

POLARIS LTD.

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



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

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		
	Six Months Ended		
	30 Jun 2015	30 Jun 2014	Inc/(Dec)
	S\$'000	S\$'000	%
Revenue (Note 1)	77,271	62,519	24
Cost of Sales	(72,388)	(57,100)	27
Gross profit	4,883	5,419	(10)
Other items of income			
Interest income	115	1	11,400
Other income (Note 2)	339	236	44
Other items of expense			
Marketing and distribution	(229)	(106)	116
Administrative expenses	(3,832)	(3,813)	0
Finance costs	(144)	(27)	433
Other expenses (Note 3)	(973)	(901)	8
Share of results of an associate	5,660	-	N.M.
Profit before tax	5,819	809	619
Income tax expense	(609)	(40)	1,423
Profit, net of tax	5,210	769	578
Attributable to:			
Owners of the Company	5,186	782	563
Non-controlling interests	24	(13)	N.M.
Profit for the period	5,210	769	578
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Share of an associate's other comprehensive income	166	-	N.M.
Foreign currency translation	144	(74)	N.M.
Other comprehensive income for the period, net of tax	310	(74)	N.M.
Total comprehensive income for the period	5,520	695	694
Attributable to:			
Owners of the Company	5,496	708	676
Non-controlling interests	24	(13)	N.M.
Total comprehensive income for the period	5,520	695	694

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	Six Months Ended		
	30 Jun 2015	30 Jun 2014	Inc/(Dec)
<i>Note 1 - Revenue</i>	S\$'000	S\$'000	%
Distribution sale of mobile handsets & accessories	44,021	29,487	49
Retail sale of mobile handsets & other apparatus	21,151	16,758	26
Retail sale of computer hardware & accessories and computer software	12,085	16,256	(26)
Other revenue	14	18	(22)
	77,271	62,519	24

	Six Months Ended		
	30 Jun 2015	30 Jun 2014	Inc/(Dec)
<i>Note 2 - Other income</i>	S\$'000	S\$'000	%
Net gain on liquidation of a subsidiary	-	5	N.M.
Rental income	68	60	13
Other miscellaneous income*	271	171	58
	339	236	44

* 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.

	Six Months Ended		
	30 Jun 2015	30 Jun 2014	Inc/(Dec)
<i>Note 3 - Other expenses</i>	S\$'000	S\$'000	%
Amortisation of intangible assets	(159)	(159)	-
Bank charges	(187)	(227)	(18)
Depreciation of property, plant and equipment	(323)	(267)	21
Depreciation of investment property	(45)	(12)	275
Net loss on disposal of property, plant and equipment	(86)	(65)	32
Net foreign exchange loss	(169)	(162)	4
Inventories written-down	(4)	(9)	(56)
	(973)	(901)	8

N.M. denotes Not Meaningful

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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 2015 S\$'000	31 Dec 2014 S\$'000	30 Jun 2015 S\$'000	31 Dec 2014 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	6,495	6,853	6,091	6,296
Investment properties	2,548	2,593	2,548	2,593
Intangible assets	1,445	1,605	-	-
Investment in subsidiaries	-	-	10,352	8,512
Investment in associates	324,294	318,467	313,267	313,267
Investment securities	600	600	-	-
Other receivables	6,542	4,032	5,720	6,020
	341,924	334,150	337,978	336,688
Current assets				
Trade and other receivables	16,305	21,167	602	3,375
Inventories	9,406	3,754	-	-
Prepaid operating expenses	759	226	565	92
Cash and cash equivalents	2,736	3,173	139	252
	29,206	28,320	1,306	3,719
Total assets	371,130	362,470	339,284	340,407
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings (Note 4)	4,116	7,267	260	273
Trade and other payables	13,042	8,687	2,319	1,153
Deferred revenue	143	657	-	-
Other liabilities	718	792	456	555
Income tax payable	92	79	-	-
	18,111	17,482	3,035	1,981
Net current assets/ (liabilities)	11,095	10,838	(1,729)	1,738
Non-current liabilities				
Loans and borrowings (Note 4)	5,758	5,881	5,758	5,881
Deferred tax liabilities	1,000	434	-	-
Other payables	76	66	-	2,200
	6,834	6,381	5,758	8,081
Total liabilities	24,945	23,863	8,793	10,062
Net assets	346,185	338,607	330,491	330,345
Equity attributable to members				
Share capital	402,747	402,747	402,747	402,747
Retained losses	(60,335)	(65,521)	(72,256)	(72,402)
Other reserve	391	451	-	-
Foreign currency translation reserve	930	560	-	-
	343,733	338,237	330,491	330,345
Non-controlling interests	2,452	370	-	-
Total equity	346,185	338,607	330,491	330,345
Total equity and liabilities	371,130	362,470	339,284	340,407

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

	As at 30 Jun 2015		As at 31 Dec 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<i>Note 4 - Loans and borrowings</i>				
Current:				
Other borrowings	-	-	-	2,033
Bank borrowing	3,856	-	4,961	-
Commercial property loans	260	-	273	-
Amount repayable in one year or less, or on demand	4,116	-	5,234	2,033
Non-current:				
Other borrowings	-	-	-	-
Commercial property loan	5,758	-	5,881	-
Amount repayable after one year	5,758	-	5,881	-
	9,874	-	11,115	2,033

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

	Six Months Ended	
	30 Jun 2015 S\$'000	30 Jun 2014 S\$'000
OPERATING ACTIVITIES		
Profit before tax	5,819	809
<u>Adjustments for :</u>		
Amortisation of intangible assets	159	159
Depreciation of property, plant and equipment	323	267
Depreciation of investment properties	45	12
Finance costs	339	27
Interest income	(115)	(1)
Inventories written-down	4	9
Net gain on liquidation of a subsidiary	-	(5)
Net loss on disposal of property, plant and equipment	86	65
Share of result of associate	(5,660)	-
Total adjustments	(4,819)	533
Operating cash flows before changes in working capital	1,000	1,342
<u>Changes in working capital</u>		
(Increase)/ Decrease in:		
Inventories	(5,656)	(826)
Trade and other receivables	2,466	5,393
Prepaid operating expenses	(533)	(222)
(Decrease)/ Increase in:		
Trade and other payables	3,862	(1,093)
Other liabilities	(74)	(106)
Total changes in working capital	65	3,146
Cash flows from operations	1,065	4,488
Interest received	-	1
Interest paid	(339)	(27)
Income taxes paid	(30)	(11)

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Net cash flows from operating activities	696	4,451
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(61)	-
Purchase of investment property	-	(2,819)
Net cash flows used in investing activities	(61)	(2,819)
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	16,634	2,082
Repayment of loans and borrowings	(17,981)	(82)
Net cash flows (used in)/ from financing activities	(1,347)	2,000
Net (decrease)/ increase in cash and cash equivalents	(712)	3,632
Effect of exchange rate changes on cash and cash equivalents	275	(105)
Cash and cash equivalents at 1 January	3,173	5,686
Cash and cash equivalents at 30 June	2,736	9,213

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

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 :

2015 Group	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000	Other Reserve S\$'000	Foreign currency translation reserve S\$'000	Non-controlling interests S\$'000
Opening balance at 1 January 2015	338,607	402,747	(65,521)	451	560	370
Profit for the period	5,210	-	5,186	-	-	24
<u>Other comprehensive income</u>						
Share of associates - other comprehensive income	166	-	-	(60)	226	-
Foreign currency translation	144	-	-	-	144	-
Other comprehensive income for the period, net of tax	310	-	-	(60)	370	-
Total comprehensive income for the period	5,520	-	5,186	(60)	370	24
<u>Changes in ownership interests in subsidiaries</u>						
Issuance of shares by subsidiaries to non-controlling shareholders	2,058	-	-	-	-	2,058
Total changes in ownership interests in subsidiaries	2,058	-	-	-	-	2,058
Total transactions with owners in their capacity as owners	2,058	-	-	-	-	2,058
Closing balance at 30 June 2015	346,185	402,747	(60,335)	391	930	2,452

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2014 Group	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000	Other Reserve S\$'000	Foreign currency translation reserve S\$'000	Non-controlling interests S\$'000
Opening balance at 1 January 2014	20,534	89,769	(69,690)	-	425	30
Profit/ (loss) for the period	769	-	782	-	-	(13)
<u>Other comprehensive income</u>						
Foreign currency translation	(74)	-	-	-	(74)	-
Other comprehensive income for the period, net of tax	(74)	-	-	-	(74)	-
Total comprehensive income for the period	695	-	782	-	(74)	(13)
Closing balance at 30 June 2014	21,229	89,769	(68,908)	-	351	17
Profit for the period	3,740	-	3,387	-	-	353
<u>Other comprehensive income</u>						
Share of associates - other comprehensive income	625	-	-	451	174	-
Foreign currency translation	35	-	-	-	35	-
Other comprehensive income for the period, net of tax	660	-	-	451	209	-
Total comprehensive income for the period	4,400	-	3,387	451	209	353
<u>Contributions by and distributions to owners</u>						
Share issued for acquisition of an associate	313,268	313,268	-	-	-	-
Share issuance expense	(290)	(290)	-	-	-	-
Total contributions by and distributions to owners	312,978	312,978	-	-	-	-
Total transactions with owners in their capacity as owners	312,978	312,978	-	-	-	-
Closing balance at 31 December 2014	338,607	402,747	(65,521)	451	560	370

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2015 Company	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000
Opening balance at 1 January 2015	330,345	402,747	(72,402)
Profit for the period, representing total comprehensive income for the period	146	-	146
Closing balance at 30 June 2015	330,491	402,747	(72,256)

2014 Company	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000
Opening balance at 1 January 2014	17,939	89,769	(71,830)
Loss for the period, representing total comprehensive income for the period	(36)	-	(36)
Closing balance at 30 June 2014	17,903	89,769	(71,866)
Loss for the period, representing total comprehensive income for the period	(536)	-	(536)
<u>Contributions by and distributions to owners</u>			
Shares issued for acquisition of an associate	313,268	313,268	-
Share issuance expense	(290)	(290)	-
Total transactions with owners in their capacity as owners	312,978	312,978	-
Closing balance at 31 December 2014	330,345	402,747	(72,402)

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 treasury shares at the beginning and end of the financial period reported.

	Company			
	30 Jun 2015		31 Dec 2014	
	Number of shares '000	S\$'000	Number of shares '000	S\$'000
At 1 January (excluding treasury shares)	17,053,170	402,747	3,432,846	89,769
Pursuant to share placement	-	-	-	-
At 30 June	17,053,170	402,747	3,432,846	89,769
Share issued for acquisition of an associate	-	-	13,620,324	313,268
Share issuance expense	-	-	-	(290)
At 31 December	17,053,170	402,747	17,053,170	402,747

1(d)(iii)

To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Please refer to 1(d)(ii)

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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 2014, 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 2015.

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 2015, 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.

	Six Months Ended	
	30 Jun 2015 S\$'000	30 Jun 2014 S\$'000
Profit for the period attributable to owners of the Company used in the computation of basic earnings per share	5,186	782
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	17,053,170	3,432,846
Earnings per share attributable to owners of the Company (cents per share)		
Basic	0.030	0.023
Diluted	0.030	0.023

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.

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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 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Net asset value per ordinary share is calculated based on 17,053,169,818 (31.12.2014: 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)	2.03	1.99	1.94	1.94

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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

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

(a) Turnover, costs and earnings

For the first half of the year 2015 ("1HY2015"), the Group's revenue increased by 24% from S\$62.519 million as at 30 June 2014 to approximately S\$77.271 million. Despite the slowdown in the Group's retail consumer electronics business, revenue from handset distribution and retail telecommunications business for 1HY2015 increased by 49% from approximately S\$29.487 million to approximately S\$44.021 million and 26% from approximately S\$16.758 million to approximately S\$21.151 million, respectively, compared to the same period under review in 2014.

As a result of the Group's continuing effort to expand its business into other regions in Asia, the Group suffered foreign exchange losses and incurred higher marketing and distribution expenses as well as interest expenses due to higher working capital needs associated with operating in overseas markets. The Group closed at profit before tax of approximately S\$5.819 million, of which approximately S\$5.660 million related to the share of results of an associate.

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

Inventories and Trade and other payables increased significantly compared to those for the preceding financial year due to higher inventory holding and longer credit terms for trade payables. Despite this increase, the Group still has a net cash inflow of approximately S\$1.065 million from operations. A net cash flow used in investing activities of approximately S\$0.061 million was due to the purchases of property, plant and equipment. From financing activities, the Group has a net cash outflow of approximately S\$1.347 million due to repayment of bank loans. As at 30 June 2015, the Group's cash balance stood at \$2.736 million.

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 tighter competition in the industry continues to be the key challenge for the Group to remain in its ability to achieve sustainable profitability for its handset distribution and retail businesses in a matured and saturated market. Retail rental costs and manpower costs remained as a key challenge to the bottom line. In the event both costings' growth are not in line with the increment of the margin and growth of revenue, the bottom line would be at a negative level. The thin margin may have an adverse impact on the overall performance of the Group, particularly for the handset distribution business.

Indonesia, being the regional country that contributes most to the Group's profitability among all other regions where the Group operates, has been experiencing tremendous challenge due to external factors and the volatile macro exchange rate which has been depreciating against US dollars by 37% since 2011 and this is foreseen to be further weakening towards the second half of the year. The economic circumstances in Indonesia may also impact on the Group's financial performance.

Notwithstanding the above, the Group will continue to strengthen its regional retail and distribution footprint, to pursue strategic investment and joint ventures in emerging Asian markets, to develop e-commerce capabilities and to pursue new brand portfolio expansion as and when the appropriate opportunities arise.

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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 material 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.

BY ORDER OF THE BOARD

JULIANA JULIANTI SAMUDRO
DIRECTOR/ CHIEF FINANCIAL OFFICER
Date: 5 AUGUST 2015

ANG CHUAN HUI, PETER
DIRECTOR/ CHIEF EXECUTIVE OFFICER
Date: 5 AUGUST 2015

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.

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