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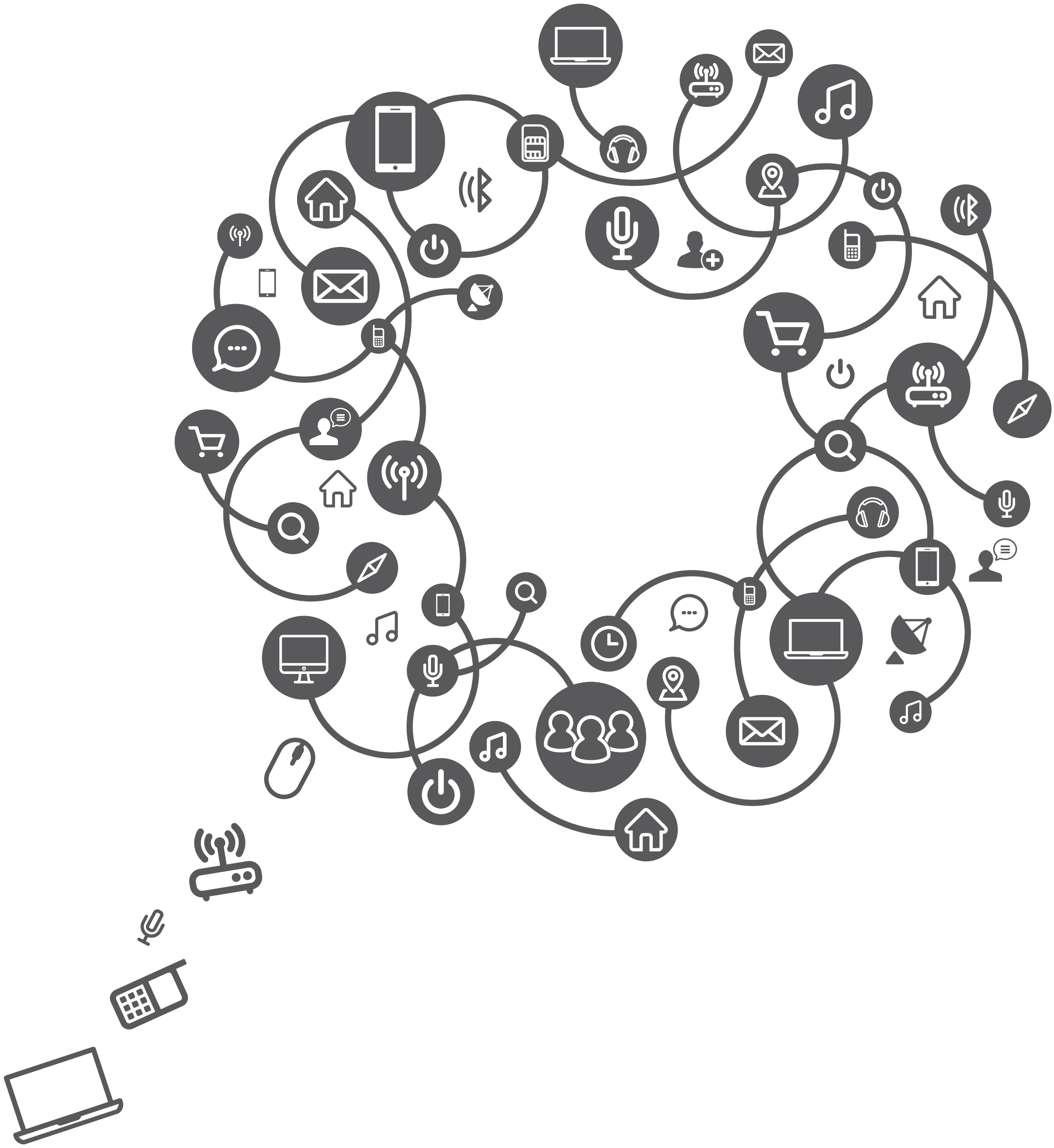

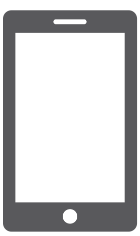

2016

ANNUAL REPORT

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Disclaimer

This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte. Ltd., for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of the annual report. This annual report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions mode or reports contained in this annual report.

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Tel: 6389 3000
Email: waiming.yap@morganlewis.com

LETTER TO SHAREHOLDERS

Dear valued Shareholders,

Developments in FY2016

Thank you for your support during a challenging yet remarkable year. 2016 saw negative growth with an especially tough first half of the year. Fortunately, we were able to pick up the performance during the second half. On the back of an unsteady global economy, Singapore and the regional economies that we operate in have been relatively weak.

The key factors to the improved performance over the course of the year were the decisions to (i) drive deeper into our existing businesses, (ii) expend significant efforts to improve our operational excellence, and (iii) withhold plans in widening our portfolio. These actions helped reduce the cash burn and improved our bottom line.

Our operating environment remains a challenge, which became more noticeable as the year progressed. The continued strengthening of the US dollar against the Singapore dollar meant that importing devices has become more costly. This directly impacts our business, and adds to an already escalating expense of doing business. Online shopping is also a trend that is affecting us. As a result we decided not to expand our electronic retail business into new malls when Funan Digital Mall closed down for renovations in June. We had 3 shops in Funan. Our chosen strategy was instead to focus on corporate sales and our unique online platform, which serves targeted consumers directly.

Some of our investments which were impaired in 2015 have returned back to us with profit. We will continue to invest in Myanmar to make e-city great. Polaristitans in the Philippines has also shown growth potential. However, we have closed our non-active subsidiary of Polaris Gold, and are planning to close the subsidiaries of Polaris Culture and Polaris TMT. Polaris Maju is still kept for potential opportunities in Malaysia.

While we acknowledge the arduous retail environment, we are cautiously optimistic that we have made the right strategic investments to position the Group for further growth, and with our strategic partnerships forged, we will be able to deliver greater shareholder value in the near future. With proper process flows and monitoring, we aim to enhance the performance through operational excellence.

Financial Review

The Group continued to focus on our core areas of business, as per the previous year. We recorded a turnover of $89.855 million for the year ended 31 December 2016, which translates into a 42% decrease year-on-year. The regional slowdown significantly affected our revenue. Nevertheless, due to the improvements in the second half of the year and reversed investment impairments, we managed to reach a Net Profit After Tax of $1.064 million for the twelve-month period ended 31 December 2016. Our sincere appreciations go out to the whole team who made this comeback happen and who stayed with us during this difficult period.

Polaris' business is now divided into three segments: Telecommunications, Lifestyle and Distribution. Our Distribution and Lifestyle segments recorded turnover of $34.123 million and $16.806 million respectively. These results represent a decreased revenue year-on-year of 62% for Distribution and 53% for Lifestyle. The Telecommunications segment recorded a stable turnover, with a 0.4% decrease to $65.229 million.

Along with the shareholders meeting conducted in April, our external independent auditor for the year has been switched from Ernst & Young, who has been assisting us for the past 3 years, to Moore Stephens LLP. Mr. Willy Ng is the coordination partner in charge. We extend our appreciations and gratitude to Ernst & Young and we welcome Moore Stephens LLP simultaneously.

Corporate Social Responsibility

As shared in our last annual report, the Polaris staff joined Dignity Kitchen's "Hawkers for the day" program in January 2016. Successfully launched in 2015, it is Singapore's first hawker training school aimed to support disabled and disadvantaged people. In today's increasingly competitive society, the elderly and people with disabilities have to strive even harder in the market place for jobs. Dignity Kitchen gives on-the-job training and places trainees in positions that provide them with skills, opportunities and hope for better lives. This is work that can bring personal fulfilment, camaraderie and success in its own right. In the "Hawkers for the day" program, our teams get a chance to bond while being taught by the Dignity Kitchen trainers how to whip up some tasty hawker food. We also get to appreciate the hard work that goes into running a hawker stand and the satisfaction achieved from serving others what we have cooked. A group of elderly folks dropped by for their meal treat of the day, reminding us of the important role that Dignity Kitchen, the hawkers and their stands play in our society. They provide important jobs, feed us and is an essential institution promoting togetherness. We left with a great deal of respect for Dignity Kitchen's disadvantaged program participants and the hard work they and all hawkers put in every day.

Future Prospects

With the global economic outlook remaining volatile for 2017, we are planning accordingly, such as aligning ourselves with government labour policies. This includes a focus on running existing retail operations more efficiently and expanding investments to boost our e-commerce platform. The objectives are to lower our operating costs and enhance productivity, while leveraging the changing consumer habits of online shopping. Additionally we are enlarging our in-house capabilities to service the products that we sell, equipping us to build a stronger relationship with our customers and suppliers.

In Appreciation

Finally, on behalf of the Board, we would like to take this opportunity to acknowledge and express our appreciation to the senior management, fellow directors and all staff for their dedication and commitment towards the Group. Everyone has been contributing relentlessly towards our goals. A special mention goes out to two key members of the management team, Lim Chee Keong and Kenn Chan, who had set up the Singtel Business and the HR policy respectively from scratch. They have since decided to venture into other personal interests, but they left behind solid foundations for the business to grow.

It has been a tough year, and it is only with a common vision and united spirit that we can achieve what we set out to do. We would also like to thank our valued shareholders, business partners and associates who have given us staunch support throughout the year. We will continue to focus on enhancing our business performance in the coming year, so as to create greater value for our stakeholders. With that, we look forward to your continued support in our journey towards excellence.

Carl Johan Pontus Sonnerstedt
Non-Executive Chairman

Ang Chuan Hui, Peter
Chief Executive Officer and Executive Director

BOARD OF DIRECTORS

Mr. Carl Johan Pontus Sonnerstedt
Non-Executive Chairman

DATE OF APPOINTMENT AS DIRECTOR
5 May 2016

DATE OF LAST RE-ELECTION
-

NATURE OF APPOINTMENT
Independent Non-Executive Chairman

BOARD COMMITTEES SERVED ON
Member of Audit Committee since 5 May 2016
Chairman of Remuneration Committee since 5 May 2016
Chairman of Nominating Committee since 5 May 2016

Since mid-2014 Pontus has been running PT Bayon Management, a company he founded with a focus on internet consulting and investment in Indonesia. Engagements to date include online media, law, music and payments, as well as discovery and evaluation of investment targets.

Leading up to Bayon, Pontus was CEO at PT Skybee Tbk, an Indonesian holding company with technology, telecommunications and media subsidiaries. He held liaison positions engaging with SoftBank and SoftBank Ventures Korea, supporting their investment efforts in Indonesia, and was on the investment committee of Indonesian incubator and vc Ideosource.

Between 2007 and 2012 Pontus identified Indonesia as a key growth opportunity for Yahoo!, coordinated the company's entry in to the market and then ran PT Yahoo Indonesia as Country Manager. Under Pontus' leadership, Yahoo! attracted great talent and became one of the most trafficked and monetized Internet destinations in Indonesia. Today, the alumni can be found across the market as successful entrepreneurs and in leading roles in local and international companies.

Prior to Yahoo!, Pontus spent eight years in the mobile phone industry in Asia. From 1999 to 2001 he managed Ericsson's mobile phone business in Vietnam, as Director of Consumer Products. He then moved to Singapore with Sony Ericsson, first in a regional sales role covering Indonesia and then as head of business development for APAC EM. In this role Pontus established and managed the business and operations in several markets, including Pakistan, Bangladesh, Sri Lanka, Cambodia and Vietnam. Under his management, these emerging markets transformed from being a marginal business to one turning over several hundred million dollars per year. Pontus was recognized for his contributions to the company's overall performance and growth by twice winning the company's global best market unit performance award.

Pontus served as a mine clearance diver in the Royal Swedish Navy. He holds a degree in International Economics from the American University of Paris.

Mr. Ong Kok Wah
Independent Non-Executive Director

DATE OF APPOINTMENT AS DIRECTOR
20 May 2010

DATE OF LAST RE-ELECTION
30 April 2015

NATURE OF APPOINTMENT
Independent Non-Executive Director

BOARD COMMITTEES SERVED ON
Chairman of Audit Committee since 5 May 2016
Member of Audit Committee since 17 August 2010
Member of Remuneration Committee since 25 May 2010
Member of Nominating Committee since 17 August 2010

Mr. Ong was re-designated as an Independent Director on 12 August 2010.

Mr. Ong has over 47 years of working experience in the marine and offshore industries. He started his career in the Merchant Navy with Shell Eastern Fleet, Maple Hill Shipping and Guan Guan Shipping. He was with the Port Authority of Singapore ("PSA") from 1968 to 1975 where his last position was Controller (Shipping). He joined Chuan Hup Holdings Limited Group as a Director from 1976 to October 2005. He was a Director with CH Offshore Ltd ("CHO") for the period from 1987 to 2010, during which he was appointed as CEO from 2004 to 2007.

Mr. Ong was a member of the American Bureau of Shipping's Southeast Asia Technical Committee. He was a Council Member of the Singapore Shipping Association ("SSA") since its inception in 1985 until 2007, where his last held position was Honorary Secretary. SSA has in its June 2008 annual general meeting bestowed an 'Honorary Membership' on Mr. Ong and he remains as one of their trustees. He has also been a Director on the Board of the Shipowners' Mutual Protection and Indemnity Association (Luxembourg) since 1993 and was the Director of their Singapore registered insurance company.

BOARD OF DIRECTORS

Mr. Ong is the Independent Non-Executive Director of ICP Ltd and holds directorships in several private companies in Singapore.

Mr. Ong attended Nautical Studies at Singapore Polytechnic. He holds a Second-mate (FG) certificate from the Ministry Of Transport Singapore.

Mr. Ang Chuan Hui, Peter
Executive Director and Chief Executive Officer

DATE OF APPOINTMENT AS DIRECTOR
1 March 2012

DATE OF APPOINTMENT AS CEO
1 March 2012

DATE OF LAST RE-ELECTION
30 April 2014

NATURE OF APPOINTMENT
Executive Director and Chief Executive Officer

BOARD COMMITTEES SERVED ON
Member of Audit Committee since 5 May 2016
Member of Remuneration Committee since 4 November 2016
Member of Nominating Committee since 4 November 2016

Mr. Ang has more than 15 years of experience in the Telecommunication Industry. He started his career with Ericsson Telecommunication as Channel Sale Manager and was promoted to Director, Product Marketing for Asia Pacific Region where he was in charge of planning, implementation and product launches within the region for all products. Key achievements include turning around APAC business from declining profit and market share to a market share of more than 10% with double digit NIBT, successfully installing new processes that streamline and drive focus on the business for the region and also building up India market share from zero to 5% through product features that reaches out to the India consumer. Subsequently, Mr Ang was promoted to Vice President Marketing for Asia Pacific where he was responsible for marketing and product strategy across Sony Ericsson's various portfolios, overseeing product, marketing communication, public relations, market intelligence, channel marketing and go-to-market implementation for all mobile phones, accessories and services within the region.

Prior to leaving Sony Ericsson, Mr Ang was promoted to Hub GM for Singapore, Malaysia and Indonesia where he was responsible for all operations, profit and loss, and customer relationships. He also spearheaded the drive to increase Android market share in these markets and it was under his leadership when Sony Ericsson set sight on becoming the company with the most entertaining smartphone.

Mr. Ang holds a Bachelor of Engineering (Honours) in Electrical and Electronic from Loughborough University of Technology, UK. He was awarded the Overseas Research Student award for PhD Studies.

Ms. Juliana Julianti Samudro
Executive Director and Chief Financial Officer

DATE OF APPOINTMENT AS DIRECTOR
26 July 2011

DATE OF APPOINTMENT AS CHIEF FINANCIAL OFFICER
1 January 2014

DATE OF LAST RE-ELECTION
29 April 2016

NATURE OF APPOINTMENT
Executive Director and Chief Financial Officer

BOARD COMMITTEES SERVED ON
N/A

Ms. Juliana was appointed as Chief Financial Officer of the Company and re-designated from Non-Executive Director to Executive Director with effect from 1 January 2014.

Ms. Juliana started her career in PT. Trikomsel Oke Tbk, Jakarta as Senior Vice President of Corporate Services in 2008, and was subsequently promoted to Director of Corporate Services in May 2010. She is responsible for overall corporate affairs, such as corporate secretary, investor relations, corporate legal, accounting and financial.

Previously, she acted as Senior Vice President and Head of Corporate Secretary Division of PT Bank UOB Buana Tbk, Jakarta where she managed the company's corporate affairs relating to capital market and stock exchange including corporate legal matters.

From 2010 to present, Ms. Juliana held several directorships in the multimedia and telecommunication industry.

Ms. Juliana holds a degree in Bachelor of Arts from California State University in Los Angeles, USA. She studied at Pasadena City College.

CORPORATE PROFILE

Polaris Ltd. (“Polaris”) is a Singapore-based holding company and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Polaris is active in the distribution and retail of smart mobile devices and lifestyle products in Southeast Asia, with extensive operations in Singapore.

The Group is organised into business units based on its products and services.

The distribution segment engages in the distribution of consumer electronics, mobile communication devices and accessories for leading brands.

The retail telecommunication segment engages in the retail sale of mobile communication devices and accessories and provision of broadband and other related telecommunication services in Singapore. It operates a network of strategically located retail stores island-wide.

The retail consumer electronics segment engages in the retail sale of IT and related products in Singapore. It offers a wide range of electronics products and services from reputable brand such as Apple, Lenovo and Sony. Lenovo and Sony retail outlets were closed on June 2016 and January 2016 respectively.

The corporate segment is involved in Group-level corporate services, treasury functions and investment in marketable securities. It is also involved in strategic investment and joint venture opportunities in emerging Southeast Asia markets to synergise and complement the Group’s existing offerings.

CORPORATE INFORMATION

Board of Directors

Mr Carl Johan Pontus Sonnerstedt
Independent Non-Executive Director (Chairman)

Mr Ong Kok Wah
Independent Non-Executive Director

Mr Ang Chuan Hui, Peter
Executive Director & CEO

Ms Juliana Julianti Samudro
Executive Director & CFO

Audit Committee

Mr Ong Kok Wah
Chairman

Mr Carl Johan Pontus Sonnerstedt

Mr Ang Chuan Hui, Peter

Remuneration Committee

Mr Carl Johan Pontus Sonnerstedt
Chairman

Mr Ong Kok Wah

Mr Ang Chuan Hui, Peter

Nominating Committee

Mr Carl Johan Pontus Sonnerstedt
Chairman

Mr Ong Kok Wah

Mr Ang Chuan Hui, Peter

Company Secretary

Foo Jien Jieng, **Seal Asia Pte. Ltd.**

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Fax: + 65 6305 0489
Website: WeArePolaris.Com

Solicitor

Morgan Lewis Stamford LLC
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

Continuing Sponsor

Stamford Corporate Services Pte. Ltd.
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

Share Registrar

M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

Auditor

Moore Stephens LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903
Partner-in-charge: Willy Ng
Date of appointment: 29 April 2016

CORPORATE GOVERNANCE REPORT

Polaris Ltd. (the “Company”) is fully committed to maintaining high standards of corporate governance within the Company and its subsidiaries (the “Group”). The Board of Directors (the “Board”) recognises the importance of good corporate governance and the offering of high standards of accountability to the shareholders.

This report outlines the Company’s corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the “Code”). The Company also refers to the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in January 2015 (the “Guide”) and has incorporated answers to the questions set out in the Guide in this report. The Company is generally in compliance with the principles and guidelines as set out in the Code and in areas where there are deviations from the Code, appropriate explanations are provided within this report. The Board considers that the alternative corporate governance practices are sufficient to meet the underlying objective of the Code.

BOARD MATTERS

The 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 long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board’s role is to:

a. establish the overall business direction of the Group, with specific emphasis on business expansion and synergies;
b. oversee the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance, including safeguarding of shareholders’ interests and the company’s assets;
c. approve major investment and divestment proposals, material acquisitions and disposal of assets, major corporate policies on key operations, annual budget, the release of the Group’s quarterly and full year results and interested person transactions of a material nature;
d. identify the key stakeholder groups and recognise that their perceptions affect the company’s reputation;
e. assume corporate governance practices directly or through the respective Committees; and
f. consider sustainability issues e.g. environmental and social factors, as part of its strategic formulation.

All directors exercise due diligence and independent judgment, and are obliged to act in good faith as fiduciaries and consider at all times the best interests of the Company.

To assist the Board in executing its responsibilities, the Board has delegated specific functions to the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”) (together “Board Committees” and each a “Board Committee”). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members.

The Board meets regularly, and has held meetings for particular and specific matters as and when required. The Company’s Constitution allows a board meeting to be conducted by means of conference telephones or similar communications equipment.

A record of the directors’ attendance at meetings of Board and Board Committees for the financial year ended 31 December 2016 (“FY2016”), as well as frequency of such meetings, is set out in Table 1.

The Company has adopted a set of Approving Authority & Limit Guidelines (“Guidelines”), setting out the level of authorisation required for specified transactions, including those that require Board approval. Under the Guidelines, new investments or divestments and all commitments to banking facilities granted by financial institutions to the Company require the approval of the Board.

On directors' training, the Group has instituted an orientation program for new directors to familiarise them with the Group's core business and governance practices. Directors are also given an opportunity to visit the Group's operational facilities and meet with management staff (the "Management") to obtain a better understanding of the Group's history, business operations, policies, strategic plans and objectives. Directors and senior executives are encouraged to attend relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's operations.

All directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the directors are competent in carrying out their expected roles and responsibilities. The directors are aware of the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as directors. New directors, upon appointment, will also be briefed on their duties and obligations as directors. The directors are also informed of regulatory changes initiated by or affecting the Company.

The Company has an on-going budget for all directors to attend appropriate courses, seminars and conferences for them to stay abreast of the relevant business developments. These include programmes run by the Singapore Institute of Directors or other training institutions.

Board Composition and Guidance

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 and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises four directors of whom two are independent non-executive directors (INEDs) and two are executive directors (EDs). A summary of the current composition of the Board and its committee is set out in Table 2.

The Chairman of the Board and the Chief Executive Officer ("CEO") are not the same person. The Chairman of the Board is an independent director who is not part of the management team nor is he an immediate family member of the CEO.

The NC, which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitutes an independent director as well as the respective director's self-declaration in the statement of director's independence. The NC conducted its annual review of the directors' independence and was satisfied that the Company complies with the guidelines of the Code including the guideline that at least one-third of the Board is made up of independent directors. The Board has reviewed and confirmed the independence of the independent directors. There are no directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

The Company has no independent non-executive director who has served on the Board beyond nine years.

The Board is of the view that its current size is appropriate, taking into account the nature and the scope of operations of the Group.

The Board recognises the importance of an appropriate balance and diversity of skills, experience, gender, knowledge and professional qualifications in building an effective Board. For this purpose, the NC reviews the Board's collective skills matrix regularly.

The directors bring with them an appropriate balance and diversity of gender and a broad range of expertise and experience in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views. The profile of all Board members is set out in the section entitled 'Board of Directors'.

The presence of non-executive directors is to assist in the development of proposals on strategy by constructively challenging Management. The non-executive directors also review the performance of Management in meetings.

Where warranted, the non-executive directors meet without the presence of the executive directors or Management to review any matters that must be raised privately.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Board has adopted the recommendation of the Code to have separate persons appointed as Chairman and the CEO. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable power or influence. Further, the AC, RC and NC are chaired by independent directors.

Mr. Carl Johan Pontus Sonnerstedt ("Mr. Sonnerstedt") was appointed as an independent non-executive director and Chairman of the Board (the "Chairman") on 5 May 2016. Mr. Sonnerstedt is not related to the CEO and is not part of the management team. Mr. Ang Chuan Hui, Peter ("Mr. Ang") fulfils the role of the CEO of the Company as part of the Company's plans for new direction of the Company. Mr. Ang plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and strategic vision. He manages the businesses of the Company and implements the Board's decisions. He also ensures that the directors are kept updated and informed of the Group's businesses and developments.

As Chairman, Mr. Sonnerstedt is responsible for, amongst other things, exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board, and ensuring compliance with the Company's guidelines on corporate governance along with promoting high standards of corporate governance.

The Chairman is also responsible for, amongst other things, effectively representing the Board to the shareholders, ensuring that Board meetings are held when necessary, setting the Board meeting agenda in consultation with the Chief Financial Officer ("CFO") and/or Company Secretary, acting as facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters. At annual general meetings and other shareholders' meetings, the Chairman ensures constructive dialogue between shareholders, the Board and the Management.

There is no necessity to appoint a lead independent director because:

a. the Chairman and the CEO are not the same person;

b. the Chairman and the CEO are not immediate family members;

c. the Chairman is not part of the management team; and

d. the Chairman is an independent director.

Board Membership

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

The NC, regulated by a set of written terms of reference, comprises three members, a majority of whom, including the Chairman, are independent non-executive directors. The NC meets at least once a year. The members of the NC are as follows:

1. Mr. Carl Johan Pontus Sonnerstedt (Chairman, INED)
2. Mr. Ong Kok Wah (INED)
3. Mr. Ang Chuan Hui, Peter (ED)

The principal functions of the NC are to establish a formal and transparent process for:

a. reviewing nominations of new director appointments based on selection criteria such as the nominee's credentials and his/her skills and contributions required by the Company;
b. reviewing and recommending to the Board the re-election of directors in accordance with the Company's Constitution;
c. determining annually whether a director is "independent", guided by the guidelines contained in the Code;
d. deciding whether a director is able to and has adequately carried out his/her duties as a director of the Company, in particular whether the directors concerned have multiple board representations or if they are in conflict with the interest of the Company; and
e. deciding how the performance of the Board, its board committees and directors may be evaluated and propose objective performance criteria.

In accordance with the Company's Constitution, one third, or if their number is not a multiple of three, the number nearest to one-third of the directors are required to retire from office by rotation at each Annual General Meeting ("AGM"), (provided that no director holding office as managing director, shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire). Newly appointed directors will hold office only until the next AGM following their appointments and they shall be eligible for re-election. Such directors are not taken into account in determining the number of directors who are to retire by rotation at that meeting.

The NC has recommended to the Board that Mr. Ang Chuan Hui, Peter be nominated for re-election at the forthcoming AGM in accordance with Article 86 of the Company's Constitution. Mr. Carl Johan Pontus Sonnerstedt will also be nominated for re-election at the forthcoming AGM in accordance with Article 93 of the Company's Constitution. Other key information of the directors who held office during the year up to the date of this report is disclosed in the "Board of Directors" section of the Annual Report. There are no relationships (including immediate family relationships) between Mr. Ang Chuan Hui, Peter and Mr. Carl Johan Pontus Sonnerstedt and the other Directors, the Company or the 10% shareholder of the Company.

In making recommendations for the selection, appointment and re-appointment of directors, the NC evaluates composition and progressive renewal of the Board and the director's contribution and performance, such as his/her attendance at meetings of the Board or Board Committees, where applicable, participation, candour and any special contributions. The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors will be offering themselves for re-election at the forthcoming AGM.

Each member of the NC has abstained from reviewing and approving his own re-election.

The NC reviews annually the independence declarations made by the Company's independent non-executive directors based on the criterion of independence under the guidelines provided in the Code. The NC has reviewed the independence of each director for FY2016 in accordance with the Code's definition of independence and is satisfied that Mr. Carl Johan Pontus Sonnerstedt and Mr. Ong Kok Wah remain as independent directors of the Company.

The NC and the Board are of the standpoint that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many other factors such as whether they are in full time employment and their other responsibilities or principal commitments. In addition, the board representations presently held by its directors do not impede the performance of their duties to the Company.

The NC monitors and determines annually whether directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director and his/her actual conduct on the Board, in making this determination. The NC and with the concurrence of the Board were satisfied that in FY2016, where a director had other listed company board representations and/or other principal commitments, the director was able to carry out and had been adequately carrying out his/her duties as a director of the Company.

Notwithstanding that some of the directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company and each director is able to and has been adequately carrying out his/her duties as a director of the Company.

No alternate director has been appointed to the Board.

The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include;

a. academic and professional qualifications;
b. industry experience;
c. number of other directorships;
d. relevant experience as a director; and
e. ability and adequacy in carrying out required tasks.

The NC leads the process for board appointments and makes recommendations to the Board. The integrated process of appointment includes:

a. developing a framework on desired competencies and diversity on board;
b. assessing current competencies and diversity on board;
c. developing desired profiles of new directors;
d. initiating search for new directors including external search, if necessary;
e. shortlist and interview potential director candidates;
f. recommending appointments and retirements to the Board; and
g. election at general meeting.

The date of the directors' initial appointment and last re-election and their directorships are shown in Table 3.

Board Performance

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

The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board as a whole and the contribution of each individual director. The NC is also responsible for deciding how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

The NC adopts a formal system of evaluating the Board as a whole every year. A Board performance evaluation is carried out and the assessment parameters include evaluation of the Board's composition, size and expertise, timeliness of Board information as well as Board accountability and processes. Through a formal written Board performance evaluation, the Board has reached the conclusion on its performance for FY2016 that the Board has met its performance objectives.

The annual evaluation exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes had allowed him/her to discharge his/her duties effectively and to propose changes which may be made to enhance the Board's effectiveness as a whole. The collated findings are reported and recommendations are made to the Board for consideration and for further improvements to help the Board to discharge its duties more effectively.

The NC conducts evaluation of the performance of individual directors annually and for re-election or re-appointment of any director. The assessment of each director's performance is undertaken by the NC Chairman. The criteria for assessment includes but is not limited to attendance record at meetings of the Board and board committees, intensity of participation at meetings, quality of discussions, maintenance of independence and any special contributions. The NC, in concurrence with the NC Chairman, is satisfied that each director is contributing to the overall effectiveness of the Board.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board is informed of all material events and transactions as and when they occur. All analysts' and media reports on the Group are forwarded to the directors on an on-going basis.

The Board has separate, independent and unrestricted access to the senior management of the Group at all times. Requests for information from the Board are dealt with promptly by the senior management.

The Board is provided with complete, adequate and timely information prior to board meetings.

The Board receives monthly management financial statements, annual budgets and explanation on forecast variances to enable them to oversee the Group's operational and financial performance. Directors are also informed of any significant developments or events relating to the Group.

The Board has separate, and independent access to the Company Secretary at all times. The Company Secretary or his/her nominee attends all Board meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the management staff, ensures good information flows within the Board and the Board Committees and between senior management and non-executive directors.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

The Board seeks independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The directors, whether as a Group or individually, may seek and obtain legal and other independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their roles and responsibilities as directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC, regulated by a set of written terms of reference, comprises three members, a majority of whom, including the Chairman, are independent non-executive directors. There is one executive director in the RC as the Board consists of four directors, out of which two are non-executive. The members of the RC are as follows:

1. Mr. Carl Johan Pontus Sonnerstedt (Chairman, INED)
2. Mr. Ong Kok Wah (INED)
3. Mr. Ang Chuan Hui, Peter (ED)

The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of directors and key management personnel of the Group.

Under its terms of reference, the RC is responsible for reviewing and recommending a remuneration framework for the Board and the Company's key management personnel. The RC also reviews and recommends to the Board the specific remuneration packages for each director as well as the Company's key management personnel. The aim is to build capable and committed management teams, through competitive compensation, focused management, and progressive policies which will attract, motivate and retain a pool of talented executives to meet the current and future growth of the Company. In discharging their duties, the members have access to advice from human resources department and external advisors as and when they deem necessary. To ensure that the remuneration package is competitive and sufficient to attract, retain and motivate the key management personnel, the RC also takes into consideration industry practices and norms in the compensation review. The RC as part of its review ensures that all aspects of remuneration, including and not limited to director's fees, salaries, allowances, bonuses, options and benefits-in-kinds are covered for each director and key management personnel.

No independent consultant is engaged for advising on the remuneration of all directors. The RC will seek external expert advice should such a need arises.

The RC reviews the service contracts of the Company's executive directors and key executives. Services contracts for executive directors are for a fixed appointment period and may be terminated by not less than three months' notice in writing served by either party or salary in lieu of notice. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive directors and key executives.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Remuneration policy in respect of executive directors and other key management personnel

The remuneration policy for executive directors is structured to link rewards to corporate and individual performance.

Our executive directors' remuneration consists of a salary, bonuses and other benefits. A proportion of the remuneration for the executive directors is linked to performance in the form of performance bonus. Executive directors are paid incentives based on achievement of targeted performance of their respective business units set at the beginning of the financial year. In setting the targets, due regards are given to the financial and commercial health and business needs of the Group. Executive directors do not receive directors' fees.

The Group has also entered into letters of employment with all of the executive officers. Their compensation consists of salary, bonus and performance awards that are dependent on the performance of the Group.

The Company does not have any long-term incentive scheme or schemes involving the offer of shares or grant of options. In evaluating long-term incentives, the RC takes into consideration the costs and benefits of such schemes.

Policy in respect of non-executive directors' remuneration

Non-executive directors ("NEDs") are remunerated under a framework of fixed fees for serving on the Board and Board Committees. Fees for NEDs are subject to the approval of shareholders at the AGM.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, 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 management personnel, and performance.

Level and mix of remuneration of directors and the CEO for the year ended 31 December 2016

Given the highly competitive environment it is operating in and the confidentiality attached to the remuneration matters, the Company believes that fully disclosing the remuneration of each director and the CEO would be prejudicial to its business interest. The Company has instead disclosed the remuneration of each director and the CEO in bands of $200,000. The aggregate value of remuneration to directors has been disclosed on page 77 of this annual report.

Table 4 sets out the breakdown of the remuneration of the directors for FY2016.

Level and mix of remuneration of key management personnel (who are not also directors or the CEO) for the year ended 31 December 2016

The Company has disclosed the remuneration of each key management personnel (who are not directors or the CEO) in bands of $200,000. The aggregate value of remuneration to the key management personnel (who are not directors or the CEO) has been disclosed on page 77 of this annual report.

Table 4A sets out the breakdown of the remuneration of the key management personnel (who are not directors or the CEO) for FY2016.

Remuneration of employees who are immediate family members of a director or the CEO

There is no immediate family member (defined in Section B of the SGX-ST Listing Manual (Rules of Catalist), as the spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO in the employment of the Company whose annual remuneration exceeded $50,000 during FY2016.

There is presently no share scheme or option scheme on unissued shares of the Company or its subsidiaries. The Polaris Performance Share Plan was not approved at the Annual General Meeting of the Company on 29 April 2016.

The RC is in view that all of the performance conditions used to determine the directors' remuneration have been met.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Group's performance, position and prospects on a quarterly basis. The Management provides the Board with appropriately detailed management accounts of the Group's performance and prospects on a monthly basis.

The Board is mindful that it is accountable to the shareholders and strives to ensure that full material information is disclosed to shareholders in a timely manner in compliance with the statutory requirements and Section B of the SGX-ST Listing Manual (Rules of Catalist). Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

The following policies were established:-

a. Directors' Training Policy;

b. Policy on Delegation of Authority;

c. Human Resource Policy;

d. Financial Risk Management Policy;

e. Code of Conduct and Business Ethics; and

f. Policy on Matters reserved for the Board.

The Management provides the Board and Board Committees with a continual flow of relevant information on a timely basis in order for it to effectively discharge its duties.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The 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 is satisfied that the system of internal procedures, controls and reviews that the Group has in place provide reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and the documentation on the Group's key risks referred to below, reviews performed by Management, the AC and the Board, the Board with the concurrence of AC is of the opinion that the Group's system of internal controls, addressing financial, operational, compliance and information technology controls, as well as risk management policies and systems, were adequate and effective as at 31 December 2016.

The AC and the Board has received assurance from the CEO and the Chief Financial Officer that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

The Company has not put in place a risk management committee. However, Management has in place a financial risk management policy and regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the directors and AC. The AC provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

Details of the Group's risk management policy are set out in Note 28 "Financial Risk Management" of the Notes to the Financial Statements.

Audit Committee

Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC, regulated by a set of written terms of reference, comprises three members, a majority of whom, including the Chairman, are independent non-executive directors. There is one executive director in the RC as the Board consists of four directors, out of which two are non-executive. Other directors are invited to attend AC meetings as and when appropriate. The AC meets twice a year. The members of the AC are as follows:

1. Mr. Ong Kok Wah (Chairman, INED)
2. Mr. Carl Johan Pontus Sonnerstedt (INED)
3. Mr. Ang Chuan Hui, Peter (ED)

The members of the AC each have expertise or experience in financial management and are qualified to discharge the AC's responsibilities.

The AC has full access to and full co-operation of Management. It also has the discretion to invite any director and executive officer to attend its meetings. The AC also has the power to conduct or authorise investigations into any matters within its terms of reference.

The AC meets periodically to perform the following functions:

a. review the audit plans of the external auditors of the Company, and review the external auditors' evaluation of the adequacy of the Company's system of internal accounting controls, their letter to Management and Management's response;
b. review the quarterly and annual financial statements and balance sheet and profit and loss accounts before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual Section B of the SGX-ST Listing Manual (Rules of Catalist) and any other relevant statutory or regulatory requirements;
c. review the internal control procedures and the adequacy of the Group's internal controls and ensure co-ordination between the external auditors and Management, and review the assistance given by Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);

d. review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or likely to have a material impact on the Group's operating results or financial position, and Management's response;
e. review the cost effectiveness and the independence and objectivity of the external auditors;
f. recommend to the Board the external auditors to be nominated, approve the compensation of the external auditors, and review the scope and results of the audit;
g. review interested person transactions (if any) falling within the scope of Chapter 9 of the Section B of the SGX-ST Listing Manual (Rules of Catalist);
h. review potential conflicts of interest, if any;
i. undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
j. undertake generally such other functions and duties as may be required by the legislation, regulations or the Section B of the SGX-ST Listing Manual (Rules of Catalist), or by such amendments as may be made thereto from time to time;
k. meet with external auditors, Management and any others considered appropriate in separate executive sessions to discuss any matters that the AC believes should be discussed privately and establish a practice to meet with external auditors without the presence of Management at least once annually;
l. review the nature and extent of all non-audit services provided by the Group's external auditors, if any, and determine if such services would affect the independence of the external auditors;
m. review and report to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls;
n. review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; and
o. make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.

The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness, as well as the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors.

Moore Stephens LLP, the Company's external auditor, carried out, as part of their statutory audit, a review of the effectiveness of the Company's internal accounting controls on an annual basis. Any material internal accounting control weaknesses noted in the course of the statutory audit were reported by the external auditors to the AC.

The AC meets with the internal auditor and the external auditor separately, at least once a year, without the presence of Management to review any matter that might be raised.

The AC undertook the review of the independence and objectivity of the external auditor through discussions with the external auditor as well as confirmed that no non-audit services were provided. The aggregate amount of audit fees payable to the external auditor in FY2016 was $100,000. There was no non-audit fees paid to the external auditor in FY2016. The AC is satisfied with their independence; hence has recommended the re-appointment of the external auditor at the forthcoming AGM of the Company.

The Company with the assistance of the AC has put in place a "whistle blowing" process and has formulated the guidelines for a Whistle-Blowing Policy for the Group. Such a policy serves to encourage and provide a channel for staff to report in good faith and without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the Non-Executive Chairman. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow up action to be taken. All reports will be promptly submitted to the AC which is responsible for investigating and coordinating corrective action. Details of the whistle-blowing policies and arrangements have been made available to all employees.

Summary of AC's activities in FY2016

For FY2016, the AC met with and reviewed with the external auditor:

a. the quarterly and full year financial statements of the Group and the Company, including announcements relating thereto to shareholders;
b. the audit plan (including, among others, the nature and scope of the audit before the audit commenced and the risk management issues of the Group);
c. their evaluation of the system of internal accounting controls;
d. their audit report;
e. the assistance given to them by the Company's officers; and
f. the consolidated financial statements of the Group, the balance sheet and statement of changes of equity of the Company.

The external auditors provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

In appointing the audit firms for the Group, the AC and the Board are satisfied that the Group has complied with Rule 712 and Rule 715 of Section B of the SGX-ST Listing Manual (Rules of Catalist).

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditor is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

The Company has an in-house internal audit team that primarily reports to the Chairman of AC on a project by project basis. Internal Audit serves as a check and balance function on the Company's operation processes, procedures and new projects, especially in relation to newly established functions and projects within the Company. The in-house team comprises personnel of the Company's finance team. However, this is a temporary arrangement exercised by the Company due to rising cost of operations and business. The AC ensures that the internal audit function as discharged by the in-house team is adequately resourced and staffed with personnel with the relevant qualifications and experience to perform its function whilst still maintaining objective views. On an annual basis, the AC continues to review specific audit risk areas and ensures that the internal audit function is adequate and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.

Management supports the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.

A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company conducts briefings occasionally for the media, analysts, brokers and fund managers, with the presence of key management personnel. Briefings for investors are held in conjunction with the release of the Company's quarterly and full year financial results, with the presence of the CEO and CFO (also as the executive directors) and the key management personnel to answer the relevant questions which the investors may have.

The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to Section B of the SGX-ST Listing Manual (Rules of Catalist) and the Companies Act (Cap 50) of Singapore, the Board's policy is that all shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to shareholders on a timely basis through the Singapore Exchange Network (the "SGXNet") and/or the press. Additionally, annual reports are prepared and issued to all shareholders within the mandatory period. Notices of shareholders' meetings are advertised in a newspaper in Singapore.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At AGMs, shareholders are given the opportunity to air their views and to ask the directors and Management questions regarding the Group.

All materials on the quarterly and full year financial results are available on the Company's website – www.wearepolaris.com. The website also contains various other investor-related information on the Company and an investor relations page which serves as an important resource for investors. Quarterly and full-year financial statements containing a summary of the financial information and affairs of the Group for the period are also released via SGXNet.

As the Company has registered accumulated losses as at 31 December 2016 and its current priority is to achieve long-term capital growth for the benefit of shareholders, its profits shall therefore be retained for investment into the future. The Board continues to monitor the financial position of the Company and will propose dividends at the appropriate time to the best interest of the shareholders.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

In general meetings, shareholders are given the opportunity to communicate their views and direct questions to directors and Management regarding the Company. The Chairpersons of Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. The minutes of AGM are available to Shareholders upon their request.

Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or in absentia by proxy. The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in his or her place at general meetings. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

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.

Resolutions to be passed at general meetings are always separate and distinct in terms of issues and are consistent with the Code's guideline that companies should avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The Chairman of the AC, RC and NC will be available at AGM to respond to those questions relating to the scope of these Board Committees. The external auditors are also present to address shareholders' queries on the conduct of audit and the preparation and content of the Independent Auditors' report.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the directors or Management questions regarding the Company and its operations.

To have greater transparency and fairness in the voting process, the Company conducts the voting of all its resolutions by poll at all its AGM and EGM. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for and against the resolutions are also announced after the meetings via SGXNet.

DEALING IN SECURITIES

The Company has adopted internal practices in relation to dealings in the Company's securities pursuant to Section B of the SGX-ST Listing Manual (Rules of Catalist) that are applicable to all its officers. The Company and its officers are not allowed to deal in the Company's securities on short term considerations; and during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

Directors and officers are required to observe insider trading provisions under the Securities and Futures Act Cap. 289 at all times even when dealing in the Company's securities within the permitted trading periods. Directors of the Company are required to report all dealings to the Company Secretary.

MATERIAL CONTRACTS

Save for the service agreement entered into with the executive directors which are still subsisting as at the end of FY2016, there was no material contract entered into by the Company and its subsidiaries involving the interest of any director or controlling shareholders subsisting at the end of FY2016.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

During the year under review, there were no material interested person transactions requiring disclosure pursuant to Section B of the SGX-ST Listing Manual (Rules of Catalist).

USE OF PROCEEDS

There were no utilisation of proceeds from the Company and its subsidiaries involving the interests of the Chief Executive Officer, the Director(s) or the controlling shareholder that subsisted at the end of the FY2016 or have been entered into since the end of the previous financial year.

CATALIST SPONSOR

The Company's sponsor, Stamford Corporate Services Pte. Ltd. has not rendered any non-sponsorship services to the Company for FY2016.

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FOR FY2016

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Carl Johan Pontus Sonnerstedt	3/4	3/4	1/1	2/2
Ong Kok Wah	4/4	4/4	1/1	2/2
Ang Chuan Hui, Peter	4/4	4/4*	1/1	2/2*
Juliana Julianti Samudro	4/4	4/4*	1/1	2/2

**By invitation*

TABLE 2 – BOARD AND BOARD COMMITTEES AS AT THE DATE OF THIS REPORT

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Carl Johan Pontus Sonnerstedt	Independent/ Non-Executive	Member	Chairman	Chairman
Ong Kok Wah	Independent/ Non-Executive	Chairman	Member	Member
Ang Chuan Hui, Peter[1]	Non-Independent/ Executive	Member	Member	Member
Juliana Julianti Samudro[2]	Non-Independent/ Executive	-	-	-

[1] Appointed as a member of the Nominating and Remuneration Committee with effect from 4 November 2016
[2] Resigned as a member of the Nominating and Remuneration Committee with effect from 4 November 2016

TABLE 3 – DATE OF DIRECTORS' INITIAL APPOINTMENT & LAST RE-ELECTION & THEIR DIRECTORSHIPS

Name of Director	Age	Date of Initial Appointment	Date of Last Re-Election	Present Directorships in Listed Companies	Past Directorships in Listed Companies
Carl Johan Pontus Sonnerstedt	45	5 May 2016	-	- Polaris Ltd. - PT Bayon Management	-
Ong Kok Wah	71	20 May 2010	30 April 2015	- Polaris Ltd. - ICP Ltd.	-
Ang Chuan Hui, Peter	50	1 March 2012	30 April 2014	- Polaris Ltd.	-
Juliana Julianti Samudro	45	26 July 2011	29 April 2016	- Polaris Ltd. - PT Skybee Tbk., a company listed in Indonesia	-

TABLE 4 – REMUNERATION OF DIRECTORS

The breakdown of the total remuneration of the directors of the Company for the year ended 31 December 2016 is set out below:

Name of Director	Position	Breakdown of Remuneration in Percentage					Total Remuneration in Compensation Bands of $200,000
		Directors' fees	Salary	Bonus	Other Benefits	Total	
Carl Johan Pontus Sonnerstedt	INED	100%	-	-	-	100%	<$200,000
Ong Kok Wah	INED	100%	-	-	-	100%	<$200,000
Tan Chung Yaw, Richard[3]	INED	100%	-	-	-	100%	<$200,000
Sugiono Wiyono Sugialam[4]	NINED	100%	-	-	-	100%	<$200,000
Ang Chuan Hui, Peter	ED	-	77%	-	23%	100%	$400,001 - $600,000
Juliana Julianti Samudro	ED	-	82%	-	18%	100%	$200,001 - $400,000
Chan Jwee Heng, Kenn[5]	ED	-	91%	-	9%	100%	<$200,000

[3] *Resigned as a Director with effect from 29 April 2016*
[4] *Resigned as a Director with effect from 29 April 2016*
[5] *Appointed as a Director with effect from 5 May 2016 and resigned as a Director with effect from 28 October 2016*

Notes
ED: Executive Director
INED: Independent, Non-Executive Director
NINED: Non-Independent, Non-Executive Director

- *Salary comprises basic salary, payment for leave not taken, Annual Wage Supplement (AWS) and the Company's contribution towards the Singapore Central Provident Fund where applicable.*
- *Variable bonus is paid based on the Company and individual's performance.*
- *Other benefits include transport allowance and personal income tax.*
- *The Company has no employee share option scheme in place.*
- *The director's fees are subject to shareholders' approval at the Annual General Meeting.*
- *There were no termination, retirement and post-employment benefits granted to directors or the CEO for the year ended 31 December 2016.*

TABLE 4A – REMUNERATION OF KEY MANAGEMENT PERSONNEL

The breakdown of the total remuneration of the key management personnel (who are not directors or the CEO) of the Company for the year ended 31 December 2016 is set out below:

Name of Director	Position	Breakdown of Remuneration in Percentage				Total Remuneration in Compensation Bands of $200,000
		Salary	Bonus	Other Benefits	Total	
Lim Chee Keong[6]	Head of Operations	92%	-	8%	100%	<$200,000

[6] *Resigned as Head of Operations with effect from 28 October 2016*

For the period under review, other than the one person as listed above, the Company has no other key management personnel who are not also directors or the CEO.

- *Salary comprises basic salary, payment for leave not taken and the Company's contribution towards the Singapore Central Provident Fund where applicable.*
- *Variable bonus is paid based on the Company and individual's performance.*
- *Other benefits include transport and mobile allowance.*
- *The Company has no employee share option scheme in place.*

DIRECTORS' STATEMENT

The directors of the Company present their statement to the members together with the audited consolidated financial statements of Polaris Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon, as set out on pages 30 to 91, are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended; and

(b) 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.

1 Directors

The directors of the Company in office at the date of this statement are as follows:

Carl Johan Pontus Sonnerstedt	*(Chairman and Non-Executive Director)* (Appointed on 5 May 2016)
Ang Chuan Hui, Peter	*(Executive Director & CEO)*
Juliana Julianti Samudro	*(Executive Director & CFO)*
Ong Kok Wah	*(Independent, Non-Executive Director)*

2 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 object was 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.

3 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, Chapter 50, an interest in shares of the Company, or of related corporations (other than wholly owned subsidiaries), as stated below:

	Holdings registered in name of director		*Holdings in which a director is deemed to have an interest*	
Name of director and company in which interests are held	At 1.1.16/ At date of appointment, if later	At 31.12.16	At 1.1.16/ At date of appointment, if later	At 31.12.16
The Company				
No. of ordinary shares				
Ong Kok Wah	70,000,000	70,000,000	-	-

There was no change in the above-mentioned director's interests between the end of the financial year and 21 January 2017.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or debentures 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.

4 Share Options

Options Granted

During the financial year, there were no share options granted by the Company or its subsidiaries.

Options Exercised

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

Options Outstanding

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

5 Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter. 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed 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;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor and the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Section B of the SGX-ST Listing Manual (Rules of Catalist).

The AC, having reviewed the external auditors' non-audit services, was of the opinion that there were no non-audit services rendered that would affect the independence and objectivity of the external auditor.

The AC has held three meetings since the last directors' statement with full attendance from all members. In performing its functions, the AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

The Company confirms that Rules 712 and 715 of the Singapore Exchange Securities Trading Limited's Listing manual have been complied with.

Further information regarding the AC are detailed in the Corporate Governance Report set out in the Annual Report of the Company.

5 Audit Committee (cont'd)

The AC has recommended to the Board of Directors the nomination of Moore Stephens LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

6 Independent Auditors

The auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

……………………………………..
Juliana Julianti Samudro
Director

……………………………………..
Ang Chuan Hui, Peter
Director

Singapore
5 April 2017

Report on the Audit of the Financial Statements

We were engaged to audit the financial statements of Polaris Ltd. (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of Polaris Ltd. (the "Company") and its subsidiaries (collectively the "Group") and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Investment in associate, PT Trikomsel Oke Tbk

(i) 2015

The consolidated financial statements for the financial year ended 31 December 2015 were audited by another firm of auditors who expressed a disclaimer opinion on those financial statements in their report dated 1 April 2016. The disclaimer opinion was in respect of the following matter:

For the financial year ended 31 December 2015, the Group equity accounted for its share of loss of S$16,618,000 of its associate, PT Trikomsel Oke Tbk ("TRIO"), for nine months up till 30 September 2015. As at that date, the Group also equity accounted for the post-acquisition loss of S$11,652,000 of TRIO. In view of the events faced by TRIO as disclosed in Note 16 to the financial statements, the management had made a full impairment loss of S$301,615,000 and S$313,267,000 on the Group's and Company's investment in TRIO respectively for the financial year ended 31 December 2015.

The financial statements of TRIO for the financial year ended 31 December 2015 were not made available to TRIO's auditor and the Company. Accordingly, the financial statements of TRIO for the financial year ended 31 December 2015 were not audited by TRIO's auditor.

Consequently, the auditor of the Company was unable to obtain sufficient information to determine the appropriateness of the impairment losses and share of results in TRIO for the financial year ended 31 December 2015, as well as the carrying amounts and recoverability of the Group's and Company's investment in TRIO as at 31 December 2015.

The matter referred to above remains unresolved in the current financial year as the financial statements of TRIO for the financial year ended 31 December 2015 were still not made available to TRIO's auditor and the Company.

(ii) 2016

As disclosed in Note 16 to the financial statements, the Group has only equity accounted for the results of TRIO up till 30 September 2015, and has not equity accounted for its share of results of TRIO for the financial year ended 31 December 2016. The management has also continued to make a full impairment loss of S$301,615,000 and S$313,267,000 on the Group's and Company's investment in TRIO respectively as at 31 December 2016.

The non-equity accounting of the results of TRIO for the financial year ended 31 December 2016 is not in accordance with FRS 28 *Investments in Associates and Joint Ventures*. As there are no financial statements of TRIO available for the financial year ended 31 December 2016, we are unable to determine what the Group's share of results and net assets of TRIO and the related disclosures under FRS 112 *Disclosure of Interests in Other Entities* should have been had the equity accounting method been applied.

Basis for Disclaimer of Opinion (cont'd)

Investment in associate, PT Trikomsel Oke Tbk (cont'd)

(ii) 2016 (cont'd)

As further disclosed in Note 16 to the financial statements, certain developments occurred during the current financial year in respect of TRIO including the ending of the Penundaan Kewajiban Pembayaran Utang (PKPU) process. We have not been able to obtain sufficient appropriate audit evidence, taking into account these developments, to enable us to determine whether any allowance for impairment loss is required, and if made, the amount of impairment loss to be recognised, on the Group's and Company's investments in TRIO as at 31 December 2016.

Other Matter

As highlighted above, the financial statements for the financial year ended 31 December 2015 were audited by another firm of auditors who expressed a disclaimer opinion on those financial statements in their report dated 1 April 2016 and as further described in the *Basis of Disclaimer of Opinion* section of our report.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs), 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standard on Auditing (SSAs) and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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.

The engagement partner on the audit resulting in this independent auditor's report is Mr Ng Chiou Gee Willy.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2017

CONSOLIDATED STATEMENT OF INCOME

For the financial year ended 31 December 2016

	Note	Group 2016 S$'000	Group 2015 S$'000
Revenue	4	89,855	156,148
Cost of sales		(84,512)	(148,431)
Gross profit		5,343	7,717
Other items of income			
Interest income	5	320	486
Other income	6	593	1,503
Other items of expense			
Marketing and distribution		(75)	(415)
Administrative expenses	9	(5,954)	(7,425)
Finance costs	7	(468)	(900)
Impairment of investment in an associate	16	-	(300,990)
Other expenses	8	1,198	(11,640)
Share of results of associates	16	46	(16,742)
Profit/(Loss) before income tax		1,003	(328,406)
Income tax	10	61	331
Profit/(Loss) for the year		1,064	(328,075)
Attributable to:			
Owners of the Company		1,060	(325,706)
Non-controlling interests		4	(2,369)
Profit/(Loss) for the year		1,064	(328,075)
Earnings/(Loss) per share attributable to owners of the Company (S$ cents)			
Basic and diluted	11	0.006	(1.91)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2016

(cont'd)

	Note	Group 2016 S$'000	Group 2015 S$'000
Profit/(Loss) for the year		1,064	(328,075)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Share of an associate's other comprehensive loss		-	(625)
Foreign currency translation	24 (d)	147	436
Other comprehensive income/(loss) for the year, net of tax		147	(189)
Total comprehensive income/(loss) for the year		1,211	(328,264)
Attributable to:			
Owners of the Company		1,208	(325,925)
Non-controlling interests		3	(2,339)
Total comprehensive income/(loss) for the year		1,211	(328,264)

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

		Group		Company	
	Note	2016	2015	2016	2015
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	5,510	6,102	5,460	5,880
Investment properties	13	2,411	2,501	2,411	2,501
Intangible assets	14	404	619	-	-
Investments in subsidiaries	15	-	-	6,039	8,425
Investments in associates	16	482	470	-	-
Other receivables	18	346	58	2,322	5,713
		9,153	9,750	16,232	22,519
Current Assets					
Trade and other receivables	18	9,505	11,867	269	774
Inventories	19	1,448	3,814	-	-
Assets held-for-sale	17	-	600	-	-
Prepaid operating expenses		69	133	23	32
Cash and short-term deposits	20	6,737	2,737	287	657
		17,759	**19,151**	**579**	**1,463**
Total Assets		**26,912**	**28,901**	**16,811**	**23,982**
EQUITY AND LIABILITIES					
Current Liabilities					
Loans and borrowings	21	272	3,098	272	268
Trade and other payables	22	6,813	6,370	290	566
Deferred revenue		13	60	-	-
Other liabilities	23	419	812	266	422
Income tax payable		-	116	-	-
		7,517	10,456	828	1,256
Non-Current Liabilities					
Loans and borrowings	21	5,366	5,627	5,366	5,627
Other payables	22	-	-	-	2,037
		5,366	5,627	5,366	7,664
Equity attributable to owners of the Company					
Share capital	24 (a)	402,747	402,747	402,747	402,747
Foreign currency translation reserve	24 (d)	940	792	-	-
Accumulated losses		(390,167)	(391,227)	(392,130)	(387,685)
		13,520	12,312	10,617	15,062
Non-controlling interests		509	506	-	-
Total Equity		**14,029**	**12,818**	**10,617**	**15,062**
Total Equity and Liabilities		**26,912**	**28,901**	**16,811**	**23,982**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Attributable to owners of the Company							
	Share capital S$'000	Employee share option reserve S$'000	Equity component of mandatory convertible bonds S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
Group								
2016								
Balance at 1 January 2016	402,747	-	-	792	(391,227)	12,312	506	12,818
Profit for the year	-	-	-	-	1,060	1,060	4	1,064
Other comprehensive income								
Share of associate's other comprehensive loss	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	148	-	148	(1)	147
Other comprehensive income for the year, net of tax	-	-	-	148	-	148	(1)	147
Total comprehensive income for the year	-	-	-	148	1,060	1,208	3	1,211
Transactions with owners of the Company, recognised directly in equity Contributions by and distributions to owners								
Capital injection by non-controlling interest	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
Balance at 31 December 2016	402,747	-	-	940	(390,167)	13,520	509	14,029

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

(cont'd)

	Attributable to owners of the Company							
	Share capital S$'000	Employee share option reserve S$'000	Equity component of mandatory convertible bonds S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
Group								
2015								
Balance at 1 January 2015	402,747	221	230	560	(65,521)	338,237	370	338,607
Profit for the year	-	-	-	-	(325,706)	(325,706)	(2,369)	(328,075)
Other comprehensive income								
Share of associate's other comprehensive loss	-	(221)	(230)	(174)	-	(625)	-	(625)
Foreign currency translation	-	-	-	406	-	406	30	436
Other comprehensive income for the year, net of tax	-	(221)	(230)	232	-	(219)	30	(189)
Total comprehensive income for the year	-	(221)	(230)	232	(325,706)	(325,925)	(2,339)	(328,264)
Transactions with owners of the Company, recognised directly in equity Contributions by and distributions to owners								
Capital injection by non-controlling interest	-	-	-	-	-	-	2,475	2,475
Total contributions by and distributions to owners	-	-	-	-	-	-	2,475	2,475
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	2,475	2,475
Balance at 31 December 2015	402,747	-	-	792	(391,227)	12,312	506	12,818

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	Group 2016 S$'000	Group 2015 S$'000
Cash Flows from Operating Activities			
Profit/(Loss) before income tax		1,003	(328,406)
Adjustments for:			
Amortisation of intangible assets	14	215	318
Depreciation of property, plant and equipment	12	649	778
Depreciation of investment properties	13	90	92
Finance costs	7	468	900
Interest income	5	(320)	(486)
Allowance for impairment of goodwill	14	-	668
(Reversal of)/Allowance for impairment of receivables	8	(2,142)	9,278
Waiver of amount due to supplier	6	-	(943)
Inventories written-down	19	46	220
Net gain on disposal of investment in assets held-for-sale	17	(108)	-
Net loss on disposal of an associate	8	27	-
Net loss on disposal of property, plant and equipment	8	7	83
Share of results of associates	16	(46)	16,742
Impairment of investment in an associate	16	-	300,990
Unrealised exchange (gain)/loss		(119)	460
Operating cash flows before changes in working capital		(230)	694
Changes in working capital			
Decrease/(Increase) in inventories		2,320	(1,474)
Decrease in trade and other receivables		2,303	7,681
Decrease in prepaid operating expenses		64	93
Increase/(Decrease) in trade and other payables		396	(843)
(Decrease)/Increase in other liabilities		(393)	35
Cash flows generated from operations		4,460	6,186
Interest received		320	210
Finance costs paid		(468)	(900)
Income taxes paid		(56)	(66)
Net cash flows generated from operating activities		4,256	5,430

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2016

(cont'd)

	Note	Group 2016 S$'000	Group 2015 S$'000
Cash Flows from Investing Activities			
Investments in associates	16	-	(360)
Loan to an associate	18	-	(2,196)
Repayment on loan to an associate	28(a)	2,142	-
Loan to franchisee	18	(174)	(1,213)
Purchase of property, plant and equipment	12	(70)	(124)
Proceeds from disposal of property, plant and equipment		7	-
Proceeds from disposal of associate company		7	-
Proceeds from disposal of investment in assets held-for-sale	17	708	-
Net cash flows generated from/(used in) investing activities		2,620	(3,893)
Cash Flows from Financing Activities			
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders		-	350
Proceeds from loans and borrowings		-	32,582
Repayment of loans and borrowings		(3,087)	(34,972)
Net cash flows used in financing activities		(3,087)	(2,040)
Net increase/(decrease) in cash and cash equivalents		3,789	(503)
Effects of changes in foreign exchange rates on cash and cash equivalents		211	67
Cash and cash equivalents at the beginning of the year		2,737	3,173
Cash and cash equivalents at the end of the year	20	6,737	2,737

The accompanying notes form an integral part of these financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

Polaris Ltd. (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office and principal place of business is located at 81 Ubi Avenue 4, #03-11, Singapore 408830.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 15.

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS"). These financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

Application of New/Revised FRS that are effective

The accounting policies adopted are consistent with those of the previous financial year except that, in the current financial year, the Group has applied the following issued new/revised FRS that are mandatorily effective for the said year and relevant to the Group:

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments clarify that an entity need not provide a specific disclosure required by an FRS the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However the amendments reiterate than an entity should consider providing additional disclosures when compliance with the specific requirement in FRS is insufficient to enable uses of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items, that in accordance with other FRSs (i) will not be reclassified subsequently to profit or loss and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendment provides examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance of the Group or financial positions of the Group and the Company.

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Application of New/Revised FRS that are effective (cont'd)

Amendments to FRS 27 *Equity Method in Separate Financial Statements*

FRS 27 requires an entity to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with FRS 39 (or FRS 109 when effective). The amendments allow an additional option for an entity to account for these investees in its separate financial statements using the equity method as described in FRS 28. The accounting option must be applied by category of investments.

The application of these amendments has not resulted in any impact on the financial performance of the Group or financial positions of the Group and the Company.

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendments provides additional guidance to clarify whether a servicing contract results in continuing involvement in a transferred asset for the purpose of determining the disclosures required.

The application of these amendments has not resulted in any impact on the financial performance of the Group or financial positions of the Group and the Company.

New/Revised FRS in issue but not yet effective

At the date of these financial statements, the following new/revised FRS that are relevant to the Group have been issued but are not yet effective:

		Effective for annual financial periods beginning on or after
Amendments to FRS 7	*Statement of Cash Flows*	1 January 2017
Amendments to FRS 12	*Income taxes - Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to FRS 112	*Disclosure of Interests in Other Entities*	1 January 2017
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 28	*Investments in Associates and Joint Ventures*	1 January 2018
FRS 116	*Leases*	1 January 2019

Except for FRS 109, FRS 115 and FRS 116 described below, management anticipates that the adoption of the other new/revised FRS above in future periods will have no material impact on the financial statements in the period of initial application.

FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. FRS 109 also provides a simplified hedge accounting model that will align more closely with the Group's and Company's risk management strategies. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is generally required, except that hedge accounting requirements are, with limited exemptions, applied prospectively. Comparative information need not be restated.

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New/Revised FRS in issue but not yet effective (cont'd)

FRS 109 *Financial Instruments* (cont'd)

The Group is currently evaluating the new standard and assessing the impact of the application of FRS 109 on the financial statements. The Group plans to apply the new standard on the required effective date.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). FRS 115 replaces the previous revenue standards, FRS 18 *Revenue* and FRS 11 *Construction Contracts*, and the related interpretations on revenue recognition, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers*, and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied. Key issues to consider include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The Group is currently evaluating the new standard and assessing the impact of the application of FRS 115 on the financial statements. The Group plans to apply the new standard on the required effective date.

FRS 116 *Leases*

FRS 116 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than twelve months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees. FRS 116 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted for companies but only if it also apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of FRS 116.

The Group is currently evaluating the new standard and assessing the impact of the application of FRS 116 on the financial statements. The Group plans to apply the new standard on the required effective date.

2 Summary of Significant Accounting Policies (cont'd)

(b) Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

2 Summary of Significant Accounting Policies (cont'd)

(b) Consolidation (cont'd)

Business combination (cont'd)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. The subsequent accounting for changes in the fair value of the contingent consideration depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2 **Summary of Significant Accounting Policies** (cont'd)

(b) Consolidation (cont'd)

Associates (cont'd)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group. When necessary, adjustments are made to the financial statements of associates to bring their accounting policies in line with the Group's accounting policies.

(c) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries and associates, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(d) Foreign Currencies

Functional and presentation currency

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollar, and all values are rounded to the nearest thousand ("S$'000") except when otherwise indicated, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

2 **Summary of Significant Accounting Policies** (cont'd)

(d) Foreign Currencies (cont'd)

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rate of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Translation of Group entities' financial statements

The results and financial position of each entity in the Group (none of which has the currency of a hyperinflationary economy) that has a functional currency different from the presentation currency for the consolidated financial statements are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- Income and expenses for each statements presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

(e) Property, Plant and Equipment

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

2 Summary of Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment (cont'd)

Depreciation

Depreciation is charged so as to write off the cost of assets over their useful lives, using the straight-line method, on the following bases:

Commercial properties	-	30 years
Furniture, fixtures and renovation	-	3 to 5 years
Office equipment and computers	-	3 to 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amounts of the replaced components are recognised in profit or loss. All other costs of maintenance, repairs and minor improvements are recognised in profit or loss when incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognised.

(f) Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of the assets less their residual value (if any) over their useful lives, using the straight-line method, of 30 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. All other costs of maintenance, repairs and minor improvements are recognised in profit or loss when incurred.

An investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of the property is determined as the difference between the sales proceeds and the carrying amount of the property and is included in profit or loss in the period in which the property is derecognised.

2 Summary of Significant Accounting Policies (cont'd)

(f) Investment Properties (cont'd)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of retirement or disposal.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent it reserves a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

(g) Intangible Assets

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Intangible assets acquired separately are measured initially at cost or acquired in a business combination are identified and recognised separately from goodwill at their fair value at the acquisition date. Intangible assets are subsequently stated at cost less accumulated amortisation and accumulated impairment losses.

The carrying amounts of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2 Summary of Significant Accounting Policies (cont'd)

(g) Intangible Assets (cont'd)

Other intangible assets (cont'd)

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognised.

The Group's other intangible assets comprise Customer Relationship and Lease Agreement.

(h) Impairment of Non-Financial Assets (excluding Goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(i) Financial Assets

The Group classifies its financial assets as loans and receivables based on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are presented as current assets, except for those expected to be realised later than twelve months after the statement of financial position date which are presented as non-current assets.

Loans and receivables are presented as "trade and other receivables" and "cash and short-term deposits" on the statement of financial position.

2 Summary of Significant Accounting Policies (cont'd)

(i) Financial Assets (cont'd)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset have expired, or have been transferred and transferred substantially all the risks and rewards of ownership of the financial asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is transferred to profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delays in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2 Summary of Significant Accounting Policies (cont'd)

(j) Financial Liabilities

The Group shall recognise a financial liability on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently carried at amortised cost using the effective interest method.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially measured at fair value, net of any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of borrowings and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the borrowings, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits and bank balances with financial institutions which are subject to an insignificant risk of change in value.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods comprises direct costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Allowance for stock obsolescence is made for obsolete and slow moving inventories.

(m) 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 resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2 Summary of Significant Accounting Policies (cont'd)

(m) Provisions (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(o) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision for the estimated liability for annual leave is recognised for services rendered by employees up to the statement of financial position date.

(p) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lessor - operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Contingent rents are recognised as an income in the period in which they are earned.

2 **Summary of Significant Accounting Policies** (cont'd)

(p) Leases (cont'd)

Lessee - operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals are recognised as an expense in the period in which they are incurred.

(q) Revenue

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business, net of goods and services tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred 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 goods.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Franchise fee income

Franchise fee income arises from the Group's franchisee's use of its trademarks, service marks and logo and operating systems. Franchise fee income is recognised when earned and when the Group's right to receive payment is established.

(r) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

2 Summary of Significant Accounting Policies (cont'd)

(r) Income Tax (cont'd)

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(s) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive personnel who are responsible for allocating resources and assessing performance of the operating segments.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2 above, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical Judgments in Applying Accounting Policies

(i) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. Where there is an objective evidence of impairment, the recoverable amount is estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amount of the Group's trade and other receivables as at the statement of financial position date and the movements in allowance for impairment loss are disclosed in Note 18.

(ii) Impairment of investments in subsidiaries and associates

The Company assesses at each reporting date whether there is any objective evidence that the investments in subsidiaries and associates are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' and associates' financial performance and financial position and the overall economic environment.

The carrying amount of the Company's investments in subsidiaries and associates as at the statement of financial position date and the movements in the respective allowances for impairment losses are disclosed in Notes 15 and 16, respectively.

(b) Key Sources of Estimation Uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Revenue

	Group 2016 S$'000	Group 2015 S$'000
Distribution sale of mobile handsets & accessories	34,016	89,671
Retail sale of mobile handsets, accessories & services	41,930	44,823
Retail sale of consumer electronics and related products	13,879	21,444
Franchise fee	30	28
Other revenue	-	182
	89,855	156,148

5 Interest Income

	Group 2016 S$'000	Group 2015 S$'000
Interest income:		
- Loans and receivables	309	486
- Bank deposits	11	-
	320	486

6 Other Income

	Group 2016 S$'000	Group 2015 S$'000
Net gain on disposal of investment in assets held-for-sale (Note 17)	108	-
Rental income (Note 13)	93	130
Waiver of amount due to supplier	-	943
Workforce Development Agency	63	75
Wage Credit Scheme	118	123
Productivity Innovation Credit	30	116
Other miscellaneous income	181	116
	593	1,503

7 Finance Costs

	Group 2016 S$'000	Group 2015 S$'000
Bank facility fees	35	383
Bank charges	212	415
Interest expense:		
- Bank loans	221	102
	468	900

8 Other Expenses

	Group 2016 S$'000	Group 2015 S$'000
Amortisation of intangible assets (Note 14)	215	318
Depreciation of property, plant and equipment (Note 12)	649	778
Depreciation of investment properties (Note 13)	90	92
Net loss on disposal of property, plant and equipment	7	83
Net loss on disposal of an associate (Note 16)	27	-
Net foreign exchange (gain)/loss	(90)	203
Inventories written-down (Note 19)	46	220
Impairment of goodwill (Note 14)	-	668
(Reversal of)/Allowance for impairment of receivables (Note 28(a))	(2,142)	9,278
	(1,198)	11,640

9 Profit/(Loss) before Income Tax

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

	Group 2016 S$'000	Group 2015 S$'000
Audit fees:		
- Auditors of the Company	115	101
Non-audit fees:		
- Former auditors of the Company	6	6
Directors' fees:		
- Directors of the Company	110	110
Employee benefits expense (Note 25)	3,539	4,426
Lease related expenses	1,420	2,210

10 Income Tax

	Group 2016 S$'000	Group 2015 S$'000
Current income tax:		
- Current year	-	57
- (Over)/Under provision in respect of prior years	(61)	46
	(61)	103
Deferred tax:		
- Origination and reversal of temporary differences	-	(434)
	-	(434)
	(61)	(331)

The reconciliation between the income tax and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December is as follows:

	Group 2016 S$'000	Group 2015 S$'000
Profit/(Loss) before income tax	1,003	(328,406)
Income tax at the applicable tax rate of 17% (2015: 17%)	171	(55,829)
Adjustments:		
Non-deductible expenses	134	51,492
Income not subject to tax	(451)	(69)
Effect of partial tax exemption and tax relief	(10)	(50)
Deferred tax assets not recognised, net	148	1,667
(Over)/Under provision in respect of prior years	(61)	46
Share of results of an associate	8	2,412
	(61)	(331)

Unrecognised tax losses

As at 31 December 2016, the Group has unutilised tax losses of approximately S$42,394,000 (2015: S$41,642,000) which can be carried forward and used to offset against future taxable income of those entities in the Group in which the losses arose, subject to the agreement of the tax authorities and compliance of the relevant provisions of the tax legislation of the respective countries in which they operate. The unutilised tax losses have no expiry dates.

The deferred tax assets arising from these unutilised tax losses of approximately S$7,207,000 (2015: S$7,079,000) have not been recognised in accordance with the Group's accounting policy stated in Note 2(r).

11 Earnings/(Loss) per Share

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

The following tables reflect the profit/(loss) and share data used in the computation of basic earnings/(loss) per share for the financial years ended 31 December:

	Group	
	2016	2015
Profit/(Loss) for the year attributable to owners of the Company used in the computation of basic earnings/(loss) per share (S$'000)	1,060	(325,706)
Weighted average number of ordinary shares for basic earnings/(loss) per share computation (No. of shares '000)	17,053,170	17,053,170

There is no dilution of earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding at the end of the financial years ended 31 December 2016 and 2015.

12 Property, Plant and Equipment

	Commercial properties S$'000	Furniture, fixtures and renovation S$'000	Office equipment and computers S$'000	Total S$'000
Group				
Cost				
Balance at 1 January 2015	5,607	1,546	695	7,848
Additions	-	61	63	124
Disposals	-	(188)	(19)	(207)
Effect of foreign currency exchange differences	-	-	2	2
Balance at 31 December 2015	5,607	1,419	741	7,767
Additions	-	35	35	70
Disposals	-	(126)	(31)	(157)
Written off	-	(26)	(1)	(27)
Effect of foreign currency exchange differences	-	-	1	1
Balance at 31 December 2016	5,607	1,302	745	7,654
Accumulated depreciation				
Balance at 1 January 2015	219	431	345	995
Disposals	-	(99)	(10)	(109)
Depreciation	189	444	145	778
Effect of foreign currency exchange differences	-	-	1	1
Balance at 31 December 2015	408	776	481	1,665
Disposals	-	(119)	(24)	(143)
Depreciation	188	301	160	649
Written off	-	(26)	(1)	(27)
Balance at 31 December 2016	596	932	616	2,144
Net book value				
At 31 December 2015	5,199	643	260	6,102
At 31 December 2016	5,011	370	129	5,510

12 Property, Plant and Equipment (cont'd)

	Commercial properties S$'000	Furniture, fixtures and renovation S$'000	Office equipment and computers S$'000	Total S$'000
Company				
Cost				
Balance at 1 January 2015	5,607	928	342	6,877
Additions	-	-	8	8
Balance at 31 December 2015	5,607	928	350	6,885
Additions	-	-	5	5
Disposal	-	(1)	-	(1)
Balance at 31 December 2016	5,607	927	355	6,889
Accumulated depreciation				
Balance at 1 January 2015	219	217	145	581
Depreciation	189	181	54	424
Balance at 31 December 2015	408	398	199	1,005
Disposals	-	*	-	*
Depreciation	188	181	55	424
Balance at 31 December 2016	596	579	254	1,429
Net book value				
At 31 December 2015	5,199	530	151	5,880
At 31 December 2016	5,011	348	101	5,460

* Amount less than S$1,000.

The Group's commercial properties with a carrying amount of S$5,011,000 (2015: S$5,199,000) are mortgaged to secure the Group's bank loans (Note 21) as at 31 December 2016.

13 Investment Properties

	Group and Company	
	2016	2015
	S$'000	S$'000
Cost		
Balance at 1 January and 31 December	2,618	2,618
Accumulated depreciation		
Balance at 1 January	117	25
Depreciation	90	92
Balance at 31 December	207	117
Net book value		
At 31 December	2,411	2,501
Rental income from investment properties (Note 6)		
- Minimum lease payments	93	130
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	(10)	(27)

The Group's investment properties with a carrying amount of S$2,411,000 (2015: S$2,501,000) are mortgaged to secure the Group's bank loans (Note 21) as at 31 December 2016.

Details of the Group's investment properties are as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
UB.ONE, Unit 03-15	Office	Leasehold	52 years
UB.ONE, Unit 03-21	Office	Leasehold	52 years
UB.ONE, Unit 03-22	Office	Leasehold	52 years

14 Intangible Assets

	Goodwill S$'000	Customer Relationship S$'000	Lease Agreements S$'000	Total S$'000
Group				
Cost				
Balance at 1 January 2015 and 1 January 2016	668	1,078	415	2,161
Accumulated amortisation and impairment losses				
Balance at 1 January 2015	-	314	242	556
Amortisation (Note 8)	-	180	138	318
Impairment	668	-	-	668
Balance at 31 December 2015	668	494	380	1,542
Amortisation (Note 8)	-	180	35	215
Balance at 31 December 2016	668	674	415	1,757
Net book value				
At 31 December 2015	-	584	35	619
At 31 December 2016	-	404	-	404

Goodwill

Goodwill of S$668,000 relates to the Group's acquisition of the businesses and business assets of Juzz1 Holdings Singapore Pte. Ltd., that was completed on 24 June 2015. In the financial year ended 31 December 2015, the goodwill had been fully impaired to Nil and recognised in "Other Expenses" (Note 8) in the consolidated statement of income.

Customer Relationship and Lease Agreements

Customer Relationship ("CR") and Lease Agreements ("LA") were acquired in the Group's acquisition of business of Multi-Channel Services Pte. Ltd., that was completed on 1 April 2013. CR and LA have an average amortisation period of six and three years, respectively.

15 Investments in Subsidiaries

	Company	
	2016	2015
	S$'000	S$'000
Unquoted shares, at cost	12,688	12,688
Less: Allowance for impairment	(6,649)	(4,263)
	6,039	8,425
Movements in allowance account:		
At 1 January	(4,263)	(2,000)
Charge for the year	(2,386)	(2,263)
At 31 December	(6,649)	(4,263)

In 2015, the Company had injected additional capital into its subsidiary, Polaris KKC Holdings Pte. Ltd., through conversion of outstanding shareholder loan and cash pay-out of S$1,840,000 and S$336,000 respectively.

In the same year, the Company had set up two new wholly-owned subsidiaries, Polaris Maju Sdn. Bhd. and Polaris TMT. Ltd., through capital injections of S$0.20 and S$0.65, respectively.

An allowance for impairment of S$2,386,000 (2015: S$2,263,000) was made for estimated irrecoverable amounts from its subsidiaries and determined by reference to the financial position and repayment capability of the subsidiaries.

15 Investments in Subsidiaries (cont'd)

a. Composition of the Group

The Group has the following investments in subsidiaries:

Name and principal place of business	Principal activities	Proportion of ownership interest 2016 %	2015 %
Held by the Company:			
Polaris Device Pte. Ltd.[(1)] Singapore	Regional mobile handset distributor	100	100
Polaris Network Pte. Ltd.[(1)] Singapore	Retailer of mobile handset and services and consumer electronics	100	100
Polaris Telecom Pte. Ltd.[(1)] Singapore	Retailer of mobile handset and services	100	100
Polaris Culture Pte. Ltd.[(1)] (Previously known as Polaris Digimedia Pte. Ltd.) Singapore	Investment holding company	100	100
Polaris Explorer Pte. Ltd.[(1)] Singapore	Investment holding company	100	100
Polaris TMT Ltd. [(2)] Hong Kong SAR, People's Republic of China	Dormant	100	100
Polaris KKC Holdings Pte. Ltd.[(1)] Singapore	Investment holding company	70	70
Held through Polaris KKC Holdings Pte. Ltd.			
CM Polaris Pte. Ltd.[(1)] Singapore	Joint venture investment in Myanmar	67	67
Held through Polaris Explorer Pte. Ltd.			
Polaris Maju Sdn. Bhd.[(2)] Malaysia	Dormant	100	100

(1) Audited by Moore Stephens LLP, Singapore.
(2) Dormant and no audit is required.

15 Investments in Subsidiaries (cont'd)

b. Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group:

Name and principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(Loss) allocated to NCI during the reporting period S$'000	Accumulated NCI at the end of reporting period S$'000	Dividends paid to NCI S$'000
31 December 2016				
Polaris KKC Holdings Pte. Ltd. Singapore	30%	(2)	962	-
CM Polaris Pte. Ltd. Singapore	53%	6	(453)	-
31 December 2015				
Polaris KKC Holdings Pte. Ltd. Singapore	30%	(2)	964	-
CM Polaris Pte. Ltd. Singapore	53%	(2,367)	(458)	-

c. Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

15 Investments in Subsidiaries (cont'd)

c. Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statement of financial position

	Polaris KKC Holdings Pte. Ltd.		CM Polaris Pte. Ltd.	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Current				
Assets	44	47	728	867
Liabilities	(5)	(4)	(5)	(5)
Net current assets	39	43	723	862
Non-current				
Assets	3,169	3,169	174	-
Liabilities	-	-	-	-
Net non-current assets	3,169	3,169	174	-
Net assets	3,208	3,212	897	862

Summarised statement of comprehensive income

	Polaris KKC Holdings Pte. Ltd.		CM Polaris Pte. Ltd.	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Revenue	-	-	30	28
Profit/(Loss) before income tax	(5)	(7)	14	(4,417)
Income tax	-	-	-	(21)
Profit/(Loss) after income tax	(5)	(7)	14	(4,438)
Other comprehensive income	-	3	-	35
Total comprehensive income/(loss)	(5)	(4)	14	(4,403)

16 Investments in Associates

The Group's material investments in associates are summarised below:

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
PT Trikomsel Oke Tbk. ("TRIO")	-	-	-	-
Other associates (unquoted)	482	470	-	-
	482	470	-	-
Fair value of investment in TRIO for which there is a published price quotation	-[1]	440,169	-[1]	440,169

[1] On 6 January 2016, the Indonesia Stock Exchange ("IDX") has temporarily suspended the trading of TRIO's shares. At the date of these financial statements, the trading of TRIO's shares continue to be suspended.

The following table below summarises the movements of the investments in associates:

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Investments in associates, at cost:				
- TRIO	313,267	313,267	313,267	313,267
- Other associates	594	234	-	-
Addition: Investments in associates				
- Other associates	-	360	-	-
Share of post-acquisition reserves				
- TRIO	(11,652)[1]	(11,652)[1]	-	-
- Other associates	(78)	(124)	-	-
Disposal:				
- Other associates	(34)	-	-	-
Allowance for impairment of investments				
- TRIO	(301,615)	(301,615)	(313,267)	(313,267)
	482	470	-	-

[1] Share of losses of S$16,618,000 of TRIO were equity accounted for up till 30 September 2015.

16 Investments in Associates (cont'd)

Name and principal place of business	Principal activities	Proportion of ownership interest 2016 %	2015 %
Held by the Company:			
PT Trikomsel Oke Tbk. [1] Indonesia	Retail and distribution of telecommunication and multimedia products.	45	45
Held through Polaris Explorer Pte. Ltd.:			
Polaris Gold (Thailand) Co., Ltd. [2] Thailand	Retail and distribution of telecommunication products.	-	47
Polaristitans Philippines Inc. [3] Philippines	Engage in, conduct and carry on the business of importing, exporting, manufacturing, selling, distributing and marketing of wholesale telecommunication equipment.	40	40
Held through Polaris Device Pte. Ltd.:			
XMI Pte Ltd. [4] Singapore	Manufacture, distribution and retail of multimedia devices.	-	30

(1) The appointed auditor is Crowe Horwath in Indonesia.
(2) Audited by P.K Consulting Co. Ltd
(3) Audited by Ong Ordonez & Associates
(4) Audited by Paul Wan & Co

16 Investments in Associates (cont'd)

PT Trikomsel Oke Tbk. ("TRIO")

In 2014, the Company acquired 45% equity interest in an associated company, TRIO. The Group viewed that the acqusition of TRIO is an integral part of the Group's plan to penetrate into the Indonesian market to synergise and complement the Group's existing offerings.

Equity instruments issued as part of consideration transferred

In 2014, in connection with the acquisition of equity interest in TRIO, the Company issued a total of 13,620,324,000 ordinary shares with a fair value of S$0.0230 each. The fair value of these shares is the published price of the shares at the acquisition date. Share issuance of 7,098,585,000 were used as consideration for shares swap transactions on 4 and 7 August 2014 and S$150,000,000 was raised through shares placement of 6,521,739,000. The fund raised was used as cash consideration transferred on 16 October 2014.

Impairment testing of investment in TRIO

2015

i. In October and November 2015, TRIO announced that they were not able to service its debt obligations and they are in a debt restructuring exercise with the banks to improve its liquidity position.

ii. On 4 January 2016, TRIO entered into Penundaan Kewajiban Pembayaran Utang ("PKPU") status. PKPU is part of Indonesia's 2004 Bankruptcy Law and provides creditors and debtors with an avenue to avoid liquidation bankruptcy.

iii. On 6 January 2016, the Indonesia Stock Exchange ("IDX") has temporarily suspended the trading of TRIO's shares.

2016

i. On 30 September 2016, TRIO announced on IDX that the Indonesian courts has approved the Final Composition Plan ("Plan") and declared that the PKPU process has ended. A copy of the Plan is attached with the Company's announcement of the same on 30 September 2016.

At the date of these financial statements, there are no financial statements of TRIO available and no further developments occurred in respect of TRIO being announced other than disclosed above.

In view of the significance of the above matters, management has continued to make a full impairment loss on its investment in TRIO at the Group and Company amounted to S$301,615,000 (2015: S$301,615,000) and S$313,267,000 (2015: S$313,267,000) respectively in 2016.

16 Investments in Associates (cont'd)

The summarised financial information in respect of TRIO based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position [1]

	TRIO as at September 2015 S$'000
Current assets	953,906
Non-current assets excluding goodwill	97,616
Goodwill	180,259
Total assets	1,231,781
Current liabilities	(409,062)
Non-current liabilities	(376,817)
Total liabilities	(785,879)
Net assets	445,902
Net assets excluding goodwill	265,643
Proportion of the Group's ownership	45%
Group's share of net assets	119,220
Goodwill on acquisition	180,259
Other adjustments	2,136
Less: Impairment charge	(301,615)
Carrying amount of the investment as at 31 December 2015 and 31 December 2016	-

16 Investments in Associates (cont'd)

Summarised statement of comprehensive income [1]

	TRIO for the period ended September 2015 S$'000
Revenue	585,835
Loss after tax from continuing operations	(36,854)
Other comprehensive income	366
Total comprehensive loss	(36,488)

(1) Results of TRIO were equity accounted for up till 30 September 2015.

Polaris Gold (Thailand) Co., Ltd. ("Polaris Gold")

The management of Polaris Gold has registered its dissolution on 7 October 2016 of which setttlement proceeds of S$7,000 was received by the Group and net loss of S$27,000 has been recognised in "Other Expenses" (Note 8) in the consolidated statement of income.

17 Assets Held-for-Sale

	Group	
	2016 S$'000	2015 S$'000
Assets held-for-sale		
Equity securities (unquoted), at cost	-	600

Investment securities represent investment in Shopdeca Pte. Ltd. ("Shopdeca"), a curated e-commerce company. During the financial year, the investment has been disposed of at S$708,000, resulting in a gain on disposal of investment of S$108,000 and recognised in "Other Income" (Note 6) in the consolidated statement of income.

18 Trade and Other Receivables

	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000	Company 2015 S$'000
Trade and other receivables (current):				
Trade receivables (net of allowance)				
- Third party	4,029	6,303	-	-
- Associate	216	-	-	-
Other receivables	4,062	4,252	262	120
Advances to suppliers	1,084	751	-	644
Refundable deposits	114	561	7	10
	9,505	11,867	269	774
Other receivables (non-current):				
Loan receivables from franchisee (net of allowance)	174	-	-	-
Amounts due from subsidiaries (non-interest bearing)	-	-	2,322	5,713
Refundable deposits	172	58	-	-
	346	58	2,322	5,713
Total trade and other receivables (current and non-current)	9,851	11,925	2,591	6,487
Add: Cash and short-term deposits (Note 20)	6,737	2,737	287	657
Less: Goods and services tax receivables	(26)	(70)	-	-
Less: Advances to suppliers	(1,084)	(751)	-	(644)
Total loans and receivables	15,478	13,841	2,878	6,500

18 Trade and Other Receivables (cont'd)

Trade receivables

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

Other receivables

Other receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

Advances to suppliers

Advances to suppliers are advances made to suppliers for the purchase of goods and services and are recognised at their original invoice amounts which represent their fair values on initial recognition.

Refundable deposits

Refundable deposits are rental and security deposits paid by the Group for its retail outlets. They do not carry any credit terms and are refundable upon expiry of the lease terms.

Loan receivables

Loan receivables from franchisee are unsecured, bear interest at 5.75% p.a., have an average maturity of 3 years, and are to be settled in cash. In 2015, loan receivables of S$4,729,000 were determined to be impaired at the end of the reporting period (Note 28 (a)).

Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and are to be settled in cash on demand.

19 Inventories

	Group	
	2016	2015
	S$'000	S$'000
Statement of financial position:		
Finished goods (at cost or net realisable value)	1,448	3,814
Statement of income:		
Inventories recognised as an expense in cost of sales	84,512	148,431
Inventories written-down	46	220

During the financial year, inventories were written down by S$46,000 (2015: S$220,000) to account for loss in the value of inventories held through obsolescence, damages, expired shelf life, and unsaleability. The loss was recognised in "Other Expenses" (Note 8) in the consolidated statement of income.

20 Cash and Short-Term Deposits

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Cash at banks and on hand	2,854	2,736	286	656
Short-term deposits	3,883	1	1	1
Cash and cash equivalents	6,737	2,737	287	657

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for period of three months and earn interests at the short-term deposit rates. The interest rates for the short-term deposits are between 0.65% per annum and 1.12% per annum (2015: Nil).

21 Loans and Borrowings

		Group		Company	
	Maturity	2016	2015	2016	2015
		S$'000	S$'000	S$'000	S$'000
Current:					
Commercial properties loan					
- First	2017	104	108	104	108
- Second	2017	83	85	83	85
Investment properties loan					
- First	2017	61	46	61	46
- Second	2017	24	29	24	29
USD bank loan at Bank's cost of fund + 2% p.a.	2017	-	2,830	-	-
		272	3,098	272	268

21 Loans and Borrowings (cont'd)

		Group		Company	
	Maturity	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Non-current:					
Commercial properties loan					
- First	2018 - 2032	1,826	1,927	1,826	1,927
- Second	2018 - 2034	1,787	1,862	1,787	1,862
Investment properties loan					
- First	2018 - 2034	1,155	1,216	1,155	1,216
- Second	2018 - 2034	598	622	598	622
		5,366	5,627	5,366	5,627
Total loans and borrowings		5,638	8,725	5,638	5,895

First commercial property loan

This loan is secured by a first mortgage over the Group's commercial property (Note 12) 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% per annum.

Second commercial properties loan

These loans are secured by a first mortgage over the Group's commercial properties (Note 12) 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% per annum.

First investment properties loan

These loans are secured by the first mortgage over the Group's investment properties (Note 13) and are 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% per annum.

Second investment property loan

This loan is secured by a first mortgage over the Group's investment property (Note 13) 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 CR2 for the 3rd year and thereafter at CR2. Currently, CR2 is at 4.68% per annum.

USD bank loan at Bank's cost of fund + 2% p.a.

This loan was unsecured and repaid on 21 January 2016.

22 Trade and Other Payables

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Trade and other payables (current):				
Trade payables	2,145	1,600	-	-
Other payables	4,668	4,770	290	566
	6,813	6,370	290	566
Other payables (non-current):				
Amounts due to subsidiaries	-	-	-	2,037
	-	-	-	2,037
Total trade and other payables (current and non-current)	6,813	6,370	290	2,603
Add:				
- Other liabilities (Note 23)	419	812	266	422
- Loans and borrowings (Note 21)	5,638	8,725	5,638	5,895
Total financial liabilities carried at amortised cost	12,870	15,907	6,194	8,920

Trade payables and other payables (current)

These amounts are non-interest bearing. Trade payables are normally settled on 60-day terms while other payables have an average term of six months.

Amounts due to subsidiaries (non-current)

These amounts are non-trade, unsecured, non-interest bearing and are to be settled in cash. The management does not expect to repay the amount within the next 12 months.

23 Other Liabilities

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Accrued operating expenses	419	812	266	422

24 Share Capital and Other Reserves

(a) Share Capital

	Group and Company			
	2016		2015	
	No. of shares '000	S$'000	No. of shares '000	S$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	17,053,170	402,747	17,053,170	402,747

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.

(b) Employee Share Option Reserve

Defined employee benefits reserve which is classified as other reserves in statement of financial position arises from share of an associate's other comprehensive income, comprising net actuarial gains and losses on defined employee benefits plans, net of tax.

(c) Equity Component of Mandatory Convertible Bonds

Equity component of mandatory convertible bonds which is classified as other reserves in statement of financial position arise from share of an associate's other comprehensive income, comprising of the residual amount of mandatory convertible bonds ("MCB") after deducting the fair value of the liability component, net of transaction costs and tax.

(d) Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The movement of the Other Reserves during the financial year are set out in the Group's consolidated statement of changes in equity.

25 Employee Benefits

	Group	
	2016	2015
	S$'000	S$'000
Employee benefits (including directors):		
Salaries and bonuses	2,906	3,679
Central Provident Fund contributions	344	443
Other short-term benefits	289	304
	3,539	4,426

26 Related Party Transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions apply:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint venture of the same third party;
- (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity or any member of a group of which is a party, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Sale and Purchase of Goods and Services

	Group	
	2016 S$'000	2015 S$'000
Rental income from:		
- Companies related to a Director	-	46
- An associate	28	37
Sales of finished goods to:		
- An associate	253	8,363
Trade amount due from:		
- An associate	216	-
Impairment of trade amount due from:		
- An associate	-	2,513

26 Related Party Transactions (cont'd)

Compensation of Key Management Personnel

	Group	
	2016	2015
	S$'000	S$'000
Short-term employee benefits	846	1,113
Central Provident Fund contributions	31	42
Other short-term benefits	61	214
	938	1,369
Comprise amounts paid to:		
Directors of the Company	797	955
Other key management personnel	141	414
	938	1,369

27 Commitments

Where the Group is a lessor

The Group and the Company have entered into commercial leases on its investment properties. These non-cancellable leases have remaining lease terms of one year.

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group and Company	
	2016	2015
	S$'000	S$'000
Within one year	14	76

Where the Group is a lessee

Operating lease commitments represent rentals payable by the Group for its retail outlets. These leases have a tenure period of between 1 and 5 years. They are negotiated for an average term of two years and rentals are fixed for an average of two years.

Future minimum lease payments payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2016	2015
	S$'000	S$'000
Not later than one year	782	1,123
Later than one year but not later than five years	1,366	523
	2,148	1,646

The rentals paid for the above lease agreements for the year ended 31 December 2016 amounted to S$1,420,000 (2015: S$2,210,000).

28 Financial Risk Management

Financial Risk Management Objectives and Policies

The Group is exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

Financial risk management is carried out by management under policies approved by the Board of Directors. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management of the Group.

(a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from its trade receivables and loan receivables. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group determines concentrations of credit risk by monitoring the country of its trade receivables and loan receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the reporting date is as follows:

	Group	
	2016	2015
	S$'000	S$'000
Trade and other receivables by country:		
Singapore	3,991	3,704
Hong Kong	-	2,461
Others	428	138
	4,419	6,303

Financial assets that are neither past due nor impaired

Trade receivables and loan receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and bank balances held by the Group are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

As at 31 December 2016, trade receivables and loan receivables which are neither past due nor impaired amounted to S$4,188,000 (2015: S$3,509,000).

Financial assets that are past due but not impaired

There is no other class of the Group's and the Company's financial assets that is past due but not impaired except for trade receivables and loan receivables as set out below. These trade receivables and loan receivables are unsecured and the analysis of their aging at the reporting date is as follows:

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Trade receivables and loan receivables past due:				
- Past due 0 - 30 days	176	215	-	-
- Past due 31 - 120 days	55	2,570	-	-
- More than 120 days	-	9	-	-
	231	2,794	-	-

28 Financial Risk Management (cont'd)

(a) Credit Risk (cont'd)

Financial assets that are past due and impaired

The Group's and the Company's trade receivables and loan receivables that are determined to be individually impaired at the reporting date are as follows:

Trade receivables

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Trade receivables	-	2,513	-	-
Less: Allowance for impairment	-	(2,513)	-	-
	-	-	-	-

Loan receivables

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Loan receivables from a franchisee (current)	555	555	-	-
Loan receivables from a franchisee (non-current)	4,174	4,174	-	-
Loan receivables from an associate	-	2,196	-	-
Less: Allowance for impairment	(4,729)	(6,925)	-	-
	-	-	-	-

The movements in the allowance account used to record the impairment are as follows:

Trade receivables

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Balance at 1 January	2,513	-	-	-
Impairment losses recognised on receivables	-	2,513	-	-
Amounts written off during the year as uncollectible	(2,513)	-	-	-
Balance at 31 December	-	2,513	-	-

28 Financial Risk Management (cont'd)

(a) Credit Risk (cont'd)

Financial assets that are past due and impaired (cont'd)

Loan receivables

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Balance at 1 January	6,925	-	-	-
Impairment losses recognised on receivables	-	6,765	-	-
Impairment losses reversed	(2,142)	-	-	-
Currency realignment	(54)	160		
Balance at 31 December	4,729	6,925	-	-

Trade receivables and loan receivables which are impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted in payments. These trade receivables and loan receivables are not secured by any collateral.

In 2016, impairment losses previously recognised on receivables from an associate company of S$2,142,000 were reversed following the full settlement received from the associate company.

(b) Liquidity Risk

Liquidity risk is the risk that the Group and 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.

To manage liquidity risk, the Group monitors its net operating cash flow, maintains a level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these facilities, the Group reviews working capital and capital expenditure requirements continually so as to mitigate the effects of fluctuations in the cash flows. When a potential shortfall in cash is anticipated, the Group will finance the shortfall by way of borrowings, share placements and/or issue of convertible securities in a timely manner. The Group places its surplus funds with reputable banks.

The Group will continue to review, formulate and implement a liquidity risk management policy and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of the reporting period, approximately 5% (2015: 36%) of the Group's loans and borrowings (Note 21) will mature in less than one year based on the carrying amount reflected in the financial statements.

28 Financial Risk Management (cont'd)

(b) Liquidity Risk (cont'd)

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 end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less S$'000	One to five years S$'000	Over five years S$'000	Contractual cash flow S$'000	Carrying amount S$'000
Group					
2016					
Financial assets:					
Trade and other receivables [1]	8,395	346	-	8,741	8,741
Cash and short-term deposits	6,748	-	-	6,748	6,737
Total undiscounted financial assets	15,143	346	-	15,489	15,478
Financial liabilities:					
Trade and other payables	6,813	-	-	6,813	6,813
Other liabilities	419	-	-	419	419
Loans and borrowings	433	2,353	5,126	7,912	5,638
Total undiscounted financial liabilities	7,665	2,353	5,126	15,144	12,870
Total net undiscounted financial assets/(liabilities)	7,478	(2,007)	(5,126)	345	2,608

28 Financial Risk Management (cont'd)

(b) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less S$'000	One to five years S$'000	Over five years S$'000	Contractual cash flow S$'000	Carrying amount S$'000
Group (cont'd)					
2015					
Financial assets:					
Trade and other receivables [(1)]	11,046	58	-	11,104	11,104
Cash and short-term deposits	2,737	-	-	2,737	2,737
Total undiscounted financial assets	13,783	58	-	13,841	13,841
Financial liabilities:					
Trade and other payables	6,370	-	-	6,370	6,370
Other liabilities	812	-	-	812	812
Loans and borrowings	3,256	2,404	5,834	11,494	8,725
Total undiscounted financial liabilities	10,438	2,404	5,834	18,676	15,907
Total net undiscounted financial assets/(liabilities)	3,345	(2,346)	(5,834)	(4,835)	(2,066)
Company					
2016					
Financial assets:					
Trade and other receivables [(1)]	269	2,322	-	2,591	2,591
Cash and short-term deposits	287	-	-	287	287
Total undiscounted financial assets	556	2,322	-	2,878	2,878
Financial liabilities:					
Trade and other payables	290	-	-	290	290
Other liabilities	266	-	-	266	266
Loans and borrowings	433	2,353	5,126	7,912	5,638
Total undiscounted financial liabilities	989	2,353	5,126	8,468	6,194
Total net undiscounted financial liabilities	(433)	(31)	(5,126)	(5,590)	(3,316)

28 Financial Risk Management (cont'd)

(b) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less S$'000	One to five years S$'000	Over five years S$'000	Contractual cash flow S$'000	Carrying amount S$'000
Company (cont'd)					
2015					
Financial assets:					
Trade and other receivables [1]	130	5,713	-	5,843	5,843
Cash and short-term deposits	657	-	-	657	657
Total undiscounted financial assets	787	5,713	-	6,500	6,500
Financial liabilities:					
Trade and other payables	566	2,037	-	2,603	2,603
Other liabilities	422	-	-	422	422
Loans and borrowings	416	2,404	5,834	8,654	5,895
Total undiscounted financial liabilities	1,404	4,441	5,834	11,679	8,920
Total net undiscounted financial (liabilities)/assets	(617)	1,272	(5,834)	(5,179)	(2,420)

[1] *Amount excludes advances to suppliers and goods and services tax receivables.*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

As the Group's loans and borrowings are presently on floating rate, the Group will continue to review, formulate and implement policies to manage interest costs for new loans and borrowings using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if the Bank Commercial Financing rate, Bank Commercial Variable rates and Bank's cost of funds had been 10 (2015: 10) basis points lower/higher with all other variables held constant, the Company's profit/(loss) before income tax would have been S$4,680 (2015: S$9,000) higher/lower, arising as a result of lower/higher interest expenses on floating rate loans and borrowings.

28 Financial Risk Management (cont'd)

(d) Foreign Currency Risk (cont'd)

The Group has transactional currency exposures arising from sales or purchases that are denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD").

To manage the foresaid foreign currency risk, the Group maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments of purchases in the same currency denomination.

	2016 USD S$'000	2015 USD S$'000
Group		
Financial assets		
Trade and other receivables	420	2,204
Cash and cash equivalents	3,167	1,385
	3,587	3,589
Financial liabilities		
Trade and other payables	-	(16)
Loan and borrowings	-	(2,830)
	-	(2,846)
Net financial assets	3,587	743

If the following currency strengthens by 5% (2015: 5%) against S$ at the reporting date, with all other variables being held constant, the effect arising from the net financial assets position will be as follows:

	Group (Increase)/decrease in loss before tax	
	2016 S$'000	2015 S$'000
USD	179	37

A 5% weakening of S$ against the above currency would have had the equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remain constant.

The Company has not disclosed its exposure to foreign currency as the Company's risk exposure is not significant.

28 Financial Risk Management (cont'd)

(e) Fair Value of Financial Instruments

Fair value measurements recognised in the statement of financial position

The Group has established control framework with respect to the measurement of fair values. This frame includes the finance team that reports directly to the Group's key management, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significantly unobservable inputs and valuation adjustments. If third party confirmation, such as broker quotes or pricing services, is used to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRSs, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

The financial instruments that are measured subsequent to initial recognition at fair value are required disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) 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) (Level 2); and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of each class of assets and liabilities not measured at fair value at 31 December 2016 but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments S$'000 (Level 1)	Significant observable inputs other than quoted prices S$'000 (Level 2)	Significant unobservable inputs S$'000 (Level 3)	Total S$'000	Carrying Amount S$'000
Group					
2016					
Assets:					
Investment properties	-	-	2,457	2,457	2,411
Investment in associate	-	-	-	-	-
2015					
Assets:					
Investment properties	-	-	2,736	2,736	2,501
Investment in associate	440,169	-	-	440,169	-

28 Financial Risk Management (cont'd)

(e) Fair Value of Financial Instruments (cont'd)

Determination of fair value

Commercial investment properties

The valuation of commercial investment properties are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

There was no transfer between Level 1 and 2 during the previous financial year.

Other financial assets and financial liabilities

The fair values of other financial assets and liabilities with a maturity of less than one year, which are primarily cash and short-term deposits, trade and other receivables and trade and other payables are assumed to approximate their carrying amounts because of the short-term maturity of these financial instruments.

The fair value of non-current trade and other receivables and finance lease liabilities are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the reporting date. The carrying amounts of financial assets and financial liabilities are assumed to approximate their respective fair values. The Group does not anticipate that the carrying amounts recorded at the reporting date would be significantly different from the values that would eventually be received or settled.

(f) Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

29 Capital Management

Capital includes debt and equity items as disclosed in the table below.

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

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group will continue to review, formulate and implement policies to keep gearing ratio below 55%. The Group includes within net debt, loans and borrowings, trade and other payables less cash and short-term deposits.

	Group	
	2016 S$'000	2015 S$'000
Loans and borrowings (Note 21)	5,638	8,725
Trade and other payables (Note 22)	6,813	6,370
Less: Cash and short-term deposits (Note 20)	(6,737)	(2,737)
Net debt	5,714	12,358
Equity attributable to the owners of the Company	13,520	12,312
Capital and net debt	19,234	24,670
Gearing ratio	30%	50%

30 Segment Information

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

I. The distribution segment engages in the distribution of mobile communication devices and accessories for leading brands.

II. The retail telecommunication segment engages in the retail sale of mobile communication devices and accessories and provision of broadband and other related telecommunication services in Singapore. It operates a network of strategically located retail stores island-wide. This retail telecommunication segment is further segregated into franchise (comprising SingTel) and standalone (comprising M1). On 31 January 2015, the M1 business segment was disposed of.

III. The retail consumer electronics segment engages in the retail sale of IT and related products in Singapore.

IV. The corporate segment is involved in Group-level corporate services, treasury functions and investments in associates and marketable securities. It also involves in strategic investment and joint venture opportunities in emerging Southeast Asia markets to synergise and complement the Group's existing offerings.

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 taxes are managed on a group basis and are not allocated to operating segments.

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

30 Segment Information (cont'd)

	Distribution		Retail Consumer Electronics		Retail Telecommunication Standalone (M1)		Retail Telecommunication With Franchise (comprising Singtel)		Corporate		Adjustments and eliminations		Note	Per consolidated financial statements	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000		2016 S$'000	2015 S$'000
Revenue:															
External customers	34,016	89,852	13,879	21,444	-	301	41,930	44,522	30	29	-	-		89,855	156,148
Inter-segment	107	397	2,927	14,348	-	86	23,299	20,986	-	-	(26,334)	(35,817)	A	-	-
	34,123	90,249	16,806	35,792	-	387	65,229	65,508	30	29	(26,334)	(35,817)		89,855	156,148
Results:															
Interest income	302	280	-	-	-	-	11	-	247	206	-	-		320	486
Depreciation and amortisation	(10)	(12)	(143)	(231)	-	-	(277)	(429)	(524)	(516)	-	-		(954)	(1,188)
Share of results of associates	-	-	-	-	-	-	-	-	-	-	46	(16,742)		46	(16,742)
Other non-cash expenses	114	(4,996)	(44)	(20)	-	(90)	(7)	(11)	(2,439)	(4,043)	2,386	-	B	10	(9,160)
Impairment charge of investment in associate (TRIO)	-	-	-	-	-	-	-	-	-	(301,615)	-	-		-	(301,615)
Segment profit/(loss)	1,158	(1,061)	(22)	(877)	-	(178)	1,086	412	(2,939)	(8,070)	1,720	(318,632)	C	1,003	(318,406)
Assets:															
Investments in associates	-	-	-	-	-	-	-	-	482	470	-	-		482	470
Investment securities held for sale	-	-	-	-	-	-	-	-	-	600	-	-		-	600
Additions to non-current assets	-	3	37	87	-	-	28	8	5	25	-	-	D	70	123
Segment assets	4,140	4,560	1,399	2,764	-	-	11,230	9,407	9,661	11,100	482	1,070	E	26,912	28,901
Segment liabilities	693	168	249	675	-	-	5,728	4,343	575	2,056	5,638	8,841	F	12,883	16,083

30 Segment Information (cont'd)

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

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses consist of net foreign exchange gain/(loss), inventories written-down, net loss on disposal of property, plant and equipment, net loss on disposal of an associate company and impairment of investment in subsidiary as presented in the respective notes to the financial statements.

C The following items are (deducted from)/added to segment profit/(loss) to arrive at profit before tax from continuing operations presented in the consolidated income statement:

	2016 S$'000	2015 S$'000
Finance costs	(468)	(900)
Reversal of impairment of doubtful debt	2,142	-
Impairment of investment in an associate	-	(300,990)
Share of results of associates	46	(16,742)
	1,720	(318,632)

D Additions to non-current assets consist of additions to property, plant and equipment and intangible assets.

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016 S$'000	2015 S$'000
Investments in associates	482	470
Investment securities held for sale	-	600
	482	1,070

30 Segment Information (cont'd)

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 S$'000	2015 S$'000
Income tax payable	-	116
Loans and borrowings	5,638	8,725
	5,638	8,841

Geographical information

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

	Revenues		Non-current assets	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Singapore	89,572	117,588	8,325	9,222
Indonesia	-	7,522	-	-
Hong Kong	-	29,262	-	-
Myanmar	30	131	-	-
Europe	-	193	-	-
Philippines	253	-	482	-
Others	-	1,452	-	470
	89,855	156,148	8,807	9,692

Non-current assets information presented above consist of property, plant and equipment, investment property, investments in associates and securities and intangible assets as presented in the consolidated statement of financial position.

Information about major customers

Revenues from 3 major customers amount to S$32,294,000 (2015: S$45,044,000) arising from sales by the distribution and retail sales segment.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2017

Issued and fully paid-up capital	:	$407,519,502
No. of shares issued	:	17,053,169,818 Ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company has no treasury shares as at 17 March 2017.
The Company has no subsidiary holdings as at 17 March 2017.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	312	2.88	4,171	0.00
100 – 1,000	6,922	63.83	2,201,693	0.01
1,001 - 10,000	892	8.22	3,206,346	0.02
10,001 - 1,000,000	2,523	23.27	463,108,864	2.72
1,000,001 and above	195	1.80	16,584,648,744	97.25
Total	10,844	100.00	17,053,169,818	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Nominees (Pte) Ltd	9,263,057,083	54.32
2	DBSN Services Pte Ltd	6,172,686,769	36.20
3	OCBC Securities Private Ltd	71,115,220	0.42
4	CIMB Securities (Singapore) Pte Ltd	70,126,015	0.41
5	Ong Kok Wah	70,000,000	0.41
6	Liu Kelvin Yi Feng	60,000,000	0.35
7	UOB Kay Hian Pte Ltd	59,458,500	0.35
8	Low Woon Ming	53,600,000	0.31
9	DBS Nominees Pte Ltd	47,902,731	0.28
10	Citibank Nominees Singapore Pte Ltd	41,872,100	0.25
11	Lee Jessie	41,308,170	0.24
12	United Overseas Bank Nominees Pte Ltd	30,743,778	0.18
13	Ang Chin San	28,431,000	0.17
14	Phillip Securities Pte Ltd	23,374,950	0.14
15	DB Nominees (S) Pte Ltd	22,516,000	0.13
16	Zeng Hang Cheng	20,868,500	0.12
17	OCBC Nominees Singapore Pte Ltd	16,598,810	0.10
18	Teo Ngee Hua	16,000,443	0.09
19	Lim Woei Ming Michael	15,000,000	0.09
20	Law Peng Kwee	13,972,000	0.08
	Total	**16,138,632,069**	**94.64**

STATISTICS OF SHAREHOLDINGS

As at 17 March 2017

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 17 March 2016.

Name of Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sugiono Wiyono Sugialam	326,003,652	1.91	(1)10,469,189,374	61.39	10,795,193,026	63.3
Tres Maria Capital Ltd	(2)3,867,140,015	22.68	(3) 4,065,786,837	23.84	7,932,926,852	46.52
PT SL Trio	2,536,262,522	14.87	-	-	2,536,262,522	14.87
(4) Standard Chartered Private Equity Limited	4,406,850,233	25.84	(3) 4,065,786,837	23.84	8,472,637,070	49.68
(5) Standard Chartered Asia Limited	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(6) Standard Chartered MB Holdings B.V.	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(7) Standard Chartered Holdings (International) B.V.	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(8) SCMB Overseas Limited	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(9) Standard Chartered Bank	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(10) Standard Chartered Holdings Limited	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(10) Standard Chartered PLC	-	-	8,472,637,070	49.68	8,472,637,070	49.68

Notes:

(1) This represents Mr. Sugiono Wiyono Sugialam's deemed interest of :-

(a) 7,932,926,852 shares held by Tres Maria Capital Ltd. by virtue of his 100% shareholdings in Tres Maria Capital Ltd; and .
(b) 2,536,262,522 shares held by PT SL Trio by virtue of his majority shareholdings in PT SL Trio.

(2) This represents Tres Maria Capital Ltd's direct interest of 3,867,140,015 shares held in the name of the following:-

(a) 556,719,420 shares are registered in the name of Raffles Nominees Pte. Ltd.
(b) 1,025,000,000 shares are registered in the name of DBSN Service Pte. Ltd.
(c) 2,285,420,595 shares are registered in the name of UOB Kay Hian Nominees Pte. Ltd.

(3) On 6 August 2014, Tres Maria Capital Ltd and Standard Chartered Private Equity Limited entered into a security agreement over shares ("the Deed"), whereby, inter alia, Tres Maria Capital Ltd has agreed to charge in favour of Standard Chartered Private Equity Limited by way of first mortgage, 4,236,318,535 shares in the capital of Polaris Ltd.

On 15 October 2014, pursuant to the provisions of the Deed, a notice of the mortgage and assignment has been issued by the relevant parties for the purposes of creating the charge over the shares.

On 27 May 2015, Tres Maria Capital Ltd and Standard Chartered Private Equity Limited entered into a Deed of Partial Release, pursuant to which, inter alia, Standard Chartered Private Equity Limited agreed to release its security over, and reassign, 170,531,698 Shares ("Released Shares"), and Tres Maria Capital Ltd agreed to transfer the Released Shares to Standard Chartered Private Equity Limited immediately following the release and reassignment.

(4) Standard Chartered Private Equity Limited is a wholly owned subsidiary of Standard Chartered Asia Limited.

(5) Standard Chartered Asia Limited is a 99.9% owned subsidiary of Standard Chartered MB Holdings B.V.

(6) Standard Chartered MB Holdings B.V. is a wholly owned subsidiary of Standard Chartered Holdings (International) B.V.

(7) Standard Chartered Holdings (International) B.V. is a wholly owned subsidiary of SCMB Overseas Limited

(8) SCMB Overseas Limited is a wholly owned subsidiary of Standard Chartered Bank

(9) Standard Chartered Bank is a wholly owned subsidiary of Standard Chartered Holdings Limited

(10) Standard Chartered Holdings Limited is a wholly owned subsidiary of Standard Chartered PLC.

FREE FLOAT

As at 17 March 2017, approximately 10.45% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual, Section B, Rules of Catalist of the Singapore Exchange Securities Trading Limited that an issuer must ensure that at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is at all times held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Polaris Ltd. will be held at Orchid Country Club, Theatrette, Social clubhouse – Level 1, 1 Orchid Club Road Singapore 769162 on the 28th day of April 2017 at 2.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' Statement and Auditors' Report thereon.	**Resolution 1**
2.	To re-elect Mr Carl Johan Pontus Sonnerstedt who is retiring pursuant to Article 93 of the Company's Constitution. [See Explanatory Note]	**Resolution 2**
3.	To re-elect Mr Ang Chuan Hui, Peter who is retiring pursuant to Article 86 of the Company's Constitution. [See Explanatory Note]	**Resolution 3**
4.	To re-appoint Moore Stephens LLP as the Auditors of the Company until the conclusion of the Company's next Annual General Meeting and authorise the Directors of the Company to fix their remuneration.	**Resolution 4**

5. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

6.	To approve Directors' fees of S$76,666 for the financial year ended 31 December 2016 (2015: S$110,000).	**Resolution 5**

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

7. **Authority to allot and issue shares**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company **("Shares")** 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;

(b) (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force,

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Ordinary Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution] does not exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be based on the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings at the time of passing of this Ordinary Resolution, after adjusting for:

(1) new Shares arising from the conversion or exercise of any convertible securities ;

(2) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time which are outstanding or subsisting at the time of passing of this Ordinary Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares:

(iii) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company at general meeting, the authority conferred by this Ordinary 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; and

(c) the Directors be and are hereby authorised to do any and all acts which they deem necessary and expedient in connection with paragraphs (a) and (b) above.

Resolution 6

BY ORDER OF THE BOARD

ANG CHUAN HUI, PETER

Executive Director & CEO

13 April 2017
Singapore

Explanatory Notes

On Ordinary Business

In relation to Item 2, Mr Carl Johan Pontus Sonnerstedt, upon re-election as a Director of the Company, remain as Chairman, Chairman of the Nominating and Remuneration Committees and member of the Audit Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

There are no relationships (including immediate family relationships) between Mr Carl Johan Pontus Sonnerstedt and the other Directors, the Company or the 10% shareholder of the Company. Mr Carl Johan Pontus Sonnerstedt is currently a director in PT Bayon Management.

In relation to Item 3, Mr Ang Chuan Hui, Peter, upon re-elected, will remain as the Executive Director and CEO of the Company, member of the Audit Committee, Remuneration Committee and Nominating Committee.

There are no relationships (including immediate family relationships) between Mr Ang Chuan Hui, Peter and the other Directors, the Company or the 10% shareholder of the Company. Mr Ang Chuan Hui, Peter does not hold any directorship in other listed companies.

On Special Business

Statement Pursuant to Article 57(3) of the Company's Constitution

The effect of the resolutions under the heading "Special Business" in this Notice of the Annual General Meeting are:-

(i) The Ordinary Resolution 5 proposed in item 6 above is to approve the payment of Directors' fees for the financial year ended 31 December 2016.

(ii) The Ordinary Resolution 6 proposed in item 7 above is to allow the Directors of the Company from the date of that meeting until the next Annual General Meeting to issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

Notes:

i. A proxy need not be a member of the Company.

ii. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a member entitled to attend, speak and vote at this meeting is entitled to appoint not more than two proxies to attend, speak and vote in his stead.

iii. Where a member appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole or number of shares) to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

iv. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at this meeting, but each proxy must be appointed to exercise the rights attached to a different share held by the member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

v. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

vi. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

vii. The instrument appointing a proxy must be deposited at the registered office of the Company at 31 Ubi Avenue 4, #03-11 UB.One, Singapore 408830 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "'Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Company's Sponsor has not independently verified the contents of this announcement.

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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Yap Wai Ming:
Tel: 6389 3000
Email: waiming.yap@morganlewis.com

PROXY FORM

(Please see notes overleaf before completing this Form)

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

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF and/or SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We* ______________________________ *(Name)* NRIC/Passport* No. __________________________

of ____ *(Address)*

being a member/members* of Polaris Ltd. (the "**Company**"), hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings to be Represented by Proxy	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings to be Represented by Proxy	
		No. of Shares	%
Address			

or failing him/her/them*, the Chairman of the Meeting as my/our proxy/proxies* to attend, speak and vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Orchid Country Club, Theatrette, Social clubhouse – Level 1, 1 Orchid Club Road Singapore 769162 on the 28th day of April 2017 at 2.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2016		
2.	Re-election of Mr. Carl Johan Pontus Sonnerstedt as a Director pursuant to Article 93 of the Company's Constitution		
3.	Re-election of Mr. Ang Chuan Hui, Peter as a Director pursuant to Article 86 of the Company's Constitution		
4.	Re-appointment of Moore Stephens LLP as Auditors of the Company		
	Special Business		
5.	Approval of Directors' Fees of S$76,666 for the financial year ended 31 December 2016		
6.	Authority to allot and issue shares		

**Please delete accordingly.*

Dated this .... day of .... 2017.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

....
Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") a member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole or number of shares) to be represented by each proxy and if no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediaries is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified thereof, shall be deposited at the registered office of the Company at 81 Ubi Avenue 4, #03-11 UB.One, Singapore 408830 not less than forty-eight (48) hours before the time appointed for the Meeting.

8. Please indicate with a tick [✓] in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

11. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

polaris

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