

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

**MATERIAL VARIANCES BETWEEN THE AUDITED FINANCIAL STATEMENTS AND  
THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2021**

- The Board of Directors (the “**Board**” or “**Directors**”) of Polaris Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the unaudited condensed interim consolidated financial statements for the financial year ended 31 December 2021 (“**FY2021**”) as announced on 1 March 2021 (the “**Unaudited Results**”).
- 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 FY2021 (the “**Audited Results**”) and the Unaudited Results.
- 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 FY2021**

	Unaudited 31 Dec 2021	Audited 31 Dec'2021	Variance	Variance	Notes
	S\$'000	S\$'000	S\$'000	%	
Revenue	54,227	53,441	(786)	-1.45%	Note 1
Cost of sales	(42,509)	(41,976)	533	-1.25%	Note 1
Gross profit	<b>11,718</b>	<b>11,466</b>	(253)	<b>-2.16%</b>	
Other items of income:					
Interest income	0	0	(0)	0.00%	
Other income	848	1,094	245	28.88%	Note 2
Other items of expense:					
Marketing and distribution	(1,400)	(1,502)	(103)	7.35%	Note 3
Administrative expenses	(9,604)	(9,757)	(153)	1.59%	Note 3
Finance costs	(443)	(565)	(122)	27.61%	Note 3
Other expenses	(545)	(988)	(443)	81.20%	Note 4
Share of results of associate, net of tax	-	-	-		
<b>Profit/(Loss) before income tax</b>	<b>575</b>	<b>(253)</b>	<b>(828)</b>	<b>-144.05%</b>	
Income tax	(6)	(130)	(124)	2062.03%	Note 3
<b>Profit/(Loss) for the year</b>	<b>569</b>	<b>(383)</b>	<b>(952)</b>	<b>-167.35%</b>	
Dividend	-	-	-		
<b>Profit/(Loss) for the year</b>	<b>569</b>	<b>(383)</b>	<b>(952)</b>	<b>-167.35%</b>	
Attributable to:					
Equity holders of the Company	82	(394)	(476)	-583.70%	
Non-controlling interests	487	11	(476)	-97.72%	
<b>Total profit/(loss) for the year</b>	<b>569</b>	<b>(383)</b>	<b>(952)</b>	<b>-167.35%</b>	
<b>Other comprehensive (loss)/income, net of tax:</b>					
Exchange differences on translation	(17)	(43)	(26)	153.78%	
<b>Other comprehensive (loss)/income for the year</b>	<b>(17)</b>	<b>(43)</b>	<b>(26)</b>	<b>153.78%</b>	
	-	-	-		
<b>Total comprehensive (loss)/income for the year</b>	<b>552</b>	<b>(426)</b>	<b>(978)</b>	<b>-177.29%</b>	
Attributable to:					
Equity holders of the Company	64	(438)	(502)	-779.07%	
Non-controlling interests	487	11	(476)	-97.72%	
<b>Total comprehensive (loss)/income for the year</b>	<b>552</b>	<b>(426)</b>	<b>(978)</b>	<b>-177.29%</b>	

**(b) Consolidated Statement of Financial Position of the Group as at 31 December 2021**

	Unaudited	Audited	Variations	Variance	Noted
	31 Dec'2021 S\$'000	31 Dec'2021 S\$'000	S\$'000	%	
<b>ASSETS</b>					
Non-Current Assets					
Property, plant and equipment	4,056	4,056	-	0%	
Intangible assets	46	47	0	1%	
	<b>4,103</b>	<b>4,103</b>	<b>0</b>	<b>0%</b>	
Current Assets					
Trade and other receivables	1,764	1,773	9	1%	
Inventories	2,906	2,873	(33)	-1%	
Assets held-for-sale	21,193	25,088	3,894	18%	Note 5
Prepayments	47	47	-	0%	
Cash and bank balances	2,205	2,102	(103)	-5%	Note 6
	<b>28,114</b>	<b>31,883</b>	<b>3,769</b>	<b>13%</b>	
	-	-	-		
<b>Total Assets</b>	<b>32,217</b>	<b>35,986</b>	<b>3,770</b>	<b>12%</b>	
<b>LIABILITIES AND EQUITY</b>					
Current Liabilities					
Loans and borrowings	825	781	(44)	-5%	Note 7
Trade and other payables	1,363	1,145	(218)	-16%	Note 8
Held for sale lease lia	9,885	14,827	4,942	50%	Note 9
Other liabilities	339	406	67	20%	
	<b>12,412</b>	<b>17,159</b>	<b>4,746</b>	<b>38%</b>	
Non-Current Liabilities					
Loans and borrowings	3,037	3,081	44	1%	Note 7
	<b>3,037</b>	<b>3,081</b>	<b>44</b>	<b>1%</b>	
<b>Total Liabilities</b>	<b>15,449</b>	<b>20,240</b>	<b>4,791</b>	<b>31%</b>	
Equity Attributable to Equity Holders of the Company					
Share capital	402,747	402,747	-	0%	
Revenue reserve		-	-		
Foreign currency translation reserve	(441)	(513)	(72)	16%	
Accumulated losses	(388,208)	(388,694)	(486)	0%	
	14,098	13,540	(559)	-4%	
Non-controlling interests	2,669	2,206	(463)	-17%	
<b>Total Equity</b>	<b>16,768</b>	<b>15,746</b>	<b>(1,021)</b>	<b>-6%</b>	
	-	-	-		
<b>Total Liabilities and Equity</b>	<b>32,217</b>	<b>35,986</b>	<b>3,770</b>	<b>12%</b>	

**(c) Consolidated Statement of Cash Flow for FY2021**

	Unaudited 31 Dec 2020 S\$'000	Audited 31 Dec 2020 S\$'000	Variance S\$'000	Variance %	Notes
Net cash flows used in operating activities	(3,183)	(2,410)	773	-24%	Note 10
Net cash generated from investing activities	811	(428)	(1,239)	-153%	Note 10
Net cash flows used in financing activities	451	451	0	0%	

## Explanatory notes:

- Note 1** Due to the incorrect recognition of deliveries in FY2021 (as opposed to the financial year ending 31 December 2022 (“**FY2022**”)), there were decreases in revenue of S\$786,000, cost of sale of S\$533,000 and gross profit of S\$253,000. The relevant transaction (giving rise to such revenue, cost of sale and gross profit) has been recognised in FY2022 instead under Marque Luxury America LLC (“**MLA**”).
- Note 2** Reclassification of income amounting to S\$159,000 from operation expenses to other income.
- Note 3** There were certain increases in expenses recorded mainly in MLA, which were originally recognised as other receivables or prepayment expenses under the Unaudited Results. Marketing and distribution expenses increased by S\$103,000 as these were previously recorded as other receivables instead of expenses. There was a net amount of administrative expenses of S\$153,000 due to an increase in salaries of S\$304,000 and provision for payroll penalties of S\$131,000 (which were originally recognised as prepayment expenses), offset by the decrease in rental expenses of S\$282,000 following a lease adjustment. The increase in finance cost was mainly due to the accounting for lease interest of S\$80,000 due to SFRS(I) 16 lease recognition, which was originally recognised under rental expenses under the Unaudited Results. Increase in income tax of S\$124,000 was mainly due to the increase in provision for income tax.
- Note 4** There was an increase in other operation expenses of S\$283,000 in MLA. This included additional depreciation from right of use asset amounting to S\$204,000 due to the recognition of SFRS(I) 16 leases (which was originally recognised under rental expenses under the Unaudited Results) and an exchange loss of S\$79,000. At the Company level, there was as reclassification of S\$159,000 from operation expenses to other income as explained in Note 2.
- Note 5** Mainly due to the recognition of SFRS (I) 16 leases, there was a recognition of right of use assets amounting to S\$1,262,203, a reclassification of a sum of S\$2,457,000 from negative account payable to prepayment, and a reclassification of a sum of S\$460,000 from account receivables to other liabilities. These adjustments were in MLA.
- Note 6** Reclassification of deposits of S\$99,000 from cash and bank balances to other receivables in Polaris Network Pte. Ltd. (“**Polaris Network**”).
- Note 7** Reclassification of borrowings of S\$44,000 by the Company from current liabilities to long term liabilities.
- Note 8** Reclassification of S\$169,000 from trade receivables to customer deposit received in Polaris Network.
- Note 9** Lease liabilities amounting to S\$1,249,000 were recognised due to the recognition of SFRS (I) 16 leases. A sum of S\$2,457,000 was reclassified due to negative payable balance from account payable to prepayment and a sum of S\$618,000 was recognised under inventory (Held for sale asset) and trade payable (Held for sale liabilities) due to purchase cut-off error in MLA.
- Note 10** Audited net cash flows used in operating activities decreased by S\$773,000 as per Notes 1, 3, 4 and 5. The S\$1,239,000 decrease in net cash generated from investing activities stems from a S\$730,000 under-recognition of acquisition cost of subsidiaries and business in the Unaudited Results, and a S\$608,000 over-recognition of net proceed from disposal of asset held for sale in the Unaudited Results.

BY ORDER OF THE BOARD  
**POLARIS LTD.**

Soennerstedt Carl Johan Pontus  
Director and Chief Executive Officer  
7 June 2022

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*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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