

**POLARIS LTD.**

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


**UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017**
**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF -YEAR AND FULL YEAR ANNOUNCEMENTS**

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

**Consolidated Income Statement and Statement of Comprehensive Income**

	Group					
	Three Months Ended			Six Months Ended		
	30 Jun 2017	30 Jun 2016	Inc/(Dec)	30 Jun 2017	30 Jun 2016	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b> (Note 1)	14,889	19,960	(25)	37,639	37,628	0
Cost of Sales	(13,424)	(18,843)	(29)	(34,693)	(35,685)	(3)
<b>Gross profit</b>	1,465	1,117	31	2,946	1,943	52
<b>Other items of income</b>						
Interest income	5	120	(96)	13	120	(89)
Other income (Note 2)	44	108	(59)	102	409	(75)
<b>Other items of expense</b>						
Marketing and distribution	(14)	(22)	(36)	(42)	(50)	(16)
Administrative expenses	(1,264)	(1,777)	(29)	(2,357)	(3,413)	(31)
Finance costs	(85)	(112)	(24)	(168)	(256)	(34)
Other expenses (Note 3)	(111)	(258)	(57)	(272)	(305)	(11)
Share of results of an associate	-	-		-	-	
<b>(Loss)/profit before tax</b>	40	(824)	N.M.	222	(1,551)	N.M.
Income tax expense	-	-		-	(9)	(100)
<b>(Loss)/profit, net of tax</b>	40	(824)	N.M.	222	(1,560)	N.M.
<b>Attributable to:</b>						
Owners of the Company	42	(892)	N.M.	229	(1,625)	N.M.
Non-controlling interests	(2)	67	103	(7)	65	111
<b>(Loss)/profit for the period</b>	40	(824)	N.M.	222	(1,561)	N.M.
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Share of an associate's other comprehensive income	-	-	N.M.	-	-	N.M.
Foreign currency translation	(99)	(1)	N.M.	(282)	(161)	N.M.
<b>Other comprehensive income for the period, net of tax</b>	(99)	(1)	N.M.	(282)	(161)	N.M.
<b>Total comprehensive income for the period</b>	(59)	(825)	N.M.	(60)	(1,722)	N.M.
<b>Attributable to:</b>						
Owners of the Company	(57)	(893)	N.M.	(53)	(1,786)	N.M.
Non-controlling interests	(2)	67	103	(7)	65	111
<b>Total comprehensive income for the period</b>	(59)	(825)	N.M.	(60)	(1,722)	N.M.

	Three Months Ended			Six Months Ended		
	30 Jun 2017	30 Jun 2016	Inc/(Dec)	30 Jun 2017	30 Jun 2016	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<i>Note 1 - Revenue</i>						
Distribution sale of mobile handsets & accessories	2,301	6,422	(64)	9,606	9,173	5
Retail sale of mobile handsets & other apparatus	10,310	9,324	11	21,317	19,732	8
Retail sale of computer hardware & accessories and computer software	2,278	4,199	(46)	6,716	8,709	(23)
Other revenue	-	15	(100)	-	15	(100)
	14,889	19,960	-25	37,639	37,628	0

	Three Months Ended			Six Months Ended		
	30 Jun 2017	30 Jun 2016	Inc/(Dec)	30 Jun 2017	30 Jun 2016	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<i>Note 2 - Other income</i>						
Gain on divestment of investment securities	-	-	N.M.	-	108	N.M.
Rental income	9	33	(73)	18	64	(72)
Other miscellaneous income*	35	75	(53)	84	237	(64)
	44	108	(59)	102	409	(75)

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

	Three Months Ended			Six Months Ended		
	30 Jun 2017	30 Jun 2016	Inc/(Dec)	30 Jun 2017	30 Jun 2016	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<i>Note 3 - Other expenses</i>						
Amortisation of intangible assets	(45)	(45)	0	(90)	(124)	(28)
Depreciation of property, plant and equipment	(117)	(172)	(32)	(238)	(344)	(31)
Depreciation of investment property	(23)	(22)	3	(45)	(45)	0
Net (loss)/gain on disposal of property, plant and equipment	(5)	15	133	(4)	8	152
Net foreign exchange gain/(loss)	105	(2)	N.M.	105	232	55
Inventories written-down	(26)	(33)	N.M.	-	(33)	(100)
	(111)	(258)	(57)	(272)	(306)	(11)

N.M. denotes Not Meaningful

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

#### Consolidated Balance Sheets

	Group		Company	
	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5,286	5,510	5,257	5,460
Investment properties	2,367	2,411	2,367	2,411
Intangible assets	315	404	-	-
Investment in subsidiaries	-	-	7,436	6,039
Investment in associates	482	482	-	-
Other receivables	860	346	2,098	2,322
	9,310	9,153	17,158	16,232
<b>Current assets</b>				
Trade and other receivables **	10,642	9,505	270	269
Inventories	1,748	1,448	-	-
Assets held-for-sale	-	-	-	-
Prepaid operating expenses	57	69	39	23
Cash and cash equivalents	6,347	6,737	623	287
	18,794	17,759	932	579
<b>Total assets</b>	<b>28,104</b>	<b>26,912</b>	<b>18,090</b>	<b>16,811</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Loans and borrowings (Note 4)	247	272	247	272
Trade and other payables	8,213	6,813	360	290
Deferred revenue	3	13	-	-
Other liabilities	409	419	250	266
Income tax payable	-	-	-	-
	8,872	7,517	857	828
<b>Net current assets/ (liabilities)</b>	<b>9,922</b>	<b>10,242</b>	<b>75</b>	<b>(249)</b>
<b>Non-current liabilities</b>				
Loans and borrowings (Note 4)	5,261	5,366	5,261	5,366
Other payables	-	-	1,282	-
	5,261	5,366	6,543	5,366
<b>Total liabilities</b>	<b>14,133</b>	<b>12,883</b>	<b>7,400</b>	<b>6,194</b>
<b>Net assets</b>	<b>13,971</b>	<b>14,029</b>	<b>10,690</b>	<b>10,617</b>
<b>Equity attributable to members</b>				
Share capital	402,747	402,747	402,747	402,747
Retained losses	(389,937)	(390,167)	(392,057)	(392,130)
Foreign currency translation reserve	658	940	-	-
	13,468	13,520	10,690	10,617
<b>Non-controlling interests</b>	503	509	-	-
<b>Total equity</b>	<b>13,971</b>	<b>14,029</b>	<b>10,690</b>	<b>10,617</b>
<b>Total equity and liabilities</b>	<b>28,104</b>	<b>26,912</b>	<b>18,090</b>	<b>16,811</b>

\*\* Including receivables assigned to an associate company

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

	As at 30 Jun 2017		As at 31 Dec 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<i>Note 4 - Loans and borrowings</i>				
<b>Current:</b>				
Commercial property loans	161	-	187	-
Investment property loans	86	-	85	-
Amount repayable in one year or less, or on demand	247	-	272	-
<b>Non-current:</b>				
Commercial property loans	3,553	-	3,613	-
Investment property loans	1,708	-	1,753	-
Amount repayable after one year	5,261	-	5,366	-
	<b>5,508</b>	<b>-</b>	<b>5,638</b>	<b>-</b>

First commercial property loan

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

Second commercial properties loan

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

First Investment properties loan

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

Second Investment property loan

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

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

**Consolidated Cash Flow Statement**

	Three Months Ended		Six Months Ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>OPERATING ACTIVITIES</b>				
(Loss)/profit before tax	41	(824)	223	(1,552)
Adjustments for:				
Amortisation of intangible assets	45	44	90	124
Depreciation of property, plant and equipment	118	172	238	344
Depreciation of investment properties	22	22	45	45
Finance costs	85	55	168	129
Interest income	(5)	(120)	(13)	(120)
Inventories written-down	-	33	-	33
Gain on divestment of investment securities	-	(0)	-	(108)
Net (gain) loss on disposal of property, plant and equipment	5	(15)	4	(8)
Share of result of associate	-	-	-	-
Total adjustments	270	192	532	439
<b>Operating cash flows before changes in working capital</b>	<b>311</b>	<b>(632)</b>	<b>755</b>	<b>(1,113)</b>
Changes in working capital				
(Increase)/ Decrease in:				
Inventories	(134)	720	(301)	1,949
Trade and other receivables	(1,089)	(1,086)	(1,651)	3,285
Prepaid operating expenses	112	45	10	(264)
(Decrease)/ Increase in:				
Trade and other payables	1,575	(572)	1,401	(1,955)
Other liabilities	3	(112)	(19)	(80)
Total changes in working capital	467	(1,005)	(560)	2,935
<b>Cash flows from operations</b>	<b>778</b>	<b>(1,637)</b>	<b>195</b>	<b>1,822</b>
Interest received	5	120	13	120
Interest paid	(85)	(55)	(168)	(129)
Income taxes paid	(0)	(1)	(0)	(125)
<b>Net cash flows from operating activities</b>	<b>698</b>	<b>(1,573)</b>	<b>40</b>	<b>1,688</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(21)	(2)	(20)	(27)
Proceed of disposal of property, plant and equipment	1	-	1	-
Proceeds from divestment of investment securities	-	-	-	708
<b>Net cash flows used in investing activities</b>	<b>(20)</b>	<b>(2)</b>	<b>(19)</b>	<b>681</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from loans and borrowings	-	-	-	-
Repayment of loans and borrowings	(63)	(739)	(130)	(1,665)
<b>Net cash flows (used in)/ from financing activities</b>	<b>(63)</b>	<b>(739)</b>	<b>(130)</b>	<b>(1,665)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>615</b>	<b>(2,314)</b>	<b>(109)</b>	<b>704</b>
Effect of exchange rate changes on cash and cash equivalents	(97)	(64)	(281)	(355)
Cash and cash equivalents at 1 January	5,829	5,463	6,737	2,736
<b>Cash and cash equivalents at 30 June</b>	<b>6,347</b>	<b>3,085</b>	<b>6,347</b>	<b>3,085</b>

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

Statements of Change in Equity :

2017 Group	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000	Other Reserve S\$'000	Foreign currency translation reserve S\$'000	Non- controlling interests S\$'000
<b>Opening balance at 1 January 2017</b>	<b>14,029</b>	<b>402,747</b>	<b>(390,167)</b>	-	<b>940</b>	<b>509</b>
<b>Profit for the period</b>	182	-	187	-	-	(5)
<u>Other comprehensive income</u>						
Foreign currency translation	(183)	-	-	-	(183)	-
<b>Other comprehensive income for the period, net of tax</b>	<b>(183)</b>	-	-	-	<b>(183)</b>	-
<b>Total comprehensive income for the period</b>	<b>(1)</b>	-	<b>187</b>	-	<b>(183)</b>	<b>(5)</b>
<b>Closing balance at 31 March 2017</b>	<b>14,028</b>	<b>402,747</b>	<b>(389,980)</b>	-	<b>757</b>	<b>504</b>
<b>Profit for the period</b>	42	-	43	-	-	(1)
<u>Other comprehensive income</u>						
Foreign currency translation	(99)	-	-	-	(99)	-
<b>Other comprehensive income for the period, net of tax</b>	<b>(99)</b>	-	-	-	<b>(99)</b>	-
<b>Total comprehensive income for the period</b>	<b>(56)</b>	-	<b>43</b>	-	<b>(99)</b>	-
<b>Closing balance at 30 June 2017</b>	<b>13,971</b>	<b>402,747</b>	<b>(389,937)</b>	-	<b>658</b>	<b>503</b>

2016 Group	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000	Other Reserve S\$'000	Foreign currency translation reserve S\$'000	Non- controlling interests S\$'000
<b>Opening balance at 1 January 2016</b>	<b>12,818</b>	<b>402,747</b>	<b>(391,227)</b>	-	<b>792</b>	<b>506</b>
<b>Loss for the period</b>	(736)	-	(733)	-	-	(3)
<u>Other comprehensive income</u>						
Foreign currency translation	(160)	-	-	-	(159)	(1)
<b>Other comprehensive income for the period, net of tax</b>	<b>(160)</b>	-	-	-	<b>(159)</b>	<b>(1)</b>
<b>Total comprehensive income for the period</b>	<b>(896)</b>	-	<b>(733)</b>	-	<b>(159)</b>	<b>(4)</b>
<b>Closing balance at 31 March 2016</b>	<b>11,922</b>	<b>402,747</b>	<b>(391,960)</b>	-	<b>633</b>	<b>502</b>
<b>Loss for the period</b>	(826)	-	(892)	-	-	66
<u>Other comprehensive income</u>						
Foreign currency translation	(1)	-	-	-	(1)	-
<b>Other comprehensive income for the period, net of tax</b>	<b>(1)</b>	-	-	-	<b>(1)</b>	-
<b>Total comprehensive income for the period</b>	<b>(1)</b>	-	-	-	<b>(1)</b>	-
<b>Closing balance at 30 June 2016</b>	<b>11,095</b>	<b>402,747</b>	<b>(392,852)</b>	-	<b>632</b>	<b>568</b>

2017 Company	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000
<b>Opening balance at 1 January 2017</b>	<b>10,617</b>	<b>402,747</b>	<b>(392,130)</b>
<b>Profit for the period, representing total comprehensive income for the period</b>	166	-	166
<b>Closing balance at 31 March 2017</b>	<b>10,783</b>	<b>402,747</b>	<b>(391,964)</b>
<b>Profit for the period, representing total comprehensive income for the period</b>	(93)	-	(93)
<b>Closing balance at 30 June 2016</b>	<b>10,690</b>	<b>402,747</b>	<b>(392,057)</b>

2016 Company	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000
<b>Opening balance at 1 January 2016</b>	<b>15,062</b>	<b>402,747</b>	<b>(387,685)</b>
<b>Profit for the period, representing total comprehensive income for the period</b>	188	-	188
<b>Closing balance at 31 March 2016</b>	<b>15,250</b>	<b>402,747</b>	<b>(387,497)</b>
<b>(Loss)/profit for the period, representing total comprehensive income for the period</b>	(40)	-	(40)
<b>Closing balance at 30 June 2016</b>	<b>15,210</b>	<b>402,747</b>	<b>(387,537)</b>

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

**Changes in Company's Share Capital :**

The Company held no convertible and treasury shares at the beginning and end of the financial period reported.

	Company			
	30 Jun 2017		31 Mar 2017	
	Number of shares '000	S\$'000	Number of shares '000	S\$'000
At 1 April	17,053,170	402,747	17,053,170	402,747
Pursuant to share placement	-	-	-	-
At the end of the period (30 June)	17,053,170	402,747	17,053,170	402,747

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

The Company held no convertible and treasury shares at the beginning and end of the financial period reported.

	Company			
	30 Jun 2017		31 Dec 2016	
	Number of shares '000	S\$'000	Number of shares '000	S\$'000
At 1 January (excluding treasury shares)	17,053,170	402,747	17,053,170	402,747
Pursuant to share placement	-	-	-	-
At the end of the period (30 June)	17,053,170	402,747	17,053,170	402,747

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

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

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

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

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

Not Applicable.

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

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

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

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

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

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

	Three Months Ended		Six Months Ended	
	30 Jun 2017 S\$'000	30 Jun 2016 S\$'000	30 Jun 2017 S\$'000	30 Jun 2016 S\$'000
Profit/(loss) for the period attributable to owners of the Company used in the computation of basic earnings per share	42	(892)	229	(1,625)
	No. of shares '000	No. of shares '000	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	17,053,170	17,053,170	17,053,170	17,053,170
<b>Earnings/(loss) per share attributable to owners of the Company (cents per share)</b>				
Basic	0.0002	(0.0052)	0.0013	(0.0095)
Diluted	0.0002	(0.0052)	0.0013	(0.0095)

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

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

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

	Group		Company	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Net asset value per ordinary share is calculated based on 17,053,169,818 (31.12.2016: 17,053,169,818) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year (S\$ cents per share)	0.08	0.08	0.06	0.06

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**  
**(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

**(a) Turnover, costs and earnings**

For the second quarter of the year 2017 ("2QFY2017"), the Group's revenue decreased by 25.4% from S\$19.96 million in the second quarter of the year 2016 ("2QFY2016") to approximately S\$14.89 million. The decrease was mainly due to lower revenue from Group's mobile handset & accessories distribution business and retail sale of computer electronics & related product business for 2QFY2017 which decreased by 64% from approximately S\$6.42 million to approximately S\$2.30 million and 46% from approximately S\$4.20 million to approximately S\$2.28 million respectively, as compared to the same period under review in 2016. In line with the decrease of the revenue, the cost of sales also decreased by 28.8% from S\$18.84 million in 2QFY2016 to S\$13.4 million in 2QFY2017.

For 2QFY2017, the Group's gross profit increased by 31% to S\$1.47 million from S\$1.12 million for 2QFY2016. The increase was mainly generated from gross profit margin of the Group's mobile handset & accessories distribution business in 2QFY2017 as compared to 2QFY2016. This was due to clearance of old stock in 2QFY2016 which resulted lower gross profit margin.

The interest income of the Group for 2QFY2017 decreased from S\$0.12 million to S\$0.005 million due to lower interest income recognised from loan from franchisee in 2QFY2017, while the other income of the Group for 2QFY2017 also decreased due to lower rental income and Government grant in 2QFY2017.

For 2QFY2017, the Group Marketing & Distribution expense and Administrative expenses decreased by 36.4% and 28.9% from S\$0.02 million and S\$1.78 million to S\$0.01 million and S\$1.26 million respectively. This decrease was mainly caused by closure of the Sony retail outlet in 1QFY2016 and 2 Lenovo retail outlet in 2QFY2016.

The other expenses of the Group decreased by 57% to S\$0.11 million for 2QFY2017 as compared to S\$0.26 million for 2Q2016. This was mainly due to improvement in foreign exchange gain in 2QFY2017 and lower depreciation of property, plant and equipment by S\$0.06 million due to the closure of Lenovo and Sony retail outlets last year.

The Group's finance costs also decreased by 24.1% from S\$0.11 million to S\$0.09 million which was mainly due to repayment of bank borrowings.

The Group posted operating and net profit of S\$0.04 million for 2QFY2017 compared to a net loss of S\$0.8 million for the same period last year. This improvement was mainly attributable to the higher gross profit margin generated and lower administrative expenses recorded for 2QFY2017 as compared to 2QFY2016.

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

The Group recorded a net increase in cash and cash equivalents of S\$ 0.62 million for 2QFY2017 which was primarily attributable to higher cash flow generated from operating activities which mostly came from the increasing of trade and other payables. However, the Group's working capital show a slightly decreased of S\$0.32 million which was mostly caused by increase in Trade and other receivable was lower than the increase in Trade and other payable.

The Group's total assets increased from S\$26.91 million as at 31 December 2016 to S\$28.10 million as at 30 June 2017 mostly due to increase in trade and other receivables from S\$9.51 million to S\$10.64 million followed by increase of inventory from S\$1.44 million to S\$1.75 million and increase of other receivables from S\$0.35 million to S\$0.86 million in 2QFY2017 respectively. These increases were mostly caused by operational activities. Beside that, the intangible assets of the Group was decrease from S\$0.4 million to S\$0.32 million, the decrease was caused by the amortization of the related intangible assets.

In line with the increase in assets, the Group's trade and other payables also increased from S\$6.81 million as at 31 December 2016 to S\$8.21 million as at 30 June 2017. The increase was mainly due to an increase in purchase of goods.

The Group's current liabilities increased from S\$7.52 million as at 31 December 2016 to S\$ 8.87 million as at 30 June 2017 which was mostly caused by the increase in trade and other payables from S\$6.81 million to S\$8.21 million due to an increase in purchase of goods. On the other hand, the Group's deferred revenue decreased from S\$0.013 million to S\$0.003 million mostly due to revenue recognition of the advance received of the retail branding support from principal and realised price protection from principal.

The Group's net assets slightly decreased from S\$14.03 million as at 31 December 2016 to S\$13.97 million as at 30 June 2017. The decrease was mainly due to the Group's foreign currency translation reserve.

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

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

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

Retail businesses will continuously show a further declining trend in the next coming 12 months. Whilst demands for mobile devices are declining or show a relatively flat growth as device penetration in Singapore is increasing, the rental imposed by landlords are relatively higher compared to the margin the Group is making from the sale of its devices. With the new opening up of the Apple Flagship shop in Singapore, this would certainly impact the business revenue of the Group. Additionally, the fourth mobile operator has been granted a license by the Singapore government to start its business operations in Singapore. This would have another negative impact on the Group, as due to our exclusive arrangement with Singapore Telecom, the Group is not able to explore new opportunities with the fourth mobile operator.

11. **Dividend**

**(a) Current financial period reported on**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding period of the immediately preceding financial year**

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

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

12. **If no dividend has been declared (recommended), a statement to that effect.**  
No dividend has been declared or recommended for the period under review.
13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**  
No IPT mandate has been obtained for the period under review.
14. **Status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8.**  
No proceeds raised from IPO and any offerings for the period under review.
15. **Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**  
The Board of Directors hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board which may render the interim financial results set out above to be false or misleading in any material aspect.
16. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

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

BY ORDER OF THE BOARD

JULIANA JULIANTI SAMUDRO  
DIRECTOR/ CHIEF FINANCIAL OFFICER  
Date: 11 AUGUST 2017

ANG CHUAN HUI, PETER  
DIRECTOR/ CHIEF EXECUTIVE OFFICER  
Date: 11 AUGUST 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor" for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B : Rules of Catalist. The 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@stamfordlaw.com.sg*