



Pollux Properties Ltd. and its subsidiaries

Company Registration No. 199904729G

Pollux Properties Ltd. and its subsidiaries

Unaudited condensed interim consolidated financial statements

30 June 2022

*This announcement has been prepared by Pollux Properties Ltd. (the “**Company**”) and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).*

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

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Pollux Properties Ltd. and its subsidiaries

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Pollux Properties Ltd. and its subsidiaries

**Condensed interim consolidated statement of comprehensive income
For the six months ended 30 June 2022**

	Note	6 months ended 30.6.2022 (Unaudited) \$	6 months ended 30.6.2021 (Unaudited) \$	Change %
Revenue	4	6,380,134	4,518,868	41.2
Cost of sales		(963,535)	(704,942)	36.7
Gross profit		5,416,599	3,813,926	42.0
Other items of income				
Interest income		55,894	41,719	34.0
Other income		35,777	72,290	(50.5)
Other items of expense				
Marketing and distribution		(64,668)	(325,514)	(80.1)
General and administrative		(1,796,282)	(1,952,848)	(8.0)
Finance costs		(1,179,730)	(960,868)	22.8
Share of results of a joint venture, net of tax		(8,649)	(17,190)	(49.7)
Profit before tax		2,458,941	671,515	>100
Income tax expense	6	(485,635)	(852,219)	(43.0)
Profit/(loss) for the financial period		1,973,306	(180,704)	N.M
Attributable to: Owners of the Company				
Profit/(loss) for the financial period attributable to owners of the Company		1,973,306	(180,704)	N.M

Pollux Properties Ltd. and its subsidiaries

**Condensed interim consolidated statement of comprehensive income
For the six months ended 30 June 2022**

	6 months ended 30.6.2022 (Unaudited) \$	6 months ended 30.6.2021 (Unaudited) \$
Profit/(loss) for the financial period	1,973,306	(180,704)
Other comprehensive income for the financial period, net of tax	–	–
Total comprehensive income for the financial period	1,973,306	(180,704)
Attributable to:		
Owners of the Company		
Total comprehensive income for the financial period attributable to owners of the Company	1,973,306	(180,704)

Pollux Properties Ltd. and its subsidiaries

Condensed interim consolidated statement of financial position

	Note	Group		Company	
		30.6.2022 (Unaudited) \$	31.12.2021 (Audited) \$	30.6.2022 (Unaudited) \$	31.12.2021 (Audited) \$
Non-current assets					
Plant and equipment		133,891	85,363	9,288	5,113
Investment properties	13	339,247,484	339,050,000	–	–
Investment in subsidiaries		–	–	142,058,293	142,058,293
Investment in a joint venture		3,068,021	3,076,670	1	1
Investment securities		502,881	502,881	502,881	502,881
		<u>342,952,277</u>	<u>342,714,914</u>	<u>142,570,463</u>	<u>142,566,288</u>
Current assets					
Trade receivables		854,875	631,635	–	–
Contract assets		1,628,192	1,628,192	–	–
Other receivables and deposits		232,510	257,878	792	792
Prepaid operating expenses		43,753	35,194	–	–
Due from subsidiaries		–	–	24,817,514	24,043,453
Due from related companies		15	15	–	–
Investment securities		323,465	323,465	–	–
Cash and cash equivalents	8	25,013,653	27,690,666	20,565,530	22,470,738
		<u>28,096,463</u>	<u>30,567,045</u>	<u>45,383,836</u>	<u>46,514,983</u>
Total assets		<u>371,048,740</u>	<u>373,281,959</u>	<u>187,954,299</u>	<u>189,081,271</u>
Equity and liabilities					
Current liabilities					
Trade payables		2,043,689	2,072,398	–	–
Contract liabilities		190,719	1,920,658	–	–
Other payables and accruals		4,383,853	3,808,207	482,909	390,270
Provision for taxation		690,837	421,736	–	–
Loans and borrowings	14	18,457,116	21,521,074	–	–
Due to subsidiaries		–	–	79,543,476	79,989,676
Due to related parties		51	51	–	–
		<u>25,766,265</u>	<u>29,744,124</u>	<u>80,026,385</u>	<u>80,379,946</u>
Net current assets/ (liabilities)		2,330,198	822,921	(34,642,549)	(33,864,963)
Non-current liabilities					
Deferred tax liabilities		8,336	8,336	–	–
Loan from joint venture		2,734,811	2,963,477	2,734,811	2,963,477
Loans and borrowings	14	140,962,411	140,962,411	–	–
		<u>143,705,558</u>	<u>143,934,224</u>	<u>2,734,811</u>	<u>2,963,477</u>
Total liabilities		<u>169,471,823</u>	<u>173,678,348</u>	<u>82,761,196</u>	<u>83,343,423</u>
Net assets		<u>201,576,917</u>	<u>199,603,611</u>	<u>105,193,103</u>	<u>105,737,848</u>
Equity attributable to owners of the Company					
Share capital	12	140,099,994	140,099,994	140,099,994	140,099,994
Revenue reserve		61,476,923	59,503,617	(34,906,891)	(34,362,146)
Total equity		<u>201,576,917</u>	<u>199,603,611</u>	<u>105,193,103</u>	<u>105,737,848</u>
Total equity and liabilities		<u>371,048,740</u>	<u>373,281,959</u>	<u>187,954,299</u>	<u>189,081,271</u>

Pollux Properties Ltd. and its subsidiaries

**Condensed interim consolidated statement of changes in equity
For the six months ended 30 June 2022**

	Attributable to owners of the Company		Total equity \$
	Share capital \$	Revenue reserve \$	
Group			
As at 1 January 2022	140,099,994	59,503,617	199,603,611
Profit net of tax, representing total comprehensive income for the financial period	–	1,973,306	1,973,306
At 30 June 2022	140,099,994	61,476,923	201,576,917

	Attributable to owners of the Company		Total equity \$
	Share capital \$	Revenue reserve \$	
Group			
As at 1 January 2021	140,099,994	55,510,515	195,610,509
Loss net of tax, representing total comprehensive income for the financial period	–	(180,704)	(180,704)
At 30 June 2021	140,099,994	55,329,811	195,429,805

	Share capital \$	Revenue reserve \$	Total equity \$
	Company		
As at 1 January 2022	140,099,994	(34,362,146)	105,737,848
Loss net of tax, representing total comprehensive income for the financial period	–	(544,745)	(544,745)
At 30 June 2022	140,099,994	(34,906,891)	105,193,103

	Share capital \$	Revenue reserve \$	Total equity \$
	Company		
As at 1 January 2021	140,099,994	(31,195,990)	108,904,004
Loss net of tax, representing total comprehensive income for the financial period	–	(706,377)	(706,377)
At 30 June 2021	140,099,994	(31,902,367)	108,197,627

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**Notes to the condensed interim financial information
For the six months ended 30 June 2022**

	Note	30.6.2022 (Unaudited) \$	30.6.2021 (Unaudited) \$
Cash flows from operating activities			
Profit before tax		2,458,941	671,515
Adjustments for:			
Depreciation of plant and equipment		25,981	11,235
Interest income		(55,894)	(41,719)
Interest expense		1,174,038	955,837
Share of results of a joint venture		8,649	17,190
		3,611,715	1,614,058
Operating cash flows before changes in working capital			
Changes in working capital:			
Trade receivables and contract assets		(223,240)	214,838
Other receivables, deposits and prepayments		16,809	(256,719)
Trade payables		(28,709)	339,570
Contract liabilities		(1,729,939)	(52,583)
Other payables and accruals		575,646	(961,032)
		2,222,282	898,132
Cash flows from operations			
Interest received		55,894	41,719
Interest paid		(1,174,038)	(955,837)
Income taxes paid		(216,534)	(1,148,833)
		887,604	(1,164,819)
Net cash flows from/(used in) operating activities			
Cash flows from investing activities			
Purchase of plant and equipment		(74,509)	(30,106)
Additions to investment properties		(197,484)	(163,597)
		(271,993)	(193,703)
Net cash flows used in investing activities			
Cash flows from financing activities			
Repayment of loan from joint venture		(228,666)	(600,160)
Repayment of loans and borrowings		(3,063,958)	(2,346,901)
		(3,292,624)	(2,947,061)
Net cash flows used in financing activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of financial period		27,690,666	31,640,476
Cash and cash equivalents at end of financial period	8	25,013,653	27,334,893

Pollux Properties Ltd. and its subsidiaries

Notes to the condensed interim financial information For the six months ended 30 June 2022

1. Corporate information

The condensed interim consolidated financial statements of Pollux Properties Ltd. and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 10 August 2022.

Pollux Properties Ltd. (the “Company”) is a limited company, incorporated and domiciled in Singapore, whose shares are publicly traded. The registered office and principal place of business is at 554 Havelock Road, Singapore 169639.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries, associate and joint venture are leasing of its residential and commercial properties and serviced apartment and provision of management and advisory services under its fund management segment

2. Basis of preparation and changes to the Group’s accounting policies

2.1 Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June (“1H”) 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors considered that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated statements as at 31 December 2021.

The condensed interim financial statements are presented in Singapore dollar which is the Group’s functional currency.

2.2 New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

2.3 Use of judgements and estimates (cont'd)

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There were no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period.

3. Seasonal operations

The Group's revenue streams are derived income from serviced apartment, income from management and advisory services under fund management segment, rental income under property investment segment. Accordingly, the Group is able to negate the impact from seasonality as seasonal declines from a particular revenue stream would be partially offset by other less affected revenue streams. As a result, the Group was not materially affected by seasonal or cyclical factors during the financial period.

Pollux Properties Ltd. and its subsidiaries

**Notes to the condensed interim financial information
For the six months ended 30 June 2022**

4. Disaggregation of Revenue

All of the Group's revenue streams are derived from external customers. Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Serviced Apartment		Investment properties*		Fund management		Total revenue	
	1H2022 (Unaudited) \$	1H2021 (Unaudited) \$	1H2022 (Unaudited) \$	1H2021 (Unaudited) \$	1H2022 (Unaudited) \$	1H2021 (Unaudited) \$	1H2022 (Unaudited) \$	1H2021 (Unaudited) \$
Primary geographical markets								
Singapore	2,454,060	1,125,929	3,897,607	3,382,939	28,467	10,000	6,380,134	4,518,868
Major product or service lines								
Residential properties	–	–	660,797	620,964	–	–	660,797	620,964
Commercial properties	–	–	3,236,810	2,761,975	–	–	3,236,810	2,761,975
Serviced apartment operation income	2,454,060	1,125,929	–	–	–	–	2,454,060	1,125,929
Management and advisory fees	–	–	–	–	28,467	10,000	28,467	10,000
	2,454,060	1,125,929	3,897,607	3,382,939	28,467	10,000	6,380,134	4,518,868
Timing of transfer of goods or services								
At a point in time	–	–	–	–	28,467	10,000	28,467	10,000
Over time	2,454,060	1,125,929	3,897,607	3,382,939	–	–	6,351,667	4,508,868
	2,454,060	1,125,929	3,897,607	3,382,939	10,000	10,000	6,380,134	4,518,868

* Excluding serviced apartment

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Notes to the condensed interim financial information
For the six months ended 30 June 2021

5. Reportable Segments

	Property investment		Property development		Corporate		Fund management		Total	
	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:										
External customers	6,351,667	4,508,868	–	–	–	–	28,467	10,000	6,380,134	4,518,868
Inter-segment	–	–	–	–	–	–	–	–	–	–
Total revenue	6,351,667	4,508,868	–	–	–	–	28,467	10,000	6,380,134	4,518,868
Results:										
Interest income	1,479	4,047	–	–	54,415	37,672	–	–	55,894	41,719
Other income	1,196	44,326	–	–	34,581	26,560	–	1,404	35,777	72,290
Depreciation	24,486	11,235	–	–	1,495	–	–	–	25,981	11,235
Interest expense	1,174,038	955,837	–	–	–	–	–	–	1,174,038	955,837
Share of results of joint venture	–	–	(8,649)	(17,190)	–	–	–	–	(8,649)	(17,190)
Income tax expense	485,635	305,756	–	546,463	–	–	–	–	485,635	852,219
Segment profit/(loss)	2,552,804	1,162,608	(17,492)	(577,528)	(557,948)	(716,413)	(4,058)	(49,371)	1,973,306	(180,704)
Assets										
Investment in a joint venture	–	–	3,068,021	2,771,906	–	–	–	–	3,068,021	2,771,906
Additions to non-current assets	197,484	163,597	–	–	–	–	–	–	197,484	163,597
Segment assets	343,807,366	343,363,554	1,796,777	1,805,087	21,683,164	21,364,325	495,928	815,894	367,783,235	367,348,860
Total assets	344,004,850	343,363,554	4,864,798	4,576,993	21,683,164	21,364,325	495,928	815,894	371,048,740	370,120,766
Liabilities										
Provision for taxation	690,837	202,942	–	273,200	–	–	–	–	690,837	476,142
Deferred tax liabilities	8,336	8,336	–	–	–	–	–	–	8,336	8,336
Segment liabilities	147,016,795	149,265,360	1,838,790	3,902,677	19,910,611	21,014,673	6,454	23,773	168,772,650	174,206,483
Total liabilities	147,715,968	149,476,638	1,838,790	4,175,877	19,910,611	21,014,673	6,454	23,773	169,471,823	174,690,961

Pollux Properties Ltd. and its Subsidiaries

**Notes to the condensed interim financial information
For the six months ended 30 June 2022**

6. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	1H2022	1H2021
	\$	\$
Income taxes		
Current income tax expense	485,635	852,219

7. Financial assets and financial liabilities

Set out below, is an overview of financial assets held by the Group and the Company as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$	\$	\$	\$
Financial assets at amortised cost				
Trade receivables	854,875	631,635	–	–
Other receivables and deposits	232,510	222,133	792	792
Due from subsidiaries	–	–	24,817,514	24,043,453
Due from related companies	15	15	–	–
Cash and cash equivalents	25,013,653	27,690,666	20,565,530	22,470,738
Equity instruments at fair value through profit or loss				
Quoted equity securities	323,465	323,465	–	–
Unquoted equity securities	502,881	502,881	502,881	502,881
Total	26,927,399	29,370,795	45,886,717	47,017,864
Total current financial assets	26,424,518	28,867,914	45,383,836	46,514,983
Total non-current financial assets	502,881	502,881	502,881	502,881

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**Notes to the condensed interim financial information
For the six months ended 30 June 2022**

Set out below is an overview of financial liabilities held by the Group and the Company as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$	\$	\$	\$
Financial liabilities at amortised cost				
Trade payables	2,043,689	2,072,398	–	–
Other payables and accruals	4,257,264	3,468,581	387,784	390,270
Interest bearing loans and borrowings, current	18,457,116	21,521,074	–	–
Interest bearing loans and borrowings, non-current	140,962,411	140,962,411	–	–
Loan from joint venture	2,734,811	2,963,477	2,734,811	2,963,477
Due to subsidiaries	–	–	79,543,476	79,989,676
Due to related parties	51	51	–	–
Total	168,455,342	170,987,992	82,666,071	83,343,423
Total current financial liabilities	24,758,120	27,062,104	79,931,260	80,379,946
Total non-current financial liabilities	143,697,222	143,925,888	2,734,811	2,963,477

Fair values

Set out below, is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2022 and 31 December 2021:

	30 June 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Quoted equity securities	323,465	323,465	323,465	323,465
Unquoted equity securities	502,881	502,881	502,881	502,881
Total	826,346	826,346	826,346	826,346
	30 June 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial liabilities				
Interest bearing loans and borrowings	159,419,527	159,419,527	162,483,485	162,483,485
Total	159,419,527	159,419,527	162,483,485	162,483,485

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**Notes to the condensed interim financial information
For the six months ended 30 June 2022**

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2022:

	Group 30.6.2022			
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant observable inputs other than quoted prices (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
Financial assets:				
<u>Equity securities at fair value</u>				
<u>through profit or loss</u>				
Quoted equity securities	323,465	–	–	323,465
Unquoted equity securities	–	–	502,881	502,881

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the six months ended 30 June 2022.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Set out below are the significant unobservable inputs to valuation as at 30 June 2022:

Description	Valuation techniques	Unobservable inputs	Range	Sensitivity of the input to fair value
Investment in equity securities (unquoted)	Discounted cash flow basis	Capitalisation rate	0% (2021: 0%)	Increase/(decrease) in the capitalisation rate decrease/(increase) the fair value

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Notes to the condensed interim financial information For the six months ended 30 June 2022

8. Cash and short-term deposits

For the purpose of the condensed interim statement of cash flows, cash and cash equivalents are comprised of the following:

	Group	
	30.6.2022	31.12.2021
	(Unaudited)	(Audited)
	\$	\$
Cash at banks and in hand	2,341,070	3,572,096
Pledged bank deposits	2,530,000	2,530,000
Short term deposits	20,142,583	21,588,570
Total cash and cash equivalents	25,013,653	27,690,666

9. Commitments

Operating lease commitments – as lessor

The Group has entered into various operating lease agreements for its investment properties. These non-cancellable leases have remaining lease terms of between 1 to 3 years.

Future minimum rentals receivables under non-cancellable operating leases as at 30 June 2022 and 31 December 2021 are as follows:

	Group	
	30.6.2022	31.12.2021
	(Unaudited)	(Audited)
	\$	\$
Not later than 1 year	8,644,352	8,593,162
Later than 1 year but not later than 5 years	9,102,703	12,688,380
	17,747,055	21,281,542

10. Contingent liabilities

Guarantees

As at 30 June 2022, corporate guarantees issued to banks by the Company in respect of banking facilities extended to subsidiaries amounted to \$175,001,291 (31 December 2021: \$175,001,291) of which the amounts utilised by the subsidiaries was \$149,421,842 (31 December 2021: \$149,421,842).

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Notes to the condensed interim financial information For the six months ended 30 June 2022

11. Related party transactions

Compensation of key management personnel

	Group	
	1H2022 (Unaudited) \$	1H2021 (Unaudited) \$
Short-term employee benefits	248,250	205,048
Central Provident Fund contributions	9,308	6,120
Other short-term benefits	–	72,000
Total compensation paid to key management personnel	<u>257,558</u>	<u>283,168</u>
Comprised amounts paid to:		
Directors of the Company	147,000	216,208
Other key management personnel	110,558	66,960
	<u>257,558</u>	<u>283,168</u>

12. Share capital

Company	30.6.2022		31.12.2021	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares				
Beginning and end of financial period	2,759,468,325	140,099,994	2,759,468,325	140,099,994

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.

There was no change in the Company's issued and paid-up share capital from 1 January 2022 to 30 June 2022, and accordingly, no change since the end of the previous period reported on.

There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 June 2022 and 30 December 2021.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares or subsidiary holdings during the six-month period ended 30 June 2022.

Pollux Properties Ltd. and its Subsidiaries

Notes to the condensed interim financial information For the six months ended 30 June 2022

13. Investment properties

	Group	
	30.6.2022	31.12.2021
	\$	\$
Beginning of the financial period/year	339,050,000	336,400,000
Net gain from fair value adjustments recognised in profit or loss	–	2,181,075
Additions to investment properties	197,484	468,925
End of the financial period/year	<u>339,247,484</u>	<u>339,050,000</u>

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

The Group's policy is for investment properties to be measured at fair value for which the Group engages independent valuers at the end of the year. The Group did not engage an independent valuer to determine the fair value of the properties as at 30 June 2022. Management had considered and assessed the underlying factors that could have a material impact to the fair value of the investment properties since the last valuations performed as at 31 December 2021. The fair value of the investment properties as at 30 June 2022 did not differ materially from 31 December 2021.

14. Loans and borrowings

	Group	
	30.6.2022	31.12.2021
	\$	\$
Amount repayable within one year	18,457,116	21,521,074
Amount repayable after one year	140,962,411	140,962,411
Total loans and borrowings	<u>159,419,527</u>	<u>162,483,485</u>

There are no unsecured loans for the financial period ended 30 June 2022 and 31 December 2021. The Group's loans are generally secured by the following:

- (i) first legal mortgage over the related investment properties;
- (ii) corporate guarantee by the Company; and
- (iii) legal assignment over all rights, titles, and interests in the related tenancy agreements, current and future rental income relating to the specified property pledged in respect of the investment properties.

15. Subsequent events

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

Pollux Properties Ltd. and its Subsidiaries

Notes to the condensed interim financial information For the six months ended 30 June 2022

Other Information Required by Listing Rule Appendix 7C

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

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the auditors of the Company.

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

Not applicable.

3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty related to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

The financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements.

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

Not applicable.

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

	Group	
	1H2022	1H2021
Basic (cents)	0.072	(0.007)
Diluted (cents)	0.072	(0.007)
Profit/(loss) attributable to owners of the Company (in S\$'000)	1,973	(181)
Weighted average number of ordinary shares for basic and diluted earnings per share computation (in '000)	2,759,468	2,759,468

Pollux Properties Ltd. and its Subsidiaries

Notes to the condensed interim financial information For the six months ended 30 June 2022

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

The basic and diluted earnings per share are the same for 1H2022 and 1H2021 as the Company has no dilutive equity instruments as at 30 June 2022 and 30 June 2021.

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

	As at 30 June 2022	As at 31 December 2021
Net asset value per ordinary share (cents) – Group	7.30	7.23
Net asset value per ordinary share (cents) – Company	3.81	3.83

The calculations of net asset value per ordinary share of the Group and the Company were based on (i) the net asset value of the Group and the Company as at 30 June 2022 and 31 December 2021 respectively; and (ii) 2,759,468,325 shares as at 30 June 2022 and 31 December 2021.

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

Revenue

The Group's revenue in 1H2022 comprised income from serviced apartment, income from management and advisory services under fund management segment, rental income under property investment segment. The increase of revenue by 41% in 1H2022 as compared to 1H2021 was largely due to the increase in rental income from commercial units and income from serviced apartment. The increase in commercial rental income was due to the tenancy of previously untenanted units in the commercial office building, Macdonald House. The easing of local and border restrictions saw significant increases in occupancy and average daily rates for the serviced apartment in 1H2022, resulting in more than doubled revenue for the serviced apartment as compared to 1H2021.

Cost of sales and Gross profit

The Group's cost of sales increased by 37% from S\$0.70 million in 1H2021 to S\$0.96 million in 1H2022. The cost of sales was associated with the cost incurred to operate the serviced apartment. The increase was in tandem with the increase in the income from the serviced apartment. Gross profit margin has increased marginally from 84% in 1H2021 to 85% in 1H2022 mainly due to cost control measures.

Interest income

Interest income mainly pertains to interest received from fixed deposits placed in bank. The increase in interest income of 34% was attributable to an increase in fixed deposits placed in bank.

Pollux Properties Ltd. and its Subsidiaries

Notes to the condensed interim financial information For the six months ended 30 June 2022

Other income

Other income decreased by 50% to S\$0.04 million in 1H2022. This was mainly due to lower income obtained from government grants under schemes such as the Jobs Growth Incentive and Wage Credit Scheme.

Marketing and distribution expenses

Marketing and distribution expenses include marketing efforts for rental leases and third-party commissions paid to property agents. The decrease of S\$0.26 million in 1H2022 was mainly attributable to greater marketing activities and efforts for Macdonald House in 1H2021.

General and administrative expenses

General and administrative expenses include staff costs, depreciation expenses, professional fees, directors' fees and office expenses. The decline of S\$0.16 million or 8% from S\$1.95 million in 1H2021 to S\$1.79 million in 1H2022 was mainly due to the reduction in legal and professional fees and Group-wide cost control measures.

Finance costs

The increase in finance costs of S\$0.22 million was mainly due to higher interest rates charged by the banks during 1H2022.

Share of results of a joint venture, net of tax

The share of loss during 1H2022 was mainly due to operating expenses incurred by the joint venture.

Income tax expense

The decrease of S\$0.37 million in income tax expense was mainly attributable to the under provision of taxation in prior year for 1H2021.

As a result of the above, the Group recorded a net profit of S\$1.97 million in 1H2022 as compared to net loss of S\$0.18 million in 1H2021.

Balance sheets

The financial position of the Group remained strong with net assets of S\$201.58 million as at 30 June 2022. The Group's cash and cash equivalents stood at S\$25.01 million as at 30 June 2022 as compared to S\$27.69 million as at 31 December 2021.

Assets

Total assets stood at S\$371.05 million as at 30 June 2022 as compared to S\$373.28 million as at 31 December 2021. The decrease of S\$2.23 million was mainly due to decrease of S\$3.00 million in cash and cash equivalents largely due to the repayment of loans and borrowings, which was partially offset by an increase of S\$0.22 million in trade receivables.

Liabilities

Total liabilities stood at S\$169.47 million as at 30 June 2022 as compared to S\$173.68 million as at 31 December 2021. The decrease of S\$4.21 million was mainly due to (i) the repayment of the current portion of loans and borrowings of S\$3.06 million; (ii) decrease of S\$0.03 million in trade payables from the payment settlement of trade vendors and suppliers; (iii) the partial repayment of the loan from joint venture of S\$0.23 million and (iv) decrease in unearned revenue received from customers under contract liabilities of S\$1.73 million, which was partially offset by an (i) increase in other payables and accruals of S\$0.58 million and (ii) increase in provision for taxation of S\$0.27 million.

Pollux Properties Ltd. and its Subsidiaries

Notes to the condensed interim financial information For the six months ended 30 June 2022

Consolidated cash flow statement

The Group's cash and cash equivalents decreased by S\$2.68 million mainly due to the following:-

- 1) Net cash flows from operating activities of S\$0.89 million was mainly derived from (i) profit before tax; partially offset by (ii) payments made to trade creditors; (iii) payment of income tax; and (iv) decrease in unearned revenue under contract liabilities.
- 2) Net cash flows used in investing activities of S\$0.27 million was mainly due to (i) purchase of plant and equipment; and (ii) additions to investment properties.
- 3) Net cash flows used in financing activities of S\$3.29 million was mainly due to (i) repayment of loans and borrowings; and (ii) repayment of loan from joint venture.

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

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

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

The implementation of Vaccinated Travel Framework and easing of COVID-19 border measures expect inbound tourism and corporate travel to pick up gradually this year. Based on estimates released by the Singapore Tourism Board, international visitors are expected to reach 4 million to 6 million for 2022.¹ With 1.5 million visitor arrivals in the first half of 2022, the growth in visitor arrivals and tourism receipts signals strong pent-up demand.

Residential property prices could rise by 7% year-on-year in 2022 as a hedge against inflation and shrinking unsold inventory.² Despite inflation concerns and higher interest rates, private property values climbed 3.2% in the second quarter of 2022.³ Residential home rents continued its upward trajectory in June 2022 and are forecasted to remain elevated for the rest of 2022.⁴ With the continual inflow of foreigners and expatriates backed by higher employment, rental demand would correspondingly hold firm. Rent growth for office space was underpinned by a shift in employees returning to office and active demand from technology and non-bank financial sectors.⁵ With Singapore transiting to an endemic state, leasing activity in the commercial real estate market is expected to pick up in tandem with economic recovery.

In July 2022, The Monetary Authority of Singapore has tightened its monetary policy in an off-cycle move.⁶ The policy move is expected to slow the momentum of inflation and ensure medium-price stability. Singapore's gross domestic product growth is forecasted at the lower half of 3%-5% forecast range for 2022.

The economy in Singapore is expected to grow in the near term despite uncertainties stemming from the stringent COVID-19 measures in China and the Russia- Ukraine conflict. The COVID-19 situation in Singapore has stabilised along with the country's high vaccination rate and booster take-up, which allowed the easing of local and border restrictions. The Group will continue to prioritise cost control and exercise prudence in cash flow management when exploring sustainable business opportunities.

¹ <https://www.businesstimes.com.sg/government-economy/singapores-tourist-arrivals-expected-to-hit-4m-to-6m-in-2022>

² <https://sbr.com.sg/residential-property/news/residential-property-prices-climb-7-in-2022-report>

³ <https://www.theedgemarkets.com/article/singapores-property-boom-rolls-home-prices-accelerate>

⁴ <https://www.businesstimes.com.sg/real-estate/residential-property-rentals-expected-to-remain-elevated-this-year-after-uptick-in-june>

⁵ <https://www.jll.com.sg/en/newsroom/singapore-office-market-rides-the-return-to-office-wave-jll>

⁶ <https://www.cnbc.com/2022/07/14/singapore-central-bank-tightens-monetary-policy-in-off-cycle-move.html>

Pollux Properties Ltd. and its Subsidiaries

Notes to the condensed interim financial information For the six months ended 30 June 2022

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for 1H2022 as cash flows are being directed to fund the Group's operating activities and the Company was in an accumulated loss position as at 30 June 2022.

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

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

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Catalist Rules.

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

15. Disclosure pursuant to Rule 706A of the Catalist Rules

The board of directors of the Company wishes to announce that the Group has recently incorporated the following subsidiaries in 1H2022.

Name of Subsidiary:	Sapphire Investments (SG) Pte Ltd
Name of Holding Company:	Pollux Properties Ltd
Principal activity:	Investment holding company
Issued and paid-up capital:	S\$2.00
The Group's shareholding:	100%
Incorporation date:	18 May 2022

Pollux Properties Ltd. and its Subsidiaries

Notes to the condensed interim financial information For the six months ended 30 June 2022

Name of Subsidiary:	Emerald Investments (SG) Pte Ltd
Name of Holding Company:	Pollux Properties Ltd
Principal activity:	Investment holding company
Issued and paid-up capital:	S\$2.00
The Group's shareholding:	100%
Incorporation date:	18 May 2022

Name of Subsidiary:	Diamond Investments (SG) Pte Ltd
Name of Holding Company:	Pollux Properties Ltd
Principal activity:	Investment holding company
Issued and paid-up capital:	S\$2.00
The Group's shareholding:	100%
Incorporation date:	20 May 2022

Name of Subsidiary:	PT. Mitra Investasi Abadi
Name of Holding Company:	1. Emerald Investments (SG) Pte. Ltd. – 109,999,999 shares at Indonesian Rupiah (“Rp”) 100 each; and 2. Diamond Investments (SG) Pte. Ltd. – 1 share at Rp100
Principal activity:	Stars hotel, holding company activities, owned or rented real estate, and real estate based on fees or contracts
Authorised capital:	Rp 40,000,000,000
Issued capital:	Rp 11,000,000,000
The Group's shareholding:	100%
Incorporation date:	27 May 2022

Name of Subsidiary:	PT. Investasi Cemerlang Sukses
Name of Holding Company:	1. Diamond Investments (SG) Pte. Ltd. – 109,999,999 shares at Rp100 each; and 2. Sapphire Investments (SG) Pte. Ltd. – 1 share at Rp100
Principal activity:	Stars hotel, holding company activities, owned or rented real estate, and real estate based on fees or contracts
Authorised capital:	Rp 40,000,000,000
Issued capital:	Rp 11,000,000,000
The Group's shareholding:	100%
Incorporation date:	27 May 2022

Name of Subsidiary:	PT. Sumber Makmur Investasi
Name of Holding Company:	1. Sapphire Investments (SG) Pte. Ltd. – 109,999,999 shares at Rp100 each; and 2. Emerald Investments (SG) Pte. Ltd. – 1 share at Rp100
Principal activity:	Stars hotel, holding company activities, owned or rented real estate, and real estate based on fees or contracts
Authorised capital:	Rp 40,000,000,000
Issued capital:	Rp 11,000,000,000
The Group's shareholding:	100%
Incorporation date:	27 May 2022

The incorporation of the aforementioned subsidiaries will not have any material effect on the earnings per share, net asset value per share, gearing and substantial shareholders' shareholding of the Group for the financial year ending 31 December 2022.

None of the Directors or controlling shareholders of the Company and/or Group, as well as their respective associates, has any interest, direct or indirect, in the incorporation of the abovementioned subsidiaries (other than through their respective shareholdings in the Company).

Save for the above, there were no acquisitions or realisation of shares thereby resulting (i) in a change in the shareholding percentage in any subsidiary or associated company of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary or associated company of the Group during 1H2022.

Pollux Properties Ltd. and its Subsidiaries

**Notes to the condensed interim financial information
For the six months ended 30 June 2022**

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

The board of directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the board of directors which may render the unaudited financial results for the six months ended 30 June 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF DIRECTORS

Jacob Lee
Executive Director and CEO

Phua Cher Chew
Non-Executive and Independent Chairman

12 August 2022