

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 NOVEMBER 2022

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Third Quarter and Nine Months ended 30 November 2022

	Note	Group					
		Unaudited 3 months ended 30 Nov 2022 RM'000	Unaudited 3 months ended 30 Nov 2021 RM'000	Increase/ (Decrease) + / (-) %	Unaudited 9 months ended 30 Nov 2022 RM'000	Unaudited 9 months ended 30 Nov 2021 RM'000	Increase/ (Decrease) + / (-) %
Revenue	4	10,465	14,026	(25.4)	34,489	27,614	24.9
Cost of sales		(8,722)	(9,456)	(7.8)	(25,994)	(20,404)	27.4
Gross profit		1,743	4,570	(61.9)	8,495	7,210	17.8
Interest income		37	68	(45.6)	118	173	(31.8)
Other income and gains		26	158	(83.5)	383	277	38.3
Marketing and distribution expenses		(875)	(1,467)	(40.4)	(2,749)	(2,902)	(5.3)
Administrative expenses		(1,885)	(1,578)	19.5	(5,170)	(4,253)	21.6
Other losses		(7)	(2)	>100	(14)	(703)	(98.0)
Finance costs		(49)	(49)	-	(110)	(120)	(8.3)
(Loss)/Profit before income tax	6	(1,010)	1,700	nm*	953	(318)	nm*
Income tax credit	7	-	5	nm*	-	5	nm*
(Loss)/Profit, net of income tax		(1,010)	1,705	nm*	953	(313)	nm*
Total comprehensive (loss)/income for the period		(1,010)	1,705	nm*	953	(313)	nm*
(Loss)/Profit, net of tax attributable to:							
Owners of the Company		(1,010)	1,705	nm*	953	(313)	nm*
Non-controlling interest		-	-	-	-	-	-
(Loss)/Profit, net of tax		(1,010)	1,705	nm*	953	(313)	nm*
Total comprehensive (loss)/income for the period attributable to:							
Owners of the Company		(1,010)	1,705	nm*	953	(313)	nm*
Non-controlling interest		-	-	-	-	-	-
Total comprehensive (loss)/income for the period		(1,010)	1,705	nm*	953	(313)	nm*
(Loss)/Earnings per share attributable to the owners of the Company (Sen Ringgit Malaysia)							
Basic (1) and diluted (2)		(0.75)	1.26		0.71	(0.23)	

*nm denotes not meaningful

Notes:

- (1) Computed based on (loss)/earnings attributable to the 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.
- (2) As there are no dilutive potential ordinary shares that were outstanding during the respective financial periods, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

B. Condensed Interim Consolidated Statements of Financial Position as at 30 November 2022

	Note	Group		Company	
		Unaudited 30.11.2022 RM'000	Audited 28.02.2022 RM'000	Unaudited 30.11.2022 RM'000	Audited 28.02.2022 RM'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	9	10,268	28,850	-	-
Intangible asset	10	-	-	-	-
Investment in subsidiaries		-	-	55,267	55,267
Total non-current assets		10,268	28,850	55,267	55,267
<u>Current assets</u>					
Asset held for sale	9	17,622	-	-	-
Inventories		9,213	13,119	-	-
Trade and other receivables		3,369	5,122	15,562	8,447
Other non-financial assets		1,295	1,556	14	32
Cash and cash equivalents		15,622	9,050	153	178
Total current assets		47,121	28,847	15,729	8,657
Total assets		57,389	57,697	70,996	63,924
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	11	62,513	62,513	62,513	62,513
(Accumulated losses)/Retained earnings		(15,262)	(16,215)	8,242	1,137
Foreign currency translation reserves		8	8	-	-
Total equity		47,259	46,306	70,755	63,650
<u>Non-current liabilities</u>					
Deferred tax liabilities		173	173	-	-
Other financial liabilities	12	315	608	-	-
Total non-current liabilities		488	781	-	-
<u>Current liabilities</u>					
Provisions		840	840	-	-
Income tax payable		3	14	3	14
Trade and other payables		6,074	6,857	238	260
Other financial liabilities	12	2,725	2,899	-	-
Total current liabilities		9,642	10,610	241	274
Total liabilities		10,130	11,391	241	274
Total equity and liabilities		57,389	57,697	70,996	63,924

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

C. Condensed Interim Consolidated Statements of Changes In Equity For the Third Quarter and Nine Months ended 30 November 2022

For the 3 months ended 30 November 2022	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Group	Share	Foreign	Retained	Non-	Total
Group	Capital	Currency	Earnings/	controlling	Equity
	RM'000	Translation	(Accumulated	Interests	RM'000
	RM'000	Reserve	Losses)	RM'000	RM'000
Balance at 1 September 2022	62,513	8	(14,252)	-	48,269
Loss for the financial period	-	-	(1,010)	-	(1,010)
Total comprehensive loss for the period	-	-	(1,010)	-	(1,010)
Balance at 30 November 2022	62,513	8	(15,262)	-	47,259
Balance at 1 September 2021	62,513	8	(15,879)	-	46,642
Profit for the financial period	-	-	1,705	-	1,705
Total comprehensive income for the period	-	-	1,705	-	1,705
Balance at 30 November 2021	62,513	8	(14,174)	-	48,347
			Unaudited	Unaudited	Unaudited
			Share	Retained	Total
			Capital	Earnings	Equity
			RM'000	RM'000	RM'000
Balance at 1 September 2022			62,513	1,271	63,784
Total comprehensive income for the period			-	6,971	6,971
Balance at 30 November 2022			62,513	8,242	70,755
Balance at 1 September 2021			62,513	1,161	63,674
Total comprehensive income for the period			-	40	40
Balance at 30 November 2021			62,513	1,201	63,714

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C. Condensed Interim Consolidated Statements of Changes In Equity For the Third Quarter and Nine Months ended 30 November 2022

For the 9 months ended 30 November 2022	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Group	Share	Foreign	Retained	Non-	Total
Group	Capital	Currency	Earnings/	controlling	Equity
	RM'000	Translation	(Accumulated	Interests	RM'000
	RM'000	Reserve	Losses)	RM'000	RM'000
Balance at 1 March 2022	62,513	8	(16,215)	-	46,306
Profit for the financial period	-	-	953	-	953
Total comprehensive income for the period	-	-	953	-	953
Balance at 30 November 2022	62,513	8	(15,262)	-	47,259
Balance at 1 March 2021	62,513	8	(13,861)	-	48,660
Loss for the financial period	-	-	(313)	-	(313)
Total comprehensive loss for the period	-	-	(313)	-	(313)
Balance at 30 November 2021	62,513	8	(14,174)	-	48,347
			Unaudited	Unaudited	Unaudited
			Share	Retained	Total
			Capital	Earnings	Equity
			RM'000	RM'000	RM'000
Balance at 1 March 2022			62,513	1,137	63,650
Total comprehensive income for the period			-	7,105	7,105
Balance at 30 November 2022			62,513	8,242	70,755
Balance at 1 March 2021			62,513	2,986	65,499
Total comprehensive loss for the period			-	(1,785)	(1,785)
Balance at 30 November 2021			62,513	1,201	63,714

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

D. Condensed Interim Consolidated Statement of Cash Flows For the Third Quarter and Nine Months ended 30 November 2022

	Group			
	Unaudited 3 months ended 30 Nov 2022 RM'000	Unaudited 3 months ended 30 Nov 2021 RM'000	Unaudited 9 months ended 30 Nov 2022 RM'000	Unaudited 9 months ended 30 Nov 2021 RM'000
<u>Cash flows from operating activities</u>				
(Loss)/Profit before tax	(1,010)	1,700	953	(318)
Adjustments for:				
Allowance of impairment of trade receivables	-	-	-	697
Depreciation of property, plant and equipment	468	557	1,564	1,645
Depreciation of right-of-use assets	-	-	-	31
Gain on disposal of plant and equipment	(24)	(49)	(60)	(105)
Interest income	(37)	(68)	(118)	(173)
Interest expenses	49	49	110	120
Plant and equipment written off	1	-	1	-
Operating cash flows before changes in working capital	(553)	2,189	2,450	1,897
Inventories	1,148	(212)	3,906	(1,348)
Trade and other receivables	1,097	(2,416)	1,002	(1,653)
Other non-financial assets	21	951	25	2,044
Other financial assets	-	2,456	-	2,433
Trade and other payables	(23)	730	(783)	448
Net cash flows from operations	1,690	3,698	6,600	3,821
Income taxes (paid)/refund	(15)	(11)	225	(40)
Net cash flows from operating activities	1,675	3,687	6,825	3,781
<u>Cash flows from/(used in) investing activities</u>				
Purchase of plant and equipment	(19)	(662)	(465)	(2,470)
Proceeds from disposal of plant and equipment	24	49	60	105
Interest received	37	68	118	173
Net cash flows from/(used in) investing activities	42	(545)	(287)	(2,192)
<u>Cash flows from financing activities</u>				
Increase/(Decrease) in other financial liabilities	91	1,039	(607)	544
Repayment from associate	501	11	751	231
Interest paid	(49)	(49)	(110)	(120)
Lease liabilities	-	-	-	(33)
Decrease in cash restricted in use	(5)	(5)	(14)	(8)
Net cash flows from financing activities	538	996	20	614
Net increase in cash and cash equivalents	2,255	4,138	6,558	2,203
Cash and cash equivalents, statement of cash flows, beginning balance	12,377	3,154	8,074	5,089
Cash and cash equivalents, statement of cash flows, ending balance (Note A)	14,632	7,292	14,632	7,292

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

Note A:

	Group			
	Unaudited 3 months ended 30 Nov 2022 RM'000	Unaudited 3 months ended 30 Nov 2021 RM'000	Unaudited 9 months ended 30 Nov 2022 RM'000	Unaudited 9 months ended 30 Nov 2021 RM'000
Cash and bank balances at end of the period	15,622	8,266	15,622	8,266
Cash pledged for bank facilities	(990)	(974)	(990)	(974)
Cash and cash equivalents as disclosed in consolidated statement of cash flow	<u>14,632</u>	<u>7,292</u>	<u>14,632</u>	<u>7,292</u>

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

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 third quarter and nine months ended 30 November 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 consolidated financial statements of the Group for the year ended 28 February 2022 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 third quarter and nine months ended 30 November 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 2022.

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

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 2022, 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 2022, 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 2022.

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 Third Quarter and Nine Months Ended 30 November 2022

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 2022 to 30 November 2022				
Revenue by segment				
Total revenue by segment	9,802	1,660	11,462	
Inter-segment sales	(997)	-	(997)	
Total revenue	8,805	1,660	10,465	
Cost of sales by segment				
Total cost of sales by segment	(8,551)	(1,168)	(9,719)	
Inter-segment cost of sales	997	-	997	
Total cost of sales	(7,554)	(1,168)	(8,722)	
Gross profit	1,251	492	1,743	
Recurring LBITDA				
Interest income			(530)	
Finance costs			37	
Depreciation and amortisation			(49)	
Loss before tax			(468)	
Income tax expense			(1,010)	
Loss, net of tax			-	
			(1,010)	
Segment assets				
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Unallocated RM'000	Unaudited Group RM'000
Total assets for reportable segments	52,858	8,754	70,997	132,609
Elimination of inter-segment receivables	(4,360)	(32)	(70,828)	(75,220)
Total group assets	48,498	8,722	169	57,389
Segment liabilities				
Total liabilities for reportable segments	19,657	9,964	397	30,018
Elimination of inter-segment payables	(12,730)	(7,161)	(170)	(20,061)
Unallocated:				
Deferred tax liabilities	173	-	-	173
Total group liabilities	7,100	2,803	227	10,130

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

4.1 Reportable segments (continued)

	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000	
1 September 2021 to 30 November 2021				
Revenue by segment				
Total revenue by segment	13,050	2,696	15,746	
Inter-segment sales	(1,720)	-	(1,720)	
Total revenue	11,330	2,696	14,026	
Cost of sales by segment				
Total cost of sales by segment	(9,123)	(2,052)	(11,175)	
Inter-segment cost of sales	1,719	-	1,719	
Total cost of sales	(7,404)	(2,052)	(9,456)	
Gross profit	3,926	644	4,570	
Recurring EBITDA				
Interest income			2,238	
Finance costs			68	
Depreciation and amortisation			(49)	
Profit before tax			(557)	
Income tax credit			1,700	
Profit, net of tax			5	
			1,705	
Segment assets				
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Unallocated RM'000	Unaudited Group RM'000
Total assets for reportable segments	51,707	8,696	63,922	124,325
Elimination of inter-segment receivables	(795)	(32)	(63,788)	(64,615)
Total group assets	50,912	8,664	134	59,710
Segment liabilities				
Total liabilities for reportable segments	12,719	7,571	344	20,634
Elimination of inter-segment payables	(2,572)	(6,720)	(152)	(9,444)
Unallocated:				
Deferred tax liabilities	173	-	-	173
Total group liabilities	10,320	851	192	11,363

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

4.1 Reportable segments (continued)

	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000	
1 March 2022 to 30 November 2022				
Revenue by segment				
Total revenue by segment	31,597	6,952	38,549	
Inter-segment sales	(4,060)	-	(4,060)	
Total revenue	<u>27,537</u>	<u>6,952</u>	<u>34,489</u>	
Cost of sales by segment				
Total cost of sales by segment	(25,166)	(4,888)	(30,054)	
Inter-segment cost of sales	4,060	-	4,060	
Total cost of sales	<u>(21,106)</u>	<u>(4,888)</u>	<u>(25,994)</u>	
Gross profit	<u>6,431</u>	<u>2,064</u>	<u>8,495</u>	
Recurring EBITDA				
Interest income			2,509	
Finance costs			118	
Depreciation and amortisation			(110)	
Profit before tax			(1,564)	
Income tax expense			953	
Profit, net of tax			<u>-</u>	
			<u>953</u>	
Segment assets				
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Unallocated RM'000	Unaudited Group RM'000
Total assets for reportable segments	52,858	8,754	70,997	132,609
Elimination of inter-segment receivables	(4,360)	(32)	(70,828)	(75,220)
Total group assets	<u>48,498</u>	<u>8,722</u>	<u>169</u>	<u>57,389</u>
Segment liabilities				
Total liabilities for reportable segments	19,657	9,964	397	30,018
Elimination of inter-segment payables	(12,730)	(7,161)	(170)	(20,061)
Unallocated:				
Deferred tax liabilities	173	-	-	173
Total group liabilities	<u>7,100</u>	<u>2,803</u>	<u>227</u>	<u>10,130</u>

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

4.1 Reportable segments (continued)

	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000	
1 March 2021 to 30 November 2021				
Revenue by segment				
Total revenue by segment	25,250	5,565	30,815	
Inter-segment sales	(3,201)	-	(3,201)	
Total revenue	22,049	5,565	27,614	
Cost of sales by segment				
Total cost of sales by segment	(19,605)	(4,004)	(23,609)	
Inter-segment cost of sales	3,205	-	3,205	
Total cost of sales	(16,400)	(4,004)	(20,404)	
Gross profit	5,649	1,561	7,210	
Recurring EBITDA				
Interest income			1,305	
Finance costs			173	
Depreciation and amortisation			(120)	
Loss before tax			(1,676)	
Income tax credit			(318)	
Loss, net of tax			5	
			(313)	
Segment assets				
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Unallocated RM'000	Unaudited Group RM'000
Total assets for reportable segments	51,707	8,696	63,922	124,325
Elimination of inter-segment receivables	(795)	(32)	(63,788)	(64,615)
Total group assets	50,912	8,664	134	59,710
Segment liabilities				
Total liabilities for reportable segments	12,719	7,571	344	20,634
Elimination of inter-segment payables	(2,572)	(6,720)	(152)	(9,444)
Unallocated:				
Deferred tax liabilities	173	-	-	173
Total group liabilities	10,320	851	192	11,363

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

4.2 Disaggregation of Revenue

	Group		
	3 months ended 30 November 2022		
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	8,805	1,660	10,465
Total revenue	8,805	1,660	10,465
<u>Timing of revenue recognition:</u>			
At a point in time	8,805	1,660	10,465
Total revenue	8,805	1,660	10,465
<u>Geographical locations of customers:</u>			
Malaysia	3,238	1,660	4,898
Middle East	1,863	-	1,863
North America	2,432	-	2,432
Asia and Oceania	987	-	987
Singapore	203	-	203
Others	82	-	82
Total revenue	8,805	1,660	10,465
	Group		
	3 months ended 30 November 2021		
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	11,330	2,696	14,026
Total revenue	11,330	2,696	14,026
<u>Timing of revenue recognition:</u>			
At a point in time	11,330	2,696	14,026
Total revenue	11,330	2,696	14,026
<u>Geographical locations of customers:</u>			
Malaysia	-	2,696	2,696
Middle East	886	-	886
North America	4,489	-	4,489
Asia	125	-	125
Singapore	292	-	292
Others	5,538	-	5,538
Total revenue	11,330	2,696	14,026

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Condensed Interim Consolidated Financial Statements for the Third Quarter and Nine Months Ended 30 November 2022

4.2 Disaggregation of Revenue

	Group		
	9 months ended 30 November 2022		
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	27,537	6,952	34,489
Total revenue	27,537	6,952	34,489
<u>Timing of revenue recognition:</u>			
At a point in time	27,537	6,952	34,489
Total revenue	27,537	6,952	34,489
<u>Geographical locations of customers:</u>			
Malaysia	8,626	6,952	15,578
Middle East	4,011	-	4,011
North America	10,690	-	10,690
Asia and Oceania	3,454	-	3,454
Singapore	500	-	500
Others	256	-	256
Total revenue	27,537	6,952	34,489
	Group		
	9 months ended 30 November 2021		
	Unaudited Export RM'000	Unaudited Domestic RM'000	Unaudited Group RM'000
<u>Types of goods or services:</u>			
Sales of goods	22,049	5,565	27,614
Total revenue	22,049	5,565	27,614
<u>Timing of revenue recognition:</u>			
At a point in time	22,049	5,565	27,614
Total revenue	22,049	5,565	27,614
<u>Geographical locations of customers:</u>			
Malaysia	-	5,565	5,565
Middle East	2,086	-	2,086
North America	10,406	-	10,406
Asia	3,165	-	3,165
Singapore	458	-	458
Others	5,934	-	5,934
Total revenue	22,049	5,565	27,614

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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 30 November 2022 and 28 February 2022:

	Group		Company	
	Unaudited 30 Nov 2022 RM'000	Audited 28 Feb 2022 RM'000	Unaudited 30 Nov 2022 RM'000	Audited 28 Feb 2022 RM'000
Financial Assets				
Financial assets at amortised cost	18,991	14,172	15,715	8,625
Financial Liabilities				
Financial liabilities at amortised cost	7,526	9,336	238	260

6. (Loss)/Profit before income tax
6.1 Significant items

	Group			
	Unaudited 3 months ended 30 Nov 2022 RM'000	Unaudited 3 months ended 30 Nov 2021 RM'000	Unaudited 9 months ended 30 Nov 2022 RM'000	Unaudited 9 months ended 30 Nov 2021 RM'000
Income				
Interest income	(37)	(68)	(118)	(173)
Foreign exchange adjustment gain, net	261	2	(45)	-
Gain on disposal of plant and equipment	(24)	(49)	(60)	(105)
Wages subsidy scheme by Malaysia government	-	(64)	-	(109)
Expenses				
Allowance of impairment of trade receivables	-	-	-	697
Depreciation of property, plant and equipment	468	557	1,564	1,645
Depreciation of right-of-use assets	-	-	-	31
Inventories written down	-	273	89	273
Interest expenses	49	49	110	120
Plant and equipment written off	1	-	1	-

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6. (Loss)/Profit 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 3 months ended 30 Nov 2022 RM'000	Unaudited 3 months ended 30 Nov 2021 RM'000	Unaudited 9 months ended 30 Nov 2022 RM'000	Unaudited 9 months ended 30 Nov 2021 RM'000
Salaries and other short-term employee benefits	665	609	1,917	1,401

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

	Group			
	Unaudited 3 months ended 30 Nov 2022 RM'000	Unaudited 3 months ended 30 Nov 2021 RM'000	Unaudited 9 months ended 30 Nov 2022 RM'000	Unaudited 9 months ended 30 Nov 2021 RM'000
Remuneration of directors of the company	225	276	774	763
Fees to directors of the company	88	80	236	219

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 (30 November 2021: 14) persons.

b) Other receivables from related parties:

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

<u>Company</u>	<u>Subsidiaries</u>	
	<u>Unaudited 30 Nov 2022 RM'000</u>	<u>Unaudited 30 Nov 2021 RM'000</u>
<u>Other receivables:</u>		
Balance at beginning of the period	4,534	4,550
Amounts paid in and settlement of liabilities on behalf of the company	15	19
Amounts paid out and settlement of liabilities on behalf of subsidiaries	-	(41)
Balance at end of the period	4,549	4,528

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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 3 months ended 30 Nov 2022	Unaudited 3 months ended 30 Nov 2021	Unaudited 9 months ended 30 Nov 2022	Unaudited 9 months ended 30 Nov 2021
	RM'000	RM'000	RM'000	RM'000
Current income tax expenses	-	-	-	-
Overprovision in respect of prior period	-	5	-	5
Total income tax expenses	-	5	-	5

8. Net Asset Value ("NAV")

	Group		Company	
	Unaudited 30 Nov 2022	Audited 28 Feb 2022	Unaudited 30 Nov 2022	Audited 28 Feb 2022
NAV (RM'000)	47,259	46,306	70,755	63,650
Number of ordinary shares ('000)	135,000	135,000	135,000	135,000
NAV per ordinary share (Sen Ringgit Malaysia)	35.0	34.3	52.4	47.1

9. Property, plant and equipment and asset held for sale

During the nine months ended 30 November 2022, the Group acquired plant and equipment amounting to RM604,809 (30 November 2021: RM2,470,695) and disposed of fully depreciated plant and equipment amounting to RM162,734 (30 November 2021: RM1,122,412) at cost with the gain on disposal of plant and equipment of RM59,753 (30 November 2021: RM105,143).

On 23 September 2022, the Group entered into a sale and purchase agreement in relation to the proposed sale of a parcel of land together with the buildings erected thereon (the "Property"). Accordingly, the Property has been reclassified from the Group's property, plant and equipment under "Non-current Assets" as an asset held for sale under "Current Assets" in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. The proposed sale of the Property has been completed on 2 December 2022. Please refer to the Company's announcements dated 12 July 2022, 23 September 2022 and 2 December 2022 for more information.

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10. Intangible Asset

	Group	
	Unaudited 30 Nov 2022 RM'000	Audited 28 Feb 2022 RM'000
<u>Cost:</u>		
At 1 March 2021, 28 February 2022 and 30 November 2022	910	910
<u>Accumulated amortisation and impairment losses:</u>		
At 1 March 2021, 28 February 2022 and 30 November 2022	910	910
<u>Net carrying value:</u>		
At 1 March 2021, 28 February 2022 and 30 November 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.

11. Share capital

	The Group and the Company	
	Number of shares issued '000	Share capital RM'000
<u>Ordinary shares of no par value (excluding treasury shares):</u>		
Balance at 28 February 2022, 31 August 2022 and 30 November 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 the current financial period reported on since the end of the previous financial period reported on.

There were no outstanding convertibles, subsidiary holdings or treasury shares as at the end of the current financial period 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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12. Group's borrowings and debts securities

	Group			
	Unaudited		Audited	
	30 Nov 2022	30 Nov 2022	28 Feb 2022	28 Feb 2022
Amount repayable within one year, or on demand	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Bankers' acceptance	503	1,670	1,888	561
Bank loans	526	-	450	-
Finance lease payables	26	-	-	-
	<u>1,055</u>	<u>1,670</u>	<u>2,338</u>	<u>561</u>
Amount repayable after one year				
Bank loans	213	-	608	-
Finance lease payables	102	-	-	-
	<u>315</u>	<u>-</u>	<u>608</u>	<u>-</u>

The Group's secured borrowings stood at RM1.4 million and RM2.9 million as at 30 November 2022 and 28 February 2022 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) Corporate guarantee for RM1,900,000 executed by Versalink Marketing Sdn. Bhd. to Jemaramas Jaya Sdn. Bhd.; and
- (iii) Pledged of fixed deposits.

13. Subsequent events

There were no known subsequent events which have/will lead to adjustments to this set of condensed interim consolidated financial statements.

On 2 December 2022, the Group completed the proposed sale of the Property.

The financial effects of the above transaction have not been included in this set of condensed interim consolidated financial statements for the third quarter and nine months ended 30 November 2022 and will be reflected in the full year consolidated financial statements ending 28 February 2023.

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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 30 November 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 third quarter and nine months ended 30 November 2022 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 decreased by approximately RM3.56 million, or approximately 25.4% from approximately RM14.03 million for the third quarter ended 30 November 2021 ("Q3 FY2022") to approximately RM10.47 million for the third quarter ended 30 November 2022 ("Q3 FY2023"). The decrease was mainly due to lower revenue contribution from both export and domestic segments. Export segment recorded a lower revenue of approximately RM8.81 million in Q3 FY2023, as compared to approximately RM11.33 million in Q3 FY2022 and domestic segment recorded a lower revenue of approximately RM1.66 million in Q3 FY2023, as compared to approximately RM2.70 million in Q3 FY2022.

The decrease in revenue for both segments was mainly due to lesser orders received from customers during Q3 FY2023, as compared to Q3 FY2022 during which the Group ramped up its production to clear the backlog orders after Malaysia government allowed furniture goods sectors to be reopened from 15 August 2021 since Malaysia Movement Control Order (MCO 3.0) full lockdown which started from 1 June 2021 was announced by Malaysia government.

Cost of sales

Cost of sales decreased by approximately RM0.74 million, or approximately 7.8% from approximately RM9.46 million in Q3 FY2022 to approximately RM8.72 million in Q3 FY2023. This was in line with the decrease in revenue for Q3 FY2023. In addition, no inventories were written off in Q3 FY2023 (Q3 FY2022: approximately RM0.27 million).

Gross profit

The gross profit margin decreased from approximately 32.6% in Q3 FY2022 to approximately 16.7% in Q3 FY2023. The decline in gross profit margin was mainly due to the increase of material cost at approximately 55.1% of export revenue in Q3 FY2023 (Q3 FY2022: approximately 46.2%) as a result of weaker Malaysian Ringgit against other currencies such as United States Dollar and the increase of labour cost at 14.6% of export revenue in Q3 FY2023 (Q3 FY2022: 12.5%).

Interest income

Interest income reduced by approximately RM0.03 million from approximately RM0.07 million in Q3 FY2022 to approximately RM0.04 million in Q3 FY2023 mainly due to absence in interest income from associate in Q3 FY2023 (Q3 FY2022: approximately RM0.03 million).

Other income and gains

Other income and gains decreased from approximately RM0.16 million in Q3 FY2022 to approximately RM0.03 million in Q3 FY2023 mainly due to lower gain on disposal of plant and equipment of approximately RM0.02 million in Q3 FY2023 (Q3 FY2022: approximately RM0.05 million) and the absence of Human Resources Development Funds claim and wage subsidy from the Malaysia government in Q3 FY2023 (Q3 FY2022: approximately RM0.03 million and RM0.06 million respectively), as well as the reversal of foreign exchange gains in previous quarter of approximately RM0.26 million (Q3 FY2022: Nil), partially offset by higher insurance claims of approximately RM0.26 million in Q3 FY2023 (Q3 FY2022: approximately RM0.01 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 Catalist ("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 RM0.59 million or approximately 40.4% from approximately RM1.47 million in Q3 FY2022 to approximately RM0.88 million in Q3 FY2023. This was mainly due to the decrease of forwarding and carriage inwards of approximately RM0.56 million and staff cost of approximately RM0.03 million.

Administrative expenses

Administrative expenses increased by approximately RM0.31 million or approximately 19.5% from approximately RM1.58 million in Q3 FY2022 to approximately RM1.89 million in Q3 FY2023. This was mainly due to increase of (i) staff costs of approximately RM0.17 million; (ii) levy expenses for foreign employees of approximately RM0.2 million; and (iii) professional fees of approximately RM0.02 million, partially offset by the decrease in depreciation of property, plant and equipment of approximately RM0.08 million.

Other losses

Other losses increased from approximately RM0.002 million in Q3 FY2022 to approximately RM0.007 million in Q3 FY2023 mainly due to increase of unrealised foreign exchange loss of approximately RM0.005 million in Q3 FY2023 (Q3 FY2022: Nil).

Finance costs

Finance costs remained stable at approximately RM0.49 million for both Q3 FY2022 and Q3 FY2023.

Income tax expense

No provision of taxation was recorded for Q3 FY2023 (Q3 FY2022: approximately RM0.01 million was in relation to the overprovision of tax in respect of prior period).

(Loss)/Profit, net of tax

As a result of the above, the Group reported a net loss after tax of approximately RM1.01 million in Q3 FY2023 as compared to a net profit after tax of approximately RM1.71 million in Q3 FY2022.

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

As at 30 November 2022, the Group's non-current assets amounted to approximately RM10.27 million or approximately 17.9% of the Group's total assets and comprised plant and equipment as compared to approximately RM28.85 million as at 28 February 2022, which comprised property, plant and equipment. The decrease was due to the reclassification of the Property to asset held for sale under "Current Assets" in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. Please refer to Note 9 of Section E above for more information.

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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 Assets

As at 30 November 2022, the Group's current assets amounted to approximately RM47.12 million or approximately 82.1% of the Group's total assets and comprised the following:

- (i) asset held for sale of approximately RM17.62 million or approximately 37.4% of the Group's total current assets due to the reclassification of the Property from property, plant and equipment under "Non-current Assets" in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. Please refer to Note 9 of Section E above for more information;
- (ii) inventories of approximately RM9.21 million or approximately 19.6% of the Group's total current assets, which comprised raw materials, work-in-progress and finished goods. The decrease in inventories of approximately RM3.91 million was mainly due to improvement of stock control;
- (iii) trade and other receivables of approximately RM3.37 million or approximately 7.1% of the Group's total current assets, which consist mainly of trade receivables of approximately RM3.20 million and other receivables of approximately RM0.17 million. The decrease in trade and other receivables of approximately RM1.75 million was mainly due to insurance claim for FY2022 of approximately RM0.66 million which was received in Q1 FY2023, repayment from trade receivables and associates of approximately RM0.34 million and RM0.75 million respectively during Q3 FY2023;
- (iv) other non-financial assets of approximately RM1.30 million or approximately 2.7% of the Group's total current assets. The decrease in other non-financial assets of approximately RM0.26 million was mainly due to the insurance claims of approximately RM0.65 million received during Q3 FY2023, partially offset against the increase of prepayment for expenses of approximately RM0.39 million in Q3 FY2023; and
- (v) cash and cash equivalents of approximately RM15.62 million or approximately 33.2% 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 30 November 2022, the Group's non-current liabilities amounted to approximately RM0.49 million or approximately 4.8% of the Group's total liabilities and comprised the following:

- (i) deferred tax liabilities of approximately RM0.17 million or approximately 35.5% of the Group's total non-current liabilities; and
- (ii) other financial liabilities of approximately RM0.32 million or approximately 64.5% of the Group's total non-current liabilities. The decrease in other financial liabilities of approximately RM0.3 million was mainly due to repayment of the bank term loan of approximately RM0.4 million which was partially offset by the drawdown of hire purchase of approximately RM0.1 million.

Current Liabilities

As at 30 November 2022, the Group's current liabilities amounted to approximately RM9.64 million or approximately 95.2% of the Group's total liabilities and comprised the following:

- (i) provisions of approximately RM0.84 million or approximately 8.7% of the Group's current liabilities;
- (ii) income tax payable of approximately RM0.01 million or approximately 0.1% of the Group's current liabilities;
- (iii) trade and other payables of approximately RM6.07 million or approximately 63.0% of the Group's total current liabilities which consist mainly of (a) trade payables of approximately RM2.78 million; and (b) other payables of approximately RM3.29 million. The decrease in trade and other payables of approximately RM0.78 million was mainly due to lesser purchase of inventories due to improvement of stock control, which was in line with the decrease in inventories; and

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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 (Continued)**

- (iv) other financial liabilities of approximately RM2.73 million or approximately 28.2% of the Group's total current liabilities. The decrease in other financial liabilities of approximately RM0.17 million was mainly due to drawdown of hire purchase of approximately RM0.14 million, which was partially offset by repayment of bankers' acceptance, term loan and hire purchase of total of approximately RM0.31 million.

Shareholders' equity

As at 30 November 2022, the Group's equity attributable to equity holders was approximately RM47.26 million, comprising share capital of approximately RM62.51 million, and net capital deficit of approximately RM15.26 million.

Working Capital Position

The Group reported a positive working capital position of approximately RM37.48 million as at 30 November 2022, as compared to approximately RM18.24 million as at 28 February 2022.

2.3 Review of Statement of Cash Flows

As at 30 November 2022, the Group recorded cash and cash equivalents of approximately RM14.63 million as compared to approximately RM12.38 million as at 1 September 2022.

Net cash from operating activities for Q3 FY2023 amounted to approximately RM1.68 million. This was mainly due to operating cash outflows before changes in working capital of approximately RM0.55 million and net working capital inflows of approximately RM2.24 million due mainly to the decrease in inventories of approximately RM1.15 million, the decrease in trade and other receivables of approximately RM1.10 million, partially offset against the increase in trade and other payables of approximately RM0.01 million and income tax payment of approximately RM0.01 million.

Net cash from investing activities for Q3 FY2023 amounted to approximately RM0.04 million. This was mainly due to interest received and proceeds from disposal of plant and equipment totalling approximately RM0.06 million, partially offset by the purchase of plant and equipment of approximately RM0.02 million.

Net cash from financing activities for Q3 FY2023 amounted to approximately RM0.54 million. This was mainly due to (i) drawdown of banker's acceptance of approximately RM0.09 million, and (ii) repayment from associate of approximately RM0.50 million, partially offset by interest paid of approximately RM0.05 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.

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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")

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 Group's financial performance in the current financial period reported on was impacted by the uncertainty on the global economic outlook with ongoing geo-political tensions in Russia-Ukraine conflict, volatility in foreign exchanges, global supply chain disruptions and high global inflation rates. Responding to the high inflation rates, the US Federal Reserve announced a series of interest rate hikes, leading to similar responses from most central banks around the world.

The shortage of manpower, coupled by the implementation of the minimum wages rate by the Malaysia government and sluggish orders from the customers continue to exert pressure on the manufacturing sector, including the Group's operations. The Board, together with the management, being mindful of such challenges faced by the Group, will continue to focus on controlling costs, exploring new markets, developing new products and exercise vigilance in decision making to sustain business viability and to enhance long term shareholder value.

5. Dividend

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported?

In view of the declaration of dividends amounting to approximately RM6.96 million from the Company's wholly-owned subsidiary, Jemaramas Jaya Sdn Bhd ("JJSB"), to the Company arising from JJSB's retained earnings from prior years, the Board of Directors of the Company has declared an interim dividend for the third quarter ended 30 November 2022 (Q3 FY2022: Nil), details as set out in the table below.

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.8 Singapore cent per share
Tax Rate	Tax Exempt (one-tier)

(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

To be advised.

d) Record date

To be advised.

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 reported on.

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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")

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 Catalist 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 Catalist 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 third quarter and nine months ended 30 November 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

LAW KIAN SIONG
Executive Director and Group Chief Executive Officer

DATO DR LEE CHUNG WAH
Executive Director

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 Catalist Rules.**

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 30 November 2022.

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

LAW KIAN SIONG
Executive Director and Group Chief Executive Officer
13th January 2023

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 Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd., at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, telephone: +65 6636 4201.