at S\$133.55 million as at 30 September 2014 as compared to S\$130.75 million as at 31 March 2014.

The increase of S\$2.80 million was mainly due to:-

- (i) the increase in investment property which are still under construction status located at Havelock Road;
- (ii) the increase in investment in joint venture due to the share of profit during the current financial period;
- (iii) the increase in property under development due to the reclassification of the residential project, Mayfair Residences which was previously classified as land held for development property as a result of commencing of construction work; and
- (iv) the increase in cash and bank balances from projects sales proceeds.

However these increases were partially offset by the decrease in:

- (i) land held for development property due to the reclassification of the residential project, Mayfair Residences, as abovementioned; and
- (ii) other receivables and deposits.

Liabilities

Total liabilities stood at S\$84.55 million as at 30 September 2014 as compared to S\$84.04 million as at 31 March 2014.

The increase of S\$0.51 million was mainly due to:-

- (i) the increase in total loans and borrowings due to the additional loan drawdown for the construction of the Group's investment property; and
- (ii) the increase in the amount due to a related company.

These increases were partially offset by:-

- (i) the decrease in trade payables; and
- (ii) the decrease in other payables and accruals.

Statement of Cash Flows

The Group's cash and cash equivalents increased by S\$4.14 million from S\$9.71 million as at 31 March 2014 to S\$13.85 million as at 30 September 2014 mainly due to the following:-

- 1) Net cash flows generated from operating activities of S\$0.64 million was mainly due to (i) the decrease in land held for property development; and (ii) the decrease in other receivables, deposits and prepayments, partially offset by the increase in (i) investment property; (ii) property development; (iii) trade payables; and (iv) other payables and accruals as well as the interest paid.
- 2) Net cash flows generated from financing activities of S\$3.54 million was mainly due to (i) the receipts from joint venture; (ii) advance from a related company; and (iii) the proceeds from bank term loan for construction of investment properties.

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 1 October 2014, the private residential property index fell 1.3 points or 0.6% in 3Q 2014 from the last quarter. This is the fourth 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 2015.

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

Barring any unforeseen circumstances, the Group is also expecting to commence operation of Louis Kienne Serviced Residences at 554 Havelock Road by the end of November 2014. Hence additional rental income will be expected by the end of the financial year ending 31 March 2015. The Group believes with the operation of service apartments, this will widen its revenue streams and build up a stable recurring income in long run.

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 2014.

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"). Excluding transactions less than S\$100,000, there were no interested person transactions entered into during the financial period ended 30 September 2014.

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

The directors of the Company confirm that, to the best of their 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 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF DIRECTORS

NICO PURNOMO PO
EXECUTIVE DIRECTOR

Date: 7 November 2014