

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

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2022**

**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Six Months ended 31 August 2022**

	Note	Group		Increase/ (Decrease) + / (-) %
		Unaudited 6 months ended 31 Aug 2022 RM'000	Unaudited 6 months ended 31 Aug 2021 RM'000	
<b>Revenue</b>	4	24,024	13,588	76.8
Cost of sales		(17,272)	(10,948)	57.8
<b>Gross profit</b>		6,752	2,640	>100
Interest income		81	105	(22.9)
Other income and gains		357	119	>100
Marketing and distribution expenses		(1,874)	(1,435)	30.6
Administrative expenses		(3,285)	(2,675)	22.8
Other losses		(7)	(701)	>(100)
Finance costs		(61)	(71)	(14.1)
<b>Profit/(Loss) before income tax</b>	6	1,963	(2,018)	nm*
Income tax expenses	7	-	-	-
<b>Profit/(Loss), net of income tax</b>		1,963	(2,018)	nm*
<b>Total comprehensive income/(loss) for the period</b>		1,963	(2,018)	nm*
<b>Profit/(Loss), net of tax attributable to:</b>				
Owners of the Company		1,963	(2,018)	nm*
Non-controlling interest		-	-	-
<b>Profit/(Loss), net of tax</b>		1,963	(2,018)	nm*
<b>Total comprehensive income/(loss) for the period attributable to:</b>				
Owners of the Company		1,963	(2,018)	nm*
Non-controlling interest		-	-	-
<b>Total comprehensive income/(loss) for the period</b>		1,963	(2,018)	nm*
<b>Earnings/(Loss) per share attributable to the owners of the Company (Sen Ringgit Malaysia)</b>				
Basic (1) and diluted (2)		1.45	(1.49)	

\*nm denotes not meaningful

**Notes:**

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

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

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Condensed Interim Consolidated Financial Statements for the Six Months Ended 31 August 2022

**B. Condensed Interim Consolidated Statements of Financial Position as at 31 August 2022**

	Note	Group		Company	
		Unaudited 31.08.2022 RM'000	Audited 28.02.2022 RM'000	Unaudited 31.08.2022 RM'000	Audited 28.02.2022 RM'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment	9	10,718	28,850	-	-
Intangible asset	10	-	-	-	-
Investment in subsidiaries		-	-	55,267	55,267
<b>Total non-current assets</b>		<b>10,718</b>	<b>28,850</b>	<b>55,267</b>	<b>55,267</b>
<b><u>Current assets</u></b>					
Asset held for sale	9	17,622	-	-	-
Inventories		10,361	13,119	-	-
Trade and other receivables		4,966	5,122	8,551	8,447
Other non-financial assets		1,307	1,556	37	32
Cash and cash equivalents		13,363	9,050	125	178
<b>Total current assets</b>		<b>47,619</b>	<b>28,847</b>	<b>8,713</b>	<b>8,657</b>
<b>Total assets</b>		<b>58,337</b>	<b>57,697</b>	<b>63,980</b>	<b>63,924</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity</u></b>					
Share capital	11	62,513	62,513	62,513	62,513
(Accumulated losses)/Retained earnings		(14,252)	(16,215)	1,271	1,137
Foreign currency translation reserves		8	8	-	-
<b>Total equity</b>		<b>48,269</b>	<b>46,306</b>	<b>63,784</b>	<b>63,650</b>
<b><u>Non-current liabilities</u></b>					
Deferred tax liabilities		173	173	-	-
Other financial liabilities	12	456	608	-	-
<b>Total non-current liabilities</b>		<b>629</b>	<b>781</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>					
Provisions		840	840	-	-
Income tax payable		9	14	9	14
Trade and other payables		6,097	6,857	187	260
Other financial liabilities	12	2,493	2,899	-	-
<b>Total current liabilities</b>		<b>9,439</b>	<b>10,610</b>	<b>196</b>	<b>274</b>
<b>Total liabilities</b>		<b>10,068</b>	<b>11,391</b>	<b>196</b>	<b>274</b>
<b>Total equity and liabilities</b>		<b>58,337</b>	<b>57,697</b>	<b>63,980</b>	<b>63,924</b>

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**C. Condensed Interim Consolidated Statements of Changes In Equity For the Six Months ended 31 August 2022**

<u>Group</u>	Unaudited Share Capital RM'000	Unaudited Foreign Currency Translation Reserve RM'000	Unaudited Retained Earnings/ (Accumulated Losses) RM'000	Unaudited Non- controlling Interests RM'000	Unaudited Total Equity RM'000
Balance at 1 March 2022	62,513	8	(16,215)	-	46,306
Profit for the financial period	-	-	1,963	-	1,963
Total comprehensive income for the period	-	-	1,963	-	1,963
Balance at 31 August 2022	62,513	8	(14,252)	-	48,269
Balance at 1 March 2021	62,513	8	(13,861)	-	48,660
Loss for the financial period	-	-	(2,018)	-	(2,018)
Total comprehensive loss for the period	-	-	(2,018)	-	(2,018)
Balance at 31 August 2021	62,513	8	(15,879)	-	46,642
<u>Company</u>			Unaudited Share Capital RM'000	Unaudited Retained Earnings RM'000	Unaudited Total Equity RM'000
Balance at 1 March 2022			62,513	1,137	63,650
Total comprehensive income for the period			-	134	134
Balance at 31 August 2022			62,513	1,271	63,784
Balance at 1 March 2021			62,513	2,986	65,499
Total comprehensive loss for the period			-	(1,825)	(1,825)
Balance at 31 August 2021			62,513	1,161	63,674

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**D. Condensed Interim Consolidated Statement of Cash Flows For the Six Months ended 31 August 2022**

	Group	
	Unaudited 6 months ended 31 Aug 2022 RM'000	Unaudited 6 months ended 31 Aug 2021 RM'000
<b><u>Cash flows from operating activities</u></b>		
Profit/(Loss) before tax	1,963	(2,018)
Adjustments for:		
Depreciation of property, plant and equipment	1,096	1,088
Depreciation of right-of-use assets	-	31
Gain on disposal of plant and equipment	(36)	(56)
Interest income	(81)	(105)
Interest expenses	61	71
Operating cash flows before changes in working capital	<u>3,003</u>	<u>(989)</u>
Inventories	2,758	(1,136)
Trade and other receivables	(95)	1,460
Other non-financial assets	4	1,093
Other financial assets	-	(23)
Trade and other payables	(760)	(282)
Net cash flows from operations	<u>4,910</u>	<u>123</u>
Income taxes refund/(paid)	240	(29)
Net cash flows from operating activities	<u>5,150</u>	<u>94</u>
<b><u>Cash flows used in investing activities</u></b>		
Purchase of plant and equipment	(446)	(1,808)
Proceeds from disposal of plant and equipment	36	56
Interest received	81	105
Net cash flows used in investing activities	<u>(329)</u>	<u>(1,647)</u>
<b><u>Cash flows used in financing activities</u></b>		
Decrease in other financial liabilities	(698)	(495)
Repayment from associate	250	220
Interest paid	(61)	(71)
Lease liabilities	-	(33)
Decrease in cash restricted in use	(9)	(3)
Net cash flows used in financing activities	<u>(518)</u>	<u>(382)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	4,303	(1,935)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>8,074</u>	<u>5,089</u>
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note A)</b>	<u>12,377</u>	<u>3,154</u>

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Condensed Interim Consolidated Financial Statements for the Six Months Ended 31 August 2022

**Note A:**

	<b>Group</b>	
	<b>Unaudited 6 months ended 31 Aug 2022</b>	<b>Unaudited 6 months ended 31 Aug 2021</b>
	RM'000	RM'000
Cash and bank balances at end of the period	13,363	5,596
Bank overdrafts	-	(1,474)
Cash pledged for bank facilities	(986)	(968)
Cash and cash equivalents as disclosed in consolidated statement of cash flow	12,377	3,154

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### **E. Notes to the Condensed Interim Consolidated Financial Statements**

#### **1. Corporate information**

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

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

These condensed interim consolidated financial statements as at and for the six months ended 31 August 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 six months ended 31 August 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 audited annual consolidated financial statements for the year ended 28 February 2022.

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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 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 Six Months Ended 31 August 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

	<b>Unaudited Export RM'000</b>	<b>Unaudited Domestic RM'000</b>	<b>Unaudited Group RM'000</b>	
<b>1 March 2022 to 31 August 2022</b>				
<b>Revenue by segment</b>				
Total revenue by segment	21,795	5,292	27,087	
Inter-segment sales	(3,063)	-	(3,063)	
<b>Total revenue</b>	<b>18,732</b>	<b>5,292</b>	<b>24,024</b>	
<b>Cost of sales by segment</b>				
Total cost of sales by segment	(16,615)	(3,720)	(20,335)	
Inter-segment cost of sales	3,063	-	3,063	
<b>Total cost of sales</b>	<b>(13,552)</b>	<b>(3,720)</b>	<b>(17,272)</b>	
<b>Gross profit</b>	<b>5,180</b>	<b>1,572</b>	<b>6,752</b>	
<b>Recurring EBITDA</b>			3,039	
Interest income			81	
Finance costs			(61)	
Depreciation and amortisation			(1,096)	
Profit before tax			1,963	
Income tax expense			-	
<b>Profit, net of tax</b>			<b>1,963</b>	
<b>Segment assets</b>				
	<b>Unaudited Export RM'000</b>	<b>Unaudited Domestic RM'000</b>	<b>Unaudited Unallocated RM'000</b>	<b>Unaudited Group RM'000</b>
Total assets for reportable segments	52,872	8,221	63,979	125,072
Elimination of inter-segment receivables	(2,887)	(31)	(63,817)	(66,735)
<b>Total group assets</b>	<b>49,985</b>	<b>8,190</b>	<b>162</b>	<b>58,337</b>
<b>Segment liabilities</b>				
Total liabilities for reportable segments	12,008	9,118	345	21,471
Elimination of inter-segment payables	(4,372)	(7,040)	(164)	(11,576)
Unallocated:				
Deferred tax liabilities	173	-	-	173
<b>Total group liabilities</b>	<b>7,809</b>	<b>2,078</b>	<b>181</b>	<b>10,068</b>

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**4.1 Reportable segments (continued)**

	<b>Unaudited Export RM'000</b>	<b>Unaudited Domestic RM'000</b>	<b>Unaudited Group RM'000</b>	
<b>1 March 2021 to 31 August 2021</b>				
<b>Revenue by segment</b>				
Total revenue by segment	12,200	2,869	15,069	
Inter-segment sales	(1,481)	-	(1,481)	
<b>Total revenue</b>	<b>10,719</b>	<b>2,869</b>	<b>13,588</b>	
<b>Cost of sales by segment</b>				
Total cost of sales by segment	(10,482)	(1,952)	(12,434)	
Inter-segment cost of sales	1,486	-	1,486	
<b>Total cost of sales</b>	<b>(8,996)</b>	<b>(1,952)</b>	<b>(10,948)</b>	
<b>Gross profit</b>	<b>1,723</b>	<b>917</b>	<b>2,640</b>	
<b>Recurring LBITDA</b>				
Interest income			(933)	
Finance costs			105	
Depreciation and amortisation			(71)	
Loss before tax			(1,119)	
Income tax credit			(2,018)	
<b>Loss, net of tax</b>			<b>-</b>	
			<b>(2,018)</b>	
<b>Segment assets</b>				
	<b>Unaudited Export RM'000</b>	<b>Unaudited Domestic RM'000</b>	<b>Unaudited Unallocated RM'000</b>	<b>Unaudited Group RM'000</b>
Total assets for reportable segments	49,396	9,341	63,946	122,683
Elimination of inter-segment receivables	(1,020)	(32)	(63,920)	(64,972)
<b>Total group assets</b>	<b>48,376</b>	<b>9,309</b>	<b>26</b>	<b>57,711</b>
<b>Segment liabilities</b>				
Total liabilities for reportable segments	12,083	8,208	404	20,695
Elimination of inter-segment payables	(3,051)	(6,600)	(148)	(9,799)
Unallocated:				
Deferred tax liabilities	173	-	-	173
<b>Total group liabilities</b>	<b>9,205</b>	<b>1,608</b>	<b>256</b>	<b>11,069</b>

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### 4.2 Disaggregation of Revenue

	<b>Group</b>		
	<b>6 months ended 31 August 2022</b>		
	<b>Unaudited Export RM'000</b>	<b>Unaudited Domestic RM'000</b>	<b>Unaudited Group RM'000</b>
<u>Types of goods or services:</u>			
Sales of goods	18,732	5,292	24,024
<b>Total revenue</b>	<b>18,732</b>	<b>5,292</b>	<b>24,024</b>
<u>Timing of revenue recognition:</u>			
At a point in time	18,732	5,292	24,024
<b>Total revenue</b>	<b>18,732</b>	<b>5,292</b>	<b>24,024</b>
<u>Geographical locations of customers:</u>			
Malaysia	5,388	5,292	10,680
Middle East	2,148	-	2,148
North America	8,258	-	8,258
Asia and Oceania	2,467	-	2,467
Singapore	297	-	297
Others	174	-	174
<b>Total revenue</b>	<b>18,732</b>	<b>5,292</b>	<b>24,024</b>
	<b>Group</b>		
	<b>6 months ended 31 August 2021</b>		
	<b>Unaudited Export RM'000</b>	<b>Unaudited Domestic RM'000</b>	<b>Unaudited Group RM'000</b>
<u>Types of goods or services:</u>			
Sales of goods	10,640	2,948	13,588
<b>Total revenue</b>	<b>10,640</b>	<b>2,948</b>	<b>13,588</b>
<u>Timing of revenue recognition:</u>			
At a point in time	10,640	2,948	13,588
<b>Total revenue</b>	<b>10,640</b>	<b>2,948</b>	<b>13,588</b>
<u>Geographical locations of customers:</u>			
Malaysia	-	2,948	2,948
Middle East	1,200	-	1,200
North America	5,917	-	5,917
Asia	3,040	-	3,040
Singapore	166	-	166
Others	317	-	317
<b>Total revenue</b>	<b>10,640</b>	<b>2,948</b>	<b>13,588</b>

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### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and liabilities of the Group and the Company as at 31 August 2022 and 28 February 2022:

	Group		Company	
	Unaudited 31 Aug 2022 RM'000	Audited 28 Feb 2022 RM'000	Unaudited 31 Aug 2022 RM'000	Audited 28 Feb 2022 RM'000
<b>Financial Assets</b>				
Financial assets at amortised cost	18,329	14,172	8,676	8,625
<b>Financial Liabilities</b>				
Financial liabilities at amortised cost	8,117	9,336	187	260

### 6. Profit/(Loss) before income tax

#### 6.1 Significant items

	Group	
	Unaudited 6 months RM'000	Unaudited 6 months RM'000
<b>Income</b>		
Interest income	(81)	(105)
Foreign exchange adjustment gain, net	(306)	(2)
Gain on disposal of plant and equipment	(36)	(56)
Wages subsidy scheme by Malaysia government	-	(45)
<b>Expenses</b>		
Allowance of impairment of trade receivables	-	697
Depreciation of property, plant and equipment	1,096	1,088
Depreciation of right-of-use assets	-	31
Inventories written down	89	-
Interest expenses	61	71

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### 6. Profit/(Loss) before taxation (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:

	<b>Group</b>	
	<b>Unaudited 6 months ended 31 Aug 2022</b>	<b>Unaudited 6 months ended 31 Aug 2021</b>
	RM'000	RM'000
Salaries and other short-term employee benefits	1,252	792

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

	<b>Group</b>	
	<b>Unaudited 6 months ended 31 Aug 2022</b>	<b>Unaudited 6 months ended 31 Aug 2021</b>
	RM'000	RM'000
Remuneration of directors of the company	549	487
Fees to directors of the company	148	139

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 (31 August 2021: 6) 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>	<b>Subsidiaries</b>	
	<b>Unaudited 31 Aug 2022</b>	<b>Unaudited 31 Aug 2021</b>
	RM'000	RM'000
<u>Other receivables:</u>		
Balance at beginning of the period	4,534	4,534
Amounts paid in and settlement of liabilities on behalf of the company	9	19
Amounts paid out and settlement of liabilities on behalf of subsidiaries	-	(41)
Balance at end of the period	4,543	4,512

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### 7. Taxation

The Group calculated the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. No income tax expenses were recorded in the condensed interim consolidated statement of profit or loss and other comprehensive income for the six months ended 31 August 2021 and 2022 as the Group has sufficient unutilised business losses to set off against potential taxable profit.

### 8. Net Asset Value ("NAV")

	Group		Company	
	Unaudited 31 Aug 2022	Audited 28 Feb 2022	Unaudited 31 Aug 2022	Audited 28 Feb 2022
NAV (RM'000)	48,269	46,306	63,784	63,650
Number of ordinary shares ('000)	135,000	135,000	135,000	135,000
NAV per ordinary share (Sen Ringgit Malaysia)	35.8	34.3	47.2	47.1

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

During the six months ended 31 August 2022, the Group acquired plant and equipment amounting to RM586,000 (31 August 2021: RM1,808,000) and disposed of plant and equipment amounting to RM36,000 at cost (31 August 2021: RM531,000) with the gain on disposal of plant and equipment of RM36,000 (31 August 2021: RM56,000).

On 23 September 2022, the Group entered into a sale and purchase agreement in relation to the proposed sales 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 sales under "Current Assets" in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. Please refer to the Company's announcements dated 12 July 2022 and 23 September 2022 for more information in relation to the proposed sales of the Property.

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### 10. Intangible Asset

	<b>Group</b>	
	<b>Unaudited 31 Aug 2022 RM'000</b>	<b>Audited 28 Feb 2022 RM'000</b>
<u>Cost:</u>		
At 1 March 2021, 28 February 2022 and 31 August 2022	910	910
<u>Accumulated amortisation and impairment losses:</u>		
At 1 March 2021, 28 February 2022 and 31 August 2022	910	910
<u>Net carrying value:</u>		
At 1 March 2021, 28 February 2022 and 31 August 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

	<b>The Group and the Company</b>	
	<b>Number of shares issued '000</b>	<b>Share capital RM'000</b>
<u>Ordinary shares of no par value (excluding treasury shares):</u>		
Balance at 1 March 2021, 28 February 2022 and 31 August 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 immediately preceding financial year, being 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 as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings 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	
	31 Aug 2022	31 Aug 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	1,455	492	1,888	561
Bank loans	521	-	450	-
Finance lease payables	25	-	-	-
	<u>2,001</u>	<u>492</u>	<u>2,338</u>	<u>561</u>
<b>Amount repayable after one year</b>				
Bank loans	347	-	608	-
Finance lease payables	109	-	-	-
	<u>456</u>	<u>-</u>	<u>608</u>	<u>-</u>

The Group's secured borrowings stood at RM2.5 million and RM2.9 million as at 31 August 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) 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.

### 13. Subsequent events

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

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

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 31 August 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 ended 31 August 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 increased by approximately RM10.43 million or approximately 76.8% from approximately RM13.59 million for six months ended 31 August 2021 ("1H FY2022") to approximately RM24.02 million for six months ended 31 August 2022 ("1H FY2023").

The increase was mainly due to higher revenue contribution from the both export and domestic segments. Export segment recorded a higher revenue of approximately RM18.73 million in 1H FY2023, as compared to approximately RM10.72 million in 1H FY2022 and domestic segment recorded a higher revenue of approximately RM5.29 million in 1H FY2023, as compared to approximately RM2.87 million in 1H FY2022. The increase in revenue for both segments was mainly due to the resumption of the Group's full production after the Malaysia government announced that Malaysia is transitioning to the endemic phase of COVID-19 from 1 April 2022. The Group had also ramped up its production to clear the backlog of orders as well as new orders received.

**Cost of sales**

Cost of sales increased by approximately RM6.32 million, or approximately 57.8% from approximately RM10.95 million in 1H FY2022 to approximately RM17.27 million in 1H FY2023. This was in line with the increase in revenue for 1H FY2023.

**Gross profit**

The gross profit margin improved from approximately 19.4% in 1H FY2022 to approximately 28.1% in 1H FY2023. The gross profit margin improvement was due to the reduction of labour cost at 13.2% of export revenue (1H FY2022: 19.0%) and reduction of production overhead at 9.2% of export revenue (1H FY2022: 14.0%) as a result of enhanced cost control implemented during the financial year ended 28 February 2022.

**Interest income**

Interest income reduced from approximately RM0.11 million in 1H FY2022 to approximately RM0.08 million in 1H FY2023 mainly due to decrease in (i) interest income of approximately RM0.02 million from associate of approximately RM0.07 million in 1H FY2022 to approximately RM0.05 million in 1H FY2023 and (ii) interest income of approximately RM0.01 million from banks of approximately RM0.03 million in 1H FY2022 to approximately RM0.02 million in 1H FY2023.

**Other income and gains**

Other income and gains increased from approximately RM0.12 million in 1H FY2022 to approximately RM0.36 million in 1H FY2023 mainly due to foreign exchange gain of approximately RM0.31 million (1H FY2021: approximately RM0.01 million), partially offset by a lower gain on disposal of plant and equipment of approximately RM0.04 million in 1H FY2023 (1H FY2022: approximately RM0.06 million) and the absence of wage subsidy from the Malaysia government in 1H FY2023.

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

Marketing and distribution expenses increased by approximately RM0.43 million or approximately 30.6% from approximately RM1.44 million in 1H FY2022 to approximately RM1.87 million in 1H FY2023. This was mainly due to the increase of (i) staff costs of approximately RM0.13 million; (ii) sales commission of approximately RM0.10 million; (iii) legal fees of approximately RM0.07 million; (iv) installation charges of approximately RM0.06 million; (v) drawing and design fees of approximately RM0.03 million; and (vi) advertising cost of approximately RM0.04 million in relation to Archidex 2022 exhibition in KL Convention Centre, KLCC in Malaysia from 29 June 2022 to 2 July 2022.

**Administrative expenses**

Administrative expenses increased by approximately RM0.61 million or approximately 22.8% from approximately RM2.68 million in 1H FY2022 to approximately RM3.29 million in 1H FY2023. This was mainly due to increase of (i) staff costs of approximately RM0.45 million; (ii) levy expenses for foreign employees of approximately RM0.10 million; and (iii) professional fees of approximately RM0.06 million.

**Other losses**

Other losses decreased from approximately RM0.70 million in 1H FY2022 to approximately RM0.01 million in 1H FY2023 mainly due to absence of (i) an allowance for impairment on trade receivables of approximately RM0.70 million; and (ii) depreciation of right-of-use assets of approximately RM0.03 million, in 1H FY2023, partially offset by inventories written down of approximately RM0.09 million.

**Finance costs**

Finance costs reduced from approximately RM0.07 million in 1H FY2022 to approximately RM0.06 million in 1H FY2023 mainly due to reduction of bank overdraft interest of approximately RM0.01 million in 1H FY2023 (1H FY2022: approximately RM0.02 million), partially offset by the increase in hire purchase and term loan interest amounting to a total of approximately RM0.02 million in 1H FY2023 (1H FY2022: approximately RM0.01 million).

**Profit/(Loss), net of tax**

As a result of the above, the Group reported a net profit after tax of approximately RM1.96 million in 1H FY2023 as compared to a net loss after tax of approximately RM2.02 million in 1H FY2022.

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

As at 31 August 2022, the Group's non-current assets amounted to approximately RM10.72 million or approximately 18.4% of the Group's total assets and comprised plant and equipment as compared to 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 31 August 2022, the Group's current assets amounted to approximately RM47.62 million or approximately 81.6% of the Group's total assets and comprised the following:

- (i) asset held for sale of approximately RM17.62 million or approximately 37.0% 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 RM10.36 million or approximately 21.8% of the Group's total current assets, which comprised raw materials, work-in-progress and finished goods. The decrease in inventories of approximately RM2.76 million was mainly due to improvement of stock control;
- (iii) trade and other receivables of approximately RM4.97 million or approximately 10.4% of the Group's total current assets, which consist mainly of trade receivables of approximately RM4.30 million and amount due to associate of approximately RM0.67 million;
- (iv) other non-financial assets of approximately RM1.31 million or approximately 2.7% of the Group's total current assets. The decrease in other non-financial assets of approximately RM0.25 million was mainly due to the insurance claims of approximately RM0.65 million received during 1H FY 2023, and advance payment to supplier of approximately RM 0.08 million as at 31 August 2022, as compared with approximately RM0.30 million as at 28 February 2022; and
- (v) cash and cash equivalents of approximately RM13.36 million or approximately 28.1% of the Group's total current assets. Please refer to the section entitled "Review of Statement of Cash Flows" below for the movements in the Group's cash and cash equivalents.

##### **Non-Current Liabilities**

As at 31 August 2022, the Group's non-current liabilities amounted to approximately RM0.63 million or approximately 6.2% of the Group's total liabilities and comprised the following:

- (i) deferred tax liabilities of approximately RM0.17 million or approximately 27.5% of the Group's total non-current liabilities; and
- (ii) other financial liabilities of approximately RM0.46 million or approximately 72.5% of the Group's total non-current liabilities. The decrease in other financial liabilities was due to repayment of the bank term loan of approximately RM0.29 million which was partially offset by the drawdown of hire purchase of approximately RM0.14 million.

##### **Current Liabilities**

As at 31 August 2022, the Group's current liabilities amounted to approximately RM9.44 million or approximately 93.8% of the Group's total liabilities and comprised the following:

- (i) provisions of approximately RM0.84 million or approximately 8.9% 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 RM6.10 million or approximately 64.6% of the Group's total current liabilities which consist mainly of (a) trade payables of approximately RM3.24 million; (b) other payables of approximately RM2.82 million; and (c) amount due to associate of approximately RM0.04 million. The decrease in trade and other payables of approximately RM0.76 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 RM2.49 million or approximately 26.4% of the Group's total current liabilities. The decrease in other financial liabilities of approximately RM0.41 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 a total of approximately RM0.55 million.

**Shareholders' equity**

As at 31 August 2022, the Group's equity attributable to equity holders was approximately RM48.27 million, comprising share capital of approximately RM62.51 million, and net capital deficit of approximately RM14.24 million.

**Working Capital Position**

The Group reported a positive working capital position of approximately RM38.18 million as at 31 August 2022, as compared to approximately RM18.24 million as at 28 February 2022.

**2.3 Review of Statement of Cash Flows**

As at 31 August 2022, the Group recorded cash and cash equivalents of approximately RM12.38 million as compared to approximately RM8.07 million as at 1 March 2022.

Net cash from operating activities for 1H FY2023 amounted to approximately RM5.15 million. This was mainly due to operating cash inflows before changes in working capital of approximately RM3.00 million and net working capital inflows of approximately RM1.90 million due mainly to the decrease in inventories of approximately RM2.76 million, the decrease in trade and other payables of approximately RM0.76 million, the decrease in trade and other receivables of approximately RM0.10 million and income tax refund of approximately RM0.24 million.

Net cash used in investing activities for 1H FY2023 amounted to approximately RM0.33 million. This was mainly due to the purchase of plant and equipment of approximately RM0.4 million, which was partially offset by interest received and proceeds from disposal of plant and equipment totalling approximately RM0.1 million.

Net cash used in financing activities for 1H FY2023 amounted to approximately RM0.52 million. This was mainly due to (i) repayment of banker's acceptance of approximately RM0.70 million; and (ii) interest paid of approximately RM0.06 million, partially offset by repayment from associate of approximately RM0.25 million.

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

The condensed interim consolidated financial statements for 1H FY2023 as set out in this announcement, are in line with the profit guidance announcement for 1H FY2023 released by the Company on 4 October 2022.

## **VERSALINK HOLDINGS LIMITED**

Condensed Interim Consolidated Financial Statements for the Six Months Ended 31 August 2022

### **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 global economy continues to face many challenges such as the COVID-19 pandemic, Russia-Ukraine conflict, inflation, interest rate hike and foreign exchange rate fluctuations. Supply chains in China has been disrupted as authorities moved to lock down several major cities in light of the recent surge in COVID-19 cases. The Russia-Ukraine war, which had resulted in the shortage of commodities and surge in prices of raw materials, had exacerbated the disruption to the global supply chains.

In Malaysia, the government had moved to the endemic transition phase of COVID-19 since 1 April 2022 and borders were reopened to allow foreign workers to enter into the country to alleviate the shortage of workers. However, supply chain disruption still persists and the implementation of the minimum wages with effect from 1 May 2022 had increased raw material and labour cost across all local business.

In view of the above, and to ensure the Group is well positioned to navigate this challenging time, the management's primary focus is on operational efficiency, and controlling costs. To achieve this, the Group is streamlining its production process, implementing measures to further improve its labour efficiency rate as well as minimising wastages and also continuing to collaborate with its suppliers towards more cost effective procurement. Barring unforeseen circumstances, the Group will continue to maintain its strong presence in the office furniture industry in the global market.

**5. Dividend**

The Board of Directors of the Company has decided not to declare or recommend any dividends for 1H FY2023 (1H FY2022: Nil) as the Group conserves funds for working capital.

**6. Interested person transactions**

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

There were no interested person transactions exceeding S\$100,000 entered into by the Group during the current financial period 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 Catalyst Rules.**

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

## **VERSALINK HOLDINGS LIMITED**

Condensed Interim Consolidated Financial Statements for the Six Months Ended 31 August 2022

### **Other Information Required Pursuant to Appendix 7C of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst ("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 six months ended 31 August 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 31 August 2022.

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

LAW KIAN SIONG  
Executive Director and Group Chief Executive Officer  
13th October 2022

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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.