



Annual Report **2011**

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TO BE A PREMIER
MULTI-NATIONAL
CORPORATION
**CREATING ICONIC
LUXURY PROPERTY
DEVELOPMENT**
IN THE REGION.

We are committed to create an innovative landmark development of perennial value to the community and achieve sustainable higher returns to our shareholders.

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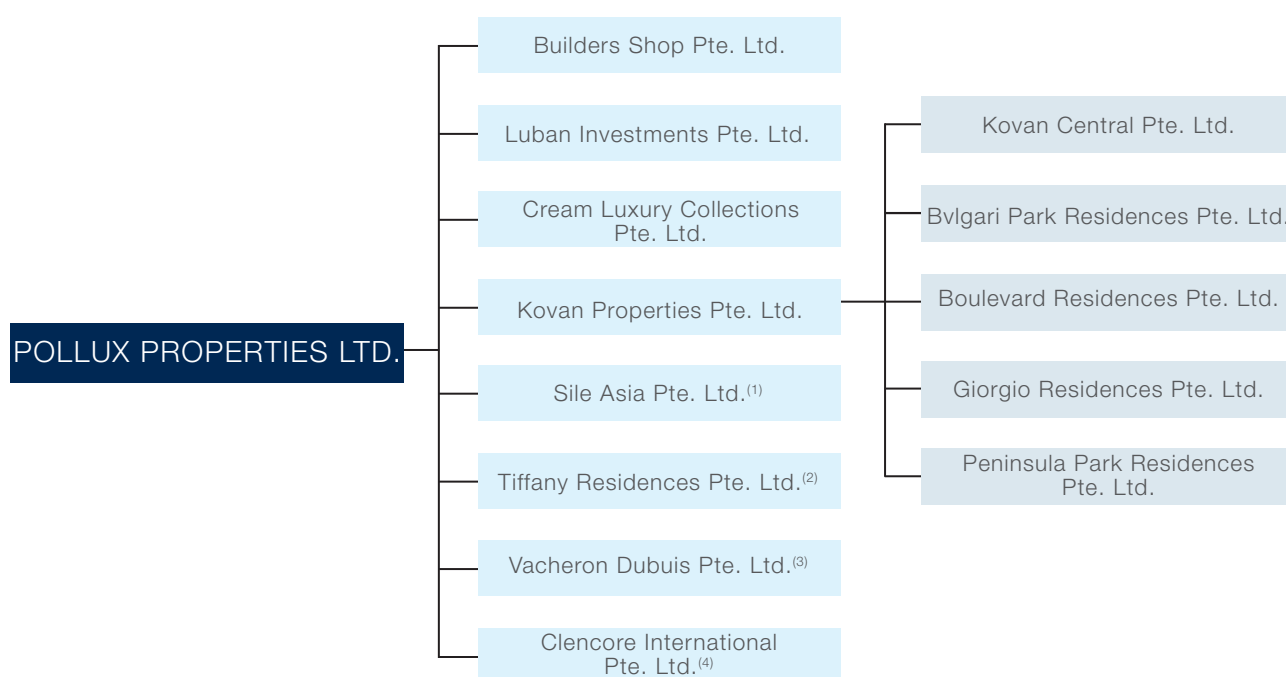
Corporate Profile & Group Structure

Pollux Properties Ltd. is a home-grown property group with an exclusive focus on the development of luxury properties. The Group actively engages in the business of developing upmarket real estate projects, with the main aim of creating homes and lifestyles that fit the philosophy of luxurious and modern living.

Pollux Properties Ltd. was listed on the SGX-SESDAQ on 19 July 2000 as Shining Corporation Ltd. On 1 October 2009, the Company announced its transition to the Catalist Sponsor Supervised Regime and is required to comply with the Section B: Rules of Catalist of the SGX-ST Listing Manual with effect from 2 November 2009. On 22 June 2010, the Company changed its name to "Pollux Properties Ltd." to align with its corporate strategy of entering into its new business segment of Property Development.

The Group has established an enviable track record of profitable accomplishment built up over a period of more than 30 years and will remain a force to be reckoned with under its new name.

The Group recently unveiled its plan for an inaugural project, Park Residences Kovan, an exclusive 41 units freehold development in Upper Serangoon, which is expected to be ready for occupancy by 2015. The Group is also in the midst of completing the acquisition of properties at 554 Havelock Road, 11 Lorong N Telok Kurau, 25 Lorong M Telok Kurau, and 531 East Coast Road. These acquisitions will give the Group a healthy land bank for residential developments over the next few years.



Notes:

All companies are wholly-owned subsidiaries of the Company except for Clencore International Pte. Ltd., which is 80% owned by the Company.

⁽¹⁾ Formerly known as Room Interior Pte Limited

⁽²⁾ Formerly known as Shining Corporation Private Limited

⁽³⁾ Formerly known as Builders Centre Pte Ltd

⁽⁴⁾ Formerly known as Cream Homestore Pte Ltd

Chairman's Message

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of Pollux Properties Ltd. ("Pollux Properties") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2011. This financial year covers 12 months from 1 April 2010 to 31 March 2011 (FY2011).

Successful Transformation

The Group has gone through a successful restructuring and transformation in FY2011. We have been actively acquiring new development sites in recent months. In addition, the Group has undergone a rigorous cost-rationalising exercise, especially on its non-performing business units, to improve its financial performance. The cost-rationalising exercise will be an on-going process within the Group to enhance its bottom line.

The Group's revenue increased by
47% from

S\$18.19 MILLION

in FY2010 to

S\$26.81 MILLION

in FY2011

The Group recorded a net profit of

S\$3.45 MILLION

in FY2011 (as compared to a net loss of

S\$2.98 MILLION

in FY2010)

Operational and Financial Highlights

For the financial year under review, the Group's revenue increased by 47% or S\$8.62 million from S\$18.19 million in FY2010 to S\$26.81 million in FY2011. This was mainly due to the increase in revenue in our Building Materials Division and Home Furnishing Division by S\$4.25 million and S\$7.10 million, respectively, attributable to smooth execution of major projects in both divisions.

As a result of higher turnover and effective cost control measures, the Group recorded a net profit of S\$3.45 million in FY2011 (as compared to a net loss of S\$2.98 million in FY2010) and a healthy balance sheet with cash and bank balances of S\$13.62 million as at 31 March 2011.

Chairman's Message

“The Group will actively seek opportunities in property investment and developments deals.”

Growth strategies

Moving forward, the Group will focus and expand its business in the Property Development Division by undertaking residential property development projects. In addition, the Group will strive to maintain its performance in its ancillary businesses in the Building Materials Division and Home Furnishing Division. The Group will actively seek opportunities in property investment and development deals. Operationally, the Group will continue to improve our administrative and operational efficiencies. The Group will strive to build on this synergistic model to deliver long-term sustainable value to our Shareholders.

Acknowledgements

I would like to thank our management and staff for their passion and hard work in helping to achieve Pollux Properties' vision and mission.

To all our customers and Shareholders, thank you for your continuous support and interest in Pollux Properties. We endeavour to ensure that your confidence in the Company is well-placed.

Mr. Po Sun Kok

Non-Executive Chairman

Property Development

Park Residences Kovan



Overall Day View

Nestled amongst tranquil surroundings, Park Residences Kovan is an exclusive 41-units freehold development located at Upper Serangoon, crafted for the well-heeled and discerning home owner. The luxurious and exquisite development will feature 41 units with four penthouses, two of which adorned with private plunge pools. Each deluxe unit will pamper residents with state-of-the-art fittings and fixtures as well as premium appliances to offer the ultimate contemporary living experience. Residents will be able to relax by a plush roof top pool and enjoy charming communal facilities within the comforts of the development.

Conveniently located within three minutes' walk to Kovan MRT station and easy reach to the PIE, Park Residences Kovan is easily accessible to the City, dining delights, shopping destinations and relaxing beachfronts.

Park Residences Kovan is expected to be ready for occupancy by 2015.



Penthouse



Living view



Master Bed Room

Other Upcoming Projects



531 East Coast Road^(*)



Note:

(*) As of 24 May 2011, the Company has exercised Options to Purchase to acquire 13 units of the freehold property. The Company is in negotiation with owners of the remaining three (3) units for the purchase of the units.

Other Upcoming Projects



11 Lorong N Telok Kurau



Other Upcoming Projects



25 Lorong M Telok Kurau



Other Upcoming Projects



554 Havelock Road



Corporate Information

DIRECTORS

Po Sun Kok
 Nico Purnomo Po
 Tan Kay Kiang
 Lee Eng Kian
 Low Chai Chong (appointed on 1 September 2010)
 Tan Nan Choon (alternate director to Tan Kay Kiang)
 Henry Ho Seng Tin (alternate director to Po Sun Kok,
 appointed on 8 September 2010)
 Gurdaib Singh s/o Pala Singh (resigned on 30 May 2011)

COMPANY SECRETARIES

Ho Wui Mee Marian
 Chew Bee Leng

REGISTERED OFFICE

11 Changi South Street 3
 #04-01 Builders Shop Building
 Singapore 486122
 Tel: (65) 6603 0000
 Fax: (65) 6545 5665

BANKERS

United Overseas Bank Limited
 Bank of China Limited
 Standard Chartered Bank
 Oversea-Chinese Banking Corporation Limited
 Bank of East Asia, Limited

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
 138 Robinson Road
 #17-00 The Corporate Office
 Singapore 068906

AUDITORS

Ernst & Young LLP
 One Raffles Quay
 North Tower, Level 18
 Singapore 048583
 Partner-in-charge: Eleanor Lee
 Date of appointment: Since financial year ended 31 March 2011

CORPORATE GOVERNANCE REPORT

Pollux Properties Ltd. (the "Company") is committed to maintaining a high standard of corporate governance so as to ensure greater transparency and protection of shareholders' interests. The Company supports the principles and spirit of the Code of Corporate Governance 2005 (the "Code"), whilst also recognising that it needs to develop and maintain its own corporate governance processes to meet its specific business needs.

This report outlines the Company's corporate governance processes and structures that were in place during the financial year ended 31 March 2011, with specific reference made to each of the principles of the Code.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Role of the Board

The primary role of the Board of Directors (the "Board") is to protect and enhance long-term value and returns for the shareholders. It approves the Group's strategic plans, key business initiatives, major investments and funding decisions, and ensures the business affairs of the Company and its subsidiaries (the "Group") are effectively managed and conducted by an executive management. The Board has adopted internal guidelines for cheque signatories and operating expenditures to optimise operational efficiency. Additionally, the Board has direct responsibility for decision making in respect of the following corporate events and actions:

- approval of results announcements;
- approval of the annual report and accounts;
- convening of shareholders' meetings; and
- major acquisitions and disposal of assets.

To facilitate effective management, certain functions of the Board have been delegated to various Board committees ("Board Committees"). The Board is assisted by an Audit Committee ("AC") and a Remuneration and Nominating Committee ("RNC"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis.

Board Meetings and Meetings of Board Committees

The Board meets on a half-yearly basis to review the financial performance and approve the release of half year and full year results. Additional meeting of the Board may be held when circumstances require. The Articles of Association of the Company (the "Articles") allow Board meetings to be held via teleconference or videoconference. The Directors normally set dates of the Board meetings in advance.

CORPORATE GOVERNANCE REPORT

Each Director's attendance at meetings of the Board and Board Committees held in the financial year ended 31 March 2011 is as follows.

Name of Directors	Board*		Audit Committee		Remuneration and Nominating Committee	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Po Sun Kok	3	1	3	0	1	0
Nico Purnomo Po	3	3	N.A.	N.A.	N.A.	N.A.
Tan Kay Kiang	3	2	N.A.	N.A.	N.A.	N.A.
Lee Eng Kian	3	3	3	3	1	1
Gurdaib Singh s/o Pala Singh ⁽¹⁾	3	3	3	3	1	1
Low Chai Chong ⁽²⁾	1	1	N.A.	N.A.	N.A.	N.A.

* Refers to meeting held and attended while each Director was in office.

⁽¹⁾ Resigned on 30 May 2011.

⁽²⁾ Appointed on 1 September 2010.

Training

A majority of the current members of the Board have been Directors of the Company for several years and are familiar with its business operations and practices. The Company also provides ongoing education on Board processes, governance practices and updates on changes to laws and regulations. Directors are also encouraged to keep themselves abreast of latest developments relevant to the Company or themselves. Where necessary, the Directors will be updated on new legislations and/or regulations, which are relevant to the Group. Newly appointed Directors will be issued with a formal letter by the Company Secretary explaining their duties and obligations as a Director upon their appointment. The management will also provide new Directors with brief information on the business and organisation structure of the Group.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board presently comprises five (5) Directors of whom two (2) are independent Directors, two (2) are non-executive Directors and one (1) executive Director. The independence of the Directors is reviewed annually by the RNC. The RNC adopts the Code's definition of what constitutes an independent Director in its review. The independent Directors are Mr Lee Eng Kian and Mr Low Chai Chong.

Profile of the Directors is set out at page 24.

The Board is supported by Board Committees, namely the RNC and AC which comprises all non-executive Directors, the majority of whom including the Chairman, are independent. The roles and functions of these Board Committees are described below. The non-executive Directors provide, amongst other things, strategic guidelines to the Company based on their professional knowledge and experience, in particular, assisting constructively challenge and develop proposals on strategy. The Board may arrange for meetings without the management being present at times deemed necessary. The Board is able to exercise objective judgment independently from the management and no individual or small group of individuals dominate the decision of the Board.

CORPORATE GOVERNANCE REPORT

The size and composition of the Board is reviewed on an annual basis by the RNC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the RNC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The RNC then nominates the most suitable candidate who is appointed by the Board of the Company.

The Board as a group has core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

The Board is satisfied that the current size of five (5) Directors is appropriate taking into consideration the nature and scope of the business of the Company.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Non-Executive Chairman and Chief Executive Officer

There is a clear division of roles and responsibilities between the non-executive Chairman, Mr Po Sun Kok and Chief Executive Officer ("CEO"), Mr Nico Purnomo Po. The non-executive Chairman leads and manages the business of the Board whilst the CEO and his team of management staff translate the Board's decisions into executive action. The CEO is responsible for implementing the Group's strategies and policies, making strategic and business investment decisions, the overall management and performance of the Group. The CEO is the son of the non-executive Chairman. Given the separate roles and responsibilities held by them and all major decisions made by the CEO are reviewed by the respective Board Committees chaired by the Independent Directors, the Board is of the opinion that there is a balance of power and authority and the relationship between the non-executive Chairman and CEO does not affect the independence and effective running of the Board.

Board Membership and Performance

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The RNC was formed in June 2003 by the merger of the Nominating Committee and Remuneration Committee of the Company, comprising all non-executive Directors, the majority of whom including the Chairman, are independent.

The current members of the RNC are as follows:

Mr Low Chai Chong – Chairman (appointed on 30 May 2011)
Mr Lee Eng Kian
Mr Po Sun Kok

CORPORATE GOVERNANCE REPORT

The RNC handles both nominating and remuneration matters of the Company. With regard to nominating matters, the RNC pursuant to its written terms of reference shall:

- (a) establish procedures for and make recommendations to the Board on all Board appointments and re-appointments;
- (b) review re-nominations, having regard to the Director's contribution and performance (e.g. attendance, preparedness and participation) including, if applicable, as an independent Director;
- (c) decide whether the Director is able to and has been adequately carrying out his duties as a Director where a Director has multiple board representations;
- (d) review the independence of the Directors on an annual basis;
- (e) establish procedures for the evaluation of the Board's performance and propose objective performance criteria, which shall be approved by the Board;
- (f) assess the effectiveness of the Board as a whole and assess the contribution by each individual Director to the effectiveness of the Board;
- (g) identify gaps in the mix of skills, experience and other qualities required in an effective Board and nominate or recommend suitable candidate(s) to fill these gaps;
- (h) ensure that all Board appointees undergo an appropriate induction programme; and
- (i) review annually the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.

In assessing the suitability of a candidate to be appointed to the Board, the RNC will consider if he is able to make the appropriate contributions to the Board and the Group. The key factors which the RNC will take into consideration are:

- (a) qualifications, industry knowledge and functional expertise which are relevant and beneficial to the Group; and
- (b) extensive experience and business contacts in the industry in which the Group operates.

The RNC's role in respect of remuneration matters are separately discussed under Principle 7 (Procedures for Developing Remuneration Policies).

The RNC regulates its own procedures and in particular the calling and frequency of meetings, the notice to be given of such meetings, the voting and proceedings thereat. The Company also maintains records of the deliberations and proceedings of the RNC.

For the financial year ended 31 March 2011, the RNC held one (1) meeting.

Under the Company's existing Articles, at least one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting ("AGM") of the Company, provided all Directors (except CEO) shall retire by rotation at least once every three (3) years. The CEO shall not be subject to retirement by rotation nor be taken into account in determining the number of Directors to retire.

CORPORATE GOVERNANCE REPORT

Access to Information

Principle 6: In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

All Board members have independent access to the Company Secretaries and also the senior management of the Company. The Company Secretary attends all Board and Board Committee meetings and prepares minutes of meeting of the Board and of the Board Committees which are circulated. The Company Secretaries are also responsible for ensuring that Board procedures and all other rules and regulations applicable to the Company are followed and advise the Board of the requirements of the Company's Articles, the Companies Act, Cap. 50 and the Listing Manual. The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole.

To further ensure that the Board is able to fulfill its responsibilities, the management of the Company provides the Board with a management report containing complete, adequate and timely information prior to Board meetings as well as a report of the Group's ongoing activities.

Each Director has the authority to seek independent professional advice as and when necessary in furtherance of his duties. The appointment of such professional advisors is subject to approval by the Board. Any cost of obtaining such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RNC is tasked to provide a formal, transparent and objective procedure for fixing the remuneration packages of individual Directors and to ensure that the level of remuneration paid by the Company serves to attract, retain and motivate the employees needed to manage the Company successfully. It has access to professional advice from experts outside the Company on executive remuneration matters as and when necessary.

With regard to remuneration matters, the RNC pursuant to its written terms of reference shall:

- (a) review and recommend to the Board a framework of remuneration for Directors and members of senior management. The framework covers Director's fees, basic salaries, allowances, bonuses and benefits in kind;
- (b) review the remuneration packages of all managerial staff that are related to any of the executive Directors;
- (c) review the performance of key senior managers to enable the RNC to determine their annual remuneration, bonus rewards, etc; and
- (d) recommend to the Board in consultation with senior management and the CEO, any long term incentive scheme.

No Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially the executive directors, should be linked to performance.

The Group sets remuneration packages which are competitive and sufficient to attract, retain and motivate Director and senior management with adequate experience and expertise to manage the business and operations of the Group. In setting remuneration packages, the Group takes into account pay and employment conditions within the same industry and in comparable companies. The Group adopts a remuneration policy for executive Director generally comprising a basic salary component as well as a bonus component, which is performance based and seeks to align the interests of the executive Director with those of the shareholders of the Group.

All Directors are paid Directors' fees, determined by the full Board based on the effort, time spent and responsibilities of the Directors. The payment of such fees to the Directors is subject to approval of the Company at each AGM. Non-executive Directors have no service contracts. The executive Director has a service contract, which can be terminated by either the Company or the executive Director giving not less than 3 months notice in writing.

Currently the Company does not have any long-term incentive scheme for its Directors or any employee share option scheme. The RNC will recommend the implementation of incentive schemes as and when it considers appropriate.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives and performances.

A breakdown of the remuneration of the Directors and two (2) key executives (who are not also Directors) for the financial year ended 31 March 2011 are set out below:

Remuneration of Directors for the financial year ended 31 March 2011

Remuneration band and Name of directors	Base/Fixed Salary	Bonus	Directors' Fees	Other Benefits	Total
Above S\$250,000					
Nico Purnomo Po ^{(1) (2)}	62.4%	17.6%	7.5%	12.5%	100%
Below S\$250,000					
Po Sun Kok ⁽¹⁾	0.0%	0.0%	100.0%	0.0%	100%
Tan Kay Kiang	0.0%	0.0%	100.0%	0.0%	100%
Lee Eng Kian	0.0%	0.0%	100.0%	0.0%	100%
Gurdaib Singh s/o Pala Singh ⁽³⁾	0.0%	0.0%	100.0%	0.0%	100%
Low Chai Chong	0.0%	0.0%	100.0%	0.0%	100%

CORPORATE GOVERNANCE REPORT

Remuneration of key executives (who are not also Directors) for the financial year ended 31 March 2011

Name of key executives	Base/Fixed Salary	Bonus	Other Benefits	Total
Below \$250,000				
Tommy Loy Hong	48.4%	36.3%	15.3%	100%
Susie Thng Sock Ching	87.2%	5.6%	7.2%	100%

(1) Mr Po Sun Kok and Mr Nico Purnomo Po are father and son.

(2) Remuneration includes salary and transport allowance paid for the financial year ended 31 March 2011.

(3) Resigned on 30 May 2011.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should prepare a balanced and understandable assessment of the company's performance, position and prospect.

The Board endeavors to ensure that the annual audited financial statements and half yearly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

The management regularly provides the Board with appropriate detailed management accounts of the Group's performance, position and prospects.

Audit Committee

Principle 11: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises three (3) non-executive Directors, the majority of whom including the Chairman are independent.

The current members of the AC are as follows:

Mr Lee Eng Kian – Chairman

Mr Po Sun Kok

Mr Low Chai Chong (appointed on 30 May 2011)

Mr Lee is a practicing member of the Institute of Certified Public Accountants of Singapore who has been in practice for several years. The other members of the AC have many years of experience in senior management positions in both financial and industrial sectors. The Board is of the opinion that the members of the AC are appropriately qualified to discharge their responsibilities.

The AC has full access to and co-operation from the management as well as full discretion to invite any Director or executive Director to attend its meetings and has been given reasonable resources to enable it to perform its functions properly.

CORPORATE GOVERNANCE REPORT

The main objective of the AC is to assist the Board in fulfilling the fiduciary responsibilities of the Company and each of its subsidiaries. The AC pursuant to its written terms of reference shall:

- (a) recommend to the Board the appointment or re-appointment of the external and internal auditors;
- (b) review with the external and internal auditors their audit plans and their evaluation of the system of internal accounting controls and monitor management's response and actions to correct any noted deficiencies;
- (c) evaluate the effectiveness of both the internal and external audit efforts through regular meetings;
- (d) determine that no unwarranted management restrictions are being placed upon the external and internal auditors;
- (e) review the financial statements with management and external auditors (where applicable) for submission to the Board;
- (f) review the half yearly and annual announcements of the results of the Group before submission to the Board for approval;
- (g) report to the Board summarising the work performed by the AC in carrying out its functions;
- (h) review interested person transactions;
- (i) have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- (j) review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external and internal auditors;
- (k) meet with the external and internal auditors, without the presence of the Company's management, at least annually; and
- (l) review the independence of the external and internal auditors annually.

During the financial year ended 31 March 2011, there was no payment made to the external auditors, Ernst & Young LLP, in respect of non-audit services to the Group. The AC has recommended to the Board that Ernst & Young LLP be nominated for reappointment as auditors of the Group at the forthcoming AGM of the Company.

Whistle-Blowing Policy

The Board undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group including a direct channel to the AC, for reporting suspected fraud, corruption, dishonest practices or other similar matters.

The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. On an ongoing basis, the whistle-blowing policy is covered during staff training as part of the Group's efforts to promote fraud control awareness.

The policy and its effectiveness will be reviewed by the AC periodically, with recommendations regarding updates or amendments, if any, being made to the Board as required.

CORPORATE GOVERNANCE REPORT

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The effectiveness of the internal financial control systems and procedures are monitored by the management. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board believes that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Company's management throughout the financial year is adequate to meet the needs of the Company in its current business environment.

Apart from the above, the AC also commissions and reviews the findings of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. During the financial year, the AC, on behalf of the Board, has reviewed the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management on an annual basis. The processes used by the AC to review the effectiveness of the system of internal control and risk management include:

- (a) discussions with the management on risks management;
- (b) the audit processes;
- (c) the review of external and internal audit plans; and
- (d) the review of significant issues raised by the external and internal auditors.

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Company has outsourced its internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The internal auditors report primarily to the AC.

The internal auditors are guided by the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC reviewed the scope of internal audit work and their findings during the financial year and the management's response thereto. The AC will annually assess and ensure the adequacy of internal audit function.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of its obligations to provide timely and fair disclosure of material information to the Singapore Exchange Trading Securities Limited ("SGX-ST") in accordance with the Corporate Disclosure Policy. The Board's policy is that all shareholders should be equally informed on a timely basis of all major developments that impact the Group. Price sensitive information, results and annual reports of the Company are released via SGXNET. A copy of the Annual Report, together with the Notice of AGM, is also sent to every shareholder annually. Such notice is also advertised in the newspaper.

The Board welcomes the views of the shareholders on matters affecting the Company. All Board members, including the chairmen of the AC and RNC, and the auditors are normally available at general meetings of the Company to answer questions from the shareholders. Registered shareholders are invited to attend and participate actively in such meetings. Shareholders can vote in by person or by attending up to two proxies to attend and vote on their behalf at the meetings through proxy forms sent in advance.

The Company's Articles do not allow shareholders to vote in absentia. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Substantially separate issues are tabled in separate resolutions at general meetings. Voting is carried out systemically, and the votes cast and resolutions passed are properly recorded.

The Company Secretary prepares minutes of general meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and management (if any). These minutes will be made available to shareholders upon request.

DEALINGS IN THE COMPANY'S SECURITIES

The Company has issued a guideline on share dealings to all Directors and employees of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1204(18) of Listing Manual (Section B) issued by the SGX-ST, the Company issues a notification to all directors and officers of the Group informing them that they are not allowed to deal in the securities of the Company during the periods commencing one month before the announcement of the Company's half-year or full-year results until after the announcement of the relevant results. In addition, the Company prohibits all directors and officers of the Group from dealing in the Company's shares on short-term consideration or when they are in possession of unpublished price-sensitive information.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has established procedures governing all interested person transactions to ensure that they are properly reviewed and approved.

For the financial year ended 31 March 2011, there were no transactions with interested persons with value more than \$100,000 each which requires disclosure under Rule 907 of the SGX-ST Listing Manual (Section B).

MATERIAL CONTRACTS

Save for the Service Agreement entered into between the Executive Director and the Company, there are no material contracts entered into between the Company and any of its subsidiaries involving the interests of any Director or controlling shareholder subsisting at the end of the financial year ended 31 March 2011 or have been entered into since the end of the previous financial period ended 31 March 2010.

LAND AND BUILDINGS

The Group has 2 freehold properties tenanted out for rental income and 1 development property. The details of the properties are as follows:

Description	Location	Area (sq.m.)
Shop units	432 Balestier Road #01-440/438 Singapore 329813	240
Land	831 Upper Serangoon Road Singapore 534679	1,118.9

Subsequent to the financial year ended 31 March 2011, the Group has signed options to purchase units of another 4 properties, as follows:

1. 11 Lorong N Telok Kurau
2. 25 Lorong M Telok Kurau
3. 554 Havelock Road (Ganges Centre)
4. 531-537 East Coast Road

RISK MANAGEMENT

The Group currently does not have a Risk Management Committee but the management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management together with the internal auditors review all significant control policies and procedures and highlight all significant matters if any, to the Directors and the AC.

NON-SPONSOR FEES

In compliance with Rule 1204 (20) of the SGX-ST Listing Manual (Section B), there was no non-sponsor fee paid to Collins Stewart Pte. Limited and Asian Corporate Advisors Pte. Ltd. for the financial year ended 31 March 2011. With effect from 9 June 2011, Collins Stewart Pte. Limited will act as the Company's Continuing Sponsor, in place of Asian Corporate Advisors Pte. Ltd.

CORPORATE GOVERNANCE REPORT

PROFILE OF THE BOARD OF DIRECTORS

Mr Po Sun Kok

Mr Po Sun Kok, 62, was appointed as non-executive Chairman of the Company on 31 March 2008. He is responsible in leading the Board and steering the strategic direction of the Group.

Mr Po Sun Kok owns and runs a wide ranging group of private corporations with more than 10,000 employees engaged in apparel manufacturing, consumer financial services and real estate interest. He is also the Chairman of GoldenFlowerGroup which has made recent successful forays into high-end residential developments in Singapore. He was last re-elected on 23 April 2008.

Mr Nico Purnomo Po

Mr Nico Purnomo Po, 29, is Chief Executive Officer and is responsible for the management and operation of the Group and implementing the Group's strategies and policies.

He holds a Bachelor's degree in Computing from the National University of Singapore.

Mr Tan Kay Kiang

Mr KK Tan, 65 was appointed as an executive Chairman of the Company on 12 August 1999. On 31 March 2008, he had resigned as executive Chairman but remained as an executive Director. On 31 July 2009, Mr Tan was re-designated as a non-executive Director. He is currently an executive Director of Shining Holdings Group.

Mr Tan holds a Bachelor of Science degree from the Nanyang University. He was last re-elected on 27 April 2009.

Mr Lee Eng Kian

Mr Lee, 40, was appointed a Director of the Company on 22 December 2004. He is a practising member of the Institute of Certified Public Accountants of Singapore. Prior to practicing, Mr Lee had held roles of a Group Financial Controller at a European company and of an audit manager at the Singapore office of Ernst and Young (now Ernst & Young LLP) providing audit and financial consulting services to a range of local and multinational companies. Mr Lee started his career in Andersen Singapore (previously known as Arthur Andersen) in 1995. During his career, he has worked with companies seeking listing on the SGX-ST, as well as been involved in a number of merger and acquisition exercises in Singapore. Mr Lee holds a Bachelor of Accountancy (Honours) from Nanyang Technological University. He was last re-elected on 23 April 2008.

Mr Low Chai Chong

Mr Low Chai Chong, 48, was appointed a Director of the Company on 1 September 2010. He is an Advocate & Solicitor of the Supreme Court of Singapore. He joined Rodyk & Davidson LLP in 1986, and has been with the same firm his entire career. He has over 20 years of legal experience, representing MNCs, financial institutions and listed companies in a wide array of commercial and corporate matters regionally, including dispute resolutions. Mr Low graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree. He is also a Director of Moya Dayen Limited.

CORPORATE GOVERNANCE REPORT

PROFILE OF THE KEY MANAGEMENT STAFF

Loy Hong Tommy

Mr Loy, 48, is the General Manager of Builders Shop Pte. Ltd. He is responsible for overseeing the business operations of the Group. He joined the Group in November 2010. He has more than 20 years experience in the Stone and Tiles industries. Mr Loy has proven track records in project tendering and customer management. He has also successfully handled landmark projects such as Changi Terminal 2 and 3, Singapore Management University, The Coast and The Reflections among his profile.

Susie Thng Sock Ching

Ms Susie Thng, 58, is the Accounting and Finance Manager of the Company. Prior to joining the Company, Ms Thng has been involved in the business of property development, construction and building materials for more than 15 years. She joined the Group in April 2010 and her responsibilities include overseeing the Group's accounts and financial administrative matters. She holds a Diploma in Management from the Singapore Institute of Management.

Financial Statements

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Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Pollux Properties Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2011.

DIRECTORS

The directors of the Company in office at the date of this report are:

Po Sun Kok
 Nico Purnomo Po
 Tan Kay Kiang
 Lee Eng Kian
 Low Chai Chong
 Tan Nan Choon (alternate director to Tan Kay Kiang)
 Henry Ho Seng Tin (alternate director to Po Sun Kok)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
The Company				
Pollux Properties Ltd.				
<i>(Ordinary shares)</i>				
Nico Purnomo Po	—	634,000	167,307,692	167,307,692
Tan Kay Kiang	1,549,920	1,549,920	18,950,400	18,950,400
Tan Nan Choon	2,425,020	2,425,020	—	—
Low Chai Chong	—	—	100,000	100,000
Henry Ho Seng Tin	—	—	220,000	220,000

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2011.

By virtue of Section 7 of the Companies Act, Cap. 50, Mr Nico Purnomo Po is deemed to have interests in shares of the subsidiaries of the Company.

Directors' Report

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (Continued)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, or warrants of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial period, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of financial year.

WARRANTS

On 31 March 2008, the Company issued 167,307,692 new ordinary shares at an issue price of \$0.13 per share and 155,653,846 free warrants pursuant to the Strategic Placement Agreement dated on 10 September 2007. The warrants were issued to Bridgemere Holdings Ltd, a nominee of Citipoint Asia Real Estate Capital Ltd, and both corporations are incorporated in the British Virgin Islands and are wholly owned by Mr Nico Purnomo Po, a director of the Company. The warrants were transferred to Fair Billion Holdings Limited, a nominee of Citipoint Asia Real Estate Capital Ltd on 13 August 2008.

On 23 November 2010, Fair Billion Holdings Limited and DMG & Partners Securities Pte Ltd (placement agent) entered into a placement agreement in which the placement agent has agreed to, on a best effort basis; procure subscriptions for 23,350,000 warrants out of 155,653,846 warrants at a placement price of \$0.003 for each warrant. The placement agreement was completed on 18 January 2011, and that a total of 155,653,846 warrants have been listed and quoted on Catalist, the Singapore Exchange Securities Trading Limited sponsor-supervised trading platform with effect from 9:00 a.m. on 18 January 2011.

Each warrant carries the right to subscribe for one new ordinary share at an exercise price of \$0.13 for each new ordinary share. The warrants are valid for exercise within a period of five years commencing from the first date of issue of the warrants. During the financial year, no warrants were exercised to subscribe for shares of the Company.

AUDIT COMMITTEE

The audit committee (AC) carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the internal and external auditors;
- Reviews the half yearly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors;

Directors' Report

AUDIT COMMITTEE (Continued)

- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual (Section B).

During the financial year, no non-audit services were provided by the external auditors to the Group. The AC has also conducted a review of interested person transactions.

The AC convened three meetings during the financial year and has also met with external auditors and internal auditors, without the presence of the company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

AUDITORS

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors,

Nico Purnomo Po
Director

Tan Kay Kiang
Director

Singapore
20 June 2011

Statement by Directors

We, Nico Purnomo Po and Tan Kay Kiang, being two of the directors of Pollux Properties Ltd., do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Nico Purnomo Po
Director

Tan Kay Kiang
Director

Singapore
20 June 2011

Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

TO THE MEMBERS OF POLLUX PROPERTIES LTD.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Pollux Properties Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 33 to 85, which comprise the balance sheets of the Group and the Company as at 31 March 2011, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flow of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
20 June 2011

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	Year ended 31.3.2011 \$	1.1.2009 to 31.3.2010 \$
Revenue	4	26,806,623	18,192,810
Cost of sales	5	(16,309,317)	(12,666,273)
Gross profit		10,497,306	5,526,537
Other items of income			
Interest income		103,132	188,937
Other operating income	6	1,081,122	1,424,089
Other items of expenses			
Selling and distribution costs		(689,181)	(408,937)
General and administrative expenses		(6,973,998)	(8,808,453)
Other operating expenses	7	(168,105)	(680,617)
Finance costs	8	(74,580)	(163,961)
Profit/(loss) before tax	9	3,775,696	(2,922,405)
Income tax	10	(323,109)	(56,154)
Profit/(loss) for the financial year/period, net of tax		3,452,587	(2,978,559)
Attributable to:			
Owners of the parent		3,184,331	(2,962,004)
Non-controlling interests		268,256	(16,555)
		3,452,587	(2,978,559)
Earnings/(loss) per share attributable to owners of the parent (cents per share)			
– Basic	11	1.02	(0.95)
– Diluted	11	1.02	(0.95)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Year ended 31.3.2011 \$	1.1.2009 to 31.3.2010 \$
Profit/(loss) for the financial year/period, net of tax	3,452,587	(2,978,559)
Other comprehensive income for the financial year/period, net of tax	—	—
Total comprehensive income for the financial year/period	3,452,587	(2,978,559)
Total comprehensive income attributable to:		
Owners of the parent	3,184,331	(2,962,004)
Non-controlling interests	268,256	(16,555)
	3,452,587	(2,978,559)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

AS AT 31 MARCH 2011

		Group	Company		
	Note	2011 \$	2010 \$	2011 \$	2010 \$
Non-current assets					
Plant and equipment	12	991,593	741,821	–	–
Property held for investment	13	3,162,646	3,171,256	–	–
Investment in subsidiaries	14	–	–	4,501,491	4,501,488
Investment securities	15	79,316	71,219	–	–
Retention sums receivable		1,696,805	927,563	–	–
Long-term lease deposit	16	1,489,328	1,445,950	–	–
Deferred lease expenses	16	171,584	214,480	–	–
Fixed deposits pledged	24	1,243,429	1,286,000	–	–
Current assets					
Inventories	17	3,395,503	4,110,743	–	–
Gross amounts due from customers for contract work-in-progress	18	2,086,866	3,372,559	–	–
Land held for property development	19	9,020,265	–	–	–
Trade receivables	20	1,382,494	3,491,600	–	–
Other receivables and deposits	21	783,390	172,219	458,276	28,962
Deposits to suppliers		814,752	2,071,070	–	–
Prepaid operating expenses		58,152	219,400	16,646	21,548
Due from subsidiaries	22	–	–	18,731,405	13,907,315
Due from related parties	23	559,879	697,613	–	–
Cash and cash equivalents	24	13,619,175	19,166,833	11,103,650	17,683,668
		31,720,476	33,302,037	30,309,977	31,641,493
Total assets		40,555,177	41,160,326	34,811,468	36,142,981
Equity and liabilities					
Current liabilities					
Trade payables	25	1,151,992	4,053,069	36,342	13,609
Other payables and accruals	26	2,672,720	3,540,051	970,168	905,481
Provision for taxation		265,564	1,493	–	–
Gross amounts due to customers for contract work-in-progress	18	106,104	200,754	–	–
Advance from customers		822,578	169,756	–	–
Bills payable to banks (secured)	27	482,271	1,538,247	–	–
Due to subsidiaries (non-trade)	28	–	–	1,586,424	1,591,460
Due to related parties	29	76,360	189,396	–	–
		5,577,589	9,692,766	2,592,934	2,510,550
Net current assets		26,142,887	23,609,271	27,717,043	29,130,943
Non-current liability					
Deferred tax liability	10	58,757	1,316	–	–
Total liabilities		5,636,346	9,694,082	2,592,934	2,510,550
Net assets		34,918,831	31,466,244	32,218,534	33,632,431
Equity attributable to owners of the parent					
Share capital	30	38,943,468	38,943,468	38,943,468	38,943,468
Revenue reserve		(4,292,893)	(7,477,224)	(6,724,934)	(5,311,037)
		34,650,575	31,466,244	32,218,534	33,632,431
Non-controlling interests		268,256	–	–	–
Total equity		34,918,831	31,466,244	32,218,534	33,632,431
Total equity and liabilities		40,555,177	41,160,326	34,811,468	36,142,981

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Group	Attributable to equity holders of the parent				Non- controlling interests	Total equity
	Share capital	Revenue reserve	Translation reserve	Total reserves		
	\$	\$	\$	\$	\$	\$
At 1 January 2009	38,943,468	(4,515,220)	23,948	(4,491,272)	168,987	34,621,183
Loss net of tax, representing total comprehensive loss for the financial period	-	(2,962,004)	-	(2,962,004)	(16,555)	(2,978,559)
Liquidation of a subsidiary	-	-	(23,948)	(23,948)	(152,432)	(176,380)
At 31 March 2010 and 1 April 2010	38,943,468	(7,477,224)	-	(7,477,224)	-	31,466,244
Profit net of tax, representing total comprehensive income for the financial period	-	3,184,331	-	3,184,331	268,256	3,452,587
At 31 March 2011	38,943,468	(4,292,893)	-	(4,292,893)	268,256	34,918,831
Company						
At 1 January 2009	38,943,468	(4,762,781)	-	(4,762,781)	-	34,180,687
Loss net of tax, representing total comprehensive loss for the financial period	-	(548,256)	-	(548,257)	-	(548,256)
At 31 March 2010 and 1 April 2010	38,943,468	(5,311,037)	-	(5,311,038)	-	33,632,431
Loss net of tax, representing total comprehensive loss for the financial year	-	(1,413,897)	-	(1,413,896)	-	(1,413,897)
At 31 March 2011	38,943,468	(6,724,934)	-	(6,724,934)	-	32,218,534

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	Year ended 31.3.2011 \$	1.1.2009 to 31.3.2010 \$
Cash flows from operating activities			
Profit/(loss) before tax		3,775,696	(2,922,405)
Adjustments for:			
Allowance for doubtful receivables written back	6	(126,244)	(9,392)
Allowance for inventory obsolescence	17	379,673	92,066
Bad debts written off	7	34,342	7,763
Deferred lease expenses	16	42,896	42,899
Depreciation expenses for plant and equipment	9	207,502	244,908
Depreciation expenses for property held for investment	13	8,610	10,763
Dividend income from quoted investment securities	6	(2,256)	(1,993)
Fair value changes on quoted investment held for trading	6	(8,097)	(26,568)
Impairment loss on doubtful receivables (non-trade)	7	-	17,618
Impairment loss on doubtful receivables (trade)	7	-	177,030
Interest expense	8	5,820	70,361
Interest income		(103,132)	(188,937)
Inventories written down	17	50,466	-
Gain on disposal of plant and equipment	6	(4,651)	-
Loss on liquidation of a subsidiary	7	-	378,941
Plant and equipment written off	7	12,285	36,665
Operating cash flows before working capital changes		4,272,910	(2,070,281)
Decrease/(increase) in:			
Inventories and gross amounts due from/(to) customers for contract work-in-progress		1,476,144	(710,875)
Trade receivables and retention sums receivable		1,388,388	286,796
Due from related parties		137,734	(51,992)
Other receivables, deposits and prepayments		806,396	(2,324,936)
(Decrease)/increase in:			
Development property		(9,020,265)	-
Trade payables		(2,901,077)	(279,523)
Other payables and accruals		(214,509)	2,843,980
Bills payable to banks		(1,055,976)	584,450
Due to related parties		(113,036)	172,313
Cash used in operations		(5,223,291)	(1,550,068)
Decrease/(increase) in restricted fixed deposits		42,571	(535,088)
Income taxes paid		(1,598)	(56,154)
Interest paid		(5,820)	(70,361)
Interest received		103,132	146,819
Net cash flows used in operating activities		(5,085,006)	(2,064,852)
Cash flows from investing activities			
Net cash outflow on liquidation of a subsidiary		-	(78,825)
Dividend income from quoted investments		2,256	1,993
Proceeds from disposal of plant and equipment		5,000	-
Purchase of plant and equipment	12	(469,908)	(450,753)
Net cash flows used in investing activities		(462,652)	(527,585)
Cash flows from financing activities			
Repayment of bank term loans		-	(1,116,114)
Repayment of lease obligations		-	(20,336)
Net cash used in financing activities		-	(1,136,450)
Net decrease in cash and cash equivalents		(5,547,658)	(3,728,887)
Cash and cash equivalents at beginning of financial year/period		19,166,833	22,895,720
Cash and cash equivalents at end of financial year/period	24	13,619,175	19,166,833

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 MARCH 2011

1. CORPORATE INFORMATION

With effect from 22 June 2010, the Company has changed its name from Shining Corporation Ltd to Pollux Properties Ltd.

Pollux Properties Ltd. (the "Company") is a limited liability company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 11, Changi South Street 3, #04-01 Builders Shop Building, Singapore 486122.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

In 2009, the Company has changed its financial year end from 31 December to 31 March, and these financial statements cover the financial year ended 31 March 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

FRS 103 Business Combinations (revised) and FRS 27 Consolidated and Separate Financial Statements (revised)

The revised FRS 103 Business Combinations and FRS 27 Consolidated and Separate Financial Statements are applicable for annual periods beginning on or after 1 July 2009. As of 1 January 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interests at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary company that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary company are allocated to the non-controlling interests even if the losses exceed the non-controlling interests in the subsidiary company's equity; and
- When control over a subsidiary company is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiary companies before 1 January 2010. The changes will affect future transactions with non-controlling interests.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 101 First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters	1 July 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115 Agreements for the Construction of Real Estate	1 January 2011
Updates to The Conceptual Framework for Financial Reporting 2010 (Chapters 1 and 3)	1 March 2011
Amendments to FRS 107 Financial Instruments: Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets	1 January 2012
Improvements to FRSs issued in 2010	
– Amendments to FRS 103 Business Combinations	1 July 2010
– Amendments to FRS 1 Presentation of Financial Statements	1 January 2011
– Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2011

Except for the revised FRS 24 and INT FRS 115, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on the adoption of the revised FRS 24 and INT FRS 115 are described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Standards issued but not yet effective (Continued)

INT FRS 115 Agreements for the Construction of Real Estate

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not classify as construction contracts in accordance with FRS 11 can only be accounted for using the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

2.4 Basis of consolidation

Business combinations from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interests in the acquiree (if any) are recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Basis of consolidation (Continued)

Business combinations from 1 January 2010 (Continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interests (formerly known as minority interests) were measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the parent's company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken to translation reserve through other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in the translation reserve relating to that particular foreign operation is recognised in the income statement.

2.7 Plant and equipment

All items of plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of plant and equipment and borrowing costs that are directly attributable to the acquisition of a qualifying plant and equipment. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Plant and equipment (Continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvement	–	3 – 10 years
Plant and machinery	–	7 years
Construction/warehouse equipment, tools and containers	–	5 – 7 years
Motor vehicles	–	5 – 10 years
Office equipment	–	2 – 5 years
Computers and software	–	3 years
Furniture and fittings	–	10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.8 Property held for investment

Investment properties are properties that are owned by the Group for earning rentals or for capital appreciation. Investment properties are measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to recognition, property held for investment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation for the building is computed on a straight-line basis over the estimated useful life of 30 years.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Group classifies its investment securities as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively, by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. The stage of completion is determined by reference to professional surveys of work performed.

2.15 Development properties

Development properties are properties developed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

The costs of development properties include:

- Freehold rights for land;
- Borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services and other related cost.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing the inventories to their present location and conditions are accounted for on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of other financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in income statement. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) As lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22 (d).

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of products.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue (Continued)

(b) *Building construction and building materials projects*

Accounting policy for recognising revenue is stated in Note 2.14.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

2.23 Income taxes

(a) *Current tax*

Current tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subjected to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Income taxes (Continued)

(b) Deferred tax (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.27 Related party

A party is considered to be related to the Group if:

- (a) The party, directly or indirectly through one or more intermediaries,
 - (i) controls, is controlled by, or is under common control with, the Group;
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Group;

Notes to the Financial Statements

31 MARCH 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Related party (Continued)

- (b) The party is an associate;
- (c) The party is a jointly-controlled entity;
- (d) The party is a member of the key management personnel of the Group or its parent;
- (e) The party is a close member of the family of any individual referred to in (a) or (d);
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amount of the Group's provision for taxation and deferred tax liabilities at 31 March 2011 was \$265,564 (2010: \$1,493) and \$58,757 (2010: \$1,316) respectively.

Notes to the Financial Statements

31 MARCH 2011

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Useful lives of property held for investment, plant and equipment*

Property held for investment, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 – 30 years. The carrying amount of the Group's property held for investment, plant and equipment at 31 March 2011 was \$3,162,646 (2010: \$3,171,256) and \$991,593 (2010: \$741,821) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) *Impairment of loans and receivables – trade debtors*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in the notes to the financial statements.

(c) *Impairment of non-financial assets*

The Group assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) *Recognition of profits on projects*

The Group recognises contract revenue and contract costs by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to professional surveys of work performed.

Significant assumptions are required to estimate the stage of completion. The estimates are made based on past experience and the knowledge of project specialists. The carrying amount of the Group's assets and liabilities arising from construction contracts at the balance sheet date is disclosed in Note 18 to the financial statements.

Notes to the Financial Statements

31 MARCH 2011

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(e) Provision for foreseeable losses on projects

In estimating the foreseeable losses, management makes reference to the information such as (i) current quotes from sub-contractors and suppliers, (ii) recent quotes agreed with sub-contractors and suppliers, (iii) estimates on construction and material costs, and (iv) stages of completion of the contracts.

The Group estimated the stages of completion of the contract by reference to professional surveys of work performed.

4. REVENUE

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Building construction projects	–	2,551,254
Building materials projects	12,484,982	5,274,060
Home furnishing projects	8,867,084	548,048
Sale of building materials	5,127,960	8,259,853
Sale of home furnishing products	326,597	1,559,595
	26,806,623	18,192,810

5. COST OF SALES

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Building construction projects	–	1,413,909
Building materials projects	7,096,796	4,277,895
Home furnishing projects	4,798,672	261,526
Sale of building materials	3,833,846	5,773,387
Sale of home furnishing products	580,003	939,556
	16,309,317	12,666,273

Notes to the Financial Statements

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6. OTHER OPERATING INCOME

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Write back of allowance for doubtful debts	126,244	9,392
Dividend income from quoted securities	2,256	1,993
Fair value changes on quoted investments held for trading (Note 15)	8,097	26,568
Foreign exchange gain, net	–	175,907
Gain on disposal of plant and equipment	4,651	–
Income from labour supply	42,930	238,315
Income from supply of transport	6,989	–
Management fee income from a related party	55,137	54,487
Miscellaneous income	197,321	84,140
Rental income	637,497	833,287
	1,081,122	1,424,089

7. OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating expenses:

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Bad debts written off	34,342	7,763
Foreign exchange loss, net	9,439	–
Impairment loss on doubtful receivables (trade)	–	177,030
Impairment loss on doubtful receivables (non-trade)	–	17,618
Loss on liquidation of a subsidiary	–	402,891
Plant and equipment written off	12,285	36,665

Notes to the Financial Statements

31 MARCH 2011

8. FINANCE COSTS

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Interest expense		
– bank overdrafts	(46)	(990)
– finance lease	–	(1,511)
– term loans	–	(49,126)
– trust receipts/bills payable	(5,774)	(18,734)
	(5,820)	(70,361)
Bank charges	(68,760)	(93,600)
	(74,580)	(163,961)

9. PROFIT/(LOSS) BEFORE TAX

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

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Depreciation of plant and equipment	207,502	244,908
Depreciation of property held for investment	8,610	10,763
Employee benefits expense (Note 33)	3,051,805	3,736,349
Inventories recognised as an expense in cost of sales (Note 17)	3,477,577	5,389,954
Rental expenses	2,269,512	2,844,661

Notes to the Financial Statements

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10. INCOME TAX

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Current income tax		
– Current income taxation	265,564	–
– Under provision in respect of prior years	105	56,154
	265,669	56,154
Deferred tax		
– Origination and reversal of temporary differences	50,416	–
– Under provision in respect of prior years	7,024	–
	57,440	–
	323,109	56,154

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable tax rate for the financial year ended 31 March 2011 and financial period ended 31 March 2010 are as follows:

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Profit/(loss) before tax	3,775,696	(2,922,405)
Tax at statutory tax rate of 17% (2009: 17%)	641,868	(496,809)
Adjustments:		
Effect of partial tax exemption	(38,625)	–
Benefits from previously unrecognised tax losses	(404,127)	–
Deferred tax asset not recognised	144,215	384,307
Expenses not deductible for tax	61,250	128,697
Income not subject to tax	(88,601)	(11,782)
Under provision in respect of prior years	7,129	56,154
Others	–	(4,413)
Income tax recognised in income statement	323,109	56,154

Notes to the Financial Statements

31 MARCH 2011

10. INCOME TAX (Continued)

As at 31 March 2011, the Group has unutilised tax losses of approximately \$1,834,560 (2010: \$3,363,454) available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. No deferred tax asset is recognised in accordance with Note 2.23(b).

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Deferred tax liability		
Deferred tax liability arose from:		
Excess of net book value over tax written down value of plant and equipment	58,757	1,316

11. EARNINGS/(LOSS) PER SHARE

Basic earnings per share amounts are calculated by dividing earnings/(loss) attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing earnings/(loss) for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

There are no potential ordinary shares that are considered dilutive as the average market share price for the financial year is lower than the exercise price of the issued warrants.

The following tables reflect the earnings/(loss) and share data used in the computation of basic and diluted earnings per share for the financial year ended 31 March 2011 and financial period ended 31 March 2010:

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Profit/(loss) for the financial year/period attributable to owners of the parent used in computation of basic and diluted earnings/(loss) per share	3,184,331	(2,962,004)
Weighted average number of ordinary shares for basic earnings/(loss) per share computation	311,307,692	311,307,692
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation	311,307,692	311,307,692

Notes to the Financial Statements

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12. PLANT AND EQUIPMENT

Group	Leasehold improvement \$	Plant and machinery \$	Construction/ warehouse equipment, tools and containers \$	Motor vehicles \$	Office equipment \$	Computers and software \$	Furniture and fittings \$	Total \$
Cost								
At 1 January 2009	589,267	1,753,036	493,216	836,628	190,210	629,072	931,505	5,422,934
Additions	19,510	–	3,600	12,800	49,920	103,764	261,159	450,753
Written off	(85,564)	–	(146,256)	–	(64,614)	(46,791)	(221,757)	(564,982)
Liquidation of a subsidiary	(431,404)	(1,418,880)	–	(85,505)	–	(59,745)	–	(1,995,534)
At 31 March 2010 and 1 April 2010	91,809	334,156	350,560	763,923	175,516	626,300	970,907	3,313,171
Additions	–	–	–	–	54,847	24,982	390,079	469,908
Disposals	–	–	–	(41,800)	–	–	–	(41,800)
Written off	–	–	(32,228)	–	–	–	–	(32,228)
At 31 March 2011	91,809	334,156	318,332	722,123	230,363	651,282	1,360,986	3,709,051
Accumulated depreciation and impairment								
At 1 January 2009	508,265	1,589,181	452,435	730,232	167,709	588,373	635,482	4,671,677
Charge for the period	16,440	–	13,167	60,647	9,495	39,817	105,342	244,908
Written off	(68,995)	–	(146,000)	–	(63,607)	(46,793)	(202,922)	(528,317)
Liquidation of a subsidiary	(431,404)	(1,255,025)	–	(75,946)	–	(54,543)	–	(1,816,918)
At 31 March 2010 and 1 April 2010	24,306	334,156	319,602	714,933	113,597	526,854	537,902	2,571,350
Charge for the year	9,182	–	9,985	18,350	18,362	49,717	101,906	207,502
Disposals	–	–	–	(41,451)	–	–	–	(41,451)
Written off	–	–	(19,943)	–	–	–	–	(19,943)
At 31 March 2011	33,488	334,156	309,644	691,832	131,959	576,571	639,808	2,717,458
Net book value								
At 31 March 2011	58,321	–	8,688	30,291	98,404	74,711	721,178	991,593
At 31 March 2010	67,503	–	30,958	48,990	61,919	99,446	433,005	741,821

Notes to the Financial Statements

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13. PROPERTY HELD FOR INVESTMENT

Balance sheet:

At beginning of the financial year/period
Depreciation charged
As at end of the financial year/period

Income statement:

Rental income from investment properties:
– Minimum lease payments

Direct operating expenses (including repairs and maintenance) arising from:
– Rental generating properties

Group	
2011	2010
\$	\$
3,171,256	3,182,019
(8,610)	(10,763)
3,162,646	3,171,256
128,920	156,150
25,780	31,982

Valuation of investment properties

Investment properties are stated at cost. The fair value of the investment properties has been determined at \$3,300,000 based on a desktop valuation performed as at 25 May 2011. The valuations were performed by Cushman & Wakefield, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

The investment properties held by the Group as at 31 March 2011 are as follows:

Description and Location	Existing Use	Tenure
Two shop units, No. 432 Balestier Road	Shops	Freehold

14. INVESTMENTS IN SUBSIDIARIES

Shares, at cost
Impairment losses
Carrying amount of investments

Company	
2011	2010
\$	\$
9,501,941	9,299,998
(5,000,450)	(4,798,510)
4,501,491	4,501,488

Notes to the Financial Statements

31 MARCH 2011

14. INVESTMENT IN SUBSIDIARIES (Continued)

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2011	2010
Held by the Company				
Shining Construction Private Limited ⁽¹⁾	Building construction activities (inactive)	Singapore	100	100
Builders Shop Pte Ltd	Importer/distributor/retailer/contractor of building materials and products	Singapore	100	100
Luban Investments Pte Ltd	Investment holding	Singapore	100	100
Cream Homestore Pte Ltd ⁽²⁾	Retailing and trading of furniture and home lifestyle products and design	Singapore	80	80
Cream Luxury Collections Pte. Ltd. ^{(3) (4)}	Dormant	Singapore	100	100
Kovan Properties Pte. Ltd. ^{(5) (6)}	Investment holding	Singapore	100	–
Held through subsidiaries				
Builders Centre Pte Ltd ⁽⁷⁾	Hiring out motor vehicles, machinery and equipment and provision of warehousing services	Singapore	100	100
Room Interior Pte Limited ^{(4) (8)}	Dormant	Singapore	100	100
Shenzhen Calo-Enersave Furnishing Co. Ltd ⁽⁹⁾	Dormant	People's Republic of China	54	54
Kovan Central Pte. Ltd. ^{(5) (6)}	Property development	Singapore	100	–
Bvlqari Park Residences Pte. Ltd. ^{(6) (10)}	Property development	Singapore	100	–

Notes to the Financial Statements

31 MARCH 2011

14. INVESTMENT IN SUBSIDIARIES (Continued)

Notes:

- (1) Subsequent to financial year end, Shining Construction Private Limited has changed its name to Tiffany Residences Pte. Ltd. on 9 June 2011.
- (2) Subsequent to financial year end, Cream Homestore Pte Ltd has changed its name to Clencore International Pte. Ltd. on 15 June 2011.
- (3) Cream Luxury Collections Pte. Ltd. was formerly known as Embryo Design Pte Ltd. The change of name took effect from 28 December 2010.
- (4) Not required to be audited as the companies are dormant.
- (5) Kovan Properties Pte. Ltd. and Kovan Central Pte. Ltd. were incorporated on 3 December 2010.
- (6) Not required to be audited as the companies are newly incorporated during the year.
- (7) Subsequent to financial year end, Builders Centre Pte Ltd has changed its name to Vacheron Dubuis Pte. Ltd. on 9 June 2011.
- (8) Subsequent to financial year end, Room Interior Pte Limited has changed its name to Sile Asia Pte. Ltd. on 19 May 2011.
- (9) Shenzhen Calo-Enersave Furnishing Co. Ltd is under liquidation.
- (10) Bvlgari Park Residences Pte. Ltd. was incorporated on 25 March 2011.

15. INVESTMENT SECURITIES

	Group	
	2011	2010
	\$	\$
<i>Held for trading investments</i>		
Equity instruments (quoted)	79,316	71,219

Fair value gain of \$8,097 (2010: \$26,568) on quoted investments held for trading are recognised in income statement.

Notes to the Financial Statements

31 MARCH 2011

16. LONG-TERM LEASE DEPOSIT/DEFERRED LEASE EXPENSES

The long-term lease deposit and deferred lease expenses relate to the disposal of a leasehold building property under a sale and leaseback arrangement in prior years.

	Group	
	2011	2010
	\$	\$
Long-term lease deposit	1,489,328	1,445,950
Movement in long-term lease deposit account		
At beginning of the financial year/period	1,445,950	1,403,835
Interest income	43,378	42,115
As at end of the financial year/period	1,489,328	1,445,950
Deferred lease expenses	171,584	214,480
Movement in deferred lease expenses account		
At beginning of the financial year/period	214,480	257,379
Amortisation	(42,896)	(42,899)
As at end of the financial year/period	171,584	214,480

The long-term lease deposit does not earn interest and is refundable upon the expiry of the lease term in 2014. The fair value of the long-term lease deposit is initially recognised at \$1,247,287 and this is computed using the discounted rate of 3%. At inception, the difference between the fair value and the nominal amount of \$1,676,250 is recorded as deferred lease expenses on the balance sheet.

The deferred lease expenses are amortised through the statement of comprehensive income on a straight line basis over the lease period of 10 years. As at 31 March 2011, the remaining tenure of the long-term lease deposit is 3 years (2009: 4 years). The long-term lease deposit is measured at amortised cost using the effective interest method.

Notes to the Financial Statements

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17. INVENTORIES

	Group	
	2011	2010
	\$	\$
Balance sheet:		
Building materials	3,289,523	3,687,154
Furniture	105,980	423,589
	3,395,503	4,110,743
Income statement:		
Inventories recognised as an expense in cost of sales	3,477,577	5,389,954
Inclusive of the following charge:		
– Inventories written down	50,466	–
– Allowance for inventory obsolescence	379,673	92,066

18. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group	
	2011	2010
	\$	\$
Contract work-in-progress		
Project costs	17,250,970	14,153,248
Attributable profits	10,665,426	4,265,590
	27,916,396	18,418,838
Less: Progress billings	(25,935,634)	(15,247,033)
	1,980,762	3,171,805
Presented as:		
Gross amounts due from customers for contract work	2,086,866	3,372,559
Gross amounts due to customers for contract work	(106,104)	(200,754)
	1,980,762	3,171,805
Retention sums on construction contract included in trade receivables	116,939	218,630

Notes to the Financial Statements

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19. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2011	2010
	\$	\$
Freehold land	8,550,000	–
Development costs	470,265	–
	9,020,265	–

The freehold land under development has been pledged as security for banking facilities in relation to the development of the property.

List of development property

Description and location	% owned	Site area (square feet)	Gross floor area (square feet)	Stage of completion as at date of annual report
Freehold land, 831 Upper Serangoon Road	100 %	12,044	17,000	0%

20. TRADE RECEIVABLES

	Group	
	2011	2010
	\$	\$
Trade receivables	1,808,588	4,129,447
Allowance for doubtful debts	(426,094)	(637,847)
	1,382,494	3,491,600

Trade receivables

Trade receivables are non-interest bearing and are to be settled in cash, generally on 30-90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Notes to the Financial Statements

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20. TRADE RECEIVABLES (Continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$904,672 (2010: \$874,661) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2011	2010
	\$	\$
Trade receivables past due:		
1 to 60 days	353,572	91,639
More than 60 days	551,100	783,022
	904,672	874,661

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2011	2010
	\$	\$
Trade receivables – nominal amounts	718,604	783,090
Less: Allowance for impairment	(426,094)	(637,847)
	292,510	145,243

Movement in allowance accounts

At beginning of the financial year/period	637,847	649,252
Allowance for doubtful receivables written back	(126,244)	(9,392)
Bad debts written off against allowances	(85,509)	(176,147)
Charge for the financial year/period	–	177,030
Written off – liquidation of a subsidiary	–	(2,896)
As at end of the financial year/period	426,094	637,847

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade receivables of the Group are denominated in Singapore Dollars.

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21. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Due from directors	1,951	–	–	–
Miscellaneous deposits	668,660	121,304	439,311	–
Other receivables	112,779	50,915	18,965	28,962
	783,390	172,219	458,276	28,962

Amount due from directors and other receivables are unsecured, interest-free and repayable on demand.

Miscellaneous deposits are unsecured and interest-free. Included in miscellaneous deposits are deposits paid for options to purchase land for development amounting to \$439,311 (2009: Nil).

Other receivables and deposits of the Group and Company are denominated in Singapore Dollars.

22. DUE FROM SUBSIDIARIES

	Company	
	2011	2010
	\$	\$
Due from subsidiaries:		
– Trade	3,740,780	4,160,541
– Non-trade	14,990,625	9,746,774
	18,731,405	13,907,315

Amounts due from subsidiaries are unsecured, interest-free, repayable on demand and denominated in Singapore Dollars.

23. DUE FROM RELATED PARTIES

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Due from related parties:				
– Trade	323,143	697,613	–	–
– Non-trade	236,736	–	–	–
	559,879	697,613	–	–

Amounts due from related parties are unsecured, interest-free, repayable on demand and are denominated in Singapore Dollars.

Notes to the Financial Statements

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24. CASH AND CASH EQUIVALENTS/FIXED DEPOSITS PLEDGED

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Current				
Cash at banks and in hand	3,094,935	1,761,694	590,784	295,417
Fixed deposits	10,524,240	17,405,139	10,512,866	17,388,251
	13,619,175	19,166,833	11,103,650	17,683,668

Cash at banks do not earn interest. Fixed deposits are placed for varying periods between 1 to 3 months (2010: 2 weeks to 12 months) depending on the immediate cash requirements of the Group, and earn interest at the respective fixed deposit rates. The weighted average effective interest rate of fixed deposits is 0.5% (2010: 0.5%) per annum.

Fixed deposits of \$1,243,429 (2010: \$1,236,000) are restricted in use as they are held by a bank in relation to performance bonds issued for the performance of contract by the Company.

Cash and cash equivalents and fixed deposits pledged of the Group and Company are denominated in Singapore Dollars.

25. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Included in trade payables of the Group is an amount of \$110,053 (2010: \$348,546) and \$151,695 (2010: \$795,003) denominated in US dollars and Euros respectively.

Trade payables of the Company are denominated in Singapore Dollars.

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Other payables	210,470	2,616,938	27,383	19,077
Accrued operating expenses	2,462,250	1,092,869	966,688	886,404
	2,672,720	3,709,807	994,071	905,481

Other payables are unsecured, interest-free and repayable on demand.

Other payables and accruals of the Group and Company are denominated in Singapore Dollars.

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27. BILLS PAYABLE TO BANKS (SECURED)

Bills payable to banks are secured by a corporate guarantee by the Company and the effective interest rate for the bills payable is 6.5% (2010: 6.5%) per annum.

Bills payable to banks of the Group are denominated in Singapore Dollars.

28. DUE TO SUBSIDIARIES (NON-TRADE)

These amounts are unsecured, interest-free and repayable on demand.

Amount due to subsidiaries of the Company are denominated in Singapore Dollars.

29. DUE TO RELATED PARTIES

Amounts due to related parties are trade related, unsecured, interest-free and repayable on demand.

Amount due to related parties of the Group are denominated in Singapore Dollars.

30. SHARE CAPITAL

	Group and Company			
	2011		2010	
	No. of shares	\$	No. of shares	\$
Beginning of the financial year/period	<u>311,307,692</u>	<u>38,943,468</u>	311,307,692	38,943,468
As at end of the financial year/period	<u>311,307,692</u>	<u>38,943,468</u>	311,307,692	38,943,468

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

Included in share capital are 155,653,846 warrants that were issued on 31 March 2008 together with 167,307,692 new ordinary shares. Each warrant entitles the holder to subscribe for 1 new ordinary share at an exercise price of \$0.13 during the exercise period (5 years commencing from the first date of issue of the warrants).

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31. COMMITMENTS

(a) Operating lease commitments – as lessee

The Group has entered into various operating lease agreements for leasehold land, offices and other facilities. These leases have an average tenure of between 2 and 10 years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in the income statement for the financial year ended 31 March 2011 amounted to \$2,269,512 (2010: \$2,844,661).

Future minimum rental payables under non-cancellable operating leases as at 31 March are as follows:

	Group	
	2011 \$'000	2010 \$'000
Not later than 1 year	2,592	2,152
Later than 1 year but not later than 5 years	6,664	8,207
Later than 5 years	–	674
	9,256	11,033

(b) Operating lease commitments – as lessor

The Group has entered into various operating sub-lease agreements for its leasehold land and offices. These non-cancellable leases have remaining lease terms of between 1 to 5 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows:

	Group	
	2011 \$'000	2010 \$'000
Not later than 1 year	354	598
Later than 1 year but not later than 5 years	291	146
	650	744

(c) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2011 \$'000	2010 \$'000
Property development contracts:		
Approved and contracted for	718	–

Notes to the Financial Statements

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32. CONTINGENCIES

Financial support to subsidiary

As at 31 March 2011, the Company has undertaken to provide continuing financial support to its subsidiaries, Luban Investments Pte Ltd and Cream Luxury Collections Pte. Ltd., which have net liabilities of \$394,689 (2010: \$497,785) and \$289,347 (2010: \$370,010) respectively.

Guarantees

As at 31 March 2011, guarantees issued to banks by the Company in respect of banking facilities extended to subsidiaries amounted to \$21,220,000 (2010: \$8,845,000), of which the amounts utilised by the subsidiaries was \$482,271 (2010: \$2,119,207).

The Company has provided guarantees to banks and an insurance company in relation to performance bonds of \$2,548,016 (2010: \$2,548,016) issued for the performance of contracts by subsidiaries of the Company.

33. EMPLOYEE BENEFITS

Employee benefits expense (including executive directors):

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Salaries and bonuses	2,806,725	3,350,254
CPF contributions	220,062	246,591
Other short-term benefits	25,018	219,463
	3,051,805	3,816,308
Less: Staff costs capitalised under work-in-progress	–	(79,959)
	3,051,805	3,736,349

The above includes directors' remuneration shown in Note 34.

Notes to the Financial Statements

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34. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the financial year/period at terms agreed between the parties:

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Purchases from related parties	136,784	306,686
Rental income from related parties	188,657	277,620
Sale of vehicle to a related party	5,000	–
Management fees from a related party	55,137	–
Sales to related parties	69,577	144,021
Purchases on behalf for a related party	44,597	–
Payment of behalf for utilities	21,852	–

(b) Compensation of key management personnel

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Short-term employee benefits	416,108	1,521,489
CPF contributions	7,935	50,675
Other short-term benefits	126,333	110,000
Total compensation paid to key management personnel	550,376	1,682,164
Comprise amounts paid to:		
Directors of the company	404,466	712,312
Other key management personnel	145,910	969,852
	550,376	1,682,164

Notes to the Financial Statements

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35. SEGMENT INFORMATION

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

- I. The Construction segment is involved in construction activities for public and private projects.
- II. The Building Materials segment is an importer/distributor/retailer/contractor of building materials and products, in particular, building finishes.
- III. The Rental Services segment is involved in renting of properties, hiring out motor vehicles, machinery and equipment and provision of warehousing services.
- IV. The Home Furnishing segment focuses on retailing and trading of furniture and home lifestyle products and designs.
- V. The Property Development segment is involved in acquisition and development of properties for sale.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements

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35. SEGMENT INFORMATION (Continued)

	Building construction		Building materials		Rental services		Home furnishing		Property development		Adjustments and eliminations		Note	Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010		2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
Revenue:															
External customers	-	2,551,254	17,612,942	13,533,913	137,290	161,532	9,193,681	2,107,643	-	-	(137,290)	(161,532)	A	26,806,623	18,192,810
Inter-segment	-	2,263	327,727	148,911	5,615	35,942	-	-	-	-	(333,342)	(187,116)	B	-	-
Total revenue	-	2,553,517	17,940,669	13,682,824	142,905	197,474	9,193,681	2,107,643	-	-	(470,632)	(348,648)		26,806,623	18,192,810
Results:															
Depreciation of property, plant and equipment	4,197	5,604	176,006	168,399	15,938	55,547	19,971	26,121	-	-	-	-		216,112	255,671
Other non-cash expenses	33,665	37,335	150,781	197,482	(4,651)	-	256,981	(117,535)	-	-	(48,922)	402,892	C	387,854	520,174
Segment profit/(loss)	(474,401)	489,652	2,156,994	(2,142,185)	98,844	85,845	1,714,082	(452,868)	(3,040)	-	283,217	(902,849)	D	3,775,696	(2,922,405)
Assets															
Additions to non-current assets	-	-	469,908	396,559	-	-	-	54,194	-	-	-	-		469,908	450,753
Segment assets	988,487	1,563,658	12,214,345	14,283,587	3,445,368	3,335,751	3,293,223	4,243,153	9,051,134	-	11,562,620	17,734,178	E	40,555,177	41,160,326
Liabilities															
Segment liabilities	1,067,358	1,455,684	2,287,744	4,884,981	33,814	29,418	1,256,833	2,403,592	-	-	990,597	920,407	F	5,636,346	9,694,082

Notes to the Financial Statements

31 MARCH 2011

35. SEGMENT INFORMATION (Continued)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A The amounts relating to external rental services has been excluded to arrive revenue shown in the income statement as they are classified as other operating income in the income statement.
- B Inter-segment revenues are eliminated on consolidation.
- C Other non-cash expenses consist of bad debts written off, fair value changes on quoted investment held for trading, plant and equipment written off, impairment loss on doubtful receivables (trade and non trade), foreign exchange (gain)/loss and allowance for inventory obsolescence.
- D The following items are added to/(deducted from) segment (loss)/profit to arrive at "loss before tax" presented in the consolidated income statement.

	Group	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010
	\$	\$
Loss on liquidation of a subsidiary company	-	(378,914)
Profit from inter-segment sales	(5,615)	48,299
Unallocated income/expenses	288,832	(572,234)
	283,217	(902,849)

- E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheets.

	2011	2010
	\$	\$
Cash and cash equivalents	11,103,650	17,683,668
Inter-segment assets	458,970	50,510
	11,562,620	17,734,178

- F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheets:

	2011	2010
	\$	\$
Other creditors and accruals	970,168	905,481
Trade creditors	36,342	13,609
Inter-segment liabilities	(15,913)	1,317
	990,597	920,407

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	Year ended 31.3.2011	1.1.2009 to 31.3.2010	2011	2010
	\$	\$	\$	\$
Singapore	26,806,623	18,192,810	4,154,239	3,913,077

Non-current assets information presented above consist of property held for investment, plant and equipment as presented in the consolidated balance sheet.

Notes to the Financial Statements

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35. SEGMENT INFORMATION (Continued)

Information about a major customer

Revenue from one major customer amounts to \$9,969,418 (2010: \$2,836,722), arising from sales for a project by the building materials segment.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the Chief Executive Officer.

It is, and has been throughout the current and previous financial year, the Company's policy that no derivative shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and cash equivalents) the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risks

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amounts of each class of financial assets recognised in the balance sheet, and
- a nominal amount of \$21,220,000 (2010: \$2,119,207) relating to corporate guarantees provided by the Company to secure banking facilities for its subsidiaries. The aggregate amounts utilised as at year end is disclosed in Note 32.

Notes to the Financial Statements

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group		Group	
	2011		2010	
	\$	% of total	\$	% of total
By Country:				
Singapore	1,382,494	100%	3,491,600	100%
	1,382,494	100%	3,491,600	100%
By Industry:				
Construction	59,623	4.31%	242,891	6.96%
Building Materials	1,161,981	84.05%	3,172,325	90.86%
Home Furnishing	148,835	10.77%	76,384	2.1%
Rental Services	1,146	0.08%	–	–
Property Development	10,909	0.79%	–	–
	1,382,494	100%	3,491,600	100%

At the balance sheet dates, approximately:

- 63% (2010: 57.5%) of the Group's trade receivables were due from 5 major customers who are from building materials industry located in Singapore; and
- 22% (2010: 10%) of the Group's trade and other receivables were due from related parties.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20 (Trade receivables) and Note 15 (Investment securities).

Notes to the Financial Statements

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company monitor and maintain a level of cash and bank balances deemed adequate by the management to finance the Group's and Company's operations and mitigate the effect of fluctuations in cash flows.

The Group also has stand-by facilities e.g. overdraft and trade financing facilities from three different banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations:

	2011				2010			
	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$
Group								
Financial assets:								
Investment securities	-	79,316	-	79,316	-	71,219	-	71,219
Retention sums receivable	-	1,696,805	-	1,696,805	-	927,563	-	927,563
Long-term lease deposit	-	1,676,250	-	1,676,250	-	1,676,250	-	1,676,250
Cash and cash equivalents	13,619,175	-	-	13,619,175	19,166,833	-	-	19,166,833
Fixed deposits pledged	-	1,243,429	-	1,243,429	-	1,286,000	-	1,286,000
Trade and other receivables	2,165,884	-	-	2,165,884	5,734,889	-	-	5,734,889
Due from related parties	559,879	-	-	559,879	697,613	-	-	697,613
Total undiscounted financial assets	<u>16,344,938</u>	<u>4,695,800</u>	<u>-</u>	<u>21,040,738</u>	<u>25,599,335</u>	<u>3,961,032</u>	<u>-</u>	<u>29,560,367</u>
Financial liabilities:								
Trade payables	1,151,992	-	-	1,151,991	4,053,069	-	-	4,053,069
Other payables and accruals	2,672,720	-	-	2,672,720	3,540,051	-	-	3,540,051
Bills payable to banks	482,271	-	-	482,271	1,538,247	-	-	1,538,247
Due to related parties	76,360	-	-	76,360	189,396	-	-	189,396
Total undiscounted financial liabilities	<u>4,383,343</u>	<u>-</u>	<u>-</u>	<u>4,383,343</u>	<u>9,320,763</u>	<u>-</u>	<u>-</u>	<u>9,320,763</u>
Total net undiscounted financial assets	<u>11,961,595</u>	<u>4,695,800</u>	<u>-</u>	<u>16,657,395</u>	<u>16,278,572</u>	<u>3,961,032</u>	<u>-</u>	<u>20,239,604</u>

Notes to the Financial Statements

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (Continued)

	2011				2010			
	1 year	1 to 5	Over 5	Total	1 year	1 to 5	Over 5	Total
	or less	years	years		or less	years	years	
	\$	\$	\$	\$	\$	\$	\$	\$
Company								
Financial assets:								
Other receivables	458,276	-	-	458,276	28,962	-	-	28,962
Due from subsidiaries	18,731,405	-	-	18,731,405	13,907,315	-	-	13,907,315
Cash and cash equivalents	11,103,650	-	-	11,103,650	17,683,668	-	-	17,683,668
Total undiscounted financial assets	30,293,331	-	-	30,293,331	31,619,945	-	-	31,619,945
Financial liabilities:								
Trade payables	36,342	-	-	36,342	13,609	-	-	13,609
Other payables and accruals	970,168	-	-	970,168	905,481	-	-	905,481
Due to subsidiaries	1,586,424	-	-	1,586,424	1,591,460	-	-	1,591,460
Total undiscounted financial liabilities	2,592,934	-	-	2,592,934	2,510,550	-	-	2,510,550
Total net undiscounted financial assets	27,700,397	-	-	27,700,397	29,109,395	-	-	29,109,395

Analysis of contingent liabilities by contractual expiry

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2011				2010			
	\$'000				\$'000			
	One year	One to	Over five	Total	One year	One to	Over	Total
	or less	five years	years		or less	five years	five years	
	\$	\$	\$	\$	\$	\$	\$	\$
Company								
Financial guarantees:								
- Banking facilities	-	21,220	-	21,220	-	8,845	-	8,845
- Performance bonds	1,388	1,160	-	2,548	-	2,548	-	3,936
Contracts entered relating to property development	718	-	-	718	-	-	-	-

Notes to the Financial Statements

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Foreign currency risk

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group entities, which is SGD. The foreign currencies in which these transactions are denominated are mainly Euro (EUR) and United States dollars (USD). Approximately, 26% (2010: 66%) of the Group's costs are denominated in foreign currencies of the Group entities. The Group's trade payable balances at the balance sheet date have similar exposures.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax to a reasonably possible change in the USD and EUR exchange rates (against SGD), with all other variables held constant.

	Group			
	2011		2010	
	Profit net of tax \$	Equity \$	Loss net of tax \$	Equity \$
USD – strengthened 3% (2010: 3%)	– 3,302	– 3,302	– 17,075	– 17,075
– weakened 3% (2010: 3%)	+ 3,302	+ 3,302	+ 17,075	+ 17,075
EUR – strengthened 3% (2010: 3%)	– 4,551	– 4,551	– 39,188	– 39,188
– weakened 3% (2010: 3%)	+ 4,551	+ 4,551	+ 39,188	+ 39,188

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2011			
Quoted price in active markets for identical instruments (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		Total
\$	\$	\$		\$
Financial asset:				
Held for trading investments (Note 15)				
– Equity instruments (quoted)	79,316	–	–	79,316

Notes to the Financial Statements

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37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

A. Fair value of financial instruments that are carried at fair value (Continued)

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

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

Determination of fair value

Quoted equity instruments (Note 15): Fair value is determined directly by reference to their published market bid price at the balance sheet date.

B. Fair value of financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximate of fair value.

Current trade receivables, other receivables and deposits, due from related parties, due from subsidiaries, retention sums receivable, trade payables, other payables and accruals, due to related parties, due to subsidiaries, bill payables to bank, fixed deposits pledged and cash and cash equivalents.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group				Company			
	2011 \$'000		2010 \$'000		2011 \$'000		2010 \$'000	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial asset:								
Long-term lease deposit	<u>1,489</u>	<u>1,661</u>	<u>1,446</u>	<u>1,637</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Notes to the Financial Statements

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37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

D. Classification of financial instruments

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Loan and receivables				
Retention sums receivable	1,696,805	927,563	–	–
Long-term lease deposit	1,489,328	1,445,950	–	–
Fixed deposits pledged	1,243,429	1,286,000	–	–
Trade receivables	1,382,494	3,491,600	–	–
Other receivables and deposits	783,390	2,243,289	458,276	28,962
Due from related parties	559,879	697,613	–	–
Due from subsidiaries	–	–	18,731,405	13,907,315
Cash and cash equivalents	13,619,175	19,166,883	11,103,650	17,683,668
Total loans and receivables	20,774,500	29,258,898	30,293,331	31,619,945
	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Held for trading				
Investment securities	79,316	71,219	–	–
Financial liabilities at amortised cost				
Trade payables	1,151,992	4,053,069	36,342	13,609
Other payables and accruals	2,672,720	3,540,051	970,168	905,481
Bills payable to banks (secured)	482,271	1,538,247	–	–
Due to related parties	76,360	189,396	–	–
Due to subsidiaries	–	–	1,586,424	1,591,460
Total financial liabilities measured at amortised costs	4,383,343	9,320,763	2,592,934	2,510,550

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2011 and financial period ended 31 March 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's current policy is to keep the gearing ratio below 50%. The Group includes within net debt, trade and other payables, due to related parties, bills payable, bank overdrafts and loans, finance lease obligations, less cash and cash equivalents. Capital comprises equity attributable to the equity holders of the parent.

Notes to the Financial Statements

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38. CAPITAL MANAGEMENT (Continued)

	Group	
	2011	2010
	\$	\$
Trade payables	1,151,992	4,053,069
Other payables and accruals	2,672,720	3,540,051
Due to related parties	76,360	189,396
Bills payable to banks	482,271	1,538,247
Total debt	4,383,343	9,320,763
Less: Cash and cash equivalents	(13,619,175)	(19,166,833)
Net cash and cash equivalents	(9,235,832)	(9,846,070)
Equity attributable to the equity holders of the Company	34,918,831	31,466,244
Gearing ratio	N.A.	N.A.

39. COMPARATIVES

Certain comparative figures have been reclassified to conform with the current year's presentation.

40. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 7 April 2011, a subsidiary has entered into an Option to Purchase to acquire a freehold property located at 11 Lorong N Telok Kurau for a purchase price of \$12,000,000 and to-date, it has paid \$600,000.

On 8 April 2011, a subsidiary has incorporated its wholly owned subsidiary, namely Boulevard Residences Pte. Ltd.

On 25 April 2011, a subsidiary has entered into Options to Purchase to acquire all twelve strata units at 25 Lorong M Telok Kurau for a purchase price of \$19,800,001 and to-date, it has paid \$1,980,001.

On 29 April 2011, a subsidiary has incorporated its wholly owned subsidiary, namely Giorgio Residences Pte. Ltd.

On 3 May 2011, a subsidiary has incorporated its wholly owned subsidiary, namely Peninsula Park Residences Pte. Ltd.

On 3 May 2011, two subsidiaries have transferred their 100% equity interests in Room Interior Pte Limited and Builders Centre Pte Ltd respectively to the Company for a consideration of \$1 each.

On 10 May 2011, a subsidiary has entered into Options to Purchase to acquire all strata units and the common area of the property located at 554 Havelock Road, Ganges Centre for a purchase price of \$23,500,000 and to-date, it has paid \$1,175,000.

Until 24 May 2011, a subsidiary has entered into Options to Purchase to acquire 13 units of freehold property located at 531-537C East Coast Road for a purchase price of \$13,331,076 and to-date, it has paid \$666,554.

41. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2011 were authorised for issue in accordance with a resolution of the directors on 20 June 2011.

USE OF SHARES PLACEMENT PROCEEDS

On 31 March 2008, the Company allotted and issued 167,307,692 new ordinary shares at the issue price of S\$0.13 per share raising S\$21.75 million.

The Company intends to use the net proceeds from the shares placement:

1. to undertake activities relating to residential property development in Singapore; and
2. to provide general working capital.

As at the date of this report, the status on the use of proceeds is as follows:

	S\$
Gross proceeds from shares placement	21,750,000
Payment of shares placement expenses	(461,728)
Repayment of term loans of a subsidiary	(1,327,795)
Provided for Subsidiaries' working capital (net of repayment)	(821,737)
Balance as at 31 March 2010	19,138,740
Repayment of loan by subsidiaries	422,915
Purchase of land held for property development	(18,494,822)
Balance unutilised as at the date of this report	1,066,833

Shareholdings Statistics

Number of Issued Shares	:	311,307,692
Issued and Paid-Capital	:	S\$39,676,140.96
Number of Treasury Shares held	:	NIL
No of Shareholders	:	1,489
Class of shares	:	Ordinary shares each with equal voting rights

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 17 June 2011, approximately 35.41% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	8	0.54	3,356	0.00
1,000 – 10,000	985	66.15	3,659,200	1.18
10,001 – 1,000,000	466	31.30	43,835,167	14.08
1,000,001 and above	30	2.01	263,809,969	84.74
	1,489	100.00	311,307,692	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Sunny Scene Investment Limited	39,393,939	12.65
2	Dragon Diligent International Limited	36,363,636	11.68
3	Ocean Blue Asia Limited	33,111,133	10.64
4	Silver finance Investment Limited	30,156,156	9.69
5	Fair Billion Holdings Limited	28,282,828	9.09
6	OCBC Securities Private Ltd	14,725,230	4.73
7	Shining Holdings Pte Ltd	13,950,420	4.48
8	Tan Kay Sing	9,435,000	3.03
9	Phillip Securities Pte Ltd	8,255,177	2.65
10	UOB Kay Hian Pte Ltd	5,164,000	1.66
11	Tay Swee Leng	4,999,980	1.61
12	Yeong Yoon Ying	4,500,000	1.45
13	Chang Soon Kheong	4,463,000	1.43
14	Tan Siok Hwee	2,499,990	0.80
15	DB Nominees (S) Pte Ltd	2,300,000	0.74
16	Tan Li Yu	2,250,000	0.72
17	Tan Zheng Yu (Chen Zhengyu)	2,250,000	0.72
18	Tan Ren Feng	2,172,500	0.70
19	Jax Tan Hsiao Nung (Chen Xiaonong)	2,021,010	0.65
20	Sim Teck Huat	1,934,000	0.62
		248,227,999	79.74

Shareholdings Statistics

SUBSTANTIAL SHAREHOLDERS AS AT 17 JUNE 2011

(According to the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interests	Deemed Interest	%
Tan Kay Kiang ⁽¹⁾	1,549,920	18,950,400	6.59
Tan Chin Hoon ⁽²⁾	314,910	15,950,400	5.23
Tan Kay Tho ⁽³⁾	1,474,890	18,450,420	6.40
Tan Kay Sing ⁽⁴⁾	10,525,000	14,500,420	8.04
Nico Purnomo Po ⁽⁵⁾	634,000	167,307,692	53.95
Fair Billion Holdings Limited	28,282,828	–	9.09
Silver Finance Investment Limited	30,156,156	–	9.69
Ocean Blue Asia Limited	33,111,133	–	10.64
Dragon Diligent International Limited	36,363,636	–	11.68
Sunny Scene International Limited	39,393,939	–	12.65

Notes:

- (1) Tan Kay Kiang is deemed to be interested in 13,950,420 shares held by Shining Holdings Pte Ltd, by virtue of section 7(4A) of the Companies act, Cap.50 (the "Act"), and 4,999,980 shares held by his spouse.
- (2) Tan Chin Hoon is deemed to be interested in 13,950,420 shares held by Shining Holdings Pte Ltd, by virtue of section 7(4A) of the Act, and 1,999,980 shares held by his spouse.
- (3) Tan Kay Tho is deemed to be interested in 13,950,420 shares held by Shining Holdings Pte Ltd, by virtue of section 7(4A) of the Act, and 4,500,000 shares held by his spouse.
- (4) Tan Kay Sing is deemed to be interested in 13,950,420 shares held by Shining Holdings Pte Ltd, by virtue of section 7(4A) of the Act, and 550,000 shares held by his spouse.
- (5) Nico Purnomo Po is deemed to be interested in the 28,282,828 shares held by Fair Billion Holdings Limited, 30,156,156 shares held by Silver Finance Investment Limited, 33,111,133 shares held by Ocean Blue Asia Limited, 36,363,636 shares held by Dragon Diligent International Limited and 39,393,939 shares held by Sunny Scene International Limited, by virtue of section 7(4A) of the Act.

Analysis of Warrantholdings

Range of Warrantholders	No. of Warrantholders	%	No. of Warrants	%
1 – 999	0	0.00	0	0.00
1,000 – 10,000	1	0.89	1,000	0.00
10,001 – 1,000,000	106	94.64	13,989,000	8.99
1,000,001 and above	5	4.47	141,663,846	91.01
	112	100.00	155,653,846	100.00

TOP 20 WARRANTHOLDERS

No.	Name of Warrantholder	No. of Warrants	%
1	Fair Billion Holdings Limited	132,303,846	85.00
2	Phua Cher Chew (Pan Ziqiu)	3,890,000	2.50
3	UOB Kay Hian Pte Ltd	2,570,000	1.65
4	Lim Eng Kiam	1,800,000	1.16
5	Yap Ah Kiow	1,100,000	0.71
6	Ng Kim Lan	990,000	0.64
7	Chen Dan	950,000	0.61
8	Soh Poh Gin	950,000	0.61
9	Chua Chai Tiang	901,000	0.58
10	Lee Ai Ni	900,000	0.58
11	Lee Kim Yin	900,000	0.58
12	Seah Kheng Lun	800,000	0.51
13	Tan Lee Sung	800,000	0.51
14	Yeo Yu Nian Nikki	800,000	0.51
15	Pereira Brian Nicholas	500,000	0.20
16	Kwek Swee Hock	400,000	0.26
17	Sng Teng Kwee	300,000	0.19
18	Tan Kwong Huat Benny	300,000	0.19
19	Lee Long Kong (Li Bide)	200,000	0.13
20	Leow Lee Choo	200,000	0.13
		151,554,846	97.25

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at 11 Changi South Street 3, #04-01 Builders Shop Building, Singapore 486122, on Thursday, 28 July 2011 at 2.00 p.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

- | | | |
|----|---|--------------|
| 1. | To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 March 2011 and the Directors' Reports and the Auditors' Report thereon. | Resolution 1 |
| 2. | To approve Directors' fees of S\$126,333 for financial year ended 31 March 2011. (2010: S\$110,000) | Resolution 2 |
| 3. | To re-elect Mr Low Chai Chong, a Director retiring pursuant to Article 108 of the Company's Articles of Association.
<i>(See Explanatory Note)</i> | Resolution 3 |
| 4. | To re-elect Mr Po Sun Kok, a Director retiring by rotation pursuant to Article 104 of the Company's Articles of Association.
<i>(See Explanatory Note)</i> | Resolution 4 |
| 5. | To note the retirement of Mr Lee Eng Kian pursuant to Article 104 of the Company's Articles of Association. | |
| 6. | To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. | Resolution 5 |

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

- | | | |
|-----|---|--------------|
| 7. | THAT pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of Section B of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors to: | Resolution 6 |
| (a) | (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
(ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and | |
| (b) | issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, notwithstanding that the authority granted by this Resolution may have ceased to be in force at the time of such issuance of shares. | |

PROVIDED THAT

- (1) the aggregate number of shares to be issued shall not exceed 100% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

Notice of Annual General Meeting

- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
- (ii) any subsequent bonus issue or consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
(See Explanatory Note)

8. To transact any other business.

BY ORDER OF THE BOARD

HO WUI MEE MARIAN / CHEW BEE LENG

Company Secretaries

Singapore

12 July 2011

Explanatory Notes:

Resolution 3

Mr Low Chai Chong will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration and Nominating Committee and a member of the Audit Committee, and he will be considered independent for the purpose of Rule 704(7) of Section B of the Listing Manual of the SGX-ST.

Resolution 4

Mr Po Sun Kok will, upon re-election as a Director of the Company, remain as Chairman of the Board of Directors, a member of the Audit Committee and of the Remuneration and Nominating Committee.

Resolution 6

Resolution no. 6, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in aggregate 100% of the total number of issued shares (excluding treasury shares), of which up to 50% may be issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution no. 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution no. 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Notice of Annual General Meeting

Notes:

- (1) A member of the company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies and vote in his stead. Such proxy need not be a member of the Company. Where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.
- (2) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing.
- (3) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (4) The instrument appointing proxy or proxies must be deposited at the registered office of the Company at 11 Changi South Street 3, #04-01 Builders Shop Building, Singapore 486122 not later than 48 hours before the time set for the Annual General Meeting or any adjournment thereof.
- (5) This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this notice. This notice has not been examined or approved by SGX-ST and SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice. The contact person for the Sponsor is Mr Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02, Singapore 068896, telephone number (65) 6854 6160.

POLLUX PROPERTIES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199904729G)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT

- For investors who have used their CPF moneys to buy ordinary shares in the capital of Pollux Properties Ltd., this 2011 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We _____ NRIC/Passport No. _____

of _____

being a member/members of POLLUX PROPERTIES LTD. (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or failing him/her (delete as appropriate)

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or failing him/her, the Chairman of the Eleventh Annual General Meeting ("AGM") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 11 Changi South Street 3, #04-01 Builders Shop Building, Singapore 486122, on Thursday, 28 July 2011 at 2.00 p.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM).

Ordinary Resolutions	For	Against
Ordinary Business		
1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 March 2011 and the Directors' Reports and the Auditors' Report thereon		
2. To approve Directors' fees of S\$126,333 for financial year ended 31 March 2011		
3. To re-elect Mr Low Chai Chong retiring pursuant to Article 108 of the Company's Articles of Association		
4. To re-elect Mr Po Sun Kok retiring by rotation pursuant to Article 104 of the Company's Articles of Association		
5. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration		
Special Business		
6. To authorise the Directors to allot/issue new shares		

Dated this _____ day of _____ 2011

Total No. of Shares in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Shareholder(s)/Common Seal
of Corporate Shareholder

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the above-mentioned meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 11 Changi South Street 3, #04-01 Builders Shop Building, Singapore 486122, not less than 48 hours before the time set for the meeting.
4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
5. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.



Pollux Properties Ltd.

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