

POLARIS LTD.

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

**UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014****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 June 2014 S\$'000	30 June 2013 S\$'000	Inc/(Dec) %
Revenue (Note 1)	62,519	38,604	62
Cost of Sales	(57,100)	(35,930)	59
Gross profit	5,419	2,674	103
Other items of income			
Interest income	1	1	N.M.
Other income (Note 2)	236	1,188	(80)
Other items of expense			
Marketing and distribution	(106)	(127)	(17)
Administrative expenses	(3,813)	(2,313)	65
Finance costs	(27)	(21)	29
Other expenses (Note 3)	(901)	(241)	274
Profit before tax	809	1,161	(30)
Income tax expense	(40)	(8)	400
Profit, net of tax	769	1,153	(33)
Attributable to:			
Owners of the Company	782	1,180	(34)
Non-controlling interests	(13)	(27)	(52)
Profit for the period	769	1,153	(33)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(74)	204	N.M.
Other comprehensive income for the period, net of tax	(74)	204	N.M.
Total comprehensive income for the period	695	1,357	(49)
Attributable to:			
Owners of the Company	708	1,384	N.M.
Non-controlling interests	(13)	(27)	52
Total comprehensive income for the period	695	1,357	(49)

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	Six Months Ended		
	30 June 2014	30 June 2013	Inc/(Dec)
<i>Note 1 - Revenue</i>	S\$'000	S\$'000	%
Distribution sale of mobile handsets & accessories	29,487	27,750	6
Retail sale of mobile handsets & other apparatus	16,758	8,324	101
Retail sale of computer hardware & accessories and computer software	16,256	2,530	543
Other revenue	18	-	N.M.
	62,519	38,604	62

	Six Months Ended		
	30 June 2014	30 June 2013	Inc/(Dec)
<i>Note 2 - Other income</i>	S\$'000	S\$'000	%
Provisional negative goodwill arising from acquisition	-	1,120	N.M.
Net gain on disposal of subsidiary	5	-	N.M.
Other miscellaneous income	231	68	240
	236	1,188	(80)

	Six Months Ended		
	30 June 2014	30 June 2013	Inc/(Dec)
<i>Note 3 - Other expenses</i>	S\$'000	S\$'000	%
Amortisation of intangible assets	(159)	-	N.M.
Bank charges	(227)	(53)	328
Depreciation of property, plant and equipment	(267)	(155)	72
Depreciation of investment property	(12)	(12)	N.M.
Net loss on disposal of property, plant and equipment	(65)	-	N.M.
Net foreign exchange loss	(162)	(20)	710
Inventories written-down	(9)	(1)	800
	(901)	(241)	274

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 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,648	5,162	6,946	4,407
Investment properties	706	719	706	719
Intangible assets (note 5)	1,763	1,923	-	-
Other receivables	4,354	3,554	6,600	7,413
Investment in subsidiaries	-	-	8,526	7,526
	14,471	11,358	22,778	20,065
Current assets				
Inventories	4,987	4,171	-	-
Prepaid operating expenses	285	62	65	21
Trade and other receivables	7,857	14,048	3,136	1,709
Cash and cash equivalents	9,213	5,686	2,864	351
	22,342	23,967	6,065	2,081
Total assets	36,813	35,325	28,843	22,146
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	6,976	8,095	2,605	141
Deferred revenue	11	18	-	-
Other liabilities	825	939	535	466
Income tax payable	40	11	-	-
Loans and borrowings (Note 4)	1,313	1,242	250	163
	9,165	10,305	3,390	770
Net current assets	13,177	13,662	2,675	1,311
Non-current liabilities				
Loans and borrowings (Note 4)	6,292	4,394	5,350	3,437
Other payables	127	92	2,200	-
	6,419	4,486	7,550	3,437
Total liabilities	15,584	14,791	10,940	4,207
Net assets	21,229	20,534	17,903	17,939
Equity attributable to members				
Share capital	89,769	89,769	89,769	89,769
Retained losses	(68,908)	(69,690)	(71,866)	(71,830)
Foreign currency translation reserve	351	425	-	-
	21,212	20,504	17,903	17,939
Non-controlling interests	17	30	-	-
Total equity	21,229	20,534	17,903	17,939
Total equity and liabilities	36,813	35,325	28,843	22,146

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**UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014****1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

	As at 30 Jun 2014		As at 31 Dec 2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Note 4 - Loans and borrowings</i>				
Current:				
Other borrowings		1,063	-	1,079
Commercial property loan	250	-	163	-
Amount repayable in one year or less, or on demand	250	1,063	163	1,079
Non-current:				
Other borrowings		942	-	957
Commercial property loan	5,350	-	3,437	-
Amount repayable after one year	5,350	942	3,437	957
Total loans and borrowings	5,600	2,005	3,600	2,036

SGD commercial property loan

This first loan of an aggregate of S\$3,747,054 was borrowed by the Company from United Overseas Bank Limited which is secured by the first and second mortgage over the Group's leasehold properties and is repayable in 240 instalments, bearing the interest at the following rates over the loan period:

1st Year - 3.22% below the Bank's Commercial Financing Rate ("BCFR")

2nd Year - 2.92% below the BCFR

3rd Year - 1.82% below the BCFR

Thereafter - 0.75% over the BCFR

Currently, BCFR is at 4.50% per annum.

This second loan of an aggregate of S\$2,082,000 was borrowed by the Company from United Overseas Bank Limited which is secured by the first and second mortgage over the Group's leasehold properties and is repayable in 240 instalments, bearing the interest at the following rates over the loan period:

1st Year - 3.32% below the Bank's Commercial Financing Rate ("BCFR")

2nd Year - 3.02% below the BCFR

3rd Year - 1.85% below the BCFR

Thereafter - 0.75% over the BCFR

Currently, BCFR is at 4.50% per annum.

Other borrowings

This relates to unsecured loan from non-controlling shareholders to the Company's subsidiaries and bears fixed interest rate at 5.75% per annum.

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	
	30 Jun 2014	30 Jun 2013
	S\$'000	S\$'000
OPERATING ACTIVITIES		
Profit before tax	809	1,161
<u>Adjustments for :</u>		
Amortisation of intangible assets	159	-
Depreciation of property, plant and equipment	267	155
Depreciation of investment property	12	12
Finance costs	27	21

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Interest income	(1)	(1)
Inventories written-down	9	1
Negative goodwill arising on acquisition of business	-	(1,120)
Net gain on disposal of subsidiary	(5)	-
Net loss on disposal of property, plant and equipment	65	-
Total adjustments	533	(932)
Operating cash flows before changes in working capital	1,342	229
<u>Changes in working capital</u>		
(Increase)/ Decrease in:		
Inventories	(826)	(958)
Trade and other receivables	5,393	(11,733)
Prepaid operating expenses	(222)	(185)
(Decrease)/ Increase in:		
Trade and other payables	(1,093)	2,178
Other liabilities	(106)	(294)
Total changes in working capital	3,146	(10,992)
Cash flows from/ (used in) operations	4,488	(10,763)
Interest received	1	1
Interest paid	(27)	(21)
Income taxes paid	(11)	(8)
Net cash flows from/ (used in) operating activities	4,451	(10,791)
INVESTING ACTIVITIES		
Net cash outflow on acquisition of businesses and business assets less assumed liabilities	-	(17)
Net cash outflow on acquisition of businesses and business assets	-	(542)
Purchase of property, plant and equipment	(2,819)	(2,288)
Net cash flows used in investing activities	(2,819)	(2,847)
FINANCING ACTIVITIES		
Proceeds from issuance of shares of the Company	-	11,275
Proceeds from loans and borrowings	2,082	1,417
Repayment of loans and borrowings	(82)	(2,056)
Net cash flows generated from financing activities	2,000	10,636
Net increase/ (decrease) in cash and cash equivalents	3,632	(3,002)
Effect of exchange rate changes on cash and cash equivalents	(104)	116
Cash and cash equivalents at 1 January	5,685	7,282
Cash and cash equivalents at 30 June	9,213	4,396

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**UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014**

- 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 :

2014 Group	Equity, total S\$'000	Share capital S\$'000	Retained losses 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

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2013 Group	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000	Foreign currency translation reserve S\$'000	Non-controlling interests S\$'000
Opening balance at 1 January 2013	6,216	76,494	(70,486)	217	(9)
Profit/ (loss) for the period	1,153	-	1,180	-	(27)
<u>Other comprehensive income</u>					
Foreign currency translation	204	-	-	204	-
Other comprehensive income for the period, net of tax	204	-	-	204	-
Total comprehensive income for the period	1,357	-	1,180	204	(27)
<u>Contributions by and distributions to owners</u>					
Issuance of ordinary shares	11,275	11,275	-	-	-
Shares issued for acquisition of businesses	2,000	2,000	-	-	-
Total contributions by and distributions to owners	13,275	13,275	-	-	-
Total transactions with owners in their capacity as owners	13,275	13,275	-	-	-
Closing balance at 30 June 2013	20,848	89,769	(69,306)	421	(36)
Loss for the period	(396)	-	(384)	-	(12)
<u>Other comprehensive income</u>					
Foreign currency translation	4	-	-	4	-
Other comprehensive income for the period, net of tax	4	-	-	4	-
Total comprehensive income for the period	(392)	-	(384)	4	(12)
<u>Changes in ownership interests in subsidiaries</u>					
Acquisition of non-controlling interests without a change in control	78	-	-	-	78
Share issuance expense	-	-	-	-	-
Total changes in ownership interests in subsidiaries	78	-	-	-	78
Total transactions with owners in their capacity as owners	78	-	-	-	78
Closing balance at 31 December 2013	20,534	89,769	(69,690)	425	30

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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)
Profit for the period, representing total comprehensive income for the period	(36)	-	(36)
Closing balance at 30 June 2014	17,903	89,769	(71,866)

2013 Company	Equity, total S\$'000	Share capital S\$'000	Retained losses S\$'000
Opening balance at 1 January 2013	6,596	76,494	(69,898)
Loss for the period, representing total comprehensive income for the period	(57)	-	(57)
<u>Contributions by and distributions to owners</u>			
Issuance of ordinary shares	11,275	11,275	-
Shares issued for acquisition of businesses	2,000	2,000	-
Total transactions with owners in their capacity as owners	13,275	13,275	-
Closing balance at 30 June 2013	19,814	89,769	(69,955)
Loss for the period, representing total comprehensive income for the period	(1,875)	-	(1,875)
Closing balance at 31 December 2013	17,939	89,769	(71,830)

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 2014		31 Dec 2013	
	Number of shares '000	S\$'000	Number of shares '000	S\$'000
At 1 January (excluding treasury shares)	3,432,846	89,769	3,432,846	89,769
Pursuant to share placement	-	-	-	-
At 30 June/ December	3,432,846	89,769	3,432,846	89,769

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)

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014**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 2013, 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 2014.

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 2014, 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	
	30 Jun 2014 S\$'000	30 Jun 2013 S\$'000
Profit for the period attributable to owners of the Company	822	1,180
Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic earnings per share from continuing operations	822	1,180
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	3,432,846	2,623,524
Earnings per share from continuing operations attributable to owners of the Company (cents per share)		
Basic	0.024	0.045
Diluted	0.024	0.045

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 for basic earnings per share computation.

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 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Net asset value per ordinary share is calculated based on 3,432,845,979 (31.12.2013: 3,432,845,979) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year (S\$ cents per share)	0.62	0.60	0.52	0.52

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 2014 ("1HY2014"), the Group's revenue increased significantly by 62% from S\$38.604 million to S\$62.519 million. The increase was due to the Group's decision to acquire Juzz1 holdings in June 2013. This acquisition allows the Group to enter into the computer equipment business which recorded a revenue increase of S\$13.726 million from the sale of computer equipment and its related goods for 1HY2014. The increase was also attributable to the fact that the Group received SingTel's exclusive distributorship in April 2013, which resulted in an increase in the revenue of S\$8.434 million compared to that of the same period in 2013.

The Group's business model has changed by focusing on retail business, which lead to an increase in the Group's overheads due to the fact that the Group employed more employees and rent more premises in account for its expansion. As a result, the net profit of the Group for 1HY2014 decreased by 30% from S\$1.161 million to S\$ 0.809 million.

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

As at 30 June 2014, the Group's property, plant and equipment increased by S\$2.486 million, following the acquisition of four additional office units, corresponding resulted in the increase in the Group's commercial property loans by S\$2.0 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 Group has conducted a close performance review of different KPIs set on the Group's exclusive distributorships with different brands - i.e. in terms of volume and market share, which exercise has helped the Group to have a deeper understanding on its consumers and the market itself. The Group expects that the competitive landscape among the brands itself will be challenging, since now customers have more options, with many brands sharing similarity in terms of technological features and pricing. The large variety of product options that customers can choose from may impact inventory hiccups. On the bottom line, retail rental costs and manpower costs continue to be the key challenges, which the Group believes could be mitigated through the Group's close monitoring on its cost factors.

After the upscale in the Group's distribution network with its enlarge entity and diversification into the Indonesia market upon completion of the acquisition shares in the capital of PT Trikomsel Oke Tbk., the Group will continue to expand its distribution network and retail footprint; strategically enhance its product range and brand portfolio; pursue exclusivity of brands/ products; pursue strategic joint ventures in emerging Asian markets; introduce new business models; and pursue strategic investments and acquisitions 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: 13 AUGUST 2014

ANG CHUAN HUI, PETER
DIRECTOR/ CHIEF EXECUTIVE OFFICER
Date: 13 AUGUST 2014

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 Catalyst. 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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