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

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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			Nine Months Ended		
	30 Sep 2019	30 Sep 2018 (Restated)*	Inc/(Dec)	30 Sep 2019	30 Sep 2018 (Restated)*	Inc/(Dec)
	S$'000	S$'000	%	S$'000	S$'000	%
CONTINUING OPERATIONS						
Revenue ***(Note 1)*	15,152	5,623	169	36,342	12,292	196
Cost of Sales **	(14,398)	(5,196)	177	(34,270)	(11,214)	206
Gross profit	754	427	77	2,072	1,078	92
Other Items of income						
Interest income	18	43	(58)	52	43	21
Other income *(Note 2)*	28	38	(26)	100	113	(12)
Other items of expense						
Marketing and distribution	(10)	(10)	-	(17)	(38)	(55)
Administrative expenses **	(600)	(745)	(19)	(1,763)	(2,212)	(20)
Finance costs	(57)	(46)	24	(169)	(140)	21
Other expenses *(Note 3)*	(21)	(1,480)	(99)	(140)	(1,689)	(92)
Share of results of associate	25	103	(76)	115	319	(64)
Profit/(Loss) before income tax	137	(1,670)	N.M.	250	(2,526)	N.M.
Income tax	-	-	N.M.	-	-	N.M.
Profit/(Loss) from continuing operations, net of tax	**137**	**(1,670)**	**N.M.**	**250**	**(2,526)**	**N.M.**
DISCONTINUED OPERATION						
Profit from discontinued operation	-	-	N.M.	-	2,721	N.M.
Profit for the period	**137**	**(1,670)**	**N.M.**	**250**	**195**	**28**
Attributable to:						
Equity holders of the Company						
Profit/(Loss) from continuing operations, net of tax	137	(1,273)	N.M.	230	(2,121)	N.M.
Profit from discontinued operations, net of tax	-	-	N.M.	-	2,721	N.M.
Profit for the period attributable to equity holders of the Company	**137**	**(1,273)**	**N.M.**	**230**	**600**	**(62)**
Non-controlling interests						
Profit/(Loss) from continuing operations, net of tax	-	(397)	N.M.	20	(405)	N.M.
Profit for the period	**137**	**(1,670)**	**N.M.**	**250**	**195**	**28**
Other comprehensive (loss)/income:						
Items that may not be reclassified subsequently to profit or loss						
Net loss on the fair value changes of equity instruments at fair value through other comprehensive loss	(7,562)	41,546	N.M.	(46,184)	41,546	N.M.
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation	1	(24)	N.M.	13	19	(32)
Other comprehensive (loss)/income for the period, net of tax	**(7,561)**	**41,522**	**N.M.**	**(46,171)**	**41,565**	**N.M.**
Total comprehensive (loss)/income for the period	**(7,424)**	**39,852**	**N.M.**	**(45,921)**	**41,760**	**N.M.**
Attributable to:						
Equity holders of the Company	(7,424)	40,249	N.M.	(45,941)	42,165	N.M.
Non-controlling interests	-	(397)	N.M.	20	(405)	N.M.
Total comprehensive (loss)/income for the period	**(7,424)**	**39,852**	**N.M.**	**(45,921)**	**41,760**	**N.M.**

	Three Months Ended			Nine Months Ended		
	30 Sep 2019	30 Sep 2018 (Restated)*	Inc/(Dec)	30 Sep 2019	30 Sep 2018 (Restated)*	Inc/(Dec)
Note 1 - Revenue	S$'000	S$'000	%	S$'000	S$'000	%
Distribution sale of mobile handsets and accessories	2,628	-	N.M.	5,456	849	543
Retail sale of consumer electronics and related products	11,437	5,241	118	24,582	10,497	134
Customer service**	985	382	158	2,291	946	142
Trading sale of lifestyle products	102	-	N.M.	4,013	-	N.M.
	15,152	5,623	169	36,342	12,292	196

	Three Months Ended			Nine Months Ended		
	30 Sep 2019	30 Sep 2018 (Restated)*	Inc/(Dec)	30 Sep 2019	30 Sep 2018 (Restated)*	Inc/(Dec)
Note 2 – Other income	S$'000	S$'000	%	S$'000	S$'000	%
Rental income	24	29	(17)	74	81	(9)
Other miscellaneous income[(1)]	4	9	(56)	26	32	(19)
	28	38	(26)	100	113	(12)

(1) Other miscellaneous income comprises mainly of government grants.

	Three Months Ended			Nine Months Ended		
	30 Sep 2019	30 Sep 2018 (Restated)*	Inc/(Dec)	30 Sep 2019	30 Sep 2018 (Restated)*	Inc/(Dec)
Note 3 – Other expenses	S$'000	S$'000	%	S$'000	S$'000	%
Depreciation of property, plant and equipment	(84)	(85)	(1)	(247)	(276)	(11)
Depreciation of investment property	-	(23)	N.M.	-	(68)	N.M.
Loan receivable written off	-	(1,110)	N.M.	-	(1,110)	N.M.
Net gain/(loss) on asset transfer	-	(260)	N.M.	78	(260)	N.M.
Net gain on disposal of property, plant and equipment	-	-	N.M.	1	6	(83)
Inventories written-down	-	-	N.M.	(1)	-	N.M.
Net foreign exchange gain/(loss)	63	(2)	N.M.	29	19	N.M.
	(21)	(1,480)	(99)	(140)	(1,689)	(92)

N.M. denotes Not Meaningful

** In FY2018, the Company disposed of its wholly-owned subsidiary, Polaris Telecom Pte Ltd. The comparatives for the period ended 30 Sep 2018 have been re-presented accordingly as discontinued operation.*

*** Revenue has been re-presented to disclose revenue from customer service as an operating segment. Its related expenses have also been reclassified from administrative expenses to cost of sale.*

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 Sheet

	Group		Company	
	30 Sep 2019 S$'000	31 Dec 2018 S$'000	30 Sep 2019 S$'000	31 Dec 2018 S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	4,045	4,192	3,981	4,147
Investment in subsidiaries	-	-	3,761	3,761
Investment in an associate	1,151	1,182	-	-
Other financial assets	-	46,184	-	46,184
	5,196	51,558	7,742	54,092
Current assets				
Trade and other receivables	6,697	2,530	2,458	22
Inventories	1,016	748	-	-
Assets held-for-sale	2,826	2,826	2,826	2,826
Prepaid operating expenses	68	58	35	27
Cash and cash equivalents	4,006	8,445	3,119	6,592
	14,613	14,607	8,438	9,467
Total assets	**19,809**	**66,165**	**16,180**	**63,559**
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings (*Note 4)*	213	231	213	231
Trade and other payables	1,091	729	514	1,400
Other liabilities	189	342	86	169
Provision for income tax	-	50	-	50
	1,493	1,352	813	1,850
Net current assets	13,120	13,255	7,625	7,617
Non-current liabilities				
Loans and borrowings (*Note 4)*	3,720	4,296	3,720	4,296
	3,720	4,296	3,720	4,296
Total liabilities	**5,213**	**5,648**	**4,533**	**6,146**
Net assets	**14,596**	**60,517**	**11,647**	**57,413**
Equity attributable to equity holders of the Company				
Share capital	402,747	402,747	402,747	402,747
Fair value adjustment	-	46,184	-	46,184
Foreign currency translation reserve	(561)	(574)	-	-
Accumulated losses	(387,920)	(388,150)	(391,100)	(391,518)
	14,266	60,207	11,647	57,413
Non-controlling interests	330	310	-	-
Total equity	**14,596**	**60,517**	**11,647**	**57,413**
Total equity and liabilities	**19,809**	**66,165**	**16,180**	**63,559**

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

	As at 30 Sep 2019		As at 31 Dec 2018	
	Secured	Unsecured	Secured	Unsecured
Note 4 – Loans and borrowings	S$'000	S$'000	S$'000	S$'000
Current:				
Commercial property loans	151	-	171	-
Investment property loans	62	-	60	-
Amount repayable in one year or less, or on demand	213	-	231	-
Non-current:				
Commercial property loans	2,734	-	3,263	-
Investment property loans	986	-	1,033	-
Amount repayable after one year	3,720	-	4,296	-
	3,933	**-**	**4,527**	**-**

First commercial properties loan

*This loan is secured by a first mortgage over the Group's commercial properties and is repayable in 240 instalments, and bears interest at 4.17% below the Bank's Commercial Financing Rate ("**BCFR**") for the 1st year, 3.77% below BCFR for the 2nd year, and 3.47% below BCFR for the 3rd year and thereafter at BCFR. Currently, BCFR is at 6.25% p.a.*

Second commercial properties loan

This loan is secured by a first mortgage over the Group's commercial properties and is repayable in 240 instalments. Current interest rate is 2.78% which is at the prevailing 3 months SIBOR plus 0.88% p.a.

First Investment properties loan

This loan is secured by a first mortgage over the Group's investment properties and is repayable in 240 instalments, and bears interest at 3.22% below BCFR for the 1st year, 3.22% below BCFR for the 2nd year, and 2.95% below BCFR for the 3rd year and thereafter at BFCR. Currently, BFCR is at 6.25% 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		Nine Months Ended	
	30 Sep 2019	30 Sep 2018 (Restated)*	30 Sep 2019	30 Sep 2018 (Restated)*
	S$'000	S$'000	S$'000	S$'000
OPERATING ACTIVITIES				
Profit/(Loss) before income tax from continuing operations	137	(1,670)	250	(2,526)
Profit before income tax from discontinued operation	-	-	-	2,721
Profit/(Loss) before income tax	137	(1,670)	250	195
Adjustments for:				
Amortisation of intangible assets	-	-	-	84
Depreciation of property, plant and equipment	84	85	247	347
Depreciation of investment properties	-	23	-	68
Finance costs	57	47	169	173
Interest income	(18)	(42)	(52)	(46)
Loan receivables written off	-	1,110	-	1,110
Inventories written-down	-	-	1	-
Reversal of loss on asset transfer	-	-	(78)	-
Net gain on disposal of subsidiaries	-	-	-	(2,153)
Net gain on disposal of property, plant and equipment	-	-	-	(10)
Unrealised exchange loss	33	-	48	-
Share of results of associate	(25)	(103)	(115)	(319)
Total adjustments	131	1,120	220	(746)
Operating cash flows before changes in working capital	268	(550)	470	(551)
Changes in working capital				
(Increase)/ Decrease in:				
Inventories	(200)	(407)	(268)	(362)
Trade and other receivables	(2,145)	(390)	(4,167)	3,177
Prepaid operating expenses	(6)	4	(10)	(32)
Increase/ (Decrease) in:				
Trade and other payables	60	(191)	362	(2,362)
Other liabilities	90	57	(75)	(246)
Total changes in working capital	(2,201)	(927)	(4,158)	175
Cash flows generated from/(used in) operations	(1,933)	(1,477)	(3,688)	(376)
Interest received	18	42	52	46
Interest paid	(57)	(47)	(169)	(173)
Income tax paid	-	-	(50)	-
Net cash flows generated from/(used in) operating activities	(1,972)	(1,482)	(3,855)	(503)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(9)	(8)	(100)	(63)
Proceed from disposal of property, plant and equipment	-	-	-	17
Dividend received from associate	-	-	146	-
Net cash inflow from disposal of subsidiary	-	-	-	4,610
Net cash flows (used in)/generated from investing activities	(9)	(8)	46	4,564
FINANCING ACTIVITIES				
Repayment of loans and borrowings	(55)	(63)	(594)	(189)
Net cash flows used in financing activities	(55)	(63)	(594)	(189)
Net (decrease)/increase in cash and cash equivalents	(2,036)	(1,553)	(4,403)	3,872
Effect of exchange rate changes on cash and cash equivalents	(32)	(21)	(36)	22
Cash and cash equivalents at beginning of period	6,074	10,553	8,445	5,085
Cash and cash equivalents at end of period	4,006	8,979	4,006	8,979

** In FY2018, the Company disposed of its wholly-owned subsidiary, Polaris Telecom Pte Ltd. The comparatives for the period ended 30 Sep 2018 have been re-presented accordingly as discontinued operation.*

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:

2019 Group	Equity, total	Share capital	Accumulated losses	Fair value adjustment	Foreign currency translation reserve	Non-controlling interests
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Opening balance at 1 January 2019	**60,517**	**402,747**	**(388,150)**	**46,184**	**(574)**	**310**
Profit for the period	113	-	93	-	-	20
Other comprehensive (loss)/income						
Fair value adjustment	(38,622)	-	-	(38,622)	-	-
Foreign currency translation	12	-	-	-	12	-
Other comprehensive (loss)/income for the period, net of tax	**(38,610)**	**-**	**-**	**(38,622)**	**12**	**-**
Total comprehensive (loss)/income for the period	(38,497)	-	93	(38,622)	12	20
Closing balance at 30 June 2019	**22,020**	**402,747**	**(388,057)**	**7,562**	**(562)**	**330**
Profit for the period	137	-	137	-	-	-
Other comprehensive (loss)/income						
Fair value adjustment	(7,562)	-	-	(7,562)	-	-
Foreign currency translation	1	-	-	-	1	-
Other comprehensive (loss)/income for the period, net of tax	**(7,561)**	**-**	**-**	**(7,562)**	**1**	**-**
Total comprehensive (loss)/income for the period	(7,424)	-	137	(7,562)	1	-
Closing balance at 30 September 2019	**14,596**	**402,747**	**(387,920)**	**-**	**(561)**	**330**

2018 Group	Equity, total	Share capital	Accumulated losses	Fair value adjustment	Foreign currency translation reserve	Non-controlling interests
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Opening balance at 1 January 2018, restated	**14,406**	**402,747**	**(388,377)**	**-**	**(611)**	**647**
Profit/(Loss) for the period	1,865	**-**	1,873	**-**	**-**	(8)
Other comprehensive income						
Fair value adjustment	-	**-**	**-**	**-**	-	**-**
Foreign currency translation	43	**-**	**-**	**-**	43	**-**
Other comprehensive income for the period, net of tax	**43**	**-**	**-**	**-**	**43**	**-**
Total comprehensive income/(loss) for the period	1,908	-	1,873	-	43	(8)
Closing balance at 30 June 2018	**16,314**	**402,747**	**(386,504)**	**-**	**(568)**	**639**
Loss for the period	**(1,670)**	**-**	**(1,273)**	**-**	**-**	**(397)**
Other comprehensive income/(loss)						
Fair value adjustment	41,546	-	-	41,546	-	-
Foreign currency translation	(24)	-	-	-	(24)	-
Other comprehensive income/(loss) for the period, net of tax	**41,522**	**-**	**-**	**41,546**	**(24)**	**-**
Total comprehensive income/(loss) for the period	39,852	-	(1,273)	41,546	(24)	(397)
Closing balance as at 30 September 2018	**56,166**	**402,747**	**(387,777)**	**41,546**	**(592)**	**242**

2019 Company	Equity, total	Share Capital	Accumulated losses	Fair value adjustment
	S$'000	S$'000	S$'000	S$'000
Opening balance at 1 January 2019	**57,413**	**402,747**	**(391,518)**	**46,184**
Profit for the period	314	-	314	-
Other comprehensive loss				
Fair value adjustment	(38,622)	-	-	(38,622)
Other comprehensive loss for the period, net of tax	**(38,622)**	**-**	**-**	**(38,622)**
Total comprehensive (loss)/income for the period	(38,308)	-	314	(38,622)
Closing balance at 30 June 2019	**19,105**	**402,747**	**(391,204)**	**7,562**
Profit for the period	104	-	104	-
Other comprehensive loss				
Fair value adjustment	(7,562)	-	-	(7,562)
Other comprehensive loss for the period, net of tax	**(7,562)**	**-**	**-**	**(7,562)**
Total comprehensive (loss)/income for the period	(7,458)	-	104	(7,562)
Closing balance at 30 September 2019	**11,647**	**402,747**	**(391,100)**	**-**

2018 Company	Equity, total	Share capital	Accumulated losses	Fair value adjustment
	S$'000	S$'000	S$'000	S$'000
Opening balance at 1 January 2018	**9,334**	**402,747**	**(393,413)**	**-**
Profit for the period	3,878	-	3,878	-
Other comprehensive income				
Fair value adjustment	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	3,878	-	3,878	-
Closing balance at 30 June 2018	**13,212**	**402,747**	**(389,535)**	**-**
Loss for the period	(47)	-	(47)	-
Other comprehensive income				
Fair value adjustment	41,546	-	-	41,546
Other comprehensive income for the period, net of tax	**41,546**	**-**	**-**	**41,546**
Total comprehensive income for the period	41,499	-	(47)	41,546
Closing balance at 30 September 2018	**54,711**	**402,747**	**(389,582)**	**41,546**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash 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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of outstanding in a class that is listed 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 :

There were no changes in the Company's share capital for the financial period ended 30 September 2019. There were no outstanding convertibles or treasury shares and subsidiary holdings as at 30 September 2019 and 30 September 2018.

	Number of issued shares ('000)	Issued and paid-up share capital (S$'000)
Balance as at 30 June 2019 (excluding treasury shares and subsidiary holdings)	17,053,170	402,747
Balance as at 30 September 2019 (excluding treasury shares and subsidiary holdings)	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.

	As at 30 September 2019 ('000)	As at 31 December 2018 ('000)
Total number of issued shares (excluding treasury shares and subsidiary holdings)	17,053,170	17,053,170

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

Not applicable, as the Company did not hold any treasury shares at the beginning and end of the financial period reported.

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable, as there are no subsidiary holdings 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 both the financial statements for the current reporting period as well as the audited financial statements for the financial year ended 31 December 2018.

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 reason for, and the effect of, the change.

Please refer to paragraph 4 above.

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		Nine Months Ended	
	30 Sep 2019	30 Sep 2018 (Restated)*	30 Jun 2019	30 Sep 2018 (Restated)*
	S$'000	S$'000	S$'000	S$'000
Continuing operations: Profit/(loss) for the period attributable to owners of the Company used in the computation of basic earnings per share	137	(1,273)	230	(2,121)
	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
(Loss)/Earnings per share attributable to owners of the Company (cents per share)				
Basic	0.0008	(0.0075)	0.0013	0.0124
Diluted	0.0008	(0.0075)	0.0013	0.0124

** In FY2018, the Company disposed of its wholly-owned subsidiary, Polaris Telecom Pte Ltd. The comparatives for the financial period ended 30 Sep 2018 have been re-presented accordingly as discontinued operation.*

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 of ordinary shares deemed issued pursuant to the exercise of any outstanding convertibles at the beginning of each financial period. However, as disclosed above, there were no outstanding convertibles as at 30 Sep 2019 and 30 Sep 2018.

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

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Net asset value per ordinary share is calculated based on 17,053,169,818 (31 Dec 18: 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)	0.09	0.35	0.07	0.34

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 third quarter of the financial year ending 31 December 2019 ("**3QFY2019**"), the Group recorded a turnover of S$15.15 million, representing an increase of 169% over the turnover of the third quarter of the financial year ended 31 December 2018 ("**3QFY2018**") of S$5.62 million. This increase was partly due to higher turnover from the distribution sale of mobile handset and accessories of S$2.63 million in 3QFY2019. In addition, the turnover from the retail sale of consumer electronics and related products increased by 118% from S$5.24 million in 3QFY2018 to S$11.44 million in 3QFY2019, while the turnover from the customer services segment increased by 158% from S$0.38 million in 3QFY2018 to S$0.99 million in 3QFY2019. The trading sale of lifestyle products segment saw a turnover of S$0.10 million in 3QFY2019.

The Group's cost of sales increased by 177% from S$5.2 million in 3QFY2018 to S$14.4 million in 3QFY2019, such increase being in line with the increase in the Group's turnover from 3QFY2018 to 3QFY2019.

Due to the higher turnover of the Group in 3QFY2019 as described above, the Group's gross profit increased 77% from S$0.43 million in 3QFY2018 to S$0.75 million in 3QFY2019.

The Group's interest income is derived from fixed deposits placed with the bank. The interest income decreased by 58% from S$0.04 million in 3QFY2018 to S$0.02 million in 3QFY2019 was due to lower fixed deposit placement. Other income decreased by 26% from S$0.04 million in 3QFY2018 to S$0.03 million in 3QFY2019, and this was mainly due to lower government grants received as well as a decrease in rental income as only two of the three investment properties were leased out in 3QFY2019. This decrease in rental income was offset by the rental of the commercial property held-for-sale which was leased out in September 2019.

The Group's administrative expenses decreased by 19% from S$0.75 million in 3QFY2018 to S$0.6 million in 3QFY2019 mainly due to lower professional fees incurred and reduced rental for our retail shop.

Finance costs which comprised interest expenses on property loan and bank charges increased by 24% from S$0.05 million in 3QFY2018 to S$0.06 million in 3QFY2019 primarily owing to an increase in bank charges from the higher usage of credit cards by customers at our retail shop as a result of the increase in sales volume.

Other expenses decreased by 99% from S$1.48 million in 3QFY2018 to S$0.02 million in 3QFY2019. This decrease was due to several things, namely (a) lower depreciation of property, plant and equipment of S$0.08 million in 3QFY2019 as compared to S$0.09 million in 3QFY2018, (b) no loan receivable written off in 3QFY2019 as compared to S$1.11 million in 3QFY2018, (c) no loss on asset transfer in 3QFY2019 as compared to a net loss on asset transfer of S$0.03 million in 3QFY2018 (the asset transfer was announced by the Company on SGXNET on 6 September 2018), and (d) a net gain on foreign exchange of S$0.06 million in 3QFY2019 from a net loss on foreign exchange of S$0.01 million in 3QFY2018.

The Group posted a net profit from continuing operations of S$0.14 million for 3QFY2019 as compared to a net loss of S$1.67 million in 3QFY2018 mainly due to an increase in turnover.

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

The Group's total assets decreased by $46.36 million from S$66.17 million as at 31 December 2018 to S$19.81 million as at 30 September 2019 mainly due to the net loss on fair value of other financial assets.

Property, plant and equipment decreased to S$4.05 million as at 30 September 2019 as compared to S$4.19 million as at 31 December 2018 owing to a depreciation charge of S$0.24 million offset by additions of property, plant and equipment.

Investment in an associate decreased to S$1.15 million as at 30 September 2019 as compared to S$1.18 million as at 31 December 2018 owing to share of profit from associate of S$0.12 million offset by dividend received by the Company of S$0.15 million.

Other financial assets represent the Group's remaining 8.22% investment in PT Trikomsel Oke Tbk ("**TRIO**"). Pursuant to a valuation of TRIO's market value conducted by a financial institution as at 30 September 2019, TRIO's fair value is nil as its shares were suspended by the Indonesian Stock Exchange ("**IDX**") on 17 July 2019.

Trade and other receivables increased to S$6.7 million as at 30 September 2019 as compared to S$2.53 million as at 31 December 2018 mainly due to the increase in credit sales for distribution sale of mobile handsets and accessories and trading sales of lifestyle products and advance payment to suppliers. Trade receivables increased to S$4.25 million as at 30 September 2019 as compared to S$2 million as at 31 December 2018. Other receivables increased to S$2.45 million as at 30 September 2019 as compared to S$0.53 million as at 31 December 2018 mainly due to advance payment to suppliers.

Inventories increased to S$1.02 million as at 30 September 2019 as compared to S$0.75 million as at 31 December 2018 owing to higher sales from the Group's retail sales in view of the launch of flagship handphone models in late 3QFY2019 by our principals.

The assets held-for-sale comprised of the net carrying amounts of the Group's all investment properties and one of the commercial properties which the Group has committed to sell.

Trade and other payables increased to S$1.09 million as at 30 September 2019 as compared to S$0.73 million as at 31 December 2018 owing mainly to increase in credit purchases.

Loans and borrowings decreased to S$3.93 million as at 30 September 2019 as compared to S$4.53 million as at 31 December 2018 owing to repayment of property loans and early redemption of one of the Group's commercial properties during the three-month period ended 31 March 2019.

The Group's net cash flow used in operating activities of S$1.97 million in 3QFY2019 as compared to net cash used of S$1.48 million in 3QFY2018 was due to higher trade receivables and inventory balance. This increase was partially offset by higher trade payable balance.

The decrease in the Group's net cash used in financing activities of S$0.06 in 3QFY2019 as compared to S$0.07 million in 3QFY2018 was due to repayment of property loans and early redemption of one of the commercial properties.

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.

The Group continued to deliver higher revenue and profitability in 3QFY2019 as compared to 3QFY2018 due to higher revenue from all the operating segments as a result of a rise in customers' demand.

Retail sale of consumer electronics and related products are expected to remain stable in the next quarter as most of our principals have launched their flagship models and accessories in late 3QFY2019. We are expecting the increase in customers' demand in 3QFY2019 to continue in the next quarter.

Our customer services business segment looks to continue contributing positively to the profitability of the Group given an increase in demand for such services, and is expected to remain stable within the next 12 months.

The trading sale of lifestyle products business segment is a new revenue stream for the Group, and has contributed 11% of the Group's year to date turnover. The Group will work on expanding its customer base to service overseas entities and customers and to grow its revenue stream.

The Group is actively exploring potential investment and business opportunities to generate new revenue streams for the benefit of shareholders.

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 and the reason(s) for the decision.

No dividend has been declared or recommended for the period due to the accumulated losses of the Group.

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.

There are no outstanding 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 confirms that to the best of their 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

ONG KOK WAH
DIRECTOR
Date: 11 NOVEMBER 2019

CARL JOHAN PONTUS SOENNERSTEDT
DIRECTOR/ CHIEF EXECUTIVE OFFICER
Date: 11 NOVEMBER 2019

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

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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