

AXINGTON INC.

(Company Registration No.: LL12218)

(A Company incorporated under the Labuan Companies Act 1990, Malaysia)

MATERIAL VARIANCES BETWEEN THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the “**Board**”) of Axington Inc. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the unaudited full year financial statements announcement for the financial year ended 31 December 2022 (“**FY2022**”) released by the Company on 28 February 2023 (“**Announcement**”).

All capitalised terms in this announcement shall have the same meanings as ascribed to them in the Announcement unless otherwise defined.

Pursuant to Rule 704 (5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board wishes to highlight that the management of the Company has adopted certain material adjustments and reclassifications proposed by the external auditor to the unaudited consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for FY2022, following the finalisation of the audit. The details and explanations of the material variances are set out in Appendix A as annexed hereto.

Shareholders of the Company are advised to read the audited financial statements of the Group in conjunction with the Independent Auditor's Report as set out in the Company's annual report for FY2022, which is concurrently released by the Company on 11 April 2023.

By Order of the Board

Ang Chiang Meng
Executive Director
11 April 2023

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the “**Sponsor**”) for compliance with the relevant rules of the SGX-ST.*

This announcement has not been examined or approved by 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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APPENDIX A

1) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Variance	Note
	Twelve Months Ended			
	31-Dec-22 (Unaudited) S\$'000	31-Dec-22 (Audited) S\$'000		
Other income	93	90	3%	
Expenses				
- Employee benefits expense	(324)	(324)	-	
- Finance cost	(2)	-	N.M	
- Other expenses	(593)	(585)	1%	
Total expenses	(919)	(909)		
Loss before taxation from continuing operations	(826)	(819)	1%	
Taxation	(18)	(18)	-	
Loss after taxation from continuing operations	(844)	(837)		
Discontinued Operations				
Net profit for the period from discontinued operations, net of tax	(6)	-	100%	(a)
Profit for the year	(850)	(837)		
Other comprehensive income after tax:				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	10	(1)	>100%	(b)
Other comprehensive income/(loss) for the year, net of tax	10	(1)		
Total comprehensive income for the year	(840)	(838)		
Profit attributable to:				
Owners of the Company	(865)	(853)	1%	
Non-controlling interests	15	16	N.M	
	(850)	(837)		

Total comprehensive income attributable to:

Owners of the Company	(855)	(854)	N.M
Non-controlling interests	15	16	N.M
Total comprehensive income for the year	(840)	(838)	

N.M – not meaningful

2) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group		Variance	Note	Company		Variance	Note
	31-Dec-22	31-Dec-22			31-Dec-22	31-Dec-22		
	(Unaudited) S\$'000	(Audited) S\$'000	%		(Unaudited) S\$'000	(Audited) S\$'000	%	
ASSETS								
Current assets								
Cash and bank deposits	1,155	1,155	-		1,147	1,147	-	
Restricted deposit	620	620	-		620	620	-	
Prepayment	1	1	-		1	1	-	
	<u>1,776</u>	<u>1,776</u>			<u>1,768</u>	<u>1,768</u>		
Total assets	<u>1,776</u>	<u>1,776</u>			<u>1,768</u>	<u>1,768</u>		
LIABILITIES								
Current liabilities								
Other payables and accruals	<u>176</u>	<u>175</u>	1%		<u>175</u>	<u>175</u>	-	
Total liabilities	<u>176</u>	<u>175</u>			<u>175</u>	<u>175</u>		
NET ASSETS	1,600	1,601			1,593	1,593		
EQUITY								
Capital and reserves attributable to equity holders of the Company								
Share capital	2,431	2,431	-		2,431	2,431	-	
Treasury shares	(1)	(1)	-		(1)	(1)	-	
Reserve	14	(824)	>100%	(d)	-	(837)	100%	(c)
Retained earnings	(840)	-	100%	(d)	(837)	-	100%	(c)
	<u>1,605</u>	<u>1,606</u>			<u>1,593</u>	<u>1,593</u>		
Non-controlling interests	<u>(5)</u>	<u>(5)</u>	-		<u>-</u>	<u>-</u>	-	
TOTAL EQUITY	<u>1,600</u>	<u>1,601</u>			<u>1,593</u>	<u>1,593</u>		

3) CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Variance	Note
	Twelve Months Ended 31-Dec-22 (Unaudited) S\$'000	31-Dec-22 (Audited) S\$'000		
Cash flows from operating activities				
Loss before taxation				
- Continuing operations	(826)	(819)	1%	
- Discontinued operations	(6)	-	100%	(a)
Loss before taxation	(832)	(819)		
Adjustments for:				
Bad debts written off	28	-	100%	(d)
Allowance for doubtful debt	23	-	100%	(d)
Reversal of accrued expenses	-	(90)	100%	(g)
Other write-off	86	-	100%	(f)
Translation difference	11	-	100%	(f)
Operating loss before working capital changes	(684)	(909)		
Changes in trade and other receivables	22	32	-31%	(d)
Changes in prepayments	-	41	-100%	(e)
Changes in other payables and accruals	(157)	27	>100%	(g),(f)
Cash used in operations	(819)	(809)		
Taxation	(18)	(18)	-	
Net cash used in operating activities	(837)	(827)		
Withdrawal from escrow account	-	26,000	100%	(h)
Net cash generated from investing activities	-	26,000		
Cash flows from financing activities				
Dividend paid	(14,097)	(14,097)	-	
Share reduction	(11,912)	(11,912)	-	
Withdrawal from escrow account	26,000	-	100%	(h)
Cash distributed to non-controlling interest arising from capital reduction of a subsidiary	-	(1)	N.M	
Net cash used in financing activities	(9)	(26,010)		
Net decrease in cash and cash equivalents	(846)	(837)	1%	
Cash and cash equivalents at beginning of year	2,002	2,002	-	
Exchange differences on translation of cash and cash equivalents	(1)	(10)	-90%	
Cash and cash equivalents at end of year	1,155	1,155		

N.M – not meaningful

* - less than S\$1,000

NOTES:

- (a) decrease in net loss for the period from discontinued operations, net of tax of approximately S\$6,000 was due to financial performance of subsidiaries (i.e. Audex Governance Sdn. Bhd. which was struck-off on 30 December 2022) being reclassified to be part of the continued operations in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*;
- (b) decrease in currency translation of approximately S\$11,000 was mainly due to adjustments to foreign currency translation reserve;
- (c) changes in reserve and retained earnings for the Group and the Company are due to changes in presentation format for reserve and retained earnings in the Consolidated Statement of Financial Position;
- (d) decrease in bad debts written off and allowance for doubtful debt of approximately S\$28,000 and S\$23,000 were due to elimination of intercompany balances on consolidation;
- (e) increase in changes in prepayment was due to changes in presentation;
- (f) arising from the revision in note (d) above, decrease in other write off and translation difference of approximately S\$86,000 and S\$11,000 were due to reclassification from non-cash adjustments to changes in trade and other payable and accruals in prepayment in accordance to the applicable accounting standards;
- (g) decrease in reversal of accrued expenses of approximately S\$90,000 was due to a change in presentation to disclose non-cash transactions separately in accordance with SFRS(I) 1-7 *Statement of Cash Flows*; and
- (h) changes in withdrawal from escrow account amounting to S\$26.00 million was due to reclassification from net cash generated from financing activities to net cash generated from investing activities.