

## **POLARIS LTD.**

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

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### **ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES IN RELATION TO THE AUDITED FINANCIAL STATEMENTS**

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Pursuant to Rule 704(4) of Listing Manual Section B: Catalist Rules of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”), the Board of Directors (the “**Board**”) of Polaris Ltd. (the “**Company**” or together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s external auditor, Moore Stephens LLP (the “**Auditors**”), have in their Independent Auditor’s Report issued a Disclaimer of Opinion on the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2016 (“**FY2016**”) (the “**Independent Auditor’s Report**”).

Please refer to the copy of the Independent Auditor’s Report and extract of the relevant note to the financial statements attached herein.

By Order of the Board,

Ang Chuan Hui, Peter  
Executive Director & CEO

5 April 2017

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*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 content 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.*

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

## POLARIS LTD. (Incorporated in Singapore)

### 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 Trikonsel 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 Trikonsel 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

## POLARIS LTD. (Incorporated in Singapore)

### 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

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**AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**16 Investments in Associates**

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

	<b>Group</b>		<b>Company</b>	
	<u>2016</u> S\$'000	<u>2015</u> S\$'000	<u>2016</u> S\$'000	<u>2015</u> S\$'000
PT Trikomsel Oke Tbk. ("TRIO")	-	-	-	-
Other associates (unquoted)	482	470	-	-
	<u>482</u>	<u>470</u>	<u>-</u>	<u>-</u>
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:

	<b>Group</b>		<b>Company</b>	
	<u>2016</u> S\$'000	<u>2015</u> S\$'000	<u>2016</u> S\$'000	<u>2015</u> 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) <sup>(1)</sup>	(11,652) <sup>(1)</sup>	-	-
- Other associates	(78)	(124)	-	-
Disposal:				
- Other associates	(34)	-	-	-
Allowance for impairment of investments				
- TRIO	(301,615)	(301,615)	(313,267)	(313,267)
	<u>482</u>	<u>470</u>	<u>-</u>	<u>-</u>

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

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**16 Investments in Associates (cont'd)**

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

<sup>(1)</sup> The appointed auditor is Crowe Horwath in Indonesia.

<sup>(2)</sup> Audited by P.K Consulting Co. Ltd

<sup>(3)</sup> Audited by Ong Ordonez & Associates

<sup>(4)</sup> Audited by Paul Wan & Co

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**16 Investments in Associates (cont'd)**

*PT Trikonsel Oke Tbk. ("TRIO")*

In 2014, the Company acquired 45% equity interest in an associated company, TRIO. The Group viewed that the acquisition 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.

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**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 <sup>(1)</sup>

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

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**16 Investments in Associates (cont'd)**

Summarised statement of comprehensive income <sup>(1)</sup>

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

<sup>(1)</sup> 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 settlement 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.