

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 2021 AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021 (“**FY2021**”) released by the Company on 28 February 2022 (“**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 auditors to the unaudited consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for FY2021, 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 Auditors' Report as set out in the Company's annual report for FY2021, which is concurrently released by the Company on 5 May 2022.

By Order of the Board

Ang Chiang Meng
Executive Director
5 May 2022

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (“**Sponsor**”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

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.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

APPENDIX A

1) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Variance	Note
	Twelve Months Ended			
	31-Dec-21 (Unaudited) S\$'000	31-Dec-21 (Audited) S\$'000		
Revenue	-	-	-	
Other income	101	111	10%	
Expenses				
- Depreciation of plant and equipment				
- Employee benefits expense	(221)	(221)	-	
- Short-term rental expense	(20)	(20)	-	
- Other expenses	(878)	(849)	(3%)	
Total expenses	(1,018)	(979)		
Loss before taxation from continuing operations				
Taxation	-	-	-	
Loss after taxation from continuing operations	(1,018)	(979)		
Discontinued Operations				
Net profit for the period from discontinued operations, net of tax	-	-	-	
Loss for the year	(1,018)	(979)		
Other comprehensive income after tax:				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	-	3	>100%	
Other comprehensive income for the year, net of tax	-	3		
Total comprehensive loss for the year	(1,018)	(976)		
Loss attributable to:				
Owners of the Company	(1,014)	(973)	(4%)	
Non-controlling interests	(4)	(3)	(25%)	
	(1,018)	(976)		

Total comprehensive loss attributable to:

Owners of the Company	(1,014)	(973)	(4%)
Non-controlling interests	(4)	(3)	(25%)
Total comprehensive loss for the year	(1,018)	(976)	

2) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group		Variance	Note	Company		Variance	Note
	31-Dec-21	31-Dec-21			31-Dec-21	31-Dec-21		
	(Unaudited) S\$'000	(Audited) S\$'000	%		(Unaudited) S\$'000	(Audited) S\$'000	%	
ASSETS								
Current assets								
Trade and other receivables	787	32	(96%)	(a)	750	-	(100%)	(a)
Prepayment	42	42	-		42	42	-	
Cash and cash equivalents	28,622	2,002	(93%)	(b)	28,615	1,995	(93%)	(b)
Restricted deposits	-	26,620	>100%	(b)	-	26,620	>100%	(b)
Current tax recoverable	*	-	N.M.		-	-	N.M.	
Total assets	29,451	28,696			29,406	28,657		
LIABILITIES								
Current liabilities								
Other payables and accruals	295	247	(16%)	(c)	174	175	1%	
Current tax payable	2	-	-		-	-	-	
Total liabilities	297	247			174	175		
NET ASSETS	29,154	28,449			29,232	28,482		
EQUITY								
Capital and reserves attributable to equity holders of the Company								
Share capital	15,532	15,093	(3%)		15,532	15,093	(3%)	
Treasury shares	(1)	(1)	-		(1)	(1)	-	
Reserves	13,618	13,377	2%		13,701	13,390	(2%)	
	29,149	28,469			29,232	28,482		
Non-controlling interests	5	(20)	>(100%)	(d)	-	-	-	
TOTAL EQUITY	29,154	28,449			29,232	28,482		

* - less than S\$1,000

N.M – not meaningful

3) CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Variance	Note
	Twelve Months Ended 31-Dec-21 (Unaudited) S\$'000	31-Dec-21 (Audited) S\$'000		
Cash flows from operating activities				
Loss before taxation				
- Continuing operations	(1,018)	(979)	(4%)	
- Discontinued operations				
Profit before taxation				
Adjustments for:				
Interest income	(22)	(23)	5%	
Loss on lease termination	0	15	>100%	(e)
Interest expense	*	0		
Operating cash flows before working capital changes	(1,040)	(987)		
Changes in working capital				
Changes in trade and other receivables	325	334	3%	
Changes in prepayments	(39)	(41)	5%	
Changes in other payables and accruals	(728)	(829)	14%	(f)
Cash used in operations	(442)	(536)		
Income tax paid	-	-	-	
Net cash used in operating activities	(1,482)	(1,523)		
Cash flows from investing activities				
Purchase of plant and equipment				
Interest received	22	23	5%	
Written off fixed assets	24	-	>(100%)	(g)
Placement of restricted deposit	-	(26,620)	>100%	(h)
Net cash generated from investing activities	46	(26,597)		
Cash flows from financing activities				
Repayment of lease liabilities	(36)	(27)	(25%)	
Net cash generated from financing activities	(36)	(27)		
Net decrease in cash and cash equivalents	(1,472)	(28,147)	>100%	(i)
Cash and cash equivalents at beginning of year	30,094	30,154	0%	
Exchange differences on translation of cash and cash equivalents	0	(5)	>(100%)	
Cash and cash equivalents at end of year	28,622	2,002		

* - less than S\$1,000

NOTES:

- (a) Decrease in trade and other receivables was mainly due to the (i) reclassification of the unpaid shares amounting to S\$0.75 million from other receivables to capital reserve under equity and (ii) effects of different exchange rates (as at 15 April 2020 and 31 December 2020) that were used to translate the opening balances.
- (b) Decrease in cash and cash equivalent was mainly due to the reclassification of S\$26.62 million that the Company had placed with an escrow agent as part of the requirements for a cash company pursuant to Catalist Rule 1017(1) of the SGX-ST to “restricted deposit”;
- (c) Decrease in other payables and accruals was mainly due to over-accrual of expenses recorded by the subsidiaries of the Company and effects of different exchange rates (as at 15 April 2020 and 31 December 2020) that were used to translate the opening balances.
- (d) Higher accumulated loss attributable to the non-controlling interests was recognised mainly due to adjustments for share of losses attributable to the subsidiaries of the Group and the effects of different exchange rates (as at 15 April 2020 and 31 December 2020) that were used to translate the opening balances.
- (e) The costs incurred by the Company in relation to the early termination of leases were initially recorded under written off fixed assets and have been reclassified under loss on lease termination and repayment of lease liabilities. Accordingly, an increase in loss on lease termination was recognised.
- (f) Increase in other payables and accruals was mainly due to the effects of over-accrual of expenses and effects of different exchange rates (as at 15 April 2020 and 31 December 2020) that were used to translate the opening balances.
- (g) Decrease in written off fixed assets was due to the reclassification of the early termination of lease as explained under note (e) above.
- (h) Increase in placement of restricted deposit was due to the placement of the Group’s cash with the escrow agent. See note (b) above.
- (i) Higher net increase in cash and cash equivalents was mainly due to reclassification of the escrow placement that was previously recognised as part of cash and cash equivalent to restricted deposit. See notes (b) and (h) above.