

POLARIS LTD.

(Company Registration No. : 198404341D)
 Incorporated in the Republic of Singapore



UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF -YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement and Statement of Comprehensive Income

	Group		
	Three Months Ended		
	31 Mar 2017	31 Mar 2016	Inc/(Dec)
	S\$'000	S\$'000	%
Revenue (Note 1)	22,750	17,668	29
Cost of Sales	(21,269)	(16,842)	26
Gross profit	1,481	826	79
Other items of income			
Interest income	8	-	N.M.
Other income (Note 2)	58	301	(81)
Other items of expense			
Marketing and distribution	(28)	(28)	-
Administrative expenses	(1,093)	(1,635)	(33)
Finance costs	(42)	(74)	(43)
Other expenses (Note 3)	(202)	(118)	71
Profit/(Loss) before income tax	182	(728)	N.M.
Income tax	-	(8)	(100)
Profit/(Loss) for the period	182	(736)	N.M.
Attributable to:			
Owners of the Company	187	(733)	N.M.
Non-controlling interests	(5)	(3)	67
Profit/(Loss) for the period	182	(736)	N.M.
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Share of an associate's other comprehensive income	-	-	N.M.
Foreign currency translation	(183)	(160)	N.M.
Other comprehensive income for the period, net of tax	(183)	(160)	N.M.
Total comprehensive income for the period	(1)	(896)	N.M.
Attributable to:			
Owners of the Company	4	(893)	N.M.
Non-controlling interests	(5)	(3)	67
Total comprehensive income for the period	(1)	(896)	N.M.

	Three Months Ended		
	31 Mar 2017 S\$'000	31 Mar 2016 S\$'000	Inc/(Dec) %
<i>Note 1 - Revenue</i>			
Distribution sale of mobile handsets & accessories	7,305	2,751	166
Retail sale of mobile handsets & other apparatus	11,007	10,408	6
Retail sale of computer hardware & accessories and computer software	4,438	4,509	(2)
	22,750	17,668	29

	Three Months Ended		
	31 Mar 2017 S\$'000	31 Mar 2016 S\$'000	Inc/(Dec) %
<i>Note 2 - Other income</i>			
Net gain on disposal of investment securities	-	108	N.M.
Rental income	9	31	(71)
Other miscellaneous income*	49	162	(70)
	58	301	-81

* Other miscellaneous income comprises of Productivity Innovation Credit bonus pay-out, Wage Credit Scheme pay-out and Core Executive Programme pay-out by the Inland Revenue Authority of Singapore.

	Three Months Ended		
	31 Mar 2017 S\$'000	31 Mar 2016 S\$'000	Inc/(Dec) %
<i>Note 3 - Other expenses</i>			
Amortisation of intangible assets	(45)	(80)	(44)
Bank charges	(41)	(69)	(41)
Depreciation of property, plant and equipment	(120)	(172)	(30)
Depreciation of investment property	(23)	(23)	(2)
Net gain/(loss) on disposal of property, plant and equipment	1	(7)	(114)
Net foreign exchange gain/(loss)	26	233	N.M.
	(202)	(118)	71

N.M. denotes Not Meaningful

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Consolidated Balance Sheets

	Group		Company	
	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	5,389	5,510	5,354	5,460
Investment properties	2,390	2,411	2,390	2,411
Intangible assets	359	404	-	-
Investment in subsidiaries	-	-	6,039	6,039
Investment in associates	482	482	-	-
Other receivables	548	346	2,315	2,322
	9,168	9,153	16,098	16,232
Current assets				
Trade and other receivables **	9,865	9,505	268	269
Inventories	1,615	1,448	-	-
Prepaid operating expenses	171	69	66	23
Cash and cash equivalents	5,829	6,737	573	287
	17,480	17,759	907	579
Total assets	26,648	26,912	17,005	16,811
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings (Note 4)	259	272	259	272
Trade and other payables	6,639	6,813	396	290
Deferred revenue	5	13	-	-
Other liabilities	405	419	255	266
Income tax payable	-	-	-	-
	7,308	7,517	910	828
Net current assets/ (liabilities)	10,172	10,242	(3)	(249)
Non-current liabilities				
Loans and borrowings (Note 4)	5,312	5,366	5,312	5,366
	5,312	5,366	5,312	5,366
Total liabilities	12,620	12,883	6,222	6,194
Net assets	14,028	14,029	10,783	10,617
Equity attributable to members				
Share capital	402,747	402,747	402,747	402,747
Retained losses	(389,980)	(390,167)	(391,964)	(392,130)
Foreign currency translation reserve	757	940	-	-
	13,524	13,520	10,783	10,617
Non-controlling interests				
	504	509	-	-
Total equity	14,028	14,029	10,783	10,617
Total equity and liabilities	26,648	26,912	17,005	16,811

** Including receivables assigned to an associate company

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

	As at 31 Mar 2017		As at 31 Dec 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<i>Note 4 - Loans and borrowings</i>				
Current:				
Commercial property loans	174	-	187	-
Investment property loans	85	-	85	-
Amount repayable in one year or less, or on demand	259	-	272	-
Non-current:				
Commercial property loan	3,581	-	3,613	-
Investment property loans	1,731	-	1,753	-
Amount repayable after one year	5,312	-	5,366	-
	5,571	-	5,638	-

First commercial properties loan

These loans are secured by a first mortgage over the Group's commercial properties and is repayable in 240 instalments, bear interest at 3.22% below Bank's Commercial Financing Rate ("BCFR") for the 1st year, 3.12% below BCFR for the 2nd year, and 2.82% below BCFR for the 3rd year and thereafter at BCFR. Currently, BCFR is at 5.10% p.a.

Second commercial properties loan

These loans are secured by a first mortgage over the Group's commercial properties and are repayable in 240 instalments, bear interest at 3.32% below Bank's Commercial Financing Rate ("BCFR") for the 1st year, 3.02% below BCFR for the 2nd year, and 1.85% below BCFR for the 3rd year and thereafter 0.75% over BCFR. Currently, BCFR is at 4.50% p.a.

First Investment property loan

This loan is secured by a first mortgage over the Group's investment property and is repayable in 240 instalments, bear interest at 3.22% below Bank's Commercial Financing Rate ("BCFR") for the 1st year, 3.12% below BCFR for the 2nd year, and 2.82% below BCFR for the 3rd year and thereafter 2.43% over BCFR. Currently, BCFR is at 5.10% p.a.

Second Investment property loan

This loan is secured by a first mortgage over the Group's investment property and is repayable in 240 instalments, bear interest at 3.40% below Bank's Commercial Variable Rate 2 ("CR2") for the 1st year, 3.08% below CR2 for the 2nd year, and 2.30% below BCFR for the 3rd year and thereafter at CR2. Currently, CR2 is at 4.68% p.a.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Cash Flow Statement

	Three Months Ended	
	31 Mar 2017 S\$'000	31 Mar 2016 S\$'000
OPERATING ACTIVITIES		
Profit/(Loss) before tax	182	(728)
<u>Adjustments for:</u>		
Amortisation of intangible assets	45	80
Depreciation of property, plant and equipment	120	172
Depreciation of investment properties	23	23
Finance costs	83	74
Interest income	(8)	-
Gain on divestment of investment securities	-	(108)
Net (gain)/loss on disposal of property, plant and equipment	(1)	7
Share of result of an associate	-	-
Total adjustments	262	248
Operating cash flows before changes in working capital	444	(480)
<u>Changes in working capital</u>		
(Increase)/ Decrease in:		
Inventories	(167)	1,229
Trade and other receivables	(562)	4,371
Prepaid operating expenses	(102)	(309)
(Decrease)/ Increase in:		
Trade and other payables	(174)	(1,385)
Other liabilities	(22)	32
Total changes in working capital	(1,027)	3,938
Cash flows generated from operations	(583)	3,458
Interest received	8	-
Interest paid	(83)	(74)
Income taxes paid		(124)
Net cash flows generated from operating activities	(658)	3,260
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	1	(25)
Proceed from divestment of investment securities	-	708
Net cash flows generated from/(used in) investing activities	1	683
FINANCING ACTIVITIES		
Repayment of loans and borrowings	(67)	(926)
Net cash flows used in financing activities	(67)	(926)
Net increase in cash and cash equivalents	(724)	3,017
Effect of exchange rate changes on cash and cash equivalents	(184)	(291)
Cash and cash equivalents at 1 January	6,737	2,737
Cash and cash equivalents at 31 March	5,829	5,463

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Change in Equity :

2017 Group	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000	Other Reserve S\$'000	Foreign currency translation reserve S\$'000	Non-controlling interests S\$'000
Opening balance at 1 January 2017	14,029	402,747	(390,167)	-	940	509
Profit for the period	182	-	187	-	-	(5)
Other comprehensive income						
Foreign currency translation	(183)	-	-	-	(183)	-
Other comprehensive income for the period, net of tax	(183)	-	-	-	(183)	-
Total comprehensive income for the period	(1)	-	187	-	(183)	(5)
Closing balance at 31 March 2017	14,028	402,747	(389,980)	-	757	504

2016 Group	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000	Other Reserve S\$'000	Foreign currency translation reserve S\$'000	Non-controlling interests S\$'000
Opening balance at 1 January 2016	12,818	402,747	(391,227)	-	792	506
Loss for the period	(736)	-	(733)	-	-	(3)
Other comprehensive income						
Foreign currency translation	(160)	-	-	-	(159)	(1)
Other comprehensive income for the period, net of tax	(160)	-	-	-	(159)	(1)
Total comprehensive income for the period	(896)	-	(733)	-	(159)	(4)
Closing balance at 31 March 2016	11,922	402,747	(391,960)	-	633	502
Loss for the period	1,800	-	1,793	-	-	7
Other comprehensive income						
Foreign currency translation	307	-	-	-	307	-
Other comprehensive income for the period, net of tax	307	-	-	-	307	-
Total comprehensive income for the period	2,107	-	1,793	-	307	7
Closing balance at 31 December 2016	14,029	402,747	(390,167)	-	940	509

2017 Company	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000
Opening balance at 1 January 2017	10,617	402,747	(392,130)
Profit for the period, representing total comprehensive income for the period	166	-	166
Closing balance at 31 March 2017	10,783	402,747	(391,964)

2016 Company	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000
Opening balance at 1 January 2016	15,062	402,747	(387,685)
Profit for the period, representing total comprehensive income for the period	188	-	188
Closing balance at 31 March 2016	15,250	402,747	(387,497)
Loss for the period, representing total comprehensive income for the period	(4,633)	-	(4,633)
Closing balance at 31 December 2016	10,617	402,747	(392,130)

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

Changes in Company's Share Capital :

The Company did not have any convertibles and treasury shares as at 31 March 2017 and 31 March 2016.

	Company			
	31 Mar 2017		31 Dec 2016	
	Number of shares '000	S\$'000	Number of shares '000	S\$'000
At 1 January (excluding treasury shares)	17,053,170	402,747	17,053,170	402,747
Pursuant to share placement	-	-	-	-
At the end of the period	17,053,170	402,747	17,053,170	402,747

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

Please refer to 1(d)(ii)

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

Not applicable, as the Company held no treasury shares at the beginning and end of the financial period reported.

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

The financial statements presented above have not been audited or reviewed by the Company's auditors.

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

Not Applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those used in the audited financial statements for the financial year ended 31 December 2016, except for the adoption of the revised financial reporting standard ("FRS") and interpretations to FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2017.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") for accounting periods beginning 1 January 2017, where applicable.

The adoption of new / revised FRS and INT FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior period.

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.**

	Three Months Ended	
	31 Mar 2017 S\$'000	31 Mar 2016 S\$'000
Profit/(loss) for the period attributable to owners of the Company used in the computation of basic earnings per share	182	(733)
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	17,053,170	17,053,170
(Loss)/Earnings per share attributable to owners of the Company (cents per share)		
Basic	0.001	(0.004)
Diluted	0.001	(0.004)

The basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

The diluted earnings per share is calculated on the same basis as basic earnings per share except that the denominator is adjusted to include any dilutive potential ordinary shares deemed exercised at the beginning of each financial period.

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

	Group		Company	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net asset value per ordinary share is calculated based on 17,053,169,818 ordinary shares in issue at the end of the period under review and of the immediate preceding financial year (S\$ cents per share)	0.08	0.08	0.06	0.06

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) 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; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) Turnover, costs and earnings

For the first quarter of the year 2017 ("1QFY2017"), the Group's turnover increased by 28.8% from S\$17.67 million in first quarter of the year 2016 (1QFY2016) to S\$22.75 million. The increase was due to the increase of revenue from the Group's distribution sale of mobile handsets & accessories and retail sale of mobile handsets & other apparatus for 1QFY2017, increase by 165.5% from S\$2.75 million to S\$7.31 million and 5.76% from S\$10.41 million to S\$11.00 million respectively, while the revenue from retail sale of computer hardware & accessories and computer software slightly decreased by 1.57% from S\$4.51 million to S\$4.44 million as compared to the same period under review in 2016

The Group's gross profit for 1QFY2017 increased by 79.3% to S\$1.48 million. The increase was mostly due to higher revenue generated in 1QFY2017 compared to 1QFY2016 by 28.8% and increase of gross profit margin from 4.67% in 1QFY2016 to 6.51% in 1QFY2017.

For 1QFY2017, the Group's other income decreased by 81% to S\$0.06 million from S\$0.30 million. The decrease was mainly due to gain from disposal of investment that happened last year and lower rental income generated this year.

The Group's net profit for 1QFY2017 of S\$0.18 million increased by S\$1.08 million compared to the net loss booked in 1QFY2016 of S\$0.90 million which mostly came from lower gross profit generated last year and higher administrative expenses. The increase in net profit was also attributable to the decrease in administrative expenses from S\$1.64million in 1QFY2016 to S\$1.09million in 1QFY2017.

(b) Cash flow, working capital, assets or liabilities

The Group recorded a net decrease in cash and cash equivalents as at 31 March 2017 primarily caused by higher cash used in operating activities.

The Group's trade and other receivables and inventories increased from S\$9.5 million and S\$1.4 million as at 31 December 2016 to S\$9.9 million and S\$1.6 million as at 31 March 2017 respectively. These increases were mainly due to increase in sales operation of the Group.

The Group's trade and other payables and loans and borrowings slightly decreased from S\$6.8 million and S\$5.6 million as at 31 December 2016 to S\$6.6 million and S\$5.5 million as at 31 March 2017 respectively. The decreases were mainly due to payment of trade payable to supplier and the repayment of loans and borrowings respectively.

The Group's net assets remained constant at S\$14.0 million as at 31 December 2016 and 31 March 2017.

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

There was no forecast or prospect statement disclosed by the Group to Shareholders previously.

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 known factors or events that may affect the group in the next reporting period and the next 12 months.

A relatively flat growth in retail industry in Singapore and in the other part of the region where the Company operates may be perceived as the biggest challenge of growth for the Company within the next 12 months to come. Additionally, the total dependency on the brand manufacturers where the Company gets the products from are also seen as another risk factor as the Company does not have much leverage when it comes to negotiating commercial and financial terms. The declining of the demand of mobile devices, where is still the core business of the Company where it has investment in -the Philippines and Myanmar- due to the slowing down of the regional economy accompany with the thinning margin of the product sold are also a challenge. Additionally, with the fourth mobile operator coming in Singapore and the Company exclusive business ties with Singapore Telecom, the sustainability and growth of the Company may be at risk.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the period under review.

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.

No IPT mandate has been obtained for the period under review.

14. Status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8.

No proceeds raised from IPO and any offerings for the period under review.

15. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

The Board of Directors hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board which may render the interim financial results set out above to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

BY ORDER OF THE BOARD

JULIANA JULIANTI SAMUDRO
DIRECTOR/ CHIEF FINANCIAL OFFICER
Date: 12 MAY 2017

ANG CHUAN HUI, PETER
DIRECTOR/ CHIEF EXECUTIVE OFFICER
Date: 12 MAY 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this

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