

POLARIS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 198404241D)

**MATERIAL VARIANCES BETWEEN THE AUDITED FINANCIAL STATEMENTS AND
THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020**

1. The Board of Directors (the “**Board**” or “**Directors**”) of Polaris Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the unaudited full year results announcement for the financial year ended 31 December 2020 (“**FY2020**”) dated 1 March 2021 (the “**Unaudited Results**”).
2. Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited, the Board wishes to announce the material variances between the audited financial statements of the Group for FY2020 (the “**Audited Results**”) and the Unaudited Results.
3. A comparison of the Audited Results and the Unaudited Results with the relevant explanatory notes are shown below:

(a) Consolidated Statement of the Group’s Comprehensive Income for FY2020

	Unaudited 31 Dec 2020 S\$’000	Audited 31 Dec 2020 S\$’000	Variance S\$’000	Variance %	Notes
CONTINUING OPERATIONS					
Revenue	32,910	32,793	(117)	0%	
Cost of Sales	(30,070)	(29,802)	268	-1%	
Gross profit	2,840	2,991	151	5%	
Other items of income			-		
Interest income	225	225	-	0%	
Other income	987	988	1	0%	
Other items of expense			-		
Marketing and distribution	(181)	(235)	(54)	30%	N.1
Administrative expenses	(2,969)	(2,805)	164	-6%	
Finance costs	(249)	(269)	(20)	8%	
Other expenses	(540)	(1,115)	(575)	106%	N.2
Share of results of associate	79	(46)	(125)	-158%	N.3
Profit/(Loss) before income tax	192	(266)	(458)	-239%	
Income tax	-	(63)	(63)	>100%	N.4
Profit/(Loss) for the year	192	(329)	(521)	-271%	
Attributable to:					
Equity holders of the Company					
(Loss)/Profit from continuing operations, net of tax	210	(328)	(538)	-256%	
Profit/(loss) for the year attributable to equity holders of the company	210	(328)	(538)	-256%	
Non-controlling interests					
Profit/(loss) from continuing operations, net of tax	(18)	(1)	17	-94%	
Profit/(Loss) for the year	192	(329)	(521)	-271%	
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation	2	3	1	50%	
Other comprehensive income for the year, net of tax	2	3	1	50%	
Total comprehensive income for the year	194	(326)	(520)	-268%	
Attributable to:					
Equity holders of the Company	212	(325)	(537)	-253%	
Non-controlling interests	(18)	(1)	17	-94%	
Total comprehensive income for the year	194	(326)	(520)	-268%	

(b) Consolidated Statement of Financial Position of the Group as at 31 December 2020

	Unaudited 31 Dec 2020 S\$'000	Audited 31 Dec 2020 S\$'000	Variance S\$'000	Variance %	Notes
ASSETS					
Non-current assets					
Property, plant and equipment	4,586	4,585	(1)	0%	
	4,586	4,585	(1)	0%	
Current assets					
Trade and other receivables	5,962	6,865	903	15%	N.1, N.5
Contract assets	-	188	188	>100%	N.5
Inventories	2,684	2,831	147	5%	
Prepayments	85	91	6	7%	
Cash and cash equivalents	4,568	4,489	(79)	-2%	
	13,299	14,464	1,165	9%	
Assets of disposal group classified as held-for-sales	2,656	2,184	(472)	-18%	N.2
	15,955	16,648	693	4%	
Total assets	20,541	21,233	692	3%	
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	593	562	(31)	-5%	
Liabilities directly associated with disposal group classified as held-for-sale	-	964	964	>100%	N.6
Trade and other payables	981	2,064	1,083	110%	N.1
Other liabilities	598	677	79	13%	N.1
Provision for income tax	-	63	63	>100%	N.4
	2,172	4,330	2,158	99%	
Net current assets	11,127	10,134	(993)	-9%	
Non-current liabilities					
Loans and borrowings	3,774	2,849	(925)	-25%	N.6
Total liabilities	5,946	7,179	1,233	21%	
Net assets	14,595	14,054	(541)	-4%	
Equity attributable to members					
Share capital	402,747	402,747	-	0%	
Fair value adjustment	-	-	-	N.A.	
Foreign currency translation reserve	(470)	(470)	-	0%	
Accumulated losses	(387,761)	(388,300)	(539)	0%	
	14,516	13,977	(539)	-4%	
Non-controlling interests					
	79	77	(2)	-3%	
Total equity	14,595	14,054	(541)	-4%	
Total liabilities and Equity	20,541	21,233	692	3%	

(c) Consolidated Statement of Cash Flow for FY2020

	Unaudited 31 Dec 2020 S\$'000	Audited 31 Dec 2020 S\$'000	Variance S\$'000	Variance %	Notes
Net cash flows used in operating activities	(287)	(212)	75	-26%	N.1
Net cash generated from investing activities	1,546	1,076	(470)	-30%	N.1
Net cash flows used in financing activities	(567)	(182)	385	-68%	N.1

Explanatory notes:

- N.1** Auditors for the newly incorporated entities based in the United States of America (“**U.S**”), comprising Marque Luxury America LLC and its subsidiaries, MLuxury Nevada LLC and MLuxury Texas LLC (collectively, the “**MLA Group**”), were engaged only after the Unaudited Results announcement. The management accounts of the MLA Group were updated pursuant to the audit by RJI International CPAs, the U.S auditors.
- N.2** Due mainly to allowance for impairment of S\$348,000 on assets held-for-sale, in relation to Polaristitans Philippines Inc. (“**Polaristitans**”).
- N.3** Due to the recognition of a revised share of profits/(loss) in an associate, Polaristitans Philippines Inc., for the financial year ended 31 December 2020. The Unaudited Results took into account the full profits of Polaristitans for FY2020 of S\$79,000. The date of reclassification of Polaristitans from an investment in an associate to an asset held-for-sale was subsequent to 30 June 2020. Accordingly, only the loss of S\$46,000 up to the date of the reclassification, 30 June 2020, should be included as share of loss in the Group’s Audited Results.
- N.4** Tax provision made for one of the Group’s subsidiaries, Polaris Explorer Pte. Ltd.
- N.5** Reclassification of a sum of S\$188,000 from current assets – trade and other receivables to current assets – contract assets
- N.6** Mainly due to reclassification of a sum of S\$31,000 from current liabilities – loans and borrowings and a sum of S\$925,000 from non-current liabilities – loans and borrowings, to current liabilities – liabilities directly associated with disposal group classified as held-for-sale.

BY ORDER OF THE BOARD
POLARIS LTD.

Soennerstedt Carl Johan Pontus
Director and Chief Executive Officer
3 June 2021

*This announcement has been reviewed by the Company’s sponsor, Stamford Corporate Services Pte. Ltd. (the “**Sponsor**”). It 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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