

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 28 FEBRUARY 2022 (UNAUDITED)

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group					
		Unaudited 6 months ended 28 Feb 2022 RM'000	Unaudited 6 months ended 28 Feb 2021 RM'000	Increase/ (Decrease) +/- %	Unaudited 12 months ended 28 Feb 2022 RM'000	Audited 12 months ended 28 Feb 2021 RM'000	Increase/ (Decrease) +/- %
Revenue	4	24,187	21,343	13.3	37,775	35,442	6.6
Cost of sales		(18,362)	(17,163)	7.0	(29,310)	(28,936)	1.3
Gross profit		5,825	4,180	39.4	8,465	6,506	30.1
Interest income		119	134	(11.2)	224	286	(21.7)
Other income and gains		1,490	437	nm*	1,609	632	nm*
Marketing and distribution expenses		(2,357)	(1,598)	47.5	(3,792)	(3,383)	12.1
Administrative expenses		(3,081)	(3,452)	(10.7)	(5,756)	(6,412)	(10.2)
Other losses		(2,220)	(1,487)	49.3	(2,921)	(1,548)	88.7
Finance costs		(76)	(109)	(30.3)	(147)	(236)	(37.7)
Loss before income tax	6	(300)	(1,895)	(84.2)	(2,318)	(4,155)	(44.2)
Income tax expenses	7	(36)	(50)	(28.0)	(36)	(46)	(21.7)
Loss, net of income tax		(336)	(1,945)	(82.7)	(2,354)	(4,201)	(44.0)
Total comprehensive loss for the period/year		(336)	(1,945)	(82.7)	(2,354)	(4,201)	(44.0)
Loss, net of tax attributable to:							
Owners of the Company		(336)	(1,945)	(82.7)	(2,354)	(4,201)	(44.0)
Non-controlling interest		-	-	-	-	-	-
Loss, net of tax		(336)	(1,945)	(82.7)	(2,354)	(4,201)	(44.0)
Total comprehensive loss for the period/year attributable to:							
Owners of the Company		(336)	(1,945)	(82.7)	(2,354)	(4,201)	(44.0)
Non-controlling interest		-	-	-	-	-	-
Total comprehensive loss for the period/year		(336)	(1,945)	(82.7)	(2,354)	(4,201)	(44.0)
Loss per share attributable to the owners of the Company (Sen Ringgit Malaysia)							
Basic (1) and diluted (2)		(0.25)	(1.44)		(1.74)	(3.11)	

*nm denotes not meaningful

Notes:

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

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

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(Unaudited)

B. Condensed Interim Consolidated Statements of Financial Position as at 28 February 2022

	Note	Group		Company	
		Unaudited 28.02.2022 RM'000	Audited 28.02.2021 RM'000	Unaudited 28.02.2022 RM'000	Audited 28.02.2021 RM'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	9	28,850	28,628	-	-
Right-of-use assets		-	31	-	-
Intangible asset	10	-	-	-	-
Investment in subsidiaries		-	-	55,267	57,257
Other receivables, non-current		-	1,090	-	-
Total non-current assets		28,850	29,749	55,267	57,257
<u>Current assets</u>					
Inventories		13,119	11,840	-	-
Trade and other receivables, current		4,467	5,549	8,447	8,376
Other non-financial assets, current		2,211	3,445	32	22
Other financial assets, current	11	-	2,433	-	-
Cash and cash equivalents		9,050	7,496	178	245
Total current assets		28,847	30,763	8,657	8,643
Total assets		57,697	60,512	63,924	65,900
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	12	62,513	62,513	62,513	62,513
(Accumulated losses)/retained earnings		(16,215)	(13,861)	1,137	2,986
Foreign currency translation reserves		8	8	-	-
Total equity		46,306	48,660	63,650	65,499
<u>Non-current liabilities</u>					
Deferred tax liabilities		173	173	-	-
Other financial liabilities, non-current	13	608	-	-	-
Total non-current liabilities		781	173	-	-
<u>Current liabilities</u>					
Income tax payable		14	11	14	11
Trade and other payables, current		6,857	6,971	260	390
Other financial liabilities, current	13	2,899	4,664	-	-
Provisions		840	-	-	-
Lease liabilities, current		-	33	-	-
Total current liabilities		10,610	11,679	274	401
Total liabilities		11,391	11,852	274	401
Total equity and liabilities		57,697	60,512	63,924	65,900

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C. Condensed Interim Consolidated Statements of Changes In Equity

<u>Group</u>	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1 March 2021 (Audited)	62,513	8	(13,861)	-	48,660
Loss for the financial year	-	-	(2,354)	-	(2,354)
Total comprehensive loss for the year	-	-	(2,354)	-	(2,354)
Balance at 28 February 2022 (Unaudited)	62,513	8	(16,215)	-	46,306
Balance at 1 March 2020 (Audited)	62,513	8	(9,660)	-	52,861
Loss for the financial year	-	-	(4,201)	-	(4,201)
Total comprehensive loss for the year	-	-	(4,201)	-	(4,201)
Balance at 28 February 2021 (Audited)	62,513	8	(13,861)	-	48,660

<u>Company</u>	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance at 1 March 2021 (Audited)	62,513	2,986	65,499
Total comprehensive loss for the year	-	(1,849)	(1,849)
Balance at 28 February 2022 (Unaudited)	62,513	1,137	63,650
Balance at 1 March 2020 (Audited)	62,513	6,232	68,745
Total comprehensive loss for the year	-	(3,246)	(3,246)
Balance at 28 February 2021 (Audited)	62,513	2,986	65,499

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D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	Unaudited 12 months ended 28 Feb 2022 RM'000	Audited 12 months ended 28 Feb 2021 RM'000
<u>Cash flows from/(used in) operating activities</u>		
Loss before tax	(2,318)	(4,155)
Adjustments for:		
Depreciation of property, plant and equipment	2,201	2,174
Depreciation of right-of-use assets	31	345
Gain on disposal of plant and equipment	(139)	-
Gains on lease termination	-	(29)
Interest income	(224)	(286)
Interest expenses	147	236
Plant and equipment written off	64	511
Operating cash flows before changes in working capital	<u>(238)</u>	<u>(1,204)</u>
Inventories	(1,279)	891
Trade and other receivables	1,526	(1,093)
Other non-financial assets	1,220	(1,921)
Other financial assets	2,433	943
Provisions	840	-
Trade and other payables	(114)	599
Net cash flows from/(used in) operations	<u>4,388</u>	<u>(1,785)</u>
Income taxes paid	(19)	(96)
Net cash flows from/(used in) operating activities	<u>4,369</u>	<u>(1,881)</u>
<u>Cash flows used in investing activities</u>		
Purchase of plant and equipment	(2,487)	(313)
Proceeds from disposal of plant and equipment	139	-
Interest received	224	286
Net cash flows used in investing activities	<u>(2,124)</u>	<u>(27)</u>
<u>Cash flows (used in)/from financing activities</u>		
(Decrease)/Increase in other financial liabilities	285	2,227
Repayment from associate	646	691
Interest paid	(147)	(208)
Lease liabilities repayment	(33)	(370)
Decrease in cash restricted in use	(11)	(23)
Net cash flows (used in)/from financing activities	<u>740</u>	<u>2,317</u>
Net increase in cash and cash equivalents	2,985	409
Cash and cash equivalents, statement of cash flows, beginning balance	<u>5,089</u>	<u>4,680</u>
Cash and cash equivalents, statement of cash flows, ending balance (Note A)	<u>8,074</u>	<u>5,089</u>

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Note A:

	Group	
	Unaudited 12 months ended 28 Feb 2022	Audited 12 months ended 28 Feb 2021
	RM'000	RM'000
Cash and bank balances at end of the year	9,050	7,496
Bank overdrafts	-	(1,442)
Cash pledged for bank facilities	(976)	(965)
Cash and cash equivalents as disclosed in consolidated statement of cash flow	8,074	5,089

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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 and full year ended 28 February 2022 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 financial statements of the Group 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.

Uncertainties relating to the COVID-19 pandemic

Management has not identified any material uncertainties resulting from the Covid-19 pandemic and the aftermath of the pandemic surrounding the reporting entity's business, and accordingly no further disclosures are made in these financial statements.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months and full year ended 28 February 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore.

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 condensed interim consolidated financial statements for the six months ended 31 August 2021.

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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 28 February 2021, 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 28 February 2021, 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 28 February 2021.

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 year.

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Condensed Interim Consolidated Financial Statements for the Six Months and Full Year ended 28 February 2022 (Unaudited)

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 September 2021 to 28 February 2022				
Revenue by segment				
Total revenue by segment	21,903	6,002	27,905	
Inter-segment sales	(3,718)	-	(3,718)	
Total revenue	18,185	6,002	24,187	
Cost of sales by segment				
Total cost of sales by segment	(17,340)	(4,740)	(22,080)	
Inter-segment cost of sales	3,718	-	3,718	
Total cost of sales	(13,622)	(4,740)	(18,362)	
Gross profit	4,563	1,262	5,825	
Recurring EBITDA				
Interest income			770	
Finance costs			119	
Depreciation and amortisation			(76)	
Loss before income tax			(1,113)	
Income tax expense			(300)	
Loss, net of income tax			(36)	
Segment assets				
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Unallocated RM'000	Unaudited Group RM'000
Total assets for reportable segments	49,799	8,287	63,926	122,012
Elimination of inter-segment receivables	(568)	(32)	(63,715)	(64,315)
Total group assets	49,231	8,255	211	57,697
Segment liabilities				
Total liabilities for reportable segments	10,813	9,145	413	20,371
Elimination of inter-segment payables	(2,198)	(6,800)	(155)	(9,153)
Unallocated:				
Deferred tax liabilities	-	-	173	173
Total group liabilities	8,615	2,345	431	11,391

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4.1 Reportable segments (continued)

	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000	
1 September 2020 to 28 February 2021				
Revenue by segment				
Total revenue by segment	18,639	4,245	22,884	
Inter-segment sales	(1,541)	-	(1,541)	
Total revenue	<u>17,098</u>	<u>4,245</u>	<u>21,343</u>	
Cost of sales by segment				
Total cost of sales by segment	(16,035)	(2,686)	(18,721)	
Inter-segment cost of sales	1,558	-	1,558	
Total cost of sales	<u>(14,477)</u>	<u>(2,686)</u>	<u>(17,163)</u>	
Gross profit	<u>2,621</u>	<u>1,559</u>	<u>4,180</u>	
Recurring EBITDA				
Interest income			(772)	
Finance costs			134	
Depreciation and amortisation			(109)	
Loss before income tax			(1,148)	
Income tax expenses			(50)	
Loss, net of income tax			<u>(1,945)</u>	
Segment assets				
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Unallocated RM'000	Unaudited Group RM'000
Total assets for reportable segments	50,136	8,968	65,902	125,006
Elimination of inter-segment receivables	955	(37)	(65,412)	(64,494)
Total group assets	<u>51,091</u>	<u>8,931</u>	<u>490</u>	<u>60,512</u>
Segment liabilities				
Total liabilities for reportable segments	12,518	7,903	530	20,951
Elimination of inter-segment payables	(2,769)	(6,360)	(143)	(9,272)
Unallocated:				
Deferred tax liabilities	-	-	173	173
Total group liabilities	<u>9,749</u>	<u>1,543</u>	<u>560</u>	<u>11,852</u>

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4.1 Reportable segments (continued)

	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000	
1 March 2021 to 28 February 2022				
Revenue by segment				
Total revenue by segment	34,103	8,871	42,974	
Inter-segment sales	(5,199)	-	(5,199)	
Total revenue	28,904	8,871	37,775	
Cost of sales by segment				
Total cost of sales by segment	(27,822)	(6,692)	(34,514)	
Inter-segment cost of sales	5,204	-	5,204	
Total cost of sales	(22,618)	(6,692)	(29,310)	
Gross profit	6,286	2,179	8,465	
Recurring EBITDA				
Interest income			(163)	
Finance costs			224	
Depreciation and amortisation			(147)	
Loss before income tax			(2,232)	
Income tax expenses			(2,318)	
Loss, net of income tax			(36)	
			(2,354)	
Segment assets				
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Unallocated RM'000	Unaudited Group RM'000
Total assets for reportable segments	49,799	8,287	63,926	122,012
Elimination of inter-segment receivables	(568)	(32)	(63,715)	(64,315)
Total group assets	49,231	8,255	211	57,697
Segment liabilities				
Total liabilities for reportable segments	10,813	9,145	413	20,371
Elimination of inter-segment payables	(2,198)	(6,800)	(155)	(9,153)
Unallocated:				
Deferred tax liabilities	-	-	173	173
Total group liabilities	8,615	2,345	431	11,391

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Condensed Interim Consolidated Financial Statements for the Six Months and Full Year ended 28 February 2022 (Unaudited)

4.1 Reportable segments (continued)

	Audited Export RM'000	Audited Domestic RM'000	Audited Group RM'000	
1 March 2020 to 28 February 2021				
Revenue by segment				
Total revenue by segment	31,193	7,648	38,841	
Inter-segment sales	(3,399)	-	(3,399)	
Total revenue	27,794	7,648	35,442	
Cost of sales by segment				
Total cost of sales by segment	(27,348)	(5,010)	(32,358)	
Inter-segment cost of sales	3,422	-	3,422	
Total cost of sales	(23,926)	(5,010)	(28,936)	
Gross profit	3,868	2,638	6,506	
Recurring EBITDA				
Interest income			(1,686)	
Finance costs			286	
Depreciation and amortisation			(236)	
Loss before income tax			(2,519)	
Income tax expenses			(4,155)	
Loss, net of income tax			(46)	
			(4,201)	
Segment assets				
	Audited Export RM'000	Audited Domestic RM'000	Audited Unallocated RM'000	Audited Group RM'000
Total assets for reportable segments	50,136	8,968	65,902	125,006
Elimination of inter-segment receivables	955	(37)	(65,412)	(64,494)
Total group assets	51,091	8,931	490	60,512
Segment liabilities				
Total liabilities for reportable segments	12,518	7,903	530	20,951
Elimination of inter-segment payables	(2,769)	(6,360)	(143)	(9,272)
Unallocated:				
Deferred tax liabilities	-	-	173	173
Total group liabilities	9,749	1,543	560	11,852

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Condensed Interim Consolidated Financial Statements for the Six Months and Full Year ended 28 February 2022 (Unaudited)

4.2 Disaggregation of Revenue

	Group		
	6 months ended 28 February 2022		
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	18,185	6,002	24,187
Total revenue	18,185	6,002	24,187
<u>Timing of revenue recognition:</u>			
At a point in time	18,185	6,002	24,187
Total revenue	18,185	6,002	24,187
<u>Geographical locations of customers:</u>			
Malaysia	-	6,002	6,002
Middle East	2,150	-	2,150
North America	8,191	-	8,191
Asia	950	-	950
Singapore	408	-	408
Others	6,486	-	6,486
Total revenue	18,185	6,002	24,187
	Group		
	6 months ended 28 February 2021		
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	17,098	4,245	21,343
Total revenue	17,098	4,245	21,343
<u>Timing of revenue recognition:</u>			
At a point in time	17,098	4,245	21,343
Total revenue	17,098	4,245	21,343
<u>Geographical locations of customers:</u>			
Malaysia	-	4,245	4,245
Middle East	1,908	-	1,908
North America	7,923	-	7,923
Asia	2,318	-	2,318
Singapore	120	-	120
Others	4,829	-	4,829
Total revenue	17,098	4,245	21,343

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Condensed Interim Consolidated Financial Statements for the Six Months and Full Year ended 28 February 2022 (Unaudited)

4.2 Disaggregation of Revenue (continued)

	Group		
	12 months ended 28 February 2022		
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	28,904	8,871	37,775
Total revenue	28,904	8,871	37,775
<u>Timing of revenue recognition:</u>			
At a point in time	28,904	8,871	37,775
Total revenue	28,904	8,871	37,775
<u>Geographical locations of customers:</u>			
Malaysia	-	8,871	8,871
Middle East	3,350	-	3,350
North America	14,108	-	14,108
Asia	3,990	-	3,990
Singapore	574	-	574
Others	6,882	-	6,882
Total revenue	28,904	8,871	37,775
	Group		
	12 months ended 28 February 2021		
	Audited Export RM'000	Audited Domestic RM'000	Audited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	27,794	7,648	35,442
Total revenue	27,794	7,648	35,442
<u>Timing of revenue recognition:</u>			
At a point in time	27,794	7,648	35,442
Total revenue	27,794	7,648	35,442
<u>Geographical locations of customers:</u>			
Malaysia	-	7,648	7,648
Middle East	3,623	-	3,623
North America	12,305	-	12,305
Asia	5,658	-	5,658
Singapore	327	-	327
Others	5,881	-	5,881
Total revenue	27,794	7,648	35,442

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Condensed Interim Consolidated Financial Statements for the Six Months and Full Year ended 28 February 2022 (Unaudited)

4.2 Disaggregation of Revenue (continued)

A breakdown of sales as follows:

	Group		
	Unaudited Financial Year ended 28 Feb 2022 RM'000	Audited Financial Year ended 28 Feb 2021 RM'000	Increase/ (Decrease) %
Sales reported for first half year	13,588	14,099	(3.6)
Operating loss after tax before deducting non-controlling interests reported for first half year	(2,018)	(2,256)	(10.5)
Sales reported for second half year	24,187	21,343	13.3
Operating loss after tax before deducting non-controlling interests reported for second half year	(336)	(1,945)	(82.7)

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 28 February 2022 and 28 February 2021:

	Group		Company	
	Unaudited 28 Feb 2022 RM'000	Audited 28 Feb 2021 RM'000	Unaudited 28 Feb 2022 RM'000	Audited 28 Feb 2021 RM'000
Financial Assets				
Financial assets at amortised cost	13,517	14,135	8,625	8,621
Financial assets at fair value through profit and loss (FVTPL)	-	2,433	-	-
	<u>13,517</u>	<u>16,568</u>	<u>8,625</u>	<u>8,621</u>
Financial Liabilities				
Financial liabilities at amortised cost	9,336	10,656	260	390

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6. Loss before income tax
6.1 Significant items

	Group			
	Unaudited 6 months ended 28 Feb 2022 RM'000	Unaudited 6 months ended 28 Feb 2021 RM'000	Unaudited 12 months ended 28 Feb 2022 RM'000	Audited 12 months ended 28 Feb 2021 RM'000
Income				
Interest income	(119)	(134)	(224)	(286)
Foreign exchange adjustment gain, net	(38)	-	(40)	-
Gain on disposal of plant and equipment	(83)	-	(139)	-
Wages subsidy scheme by Malaysia government	(81)	-	(126)	(170)
Insurance claim	(677)	-	(677)	-
Reversal of allowance for impairment on trade receivables - collectively impaired	(310)	-	(310)	-
Expenses				
Allowance of impairment of trade receivables - impaired	758	442	1,455	442
Allowance for impairment of other receivables due from an associate - individually impaired	438	55	438	55
Inventories written down	342	406	342	406
Provision for litigation	840	-	840	-
Depreciation of property, plant and equipment	1,113	1,059	2,201	2,174
Depreciation of right-of-use assets	-	89	31	345
Foreign exchange adjustment losses, net	-	310	-	371
Interest expenses	76	106	147	208
Interest on lease liabilities	-	3	-	28
Plant and equipment written off	64	510	64	511

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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 28 Feb 2022 RM'000	Unaudited 6 months ended 28 Feb 2021 RM'000	Unaudited 12 months ended 28 Feb 2022 RM'000	Audited 12 months ended 28 Feb 2021 RM'000
Salaries and other short-term employee benefits	820	857	1,612	1,689

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

	Group			
	Unaudited 6 months ended 28 Feb 2022 RM'000	Unaudited 6 months ended 28 Feb 2021 RM'000	Unaudited 12 months ended 28 Feb 2022 RM'000	Audited 12 months ended 28 Feb 2021 RM'000
Remuneration of directors of the company	587	600	1,074	1,145
Fees to directors of the company	163	161	302	324

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 14 (28 February 2021: 12) persons.

b) Other receivables from related parties:

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

<u>Company</u>	<u>Subsidiaries</u>	
	Unaudited 28 Feb 2022 RM'000	Audited 28 Feb 2021 RM'000
<u>Other receivables:</u>		
Balance at beginning of the year	4,550	4,759
Amounts paid in and settlement of liabilities on behalf of the company	(40)	(251)
Amounts paid out and settlement of liabilities on behalf of subsidiaries	24	42
Balance at end of the year	4,534	4,550

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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. The major components of income tax expenses in the condensed interim consolidated statement of profit of loss and other comprehensive income are:

	Group			
	Unaudited 6 months ended 28 Feb 2022	Unaudited 6 months ended 28 Feb 2021	Unaudited 12 months ended 28 Feb 2022	Audited 12 months ended 28 Feb 2021
	RM'000	RM'000	RM'000	RM'000
Current income tax expenses	9	2	9	2
Underprovision in respect of prior period	27	48	27	44
Total income tax expenses	36	50	36	46

8. Net Asset Value ("NAV")

	Group		Company	
	Unaudited 28 Feb 2022	Audited 28 Feb 2021	Unaudited 28 Feb 2022	Audited 28 Feb 2021
NAV (RM'000)	46,306	48,660	63,650	65,499
Number of ordinary shares ('000)	135,000	135,000	135,000	135,000
NAV per ordinary share (Sen Ringgit Malaysia)	34.3	36.0	47.1	48.5

9. Property, plant and equipment

During the financial year ended 28 February 2022, the Group acquired plant and equipment amounting to RM2,486,529 (28 February 2021: RM312,541) and disposed of plant and equipment amounting to RM1,276,715 at cost (28 February 2021: Nil) with the gain on disposal of plant and equipment of RM139,345 (28 February 2021: Nil).

10. Intangible Asset

	Group	
	Unaudited 28 Feb 2022	Audited 28 Feb 2021
	RM'000	RM'000
<u>Cost:</u>		
At 1 March 2020, 28 February 2021 and 28 February 2022	910	910
<u>Accumulated amortisation and impairment losses:</u>		
At 1 March 2020, 28 February 2021 and 28 February 2022	910	910
<u>Net carrying value:</u>		
At 1 March 2020, 28 February 2021 and 28 February 2022	-	-

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.

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11. Other Financial Assets

	Level	Group	
		Unaudited 28 Feb 2022 RM'000	Audited 28 Feb 2021 RM'000
<u>Financial assets at fair value through profit or loss:</u>			
Money market funds and other fixed income investments			
Country: Malaysia	1	-	2,433

The other financial assets are investments in short to medium-term fixed income fund, with a withdrawal lead time period of 1 day to a maximum of one month and are managed by investment banks in Malaysia. There are no restrictions on the withdrawal of funds and they are designated as available for sale financial assets measured at fair value. The change in fair value is not significant.

The decrease of other financial assets of approximately RM2.4 million are due to withdrawal of short term investment fund during financial year ended 28 February 2022.

12. Share capital

	The Group and the Company	
	Number of shares issued 000	Share capital RM'000
<u>Ordinary shares of no par value:</u>		
Balance at 28 February 2021, 31 August 2021 and 28 February 2022	135,000	62,513

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 changes to the Company's share capital during financial year ended 28 February 2022.

There were no outstanding convertibles, subsidiary holdings or treasury shares as at 28 February 2021 and 28 February 2022.

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

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

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13. Group's borrowings and debts securities

	Group			
	Unaudited		Audited	
	28 Feb 2022	28 Feb 2022	28 Feb 2021	28 Feb 2021
Amount repayable within one year, or on demand	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Bankers' acceptance	1,888	561	1,989	1,233
Bank loans	450	-	-	-
Bank overdrafts	-	-	1,442	-
	<u>2,338</u>	<u>561</u>	<u>3,431</u>	<u>1,233</u>
Amount repayable after one year				
Bank loans	608	-	-	-
	<u>608</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group's secured borrowings stood at RM2.3 million and RM3.4 million as at 28 February 2022 and 28 February 2021 respectively.

The Group's secured borrowings are covered and secured by the following:

- (i) First party charge against the freehold land and buildings of the Group;
- (ii) Joint and several guarantees by the non-controlling shareholders of a subsidiary;
- (iii) Corporate guarantee for RM1,900,000 executed by Versalink Marketing Sdn. Bhd. to Jemaramas Jaya Sdn. Bhd.; and
- (iv) 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 28 February 2022 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 and full year ended 28 February 2022 and explanatory notes have not been audited or reviewed by the Company's auditors.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- a) Updates on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited consolidated financial statements for the financial year ended 28 February 2021 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued 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 RM2.4 million or approximately 6.6% from approximately RM35.4 million for financial year ended 28 February 2021 ("FY2021") to approximately RM37.8 million for financial year ended 28 February 2022 ("FY2022").

The revenue contribution by export segment amounted to 76.5% and 78.4% of the Group's total revenue in FY2022 and FY2021 respectively whilst the revenue contribution by domestic segment amounted to 23.5% and 21.6% of the Group's total revenue in FY2022 and FY2021 respectively.

The export segment recorded a higher revenue of approximately RM28.9 million in FY2022, as compared to approximately RM27.8 million in FY2021. The revenue generated from North America, Singapore and other countries increased by approximately RM3.0 million from approximately RM18.5 million in FY2021 to approximately RM21.5 million in FY2022.

The domestic segment recorded a higher revenue of approximately RM8.9 million in FY2022, as compared to approximately RM7.6 million in FY2021. The increase in revenue was mainly due to higher revenue generated from the Northern region and Central region of Peninsular Malaysia. Northern region revenue increased by approximately RM1.1 million from approximately RM1.0 million in FY2021 to approximately RM2.1 million in FY2022, while Central region revenue increased by approximately RM0.2 million from approximately RM5.6 million in FY2021 to approximately RM5.8 million in FY2022.

The Group's factory in Malaysia resumed operations on 15 August 2021 after the production halted under the Malaysia nationwide Full Movement Control Order 3.0 (FMCO 3.0) which started from 1 June 2021. Production recovered in the month from September 2021 onwards as our work-force returned to pre-COVID working level. As such, the Company is able to speed up production to fulfil orders for export and domestic customers which were placed before production halted under FMCO 3.0. This contributed to the increase in revenue for both export and domestic segments in FY2022 as compared to FY2021.

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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)****Gross profit**

The gross profit and gross profit margin improved from approximately RM6.5 million and 18.4% in FY2021 to approximately RM8.5 million and 22.4% in FY2022. The increases in gross profit and gross profit margin were in tandem with the increase in the Group's revenue by 6.6%, while cost of sales increased slightly by 1.3% due to enhanced cost control implemented by Group during FY2022.

Gross profit and gross profit margin for export segment increased from approximately RM3.9 million and 13.9% in FY2021 to approximately RM6.3 million and 21.7% in FY2022. The gross margin and gross profit margin improved mainly due to the improvement in productivity ie. reduction in direct material consumption at 54.0% of export revenue in FY2022 (FY2021: 58.1%), reduction of staff cost at 16.0% of export revenue in FY2022 (FY2021: 17.5%), reduction of production overhead at 11.3% of export revenue in FY2022 (FY2021: 12.1%), as a result of enhanced cost control implemented during FY2022.

Despite the increase in revenue for domestic segment, the gross profit and gross profit margin of domestic segment reduced from approximately RM2.6 million and 34.5% in FY2021 to approximately RM2.2 million and 24.6% in FY2022 mainly due to profit margin erosion caused by stiff competition in domestic market.

Interest income

Interest income reduced from approximately RM0.3 million in FY2021 to approximately RM0.2 million in FY2022 mainly due to the decrease in interest income from associate of approximately RM0.2 million in FY2021 to approximately RM0.1 million in FY2022 and interest income from banks of approximately RM0.09 million in FY2021 to approximately RM0.07 million in FY2022 after the withdrawal of investments in short to medium-term fixed income fund ("financial assets") of approximately RM2.4 million in FY2022.

Other income and gains

Other income and gains increased from approximately RM0.6 million in FY2021 to approximately RM1.6 million in FY2022. The increase was mainly due to insurance claim submitted and approved in relation to the flood in Malaysia in December 2021 of approximately RM0.7 million in FY2022 (FY2021: Nil), gain on disposal of plant and equipment of approximately RM0.1 million in FY2022 (FY2021: Nil), write back of impairment allowance for trade receivable and associates approximately RM0.3 million and RM0.1 million respectively in relation to collection of long outstanding debts in FY2022 (FY2021: RM0.2 million and Nil), partially offset by the reduction of wages subsidy of approximately RM0.2 million in FY2022 (FY2021: RM0.2 million).

Marketing and distribution expenses

Marketing and distribution expenses increased by approximately RM0.4 million or approximately 12.1% from approximately RM3.4 million in FY2021 to approximately RM3.8 million in FY2022. This was mainly due to the increase of carriage outwards of approximately RM1.0 million in FY2022, increase of legal fees of approximately RM0.1 million in FY2022 partially offset by the reduction in staff costs of approximately RM0.3 million, reduction in depreciation of right-of-use of approximately RM0.3 million in FY2022 and reduction in depreciation expenses of approximately RM0.1 million.

Administrative expenses

Administrative expenses decreased by approximately RM0.7 million or approximately 10.2% from approximately RM6.4 million in FY2021 to approximately RM5.8 million in FY2022. This was mainly due to reduction of staff costs of approximately RM0.3 million; levy expenses of approximately RM0.1 million; upkeep of office equipment of approximately RM0.1 million; and water and electricity of approximately RM0.1 million in FY2022.

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Other Information Required Pursuant to Appendix 7C of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("Catalist Rules")**2.1 Review of Statement of Profit or Loss and Other Comprehensive Income (continued)****Other losses**

Other losses increased from approximately RM1.5 million in FY2021 to approximately RM2.9 million in FY2022 mainly due to allowance for impairment on trade receivables of approximately RM1.4 million (FY2021: RM0.4 million); and provision for litigation of approximately RM0.8 million in relation to a litigation involving a subsidiary in FY2022 (FY2021: Nil), partially offset by the absence of foreign exchange loss recorded in FY2021 of approximately RM0.4 million.

Finance costs

Finance costs reduced from approximately RM0.2 million in FY2021 to approximately RM0.1 million in FY2022 mainly due to reduction of letter of credit charges of approximately RM0.08 million and interest on lease liabilities arising from right-of-use asset of approximately RM0.03 million, partially offset by the increase in banker's acceptance, bank overdraft and term loan interest amounted to a total of approximately RM0.02 million.

Income tax expense

Income tax expense comprises current income tax expense and underprovision for taxation in prior years. Provision of current year taxation amounted to RM0.01 million provided for in FY2022 while RM0.002 million was provided for in FY2021. Underprovision of taxation in FY2022 are RM0.03 million while underprovision of taxation in FY2021 are RM0.04 million.

Loss, net of income tax

As a result of the above, the Group reported a net loss after tax of approximately RM2.4 million in FY2022 as compared to a net loss after tax of approximately RM4.2 million in FY2021.

2.2 Review of Statement of Financial Position**Non-Current Assets**

As at 28 February 2022, the Group's non-current assets amounted to approximately RM28.9 million or approximately 50.0% of the Group's total assets which comprised property, plant and equipment.

Current Assets

As at 28 February 2022, the Group's current assets amounted to approximately RM28.8 million or approximately 50.0% of the Group's total assets and comprised the following:

- (i) inventories of approximately RM13.1 million or approximately 45.5% of the Group's total current assets, which comprised raw materials, work-in-progress and finished goods;
- (ii) trade and other receivables of approximately RM4.5 million or approximately 15.5% of the Group's total current assets. The decrease in trade and other receivables of approximately RM1.1 million was mainly due to the additional allowance for impairment of trade and other receivables of approximately RM1.6 million which the management has assessed that the probability of collection of the outstanding trade and other receivables is low;

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- (iii) other non-financial assets of approximately RM2.2 million or approximately 7.7% of the Group's total current assets. The decrease in other non-financial assets of approximately RM1.2 million was mainly due to the deposit paid for the purchase of plant and equipment of approximately RM1.1 million in FY2021, which was recognised as plant and equipment in FY2022;
- (iv) no other financial assets was recorded as at 28 February 2022 due to withdrawal of financial assets of approximately RM2.4 million during FY2022; and
- (v) cash and cash equivalents of approximately RM9.1 million or approximately 31.4% of the Group's total current assets.

Non-Current Liabilities

As at 28 February 2022, the Group's non-current liabilities amounted to approximately RM0.8 million or approximately 6.9% of the Group's total liabilities and comprised the following:

- (i) deferred tax liabilities of approximately RM0.2 million or approximately 22.2% of the Group's total non-current liabilities; and
- (ii) other financial liabilities of approximately RM0.6 million or approximately 77.8% of the Group's total non-current liabilities. The increase in other financial liabilities was due to drawdown of bank term loan of approximately RM0.6 million.

Current Liabilities

As at 28 February 2022, the Group's current liabilities amounted to approximately RM10.6 million or approximately 93.1% of the Group's total liabilities and mainly comprised the following:

- (i) income tax payable of approximately RM0.001 million or approximately 0.1% of the group's current liabilities;
- (ii) trade and other payables of approximately RM6.9 million or approximately 64.6% of the Group's total current liabilities which consist mainly of trade payables of approximately RM4.0 million and other payables of approximately RM2.9 million;
- (iii) other financial liabilities of approximately RM2.9 million or approximately 27.4% of the Group's total current liabilities. The decrease in other financial liabilities of approximately RM1.8 million was mainly due to repayment of bankers' acceptance and term loan of approximately RM2.2 million, partially offset by drawdown of bank term loan of approximately RM0.5 million; and
- (iv) provisions of approximately RM0.8 million or approximately 7.9% of the Group's total current liabilities. The provisions was due to a litigation involving a subsidiary in FY2022.

Shareholders' equity

As at 28 February 2022, the Group's equity attributable to equity holders was approximately RM46.3 million, comprising share capital of approximately RM62.5 million, and net capital deficit of approximately RM16.2 million.

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2.2 Review of Statement of Financial Position (continued)

Working Capital Position

The Group reported a positive working capital position of approximately RM18.2 million as at 28 February 2022, as compared to approximately RM19.1 million as at 28 February 2021.

2.3 Review of Statement of Cash Flows

As at 28 February 2022, the Group recorded cash and cash equivalents of approximately RM8.1 million as compared to approximately RM5.1 million as at 28 February 2021.

Net cash from operating activities for FY2022 amounted to approximately RM4.4 million. This was mainly due to operating cash outflows before changes in working capital of approximately RM0.2 million and net working capital inflows of approximately RM4.6 million mainly due to the withdrawal of investments in financial assets of approximately RM2.4 million.

Net cash used in investing activities for FY2022 amounted to approximately RM0.9 million. This was mainly due to purchase of plant and equipment of approximately RM1.2 million, which was partially offset by proceeds from disposal of plant and equipment totalling approximately RM0.1 million and interest income received of approximately RM0.2 million.

Net cash used in financing activities for FY2022 amounted to approximately RM0.5 million. This was mainly due to repayment of banker's acceptance and term loan of approximately RM1.0 million and interest expenses of approximately RM0.1 million, partially offset by repayment from associate of approximately RM0.6 million.

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 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 is recovering from the impact of the COVID-19 pandemic that resulted in movement restrictions as vaccination continues and lockdowns have or are being lifted in several countries.

However, the downside risks to global economic growth remain, given uncertainties surrounding the evolution of COVID-19 virus spreads, heightened geopolitical tension ie Russia-Ukraine conflict, shortage of workers, particularly in our office furniture manufacturing industry, escalating material costs and ongoing global shortage of containers.

The Group will continue to focus on controlling costs, improving productivity, tightening the credit management, maintaining safety inventory level, exploring new markets and developing new products. Notwithstanding the uncertainties in the global economy and challenging time ahead for Malaysia manufacturers, the Group will continue to safeguard its position in the office furniture industry.

5. Dividend information

a) Current Financial Period Reported on

Any dividend declared/proposed for the current financial period reported on?

No.

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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")

5. Dividend information (continued)

b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

c) Date Payable

Not applicable.

d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

e) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for FY2022 as the Group recorded net loss for FY2022.

f) Total Annual Dividend

	FY2022	FY2021
	RM'000	RM'000
Ordinary	-	-
Preference	-	-
Total	<u>-</u>	<u>-</u>

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 conducted by the Group during the current financial year reported on.

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 Catlist Rules.

The Company has received undertaking 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.

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.

The Company's dormant and wholly-owned subsidiary, Steeltema (M) Sdn Bhd ("**Steeltema**"), has been struck off from the Companies Commission of Malaysia with effect from 23 February 2022.

The striking off of Steeltema 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 ended 28 February 2022.

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.

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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 persons occupying managerial positions who are related to a director, chief executive officer ("CEO") or substantial shareholder

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of any changes in duties and position held, if any during the year
Madam Wong Hon Mui	43	Spouse of Executive Director and Group Chief Executive Officer (Law Kian Siong)	PA to Group CEO since 1 May 2012 (Responsible for supporting work of management, administrative, clerical and managerial task)	Nil
Mr. Law Kian Guan	43	Son of Executive Director (Law Boon Seng) and substantial shareholder of the Company (Lee Yuet Chin) Sibling of Executive Director and Group Chief Executive Officer (Law Kian Siong) and substantial shareholders of the Company (Arica Walters and Law Kian Hong)	Director of subsidiaries since 1 June 2017 (Responsible for production, project and site management of the subsidiaries and technical aspects of the products)	Executive Director of the Company (Note 1)

Note 1: Mr. Law Kian Guan ceased to be an Executive Director of the Company on 8 March 2022.

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

LAW KIAN SIONG
Executive Director and Group Chief Executive Officer
28th April 2022

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.