

VERSALINK HOLDINGS LIMITED
(Incorporated in Singapore on 21 April 2014)
(Registration No: 201411394N)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2024

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Six Months ended 31 August 2024

	Note	Group		Increase/ (Decrease) + / (-) %
		Unaudited 6 months ended 31 Aug 2024 RM'000	Unaudited 6 months ended 31 Aug 2023 RM'000	
Revenue	4	20,605	19,550	5.4
Cost of sales		(14,843)	(15,706)	(5.5)
Gross profit		5,762	3,844	49.9
Interest income		128	92	39.1
Other income and gains		806	26	>100
Marketing and distribution expenses		(1,630)	(1,785)	(8.7)
Administrative expenses		(4,652)	(3,587)	29.7
Other losses		(970)	(206)	>100
Finance costs		(128)	(180)	(28.9)
Loss before income tax	6	(684)	(1,796)	(61.9)
Income tax expenses	7	-	-	-
Loss, net of income tax		(684)	(1,796)	(61.9)
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating of foreign operations, net of income tax		13	(2)	nm*
Total comprehensive loss for the period		(671)	(1,798)	(62.7)
Loss net of tax attributable to:				
Owners of the Company		(671)	(1,798)	(62.7)
Non-controlling interest		-	-	-
Loss net of tax		(671)	(1,798)	(62.7)
Total comprehensive loss for the period attributable to:				
Owners of the Company		(671)	(1,798)	(62.7)
Non-controlling interest		-	-	-
Total comprehensive loss for the period		(671)	(1,798)	(62.7)
Loss per share attributable to the owners of the Company (Sen Ringgit Malaysia)				
Basic (A) and diluted (B)		(0.51)	(1.33)	

*nm denotes not meaningful

Notes:

(A) Computed based on loss attributable to owners of the Company for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

(B) As there are no dilutive potential ordinary shares that were outstanding during the respective financial periods, the diluted loss per share is the same as the basic loss per share.

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B. Condensed Interim Consolidated Statements of Financial Position as at 31 August 2024

	Note	Group		Company	
		Unaudited 31.08.2024 RM'000	Audited 29.02.2024 RM'000	Unaudited 31.08.2024 RM'000	Audited 29.02.2024 RM'000
ASSETS					
<u>Non-current assets</u>					
Plant and equipment	9	2,823	3,436	-	-
Right-of-use assets	10	1,327	1,857	-	-
Intangible asset	11	-	-	-	-
Investment in subsidiaries		-	-	24,522	24,522
Total non-current assets		<u>4,150</u>	<u>5,293</u>	<u>24,522</u>	<u>24,522</u>
<u>Current assets</u>					
Inventories		7,964	5,525	-	-
Trade and other receivables		3,123	4,301	10,765	10,777
Other non-financial assets		3,542	1,968	93	37
Cash and cash equivalents		16,722	16,880	845	439
Total current assets		<u>31,351</u>	<u>28,674</u>	<u>11,703</u>	<u>11,253</u>
Total assets		<u>35,501</u>	<u>33,967</u>	<u>36,225</u>	<u>35,775</u>
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	12	36,435	36,435	36,435	36,435
Accumulated losses		(16,261)	(15,577)	(2,971)	(1,491)
Foreign currency translation reserves		(16)	(29)	-	-
Total equity		<u>20,158</u>	<u>20,829</u>	<u>33,464</u>	<u>34,944</u>
<u>Non-current liabilities</u>					
Deferred tax liabilities		82	82	-	-
Lease liabilities		496	2,024	-	-
Total non-current liabilities		<u>578</u>	<u>2,106</u>	<u>-</u>	<u>-</u>
<u>Current liabilities</u>					
Income tax payable		-	40	-	-
Trade and other payables		7,433	6,292	1,436	831
Amount owing to director		1,325	-	1,325	-
Other financial liabilities	13	1,319	492	-	-
Lease liabilities		2,808	2,528	-	-
Provisions		1,880	1,680	-	-
Total current liabilities		<u>14,765</u>	<u>11,032</u>	<u>2,761</u>	<u>831</u>
Total liabilities		<u>15,343</u>	<u>13,138</u>	<u>2,761</u>	<u>831</u>
Total equity and liabilities		<u>35,501</u>	<u>33,967</u>	<u>36,225</u>	<u>35,775</u>

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C. Condensed Interim Consolidated Statements of Changes In Equity For the Six Months ended 31 August 2024

<u>Group</u>	Unaudited Share Capital RM'000	Unaudited Foreign Currency Translation Reserve RM'000	Unaudited Accumulated Losses RM'000	Unaudited Non- controlling Interests RM'000	Unaudited Total Equity RM'000
Balance at 1 March 2024	36,435	(29)	(15,577)	-	20,829
Loss for the financial period	-	-	(684)	-	(684)
Exchange differences on translation of foreign operations	-	13	-	-	13
Total comprehensive income/(loss) for period	-	13	(684)	-	(671)
Balance at 31 August 2024	36,435	(16)	(16,261)	-	20,158
Balance at 1 March 2023	36,435	8	(8,501)	-	27,942
Loss for the financial period	-	-	(1,796)	-	(1,796)
Exchange differences on translation of foreign operations	-	(2)	-	-	(2)
Total comprehensive loss for the period	-	(2)	(1,796)	-	(1,798)
Balance at 31 August 2023	36,435	6	(10,297)	-	26,144
<u>Company</u>			Unaudited Share Capital RM'000	Unaudited Accumulated Losses RM'000	Unaudited Total Equity RM'000
Balance at 1 March 2024			36,435	(1,491)	34,944
Total comprehensive loss for the period			-	(1,480)	(1,480)
Balance at 31 August 2024			36,435	(2,971)	33,464
Balance at 1 March 2023			36,435	1,245	37,680
Total comprehensive loss for the period			-	(214)	(214)
Balance at 31 August 2023			36,435	1,031	37,466

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D. Condensed Interim Consolidated Statement of Cash Flows For the Six Months ended 31 August 2024

	Group	
	Unaudited 6 months ended 31 Aug 2024 RM'000	Unaudited 6 months ended 31 Aug 2023 RM'000
<u>Cash flows from operating activities</u>		
Loss before tax	(684)	(1,796)
Adjustments for:		
Depreciation of plant and equipment	667	811
Depreciation of right-of-use assets	531	531
Interest income	(128)	(92)
Interest expenses	128	180
Operating cash flows before changes in working capital	514	(366)
Inventories	(2,439)	679
Trade and other receivables	1,296	391
Other non-financial assets	(1,498)	705
Provisions	200	-
Trade and other payables	242	(1,293)
Net cash flows from operations	(1,685)	116
Income taxes paid	(110)	(20)
Net cash (used in)/generated from operating activities	(1,795)	96
<u>Cash flows used in investing activities</u>		
Purchase of plant and equipment	(53)	(41)
Placement of fixed deposits	(99)	(2,800)
Interest received	128	92
Net cash flows used in investing activities	(24)	(2,749)
<u>Cash flows used in financing activities</u>		
Decrease in other financial liabilities	827	(41)
Interest paid	(128)	(180)
Payment of lease liabilities	(1,248)	(1,177)
Payment of interim exempt dividend	-	(8,083)
Decrease in cash restricted in use	12	(49)
Amount due to director	1,264	-
Net cash flows generated from/(used in) financing activities	727	(9,530)
Net decrease in cash and cash equivalents	(1,092)	(12,183)
Cash and cash equivalents, statement of cash flows, beginning balance	12,941	24,421
Effect of foreign exchange rate changes	835	-
Cash and cash equivalents, statement of cash flows, ending balance (Note A)	12,684	12,238

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Note A:

	Group	
	Unaudited 6 months ended 31 Aug 2024	Unaudited 6 months ended 31 Aug 2023
	RM'000	RM'000
Cash and bank balances at end of the period	16,722	16,080
Cash pledged for bank facilities	(4,038)	(3,842)
Cash and cash equivalents as disclosed in consolidated statement of cash flow	12,684	12,238

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E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Versalink Holdings Limited (the "Company") is incorporated in Singapore with limited liability. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited on 24 September 2014.

The board of directors approved and authorised these condensed interim consolidated financial statements for issue on the date of this announcement. The directors have the power to amend and reissue the financial statements.

These condensed interim consolidated financial statements as at and for the six months ended 31 August 2024 comprise the Company and its subsidiaries (the "Group").

The principal activities of the Company are those of an investment holding company and the provision of management services.

The principal activities of the subsidiaries are manufacturing, marketing and sale of system furniture and other furniture related products.

The financial information contained in this announcement has neither been audited nor reviewed by the Company's auditors.

The latest audited annual consolidated financial statements of the Group for the year ended 29 February 2024 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

The condensed interim consolidated financial statements are presented in Ringgit Malaysia ("RM") and all financial information have been rounded to the nearest thousand (RM'000), except when otherwise stated.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 31 August 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") 1-34 Interim Financial Reporting issued by the Singapore Accounting Standards Council.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited annual consolidated financial statements for the year ended 29 February 2024.

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2. Basis of preparation (Continued)

The accounting policies and methods of computation adopted are consistent with those adopted by the Company in its most recently audited annual consolidated financial statements for the year ended 29 February 2024, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 below.

Accounting convention

The condensed interim consolidated financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

2.1 New and amended standards adopted by the Group

Other than the adoption of the new and amended standards from prior reporting year, there were no changes in accounting policies and methods of computation adopted in the condensed interim consolidated financial statements as compared to the most recently audited annual consolidated financial statements for the year ended 29 February 2024, which were in accordance with SFRS(I)s. These applicable new and amended standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

2.2 Critical judgements, assumptions and estimation uncertainties

These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates. The nature and the carrying amount of such significant assets and liabilities are disclosed with further details in the relevant Notes to these condensed interim consolidated financial statements.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual consolidated financial statements as at and for the year ended 29 February 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Seasonal operations

The Group's business are not affected significantly by seasonal or cyclical factors during the financial period.

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Condensed Interim Consolidated Financial Statements for the Six Months Ended 31 August 2024

4. Segment and revenue information

The Group is organised into the following major business segments:

- (i) Domestic sales segment ("Domestic") - sales of office furniture derived from local market; and
- (ii) Export sales segment ("Export") - sales of office furniture to countries overseas.

These operating segments are reported in manner consistent with internal reporting provided to the operating decision maker who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000	
1 March 2024 to 31 August 2024				
Revenue by segment				
Total revenue by segment	17,985	5,702	23,687	
Inter-segment sales	(3,082)	-	(3,082)	
Total revenue	14,903	5,702	20,605	
Cost of sales by segment				
Total cost of sales by segment	(13,979)	(3,946)	(17,925)	
Inter-segment cost of sales	3,082	-	3,082	
Total cost of sales	(10,897)	(3,946)	(14,843)	
Gross profit	4,006	1,756	5,762	
Recurring EBITDA				
Interest income			610	
Finance costs			128	
Depreciation and amortisation			(128)	
Loss before tax			(1,294)	
Income tax expense			(684)	
Loss, net of income tax			-	
			(684)	
Segment assets				
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Unallocated RM'000	Unaudited Group RM'000
Total assets for reportable segments	32,027	9,700	36,225	77,952
Elimination of inter-segment receivables	(7,164)	-	(35,287)	(42,451)
Total group assets	24,863	9,700	938	35,501
Segment liabilities				
Total liabilities for reportable segments	19,780	10,621	2,943	33,344
Elimination of inter-segment payables	(10,154)	(7,760)	(170)	(18,084)
Unallocated:				
Deferred tax liabilities	-	-	83	83
Total group liabilities	9,626	2,861	2,856	15,343

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4.1 Reportable segments (continued)

	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000	
1 March 2023 to 31 August 2023				
Revenue by segment				
Total revenue by segment	17,107	4,461	21,568	
Inter-segment sales	(2,018)	-	(2,018)	
Total revenue	<u>15,089</u>	<u>4,461</u>	<u>19,550</u>	
Cost of sales by segment				
Total cost of sales by segment	(14,554)	(3,170)	(17,724)	
Inter-segment cost of sales	2,018	-	2,018	
Total cost of sales	<u>(12,536)</u>	<u>(3,170)</u>	<u>(15,706)</u>	
Gross profit	<u>2,553</u>	<u>1,291</u>	<u>3,844</u>	
Recurring EBITDA			(366)	
Interest income			92	
Finance costs			(180)	
Depreciation and amortisation			(1,342)	
Loss before tax			(1,796)	
Income tax credit			-	
Loss, net of income tax			<u>(1,796)</u>	
Segment assets				
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Unallocated RM'000	Unaudited Group RM'000
Total assets for reportable segments	32,838	8,304	37,881	79,023
Elimination of inter-segment receivables	(2,007)	(3)	(36,826)	(38,836)
Total group assets	<u>30,831</u>	<u>8,301</u>	<u>1,055</u>	<u>40,187</u>
Segment liabilities				
Total liabilities for reportable segments	15,473	10,225	586	26,284
Elimination of inter-segment payables	(4,956)	(7,520)	(165)	(12,641)
Unallocated:				
Deferred tax liabilities	-	-	400	400
Total group liabilities	<u>10,517</u>	<u>2,705</u>	<u>821</u>	<u>14,043</u>

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4.2 Disaggregation of Revenue

	Group		
	6 months ended 31 August 2024		
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	14,903	5,702	20,605
Total revenue	14,903	5,702	20,605
<u>Timing of revenue recognition:</u>			
At a point in time	14,903	5,702	20,605
Total revenue	14,903	5,702	20,605
<u>Geographical locations of customers:</u>			
Malaysia	4,696	5,702	10,398
Middle East	2,949	-	2,949
North America	4,191	-	4,191
Asia and Oceania	2,880	-	2,880
Singapore	158	-	158
Others	29	-	29
Total revenue	14,903	5,702	20,605
	Group		
	6 months ended 31 August 2023		
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	15,089	4,461	19,550
Total revenue	15,089	4,461	19,550
<u>Timing of revenue recognition:</u>			
At a point in time	15,089	4,461	19,550
Total revenue	15,089	4,461	19,550
<u>Geographical locations of customers:</u>			
Malaysia	1,474	4,461	5,935
Middle East	2,408	-	2,408
North America	6,040	-	6,040
Asia and Oceania	2,957	-	2,957
Singapore	256	-	256
Africa	1,874	-	1,874
Others	80	-	80
Total revenue	15,089	4,461	19,550

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5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and liabilities of the Group and the Company as at 31 August 2024 and 29 February 2024:

	Group		Company	
	Unaudited 31 Aug 2024 RM'000	Audited 29 Feb 2024 RM'000	Unaudited 31 Aug 2024 RM'000	Audited 29 Feb 2024 RM'000
Financial Assets				
Financial assets at amortised cost	19,845	21,181	11,610	11,216
Financial Liabilities				
Financial liabilities at amortised cost	13,304	11,336	2,761	831

6. Loss before income tax

6.1 Significant items

	Group	
	Unaudited 6 months ended 31 Aug 2024 RM'000	Unaudited 6 months ended 31 Aug 2023 RM'000
Income		
Interest income	(128)	(92)
Expenses		
Depreciation of plant and equipment	667	811
Depreciation of right-of-use assets	531	531
Interest expenses	128	180
Foreign exchange adjustment loss, net	970	187

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6. Loss before income tax (continued)

6.2 Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. The transactions were not significant.

a) Key management compensation:

	Group	
	Unaudited 6 months ended 31 Aug 2024	Unaudited 6 months ended 31 Aug 2023
	RM'000	RM'000
Salaries and other short-term employee benefits	1,681	1,339

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	Group	
	Unaudited 6 months ended 31 Aug 2024	Unaudited 6 months ended 31 Aug 2023
	RM'000	RM'000
Remuneration of directors of the company	618	439
Fees to directors of the company	269	137

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Key management compensation comprised those of directors and other key management personnel totalling 12 persons (31 August 2023: 8 persons).

b) Other receivables from related parties:

The movements in other receivables from and other payables to related parties are as follows:

	Subsidiaries	
	Unaudited 31 Aug 2024	Unaudited 31 Aug 2023
	RM'000	RM'000
<u>Company</u>		
<u>Other receivables:</u>		
Balance at beginning of the period	5,367	11,507
Amounts paid in and settlement of liabilities on behalf of the company	(12)	(6,956)
Amounts paid out and settlement of liabilities on behalf of subsidiaries	-	5
Balance at end of the period	5,355	4,556

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7. Taxation

The Group calculated the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. No income tax expenses were recorded in the condensed interim consolidated statement of profit or loss and other comprehensive income for the six months ended 31 August 2024 and 2023 as the Group has sufficient unutilised business losses to set off against potential taxable profit.

8. Net Asset Value ("NAV")

	Group		Company	
	Unaudited 31 Aug 2024	Audited 29 Feb 2024	Unaudited 31 Aug 2024	Audited 29 Feb 2024
NAV (RM'000)	20,158	20,829	33,464	34,944
Number of ordinary shares ('000)	135,000	135,000	135,000	135,000
NAV per ordinary share (Sen Ringgit Malaysia)	<u>14.9</u>	<u>15.4</u>	<u>24.8</u>	<u>25.9</u>

9. Plant and equipment

During the six months ended 31 August 2024, the Group acquired plant and equipment amounting to RM53,000 (31 August 2023: RM41,000).

10. Right-of-use assets

On 23 September 2022, the subsidiary entered into a sale and leaseback agreement with Axis Real Estate Investment Trust for the sale of freehold land and building at RM41,000,000. This transaction resulted in a net gain of RM19,154,000 and the recognition of a right-of-use asset of RM3,184,000 and lease liability of RM7,408,000 on the Group's statement of financial position.

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11. Intangible Asset

	Group	
	Unaudited 31 Aug 2024	Audited 29 Feb 2024
	RM'000	RM'000
<u>Cost:</u>		
At 1 March 2023, 29 February 2024 and 31 August 2024	910	910
<u>Accumulated amortisation and impairment losses:</u>		
At 1 March 2023, 29 February 2024 and 31 August 2024	910	910
<u>Net carrying value:</u>		
At 1 March 2023, 29 February 2024 and 31 August 2024	-	-

Development cost relates to the designer fees incurred in relation to the creation of a new luxury system furniture range by an Italian Architectural Firm.

The decreasing performance of the luxury system furniture by an Italian Architectural Firm with the brand of _AD MAIORA was considered sufficient to trigger the impairment test. The amounts have been fully impaired since the reporting year ended 28 February 2019.

12. Share capital

	Group and Company	
	Number of shares issued	Share capital
	'000	RM'000
<u>Ordinary shares of no par value (excluding treasury shares):</u>		
As at 1 March 2024 and 31 August 2024	135,000	36,435

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

There were no outstanding convertibles, subsidiary holdings or treasury shares 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.

There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

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13. Group's borrowings and debts securities

	Group			
	Unaudited		Audited	
	31 Aug 2024	31 Aug 2024	29 Feb 2024	29 Feb 2024
Amount repayable within one year, or on demand	Secured	Unsecured	Secured	Unsecured
	RM'000	RM'000	RM'000	RM'000
Bankers' acceptance	-	1,319	-	492
	-	1,319	-	492

The Group's secured borrowings are covered and secured by joint and several guarantees by the directors of a subsidiary and pledged of fixed deposits.

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

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Other Information Required Pursuant to Appendix 7C of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst ("Catalist Rules")**1. Review**

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 31 August 2024 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flow for the six months ended 31 August 2024 and explanatory notes have not been audited or reviewed by the Company's auditors.

2. Review of the performance of the Group**2.1 Review of Statement of Profit or Loss and Other Comprehensive Income****Turnover**

The Group's revenue increased by approximately RM1.06 million or approximately 5.4% from approximately RM19.55 million for six months ended 31 August 2023 ("**1H FY2024**") to approximately RM20.61 million for six months ended 31 August 2024 ("**1H FY2025**").

The increase was mainly due to higher revenue contribution from the domestic segment, partially offset by lower revenue contribution from the export segment. Domestic segment recorded a higher revenue of approximately RM5.70 million in 1H FY2025 as compared to approximately RM4.46 million in 1H FY2024 whilst export segment recorded a lower revenue of approximately RM14.90 million in 1H FY2025, as compared to approximately RM15.09 million in 1H FY2024. The increase in revenue for domestic segment was mainly due to the increased demand in office furniture spending in Malaysia whilst decrease in revenue for export was mainly due to reduction in sales demand from North America of approximately RM4.19 million in 1H FY2025 (1H FY2024: RM6.04 million) and no sales from Africa (1H FY2024 : RM1.87 million).

Cost of sales

Cost of sales decreased by approximately RM0.86 million, or approximately 5.5% from approximately RM15.71 million in 1H FY2024 to approximately RM14.84 million in 1H FY2025. The decrease in cost of sales was mainly due to rebate received from bulk purchase discount from the suppliers.

Gross profit

The gross profit margin increased from approximately 19.7% in 1H FY2024 to approximately 28.0% in 1H FY2025. The increase in gross profit margin was mainly due to the reduction of production overhead at RM1.90 million in 1H FY2025 (1H FY2024: RM3.04 million).

Interest income

Interest income increased from approximately RM0.09 million in 1H FY2024 to approximately RM0.13 million in 1H FY2025 mainly due to increase in interest income of approximately RM0.04 million from banks.

Other income and gains

Other income and gains increased from approximately RM0.03 million in 1H FY2024 to approximately RM0.81 million in 1H FY2025 mainly due to (i) write back of slow-moving stock of RM0.26 million; (ii) rental income from subleasing of warehouse storage of RM0.20 million; (iii) write back of provision of royalty expenses of RM0.12 million; and (iv) sales of scrap and (Human Resources Development Fund) claim of RM0.22 million.



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Other Information Required Pursuant to Appendix 7C of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst ("Catalist Rules")

2.1 Review of Statement of Profit or Loss and Other Comprehensive Income (Continued)

Marketing and distribution expenses

Marketing and distribution expenses decreased by approximately RM0.16 million or approximately 8.7% from approximately RM1.79 million in 1H FY2024 to approximately RM1.63 million in 1H FY2025. This was mainly due to the decrease in (i) professional fee in relation to legal fee incurred by subsidiary of the Company of approximately RM0.10 million, and (ii) logistic cost of approximately RM0.06 million.

Administrative expenses

Administrative expenses increased by approximately RM1.06 million or approximately 29.7% from approximately RM3.59 million in 1H FY2024 to approximately RM4.65 million in 1H FY2025. This was mainly due to (i) increase of staff cost of approximately RM0.53 million; and (ii) increase of professional fee in holding company of approximately RM0.54 million.

Depreciation expenses

Depreciation expenses for plant and equipment decreased from approximately RM0.81 million in 1H FY2024 to approximately RM0.67 million in 1H FY2025 mainly due to the decrease of RM0.14 million from depreciation of mould, office equipment, plant and machinery in 1H FY2025. The reduction of depreciation expense was also due to the disposal of plant and machinery in 1H FY2024, which was absent in 1H FY2025.

Depreciation expenses for right-of-use assets remain unchanged, at approximately RM0.53 million for 1H FY2025 (1H FY2024: RM0.53 million).

Other losses

Other losses increased from approximately RM0.21 million in 1H FY2024 to approximately RM0.97 million in 1H FY2025 mainly due to increase of the foreign exchange loss of approximately RM0.76 million due to the strengthening of Ringgit Malaysia against foreign currencies such as United States Dollar and Singapore Dollar.

Finance costs

Finance costs decreased from approximately RM0.18 million in 1H FY2024 to approximately RM0.13 million in 1H FY2025 mainly due to decrease in interest of lease liabilities arising from right-of-use asset of approximately RM0.05 million.

Loss net of tax

As a result of the above, the Group reported a net loss after tax of approximately RM0.68 million in 1H FY2025 as compared to a net loss after tax of approximately RM1.80 million in 1H FY2024.

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Other Information Required Pursuant to Appendix 7C of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst ("Catalist Rules")

2.2 Review of Statement of Financial Position

Non-Current Assets

As at 31 August 2024, the Group's non-current assets amounted to approximately RM4.15 million or approximately 11.7% of the Group's total assets and comprised the following:

- (i) plant and equipment of approximately RM2.82 million or approximately 68.0% of the Group's total non-current assets. The decrease in plant and equipment of approximately RM0.61 million was mainly due to depreciation of plant and machinery of approximately RM0.66 million, partially offset by the acquisition of plant and machinery of approximately RM0.05 million.
- (ii) right-of-use assets of approximately RM1.33 million or approximately 32.0% of the Group's total non-current assets. The decrease in right-of-use assets of approximately RM0.53 million was mainly due to the depreciation of right-of-use assets.

Current Assets

As at 31 August 2024, the Group's current assets amounted to approximately RM31.35 million or approximately 88.3% of the Group's total assets and comprised the following:

- (i) inventories of approximately RM7.96 million or approximately 25.4% of the Group's total current assets, which comprised raw materials, work-in-progress and finished goods. The increase in inventories of approximately RM2.44 million was mainly due to increase in purchases of inventories for the entitlement of bulk purchase discount by the suppliers.
- (ii) trade and other receivables of approximately RM3.12 million or approximately 10.0% of the Group's total current assets. The decrease in trade and other receivable of approximately RM1.18 million was mainly due to reclassification of RM1.00 million of other non-financial assets.
- (iii) other non-financial assets of approximately RM3.54 million or approximately 11.3% of the Group's total current assets. The increase in other non-financial assets of approximately RM1.57 million was mainly due to (i) the increased of other receivables of approximately RM1.50 million; and (ii) tax recoverable of approximately RM0.07 million.
- (iv) cash and cash equivalents of approximately RM16.72 million or approximately 53.3% of the Group's total current assets. Please refer to the section entitled "Review of Statement of Cash Flows" below for the movements in the Group's cash and cash equivalents.

Non-Current Liabilities

As at 31 August 2024, the Group's non-current liabilities amounted to approximately RM0.58 million or approximately 3.8% of the Group's total liabilities and comprised the following:

- (i) deferred tax liabilities of approximately RM0.08 million or approximately 13.8% of the Group's total non-current liabilities; and
- (ii) lease liabilities of approximately RM0.50 million or approximately 86.2% of the Group's total non-current liabilities. The decrease in lease liabilities of approximately RM1.53 million was mainly due to the payment of monthly lease liabilities of approximately RM0.22 million during the period under review.

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Other Information Required Pursuant to Appendix 7C of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst ("Catalist Rules")

2.2 Review of Statement of Financial Position (Continued)

Current Liabilities

As at 31 August 2024, the Group's current liabilities amounted to approximately RM14.76 million or approximately 96.3% of the Group's total liabilities and comprised the following:

- (i) trade and other payables of approximately RM7.43 million or approximately 50.3% of the Group's total current liabilities which mainly consist of (a) trade payables of approximately RM3.52 million, and (b) other payables of approximately RM3.91 million. The increase in trade and other payables of approximately RM1.14 million was mainly due to (a) increase in other payable of RM1.02 million; and (b) increase in trade purchases of RM0.12 million;
- (ii) other financial liabilities of approximately RM1.32 million or approximately 8.9% of the Group's total current liabilities. The increase in other financial liabilities of approximately RM0.40 million was due to increase usage of banker's acceptance;
- (iii) lease liabilities of approximately RM2.81 million or approximately 19.0% of the Group's total current liabilities. The increase in lease liabilities of approximately RM0.37 million was due to lower lease interest recorded in 1H FY2024;
- (iv) amount due to director of approximately RM1.32 million or approximately 9.1% of the Group's total current liabilities. This relates to the loans extended by Mr Ge Shuming (Executive Director and Chief Executive Officer of the Company) to the Company. Please refer to Note 6 below for more information in relation to the loans; and
- (v) provisions of approximately RM1.88 million or approximately 12.7% of the Group's current liabilities.

Shareholders' equity

As at 31 August 2024, the Group's equity attributable to equity holders was approximately RM20.16 million, comprising share capital of approximately RM36.44 million, and net capital deficit of approximately RM16.26 million.

Working Capital Position

The Group reported a positive working capital position of approximately RM16.59 million as at 31 August 2024, as compared to approximately RM17.64 million as at 29 February 2024.

2.3 Review of Statement of Cash Flows

As at 31 August 2024, the Group recorded cash and cash equivalents of approximately RM12.68 million as compared to approximately RM12.94 million as at 1 March 2024.

Net cash used in operating activities for 1H FY2025 amounted to approximately RM1.80 million. This was mainly due to operating cash inflows before changes in working capital of approximately RM0.51 million and net working capital outflows of approximately RM2.20 million mainly due to (i) the increase in inventories of approximately RM2.44 million; and (ii) the increase in other non-financial assets of approximately RM1.50 million, partially offset against (i) the decrease in trade and other receivables of approximately RM1.30 million; (ii) the increase in trade and other payables of approximately RM0.24 million; and (iii) the increase in provision of approximately RM0.20 million. In addition, income tax of approximately RM0.11 million was paid in 1H FY2025.

Net cash used in investing activities for 1H FY2025 amounted to approximately RM0.02 million. This was mainly due to the placement of fixed deposits of approximately RM0.10 million, and purchase of plant and equipment of approximately RM0.05 million, which were partially offset by interest received of approximately RM0.13 million.

Net cash generated from financing activities for 1H FY2025 amounted to approximately RM0.73 million. This was mainly due to (i) repayment of hire purchase and lease liabilities of approximately RM1.25 million; and (ii) interest paid of approximately RM0.13 million, partially offset by (i) banker's acceptance drawdown (net of repayment) of approximately RM0.83 million; and (ii) amount due to director of approximately RM1.26 million.

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Other Information Required Pursuant to Appendix 7C of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst ("Catalist Rules")

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement was previously disclosed to the shareholders of the Company.

4. 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 operating period and the next 12 months

The global economy outlook is expected to remain uncertain and volatile as a result of prolonged geopolitical conflict in the Middle East as well as between Russia and Ukraine, and foreign exchange rates fluctuation.

Red Sea disruption causes ocean freight spiked resulting escalation of logistic cost and the strengthening of Ringgit Malaysia against US Dollar will continue to affect the financial performance of the Group.

In view of above, the Group will continue to remain resilient and vigilant in addressing the uncertainties and also align its strategies of cost controlling, enhancing production efficiency, exploring new markets and products with the prevailing market situation.

The Company is in the process of exploring new business opportunities to diversify its revenue stream and strengthen shareholders' value. At the same time, the Company is also looking to capital markets to explore fundraising opportunities to strengthen its cash and financial position, and in this regard have been in discussions with potential investors who have shown keen interest in investing into the Company.

5. Dividend

The Board of Directors of the Company has decided not to declare or recommend any dividends for 1H FY2025 (1H FY2024: Nil) as the Group conserves funds for working capital.

6. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalyst Rules.

There were no interested person transactions exceeding S\$100,000 entered into by the Group during the current financial period. The Company had entered into two (2) loan agreements with Mr Ge Shuming ("Mr Ge"), a director of the Company on 18 June 2024 and 29 August 2024 respectively in which Mr Ge granted a loan of S\$200,000 each to the Company for its working capital purposes for a period of 1 year at interest rate of 5% per annum, which total interest for the two (2) loans to be paid by the Company amounted to S\$20,000 (equivalent to RM66,234), representing approximately 0.32% of the Group's net tangible assets for the latest audited financial statements for financial year ended 29 February 2024.

7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalyst Rules.

The Company has received undertakings from all its Directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalyst Rules.

8. Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim consolidated financial statements of the Group for the six months ended 31 August 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

GE SHUMING
Executive Director and Chairman

LAW KIAN SIONG
Executive Director



VERSALINK HOLDINGS LIMITED

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Other Information Required Pursuant to Appendix 7C of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst ("Catalist Rules")

9. Disclosure of acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since the end of the previous reporting period pursuant to Rule 706A of the Catalyst Rules.

Subsequent to FY2024, the Company's dormant and wholly-owned subsidiary, Versalink System Furniture (S) Pte. Ltd. ("VSF") made an application with Accounting and Corporate Regulatory Authority of Singapore to be struck off. VSF has been struck off from the register of Companies on 5 May 2024. The striking off of VSF is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Company and the Group for the financial year ending 28 February 2025.

The Company had incorporated 2 new subsidiaries, namely Kaiyuan Holdings Limited and Kaiyuan (SG) Investment Private Limited on 13 May 2024 and 1 July 2024 respectively.

Kaiyuan Holdings Limited is the wholly owned subsidiary of the Company whereas Kaiyuan (SG) Investment Private Limited is the wholly owned subsidiary of Kaiyuan Holdings Limited. The principal activities for Kaiyuan Holdings Limited is those of an investment holding company.

Kaiyuan Holdings Limited is incorporated in British Virgin Islands as a BVI Business Company under the BVI Business Companies Act. The authorised share capital is 50,000 shares of a single class each with a par value of US\$1.00 and the paid-up share capital is US\$100.00 with 100 shares held by the Company.

Kaiyuan (SG) Investment Private Limited is incorporated in Singapore with limited liability. The paid-up share capital is SGD1 with 1 share held by Kaiyuan Holdings Limited. The principal activities for Kaiyuan (SG) Investment Private Limited is those of an investment holding company.

The incorporation of new subsidiaries are not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Company and the Group for the financial year ending 28 February 2025.

Save for the above, the Group does not have any acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since the end of the previous reporting period, up to 31 August 2024.

**BY ORDER OF THE BOARD OF DIRECTORS
VERSALINK HOLDINGS LIMITED**

GE SHUMING
Executive Director and Chairman
15th October 2024

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

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 Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd., at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone: +65 6636 4201.