versalink
Performance by design

annual report 2015

Versalink Holdings Limited (201411394N)

Annual Report 2015

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contents

2 Corporate Profile and Our Business
3 Corporate Information
4 Board of Directors
6 Directors' Profile
8 Key Management
9 Our Philosophy
10 Group Corporate Structure
11 Financial Highlights
12 Awards and Certifications
14 Chairman's Statement
18 CEO's Statement
24 Corporate Governance Report
43 Director's Report and Financial Statements
96 Statistics of Shareholdings
98 Notice of Annual General Meeting
Proxy Form

Since 1991, Versalink Holdings Limited ("Versalink" or the "Company" and, together with its subsidiaries, the "Group") has grown to become one of the leading manufacturers of mid to high-end System Furniture in Malaysia.

The Company attributes its success to Mr Roland Law, the Group's Technical Adviser and father of it's CEO, COO and Executive Director of the Company. Mr Roland Law first went into the furniture business in 1979 when he started a business specializing in the manufacture of kitchen cabinets and bedroom furniture.

Today, after more than 20 over years, Versalink has built a wide customer base that spans more than 40 countries in Africa, Australasia, Asia, Middle East and North America. Its customers include architects, contractors, corporate customers, dealers, designers and OEM customers, both in domestic Malaysia as well as overseas.

Being in the business for more than 20 years, Versalink has been endeavoring to develop, design and produce modern system furniture since its establishment. During the years of operations, the Group had received numerous awards and certifications, which is a testament that Versalink is one of the key players in the Malaysian furniture industry.

In order to maintain its position as one of the leaders in system furniture both in Malaysia and in the world, the Group dedicates its resources to continuous research and development to ensure that its system furniture remain in the forefront of revolutionary design. In addition, the Group devotes its resources to giving back to society by implementing various socially and environmentally responsible practices.

The Group is principally engaged in the design, manufacture and supply of a wide range of system furniture under its "Versalink" brand or on an OEM basis that can be tailored to its customers' specifications.

It also supplies ancillary products such as seating models and work tools that it sources from third party manufacturers. In addition, the Group is also the reseller for various established international third party brand of premium office furniture such as ZÜCO Bürositzmöbel of AG Switzerland and Dauphin Human Design of Germany.

As part of our value-added service to our customers, the Group also provides workspace planning and consulting services to customers who require advice on optimizing their usage of space and/or customization of system furniture.

The Group has two business segments, namely Domestic Sales (Malaysia) and Export Sales.

DOMESTIC SALES

The Domestic Sales are derived mainly from project sales by way of tenders, and directly negotiated contracts with contractors who operate in the office renovation and fit-out sector, corporate customers who require renovation and fit-out services for their corporate offices and walk in customers who place orders at our showrooms. Other Domestic Sales are derived from sales made to distributors, resellers and retailers, and OEM customers.

EXPORT SALES

The Export Sales are primarily to overseas dealers such as furniture importers, distributors and furniture retailers who resell the Group's products to end-users through their respective retail networks and furniture brand owners that purchase from the Group on an OEM basis.

Corporate profile and Our Business

Corporate Information

BOARD OF DIRECTORS

Dr Tay Chuan Hui (Wilson Tay)
Chairman
Independent Non-Executive Director

Law Kian Siong (Matthew Law)
Group Chief Executive Officer
Executive Director

Law Pei Ling (Arica Walters)
Group Chief Operating Officer
Executive Director

Law Kian Guan (Adam Law)
Executive Director

Chin Chee Choon
Independent Director

Chow Wen Kwan
Independent Director

AUDIT COMMITTEE

Chin Chee Choon
(Chairman)
Dr Tay Chuan Hui (Wilson Tay)
Chow Wen Kwan

NOMINATING COMMITTEE

Chow Wen Kwan
(Chairman)
Dr Tay Chuan Hui (Wilson Tay)
Chin Chee Choon
Law Pei Ling (Arica Walters)

REMUNERATION COMMITTEE

Dr Tay Chuan Hui (Wilson Tay)
(Chairman)
Chin Chee Choon
Chow Wen Kwan

COMPANY SECRETARY

Seah Kim Swee, FCIS

REGISTERED OFFICE

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095
T : (65) 6533 7600
F : (65) 6594 7855

SHARE REGISTRAR & SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
T : (65) 6533 7600
F : (65) 6594 7811

Audit Partner-in-charge: Chan Sek Wai
Appointed on 9 June 2014

INVESTOR RELATIONS

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195, Pearl's Hill Terrace
#02-15/16/17
Singapore 168976
T : (65) 6220 7567
E : edwinlee@capitalaccess.com.sg
aikkee@capitalaccess.com.sg

PRINCIPAL PLACE OF BUSINESS

Lot 6119, Jalan Haji Salleh
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan
Malaysia
T : (603) 3392 6888
F : (603) 3392 3377

PRINCIPAL BANKER

Malayan Banking Berhad
Suite 2.01 (Level 2)
Intan Millennium Square
68 Jalan Batai Laut 4, Taman Intan
41300 Klang
Selangor Darul Ehsan
Malaysia

United Overseas Bank
(Malaysia) Berhad
(Kuala Lumpur Main Branch)
Level 9, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

Board of Directors

From left:

Chin Chee Choon, Arica Walters, Dr Wilson Tay, Matthew Law, Adam Law, Chow Wen Kwan

Dr Wilson Tay

Non-Executive Chairman &
Independent Director

Dr Wilson Tay was appointed as an Independent Non-Executive Chairman on 21 August 2014. He is currently the Chief Executive Officer and Principal Consultant of Omni View Consulting (M) Sdn Bhd, a strategic human capital and corporate transformation-consulting firm. At the end of 2013, he retired from his position as the Professor of Management and Dean of the Faculty of Business, Communications and Law at INTI International University in Malaysia. He previously worked as the Chief Executive Officer of Malaysian Institute of Management, Vice President and Head of Technopreneur Development Flagship of Multimedia Development Corporation (Malaysia), Chief Executive Officer of TEC Asia Centre Sdn Bhd in Malaysia and was the Director of Corporate Services at the Art Gallery of Western Australia. Having worked in these senior management positions, he is well qualified and experienced in corporate management.

Dr Wilson Tay is qualified as a Chartered Accountant and Chartered Secretary. He is a Fellow of the Institute of Chartered Accountants in Australia, Fellow of the Australian Society of Certified Practicing Accountants in Australia, Fellow of the Institute of Chartered Secretaries and Administrators in Australia and Fellow of the Institute of Corporate Managers, Secretaries and Administrators Ltd. in Australia. He holds a Bachelor's Degree in Business (Accounting), Graduate Diploma in Business and Administration and Master of Business from Western Australian Institute of Technology in Australia, a Doctorate of Management (with Distinction) from the International Management Centres validated by Southern Cross University in Australia.

Matthew Law

Group Chief Executive Officer &
Executive Director

Matthew Law joined the Group in January 1994 and is currently the Group Chief Executive Officer and Executive Director of the Group. He was appointed as Chief Executive Officer since 2012 and is responsible for the Group's strategic direction and expansion plans, developing and maintaining relationships with the customers and suppliers as well as overseeing the Group's general operations, in particular, the sales, sales support, marketing, research and development, quality assurance and purchasing departments. He has over 21 years of experience in the furniture industry and has been instrumental in the establishment and development of the Group's business.

Matthew Law holds a Bachelor's Degree in Business Administration from Camden University of the USA, and is the Vice President of the Kuala Lumpur and Selangor Furniture Industry Association ("KLSFIA") since 2011.

Arica Walters

Group Chief Operating Officer &
Executive Director

Arica Walters joined the Group in June 1995 and was appointed the Group Chief Operating Officer and Executive Director in 2014. She was the Deputy Chief Executive Officer since 2012. With over 20 years of experience in furniture industry, she is responsible for the strategic planning for the business expansion of the Group, overseeing corporate compliance in operational matters as well as overseeing the Group's general operations, in particular, the human resource and administration, finance and accounts, information technology and business development departments.

Arica Walters holds a Diploma in Business Administration, majoring in Marketing, from Singapore Polytechnic and a Bachelor's Degree in Business Studies from Charles Sturt University of Australia.

Directors'

Adam Law

Executive Director

Adam Law joined the Group in September 2005 and is currently the Executive Director. Adam has more than 9 years of experience in the furniture industry and he is in charge of the production, sales, project and site management aspects of the Group and the technical aspects of the products. He also enforces the Group's procedures and policies and oversees the production, logistic and technical departments.

Adam Law holds a National Technical Certificate Grade 3 in Motor Vehicle Mechanics and a Certificate of Apprenticeship in Automative Technology (Light Vehicles) from the Institute of Technical Education, and a Certificate of Participation (Solid Edge with Synchronous Technology Fundamental Training) from Esolid Solutions Sdn Bhd of Malaysia.

Chin Chee Choon

Independent Director

Chin Chee Choon was appointed to our Board as an Independent Director on 21 August 2014. He is currently a director in the assurance department of Nexia TS Public Accounting Corporation and heads the corporate governance and risk management services of the firm. He has more than 17 years of experience in external audit, internal audit and risk management with two Big Four accounting firms in Singapore, namely Deloitte & Touche and PricewaterhouseCoopers, and two (2) US multinational corporations, Computer Sciences Corporation and Murphy Oil Corporation, prior to joining Nexia TS Public Accounting Corporation. He graduated with a Bachelor's Degree in Accounting from the University of South Australia, and he is a Fellow Certified Practicing Accountant of CPA Australia, a Certified Internal Auditor of the Institute of Internal Auditors, a Chartered Accountant of Singapore and Certified Public Accountant of the Institute of Singapore Chartered Accountants and an Ordinary Member of the Singapore Institute of Directors.

Chow Wen Kwan

Independent Director

Chow Wen Kwan was appointed to our Board as an Independent Director on 21 August 2014. He is currently a partner of ATMD Bird & Bird LLP in Singapore. Chow Wen Kwan has more than 13 years of experience in legal practice and his practice focuses on mergers and acquisitions, private equity as well as equity and debt capital markets. He had worked in Fried, Frank, Harris, Shriver & Jacobson LLP in New York, Hogan Lovells in Hong Kong and White & Case LLP and Drew & Napier LLC in Singapore. Chow Wen Kwan graduated with a Bachelor of Laws from the National University of Singapore in 1998 and a Master of Laws from the University of Virginia in 1999. He also holds a certificate in Governance as Leadership from the Harvard Kennedy School. Chow Wen Kwan is qualified to practice in Singapore and New York, USA.

Profile

Key Management

Bevan Walters
(Head of Research and Development)

Bevan Walters joined the Group in December 2011 as the Managing Director of Steeltema and is currently the Head of Research and Development since July 2014. He is responsible for the Group's research in new product innovation and design and development. He also served as a director at Machinery Worx Limited in New Zealand from 2007 to 2010. He has been also serving as the Managing Director of Designworx Limited in New Zealand since 2008.

Bevan Walters completed a Foundation — Introduction to Electrical-Electronic Engineering course and obtained a New Zealand Certificate in Engineering (Mechanical) from Waikato Polytechnic in New Zealand. He was awarded the Advanced Vocational Awards (Mechanical Drawing) by the New Zealand Qualifications Authority.

Ryonn Leong
(Marketing and Business Development Manager)

Ryonn Leong joined the Group in February 2012 as an Export Manager, and is currently the Marketing and Business Development Manager. He is responsible for the marketing aspects of the Group and also assists the Chief Executive Officer in business development.

Ryonn Leong holds a Diploma in Science (Information System Engineering) from Tunku Abdul Rahman College in Malaysia, an Advanced Diploma in Commerce, majoring in Management and Marketing, from Metropolitan College Malaysia (in collaboration with Curtin University of Technology, Western Australia) and a Bachelor's Degree in Commerce, majoring in Management and Marketing, from Curtin University of Technology of Australia.

Ong Ying Ling
(Group Finance Director)

Ong Ying Ling was appointed as Group Finance Director since April 2012. She is responsible for the financial operations of our Group and is currently assisted by Ms Yoon Hooi Eng, our Group Accountant who has 15 years of experience in the accounting and finance fields. In 1988, she started her career as an Audit Senior I at BDO Binder, Certified Public Accountants, in Malaysia. In 1994, she worked as an Audit Senior II at Ernst & Young, Certified Public Accountants, in Malaysia. In 1995, she became the Group Finance Manager at Super Enterprise Holdings Berhad, a company listed on the main market of Bursa Malaysia. In 2003, she worked as the Group Internal Audit Manager of Super Enterprise Holdings Berhad, and became the Group Finance and Administration Manager in 2004.

Ong Ying Ling has completed the following examinations conducted by the Malaysia Association of Certified Public Accountants: Foundation Examination, Professional Examination I and Professional Examination II (Module 5).

Henry Lim
(Production Manager)

Henry Lim joined the Group in March 2012 as Production Manager. He is responsible for the overall planning and production operations of our Group.

Henry Lim holds a Bachelor's Degree in Science from Campbell University of the USA. He was awarded a Certificate of Achievement for successfully completing the ISO9000:2000 Auditor / Lead Auditor Programme by the International Register of Certificated Auditors and IATCA Compliant in 2004.

Yoon Hooi Eng
(Group Accountant)

Yoon Hooi Eng joined the Group in January 2014 and is currently our Group Accountant. She reports directly to our Group Finance Director and has been responsible for the financial accounting and reporting function of the Group's business since she joined. She is also involved in the oversight of the Group's treasury functions as well as the day to day accounting and all financial operations of the Group.

She started her career in 1999 as an account and company secretarial assistant at KMK Management Services Sdn Bhd. In 2004, she worked as an Audit Senior at Ng Chin Huan & Associates. In 2007, she worked as a Senior Accounts Executive in GPA Holdings Berhad. In 2009, she worked as an Assistant Accountant at Advance Synergy Berhad.

Yoon Hooi Eng holds a Third Level Group Diploma in Accounting from Systematic College in Malaysia and is certified as a Member by the Association of Chartered Certified Accountants and a Chartered Accountant by the Malaysian Institute of Accountants.

Our Philosophy

We Deliver Solutions

- We believe in delivering furniture of exceptional quality and excellent craftsmanship to meet the needs of our customers.
- We assist our customers in designing an ideal workplace that will facilitate an increase in performance, productivity, foster an environment conducive for innovative brainstorming, and create a sense of well being among the staff.

We Are Customer-Oriented

- We focus in building strong and mutually beneficial long-term relationships with our customers by providing not only the best products to meet their demands but also long-term customer support.

We Are Dedicated to Continuous Improvements

- We strive to continuously better ourselves both in meeting our customers' expectations and setting new standards that will exceed those expectations.
- We continuously focus our efforts in research and development, ensuring that our new range will always be on the cutting edge of ergonomic technology while retaining the comfort, durability and aesthetics that we are well known for.

We Care For One Another

- We are an equal opportunity employer - we do not discriminate anyone by race, gender or age.
- We value our employees because they are not only the heart and soul of the Versalink family; they are also the foundation for our continuous growth and success.
- We strive to provide a rewarding working environment ripe with opportunities for personal growth and enhancement for our valued staff.

Group Corporate Structure

VERSALINK HOLDINGS LIMITED

Investment Holding

Malaysia

100% Jemaramas Jaya Sdn. Bhd.

Manufacture, marketing and sale of system furniture and other furniture related products

100% Versalink Marketing Sdn. Bhd.

Marketing and sale of system furniture and other furniture related products

100% Steeltema (M) Sdn. Bhd.

Manufacture of metal parts and components

100% Versalink Technology Sdn. Bhd.

Dormant

Singapore

100% Versalink (S) Pte. Ltd.

Dormant

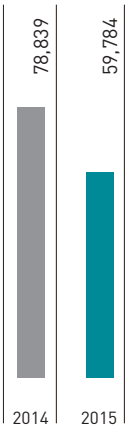
100% Versalink System Furniture (S) Pte. Ltd.

Dormant

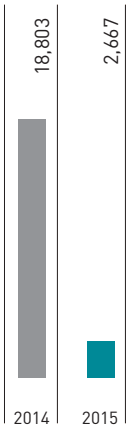
Financial Highlights

FOR THE YEAR	FY2014 RM'000	FY2015 RM'000
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	78,839	**59,784**
Profit Before Tax	18,803	**2,667**
Profit attributable to owners of the Company	14,544	**601**
Statement of Financial Position		
Total Assets	62,716	**76,100**
Equity attributable to owners of the Company	44,357	**63,055**
Issued and paid-up capital	3,479	**62,513**
Ratios		
Earnings per Share (Sen)		
- On weighted average number of Ordinary Shares on issued	13.22	**0.50**
- On fully diluted basis	13.22	**0.50**
Net Assets per Share (Sen)	40.3	**46.7**
Return on Shareholders' Fund (%)	32.8%	**1.0%**
Gross Dividend per Share - First and Final (Singapore cent)	NA	**0.5**
Dividend Cover (times)	NA	**1**

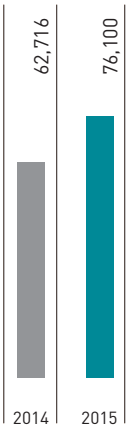
Revenue
(RM'000)



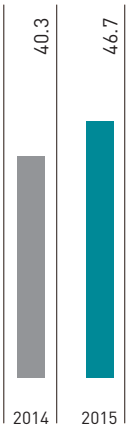
Profit Before Tax
(RM'000)



Total Assets
(RM'000)



Net Assets per Share
(Sen)



MIFF 2015
FURNITURE EXCELLENCE AWARD

This is to certify that

JEMARAMAS JAYA SDN BHD
- MURO SET A -

has been awarded the

PLATINUM AWARD
(Office Furniture Category)

MIFF 2015 Furniture Excellence – Platinum Award, Office Furniture Category

Certificate of Recognition

This is to certify that

JEMARAMAS JAYA SDN BHD

is 9th Position winner of the
TOP 10 EXCELLENT EAGLE
GOLDEN EAGLE AWARD 2014
Malaysia 100 Excellent Enterprises

14 November 2014

Golden Eagle Award 2014 – Top 10 Excellent Eagle

awards and Certifications

Golden Eagle Award 2014 – Malaysian 100 Excellent Enterprises

The Ideation Award 2011, The Best Prototype Maker

Industry Excellence Award 2005
- Export Category

Enterprise 50 Award 2002

Enterprise 50 Award 2001

28th International Trophy for Quality (New Millennium Award), Madrid 2000, Spain

GREENGUARD Certification
For low emitting products and materials

GREENGUARD Gold Certification
For low emitting products and materials that are used for sensitive individual such as in schools and healthcare facilities

ANSI/BIFMA X5.6 – 2003 "Panel System" Certification

PEFC Certificate for Chain-of-Custody of Forest Based Products - Requirements

FSC Chain-of-Custody Certification
FSC-STD-40-004 V2-0 – SGS South Africa (Pty) Ltd.

ISO 9001:2008 Quality Management System
For Manufacture of Office System Furniture

ISO 14001:2004 Environmental Management System
For Manufacture of Office System Furniture

Dear Shareholders,

On behalf of the Board of Directors of Versalink Holdings Limited ("Versalink" or the "Company"), it is my pleasure to present to you the consolidated audited financial results of the Company and its subsidiaries (the "Group") for the financial year ended 28 February 2015 ("FY2015").

INCORPORATION AND LISTING

Versalink was incorporated in the Republic of Singapore on 21 April 2014 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Group was formed pursuant to a restructuring exercise (Restructuring Exercise) undertaken in connection with the Versalink's listing on Catalist in Singapore. The core business of manufacturing and selling mid to high-end system furniture has been built over more than 30 years by the founder and the Law family. The Group enjoyed a strong operating year in FY2014 and was able to prepare for its listing and make its debut on the Catalist on 24 September 2014.

chairman's

The focus on aggressive sales and the relentless efforts by the Versalink Team to strive together, should achieve better results in 2016

Statement

Chairman's Statement

FINANCIAL PERFORMANCE

FY2015 was a challenging year. The Group's revenue decreased by 24.1% from RM78.8 million to RM59.8 million as the uncertainty and slowdown of the global businesses and domestic developments in Malaysia had adversely impacted on the Group's revenue. We saw the economic uncertainty in Europe and the sharp decline in crude oil prices since middle of 2014 in the Middle East, affecting the economy of our second largest market for the Group. These developments have during the financial year impacted on the Export markets. Domestically, many significant projects that the Group had previously enjoyed have been held in abeyance or deferred while anticipating the impending introduction of the Goods and Services Tax ("GST") by the Malaysia government which came into effect on 1 April 2015.

For the financial year under review, the Group's bottom line was also affected by the IPO one-off expense and increase in related expenses to prepare for the listing.

Both these phenomenon and the IPO exercise has led to a lower operating profit for the financial year ended 2015. The Management team of Versalink is optimistic that with the listing completed, the focus can now be strategized in renewed efforts to increase revenue for the Group in FY2016.

With the successful listing, the proceeds of the IPO will be used to purchase new machinery, and Versalink will embark on the consolidation and integrated plans for subsidiaries to lay the platform for further growth and expansion.

DIVIDEND

Whilst the Group has experienced a downturn of revenue and profit for the financial year, it is optimistic about the future of the business. With this confidence, the Board in line with the listing exercise recommends a final tax exempt (one-tier) dividend of 0.5 cent per ordinary share amounting to S$675,000. This proposal will be presented to our Shareholders for approval at the forth coming Annual General Meeting ("AGM").

OUTLOOK AND PROSPECTS

The Group is confident and optimistic of the future in the office furniture industry both in Export and Domestic markets. There are growth opportunities in the Middle East and the Asia Pacific region namely Thailand, Philippines, Indonesia and Singapore. Focused efforts will be made to capture and increase market share in these key markets for system furniture.

In Malaysia, a new showroom with distribution warehouse has been established in the Iskandar Region of Johor Bahru to capture the southern markets, while more efforts will be made in the northern region as the Group is currently planning to open its first showroom in Penang to capture new markets.

Export segment accounts for 61.7% while Domestic segment accounts for 38.3% of the total revenue in FY2015. The Group remains moderately optimistic of overcoming the challenging operating environment in these markets.

ACKNOWLEDGEMENT AND APPRECIATION

FY2015 has been a trying year for all the employees in the preparation for the Company's listing exercise and expansion programs. This success has been due the dedication of everyone in the Group.

We strongly believe that the Group's accomplishments have been made possible with the unwavering support rendered to us by all the stakeholders. On behalf of the Board, I would like to extend our sincere thanks to all our customers, suppliers, principals, business associates, financiers and government authorities for their assistance and continued support towards the Group.

Finally, we would like to express our gratitude to our valued shareholders for their continuous confidence in Versalink. And to my Board colleagues, my heartfelt appreciation for their professional guidance and valuable contribution. I also wish to extend my sincere thanks to the management team and employees of Versalink for their tireless efforts, commitment and dedication in contributing to the Group. We will strive together to achieve better results ahead in FY2016.

Dr Wilson Tay Chuan Hui
Chairman

We will continue to focus on maintaining strong business relationship with our customers and to remain competitive through product innovation and quality improvements

CEO's Statement

Dear Shareholders,

During the financial year, we focused on our business expansion and our listing on the Singapore Stock Exchange, Catalist.

FINANCIAL REVIEW

For the financial year ended 28 February 2015 ("FY2015"), the Group registered RM59.8 million in revenue as compared to RM78.8 million for the previous corresponding financial year. The decrease in Group's revenue by approximately RM19.0 million or 24.1% was mainly due to lower revenue from both the Export and Domestic segments. FY2015 has been a challenging year. We saw the listing of the company on 24 September 2014 riding on a strong operating performance in FY2014.

During the financial year under review, we witnessed the fall in oil price that affected our revenue in the Middle East, the second largest export market. The Group's Export segment experienced a 12.8% decline in total revenue to RM36.9 million in FY2015 as compared to RM42.3 million in FY2014. This decrease in revenue was mainly due to the slowdown in global business activities, the overall impact of lower oil price and the ripple effects of a slowdown in the related areas of the economy.

In the domestic market, we saw the uncertainty of the impending Goods and Services Tax ("GST") by the Malaysian government which came into effect on 1 April 2015. The Group's Domestic segment's revenue of RM22.9 million represents a 37.3% drop in FY2015 over its revenue of RM36.5 million recorded in FY2014. Sales in the domestic market had slowed down considerably, affected by inflationary pressure and economic uncertainties surrounding the implementation of GST in Malaysia. The economic activities and projects are delayed as foreign investors and private corporations adopted a cautious wait-and-see policy. In addition, trimming down in government spending following changes in the global economic landscape has also affected the Group's revenue. Due to these uncertainties, the projects that were enjoyed before by the Group were deferred.

Cost of sales decreased by 17.2% or RM8.0 million from RM46.4 million in FY2014 to RM38.4 million in FY2015. As a result, the Group's gross profit margin decreased from 41.1% in FY2014 to 35.8% in FY2015.

As part of the Group's expansion plan in FY2015, marketing and distribution expenses incurred RM7.3 million. This is an increase of 11% mainly involved in staff recruitment, advertising, and new showroom rental.

General and administrative expenses also increased by 67.9% or RM5.0 million from RM7.3 million in FY2014 to RM12.3 million in FY2015. The increase was mainly due to the one-off IPO and restructuring expenses of RM4.1 million charged to the income statement in FY2015. The Group also recorded a higher effective tax rate of 77.5% for FY2015 as compared to 22.7% for FY2014 as certain expenses, in particular the IPO expenses were not deductible for taxation purposes.

As a result, Versalink recorded a net profit after tax of RM0.6 million for FY2015 as compared to RM14.5 million in FY2014.

As of 28 February 2015, the Group's balance sheet remained healthy, with a strong cash position of RM25.0 million, compared to RM11.5 million in the preceding year.

- Reception
- Architectural
- System Series
- Filling & Storage
- Meeting & Conference
- Executive Series
- Seating
- Accessories

The Future with Versalink

An innovative workplace demands an innovative workspace. And the natural solution to this is Versalink, a world-class builder of office furniture that infuses aesthetics, ergonomics, durability and comfort into all its designs.

OPERATIONS REVIEW

Global furniture market has seen demand shift towards Asia Pacific, South America, Africa and the Middle East. Emerging markets are expected to make up an increasing share of office furniture export markets. The Group is now focused on the Asia Pacific region namely Thailand, Philippines, Indonesia and Singapore as this region has positive economic developments.

Iskandar Malaysia, the largest single development project ever to be undertaken in the region, has an area that covers 2,217 km^2. The Malaysian government is shaping the Iskandar region in Johor into a metropolitan hub. This encompasses luxury residences, high value commercial properties, services and industrial districts as well as leisure centers. Iskandar Malaysia stands out as a compelling and convenient investment destination, especially for Singapore companies, due to factors such as close proximity to Singapore, warm bilateral ties and investment-friendly policies. The proposed Johor Bahru-Singapore rapid transit and the Kuala Lumpur-Singapore high speed rail link will improve the connectivity and shorten travelling time between Johor Bahru and Singapore, as well as Kuala Lumpur and Singapore, thus, boosting Iskandar Malaysia as a lower-cost alternative location to Singapore. In FY2015, the Group opened its first showroom in Johor Bahru with distribution warehouse to serve the Iskandar area and the Singapore markets. It has started generating income for the Group.

CEO's Statement

The Group has moved the Sungai Buloh Showroom to a new 3-storey showroom in Sri Damansara. A similar facility will be opened in Penang to cater for the northern market.

With the proceeds from the listing exercise, the Group has replaced some of its machinery with new and more efficient ones to increase productivity. More technically trained staff were recruited to cater for the expansion.

GOING FORWARD

The global economy is still passive as the large developed economies are less dynamic compared to previous years. The outlook for the office furniture industry is not promising for FY2015, as a period of slow growth continues. However, it is projected to pick up in FY2016 and remain in a steady growth through the year as the recovery in the US economy is clearly gaining momentum, supported by its strong domestic economic fundamentals. Some advanced economies would also benefit from lower global oil prices. The continued depreciation of ringgit will definitely help in improving export competitiveness. According to CSIL World Furniture Outlook 2014/2015, global consumption is forecasted to grow by 3.3% in 2015, concentrated in emerging markets with 3.9% growth in the Middle East and Africa and 5.2% in Asia Pacific.

Despite the lower oil price, many countries in Middle East and Africa are still undergoing expansion and development programs that will boost demand for office furniture in the region. For example, the large construction sector in Saudi Arabia, worth USD624 billion in 2013, has lent a platform to propel the country's demand in office furniture. Saudi Arabia and the U.A.E. are also the largest importers of Malaysian made office furniture for the Middle East market, accounting for 11.1% of the country's exports for 2013. As such, rising demand from these Middle Eastern markets will continue to present opportunities for further growth for the Group's Export segment.

The developments of high-end offices in Malaysia, especially in Kuala Lumpur and the Iskandar Region in Johor Bahru will boost demand for office furnitures inspite the implementation of GST. Notable projects include the Tun Razak Exchange, Warisan Merdeka, KL Metropolis in Greater Kuala Lumpur and Medini in Iskandar Malaysia.

Moving ahead, we will endeavor to grow our business and continue to tighten our operating costs to improve productivity and efficiency. We will continue to focus on maintaining strong relationships with our customers and remain competitive through product innovation and quality improvements. We will continue to strengthen our presence in key markets in Malaysia, Middle East and the Asia Pacific region.

With our strong foundations and fundamentals in place, we remain committed and positive to siege growth opportunities. We will continue to overcome challenges and create value for all our shareholders on our journey ahead.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to our customers, principals, business associates and our employees for their continuous support, confidence and dedication to us.

My sincere thanks to the Board of Directors for their professional guidance, advice and insights. And lastly, I would like to acknowledge my fellow Versalink management colleagues and employees for your commitment, dedication and fortitude in preparing for the Company's listing on the Catalist in Singapore, and also for overcoming all the challenges in the year under review. Let us work together for a better and prosperous year in FY2016.

Matthew Law Kian Siong
Group Chief Executive Officer

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Corporate Governance Report

The Board of Directors (the "Board") of Versalink Holdings Limited (the "Company") and its subsidiaries (the "Group") are committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group to protect the interests of the shareholders of the Company and to maximize long-term shareholders' value.

This report (this "Report") describes the Group's corporate governance structures and practices currently in place with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") and, where applicable, the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual: Section B Rules of Catalist (the "Catalist Rules").

The Board is pleased to confirm that for the financial year ended 28 February 2015, the Group has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanation have been provided.

A. BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board is responsible for overall corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Company. The Board supervises the Management on the businesses and affairs of the Company. The main roles of the Board, apart from its statutory responsibilities, are to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues in the formulation of its strategies.

To assist the execution of its responsibilities, the Board has formed three (3) committees: (i) Audit Committee ("AC"); (ii) Nominating Committee ("NC"); and (iii) Remuneration Committee ("RC") (collectively referred herein as the "Board Committees"). The Board Committees were formed at the time of our listing on the SGX-ST and are chaired by Independent Directors. The Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

The Executive Directors also supervise the management of the business and affairs of the Company, and in order to ensure that the Group's operations are not disrupted, the meetings of the Board and the Board Committees are scheduled prior to the start of each financial year. Ad-hoc meetings are also convened when circumstances require, and/or resolutions in writing of the Board are circulated for matters that require the Board's approval. The Company's Articles of Association permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held since the listing of the Company on Catalist on 24 September 2014 and during the financial year ended 28 February ("FY") 2015 are as follows:

Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Dr Wilson Tay	2	2	2	2	2	2	2	2
Matthew Law	2	2	2	2*	2	2*	2	2*
Arica Walters	2	2	2	2*	2	2	2	2*
Adam Law	2	2	2	2*	2	2*	2	2*
Chin Chee Choon	2	2	2	2	2	2	2	2
Chow Wen Kwan	2	2	2	2	2	2	2	2

* By invitation

The Company has adopted internal guidelines on the following matters that are reserved for Board's decision and/or approval:-

a) overall business strategies;

b) corporate governance and compliance;

c) financial performance and result announcements;

d) audited results and annual reports;

e) annual budgets, investment and divestment proposals;

f) material acquisition and disposal of assets;

g) internal controls and risks management;

h) declaration of interim dividends and proposed final dividends; and

i) all matters, which are delegated to Board Committees, are to be reported to and monitored by the Board.

The Company has and will organize orientation programs for newly appointed Directors to familiarize with the Group's operations, business issues and the relevant regulations and governance requirements. Newly appointed Directors will be provided with a formal letter of appointment setting out their duties, obligations and terms of appointments.

The Directors are updated on pertinent developments in the Group's business, including changes in laws and regulations, financial reporting standards and industry-related matters. Directors are encouraged to attend seminars and participate in training courses to enable them to perform effectively as Directors. Seminar announcements are communicated to them regularly. The Company will arrange and will bear the cost of such training for the Directors.

The Company Secretary will attend all Board and Board Committee meetings. He is responsible for ensuring that procedures are followed and that the Company has complied with the requirements of the Companies Act and all other rules and regulations that are applicable to the Company. The Directors have independent access to the Company Secretary at all times.

Corporate Governance Report

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Annual Report, the Board comprises three (3) Executive Directors and three (3) Independent Directors and their membership on the Board Committees are as follows:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dr Wilson Tay	Non-Executive Chairman & Independent Director	Member	Member	Chairman
Matthew Law	Executive Director & Group Chief Executive Officer	–	–	–
Arica Walters	Executive Director & Group Chief Operating Officer	–	Member	–
Adam Law	Executive Director	–	–	–
Chin Chee Choon	Independent Director	Chairman	Member	Member
Chow Wen Kwan	Independent Director	Member	Chairman	Member

The Board considers an Independent Director as one who has no relationship with the Company, the related companies, its ten per cent (10%) shareholders or the officers that could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent judgment of the conduct of the Group's affairs. The independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code. Each Director is required to disclose to the Board any relationships or circumstances as and when they arise, which are likely to affect, or could appear to affect the Director's judgment.

The NC has reviewed and has identified each of the Company's Independent Directors to be independent. As half of the Board is made up of Independent Directors, the NC believes the Board shall be able to exercise independent judgment on corporate affairs and ensures that no one individual or groups of individuals dominate any decision making process. The NC is of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience, who as a group, provides core competencies necessary to meet the Group's objectives. For details on the experiences and responsibilities of the Directors, please refer to their profiles set out in pages 6 and 7 of this Annual Report.

Chairman and Group Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Dr Wilson Tay is the Non-Executive Chairman and Independent Director and Mr Matthew Law is the Group Chief Executive Officer. There is a clear division of responsibilities between the Non-Executive Chairman and the Group Chief Executive Officer, which provides a balance of power and authority.

The Non-Executive Chairman sets the tone for the conduct of the Board and ensures the Group adhere to best corporate governance practices as prescribed by the Code. He leads the Board to ensure its effectiveness on all aspects of its role, ensures that the Board holds regular meetings and ensures the timeliness and quality of information flow between the Board and the Management. He also encourages constructive relations within the Board and between the Board and Management.

The Group Chief Executive Officer is responsible for the business and operational decisions of the Group. He is also responsible for the day-to-day operations of the Group and implementations of the Board's decisions.

The balance of power and authority is further enhanced by the Board Committees which are all chaired by Independent Directors.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee ("NC") is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments. Our NC comprises the Company's three (3) existing Independent Directors, Chow Wen Kwan, Dr Wilson Tay, Chin Chee Choon and Arica Walters. The Chairman of the NC is Chow Wen Kwan.

The NC is authorized by the Board to:

(a) to make recommendations to the Board on the appointment and re-appointment of Directors (including Alternate Directors, if applicable).

(b) to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.

(c) to determine the process for the search, nomination, selection and appointment of new Board members and assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent.

(d) to review Board succession plans for Directors, in particular, the Chairman and Group Chief Executive Officer.

(e) to develop a process for the evaluation of performance of the Board, its Board committees and Directors.

(f) to determine how the Board's performance may be evaluated and propose objective performance criteria.

(g) to assess the effectiveness of the Board as a whole and its Board committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board.

(h) to review training and professional development programs for the Board.

(i) to determine, on an annual basis, if a Director is independent.

(j) to make recommendations to the Board for the continuation (or not) in the services of any Director who has reached the age of seventy (70) years, where appropriate.

(k) to recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election.

All Directors are required to submit themselves for nomination and re-election at regular intervals and at least once every three (3) years. Directors appointed as an additional Director or to fill any casual vacancy shall hold office only until the next Annual General Meeting ("AGM") and shall be eligible for re-election.

Corporate Governance Report

(l) to review and determine whether the Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of Board representations on listed companies and other principal commitments.

(m) Such other duties or functions as may be delegated by the Board or required by regulatory authorities.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

The NC considers and recommends to the Board the appropriate structure, size and needs of the Board, with regard to the appropriate skills mix, personal qualities and experience required for the effective performance of the Board. The NC also recommends all appointments and retirements of Directors and considers candidates to fill new positions created by expansion or vacancies that occur by resignation, retirement or for any other reasons.

Candidates are selected based on their character, judgment, business experience and acumen. Where a Director has multiple board representations, the NC will evaluate if a Director is able to and has been adequately carrying out his or her duties as Director of the Company. Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. The NC has determined that each of the Independent Directors should not hold more than six (6) listed company board representations and other principal commitments.

The Company's Articles of Association provides that at each AGM of the Company, not less than one third of the Directors (who have been longest in office since their appointment or re-election) are to retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM.

In this respect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming AGM:

Pursuant to Article 118 of the Articles of Association of the Company:

(i) Matthew Law

(ii) Arica Walters

(iii) Adam Law

(iv) Dr Wilson Tay

(v) Chin Chee Choon

(vi) Chow Wen Kwan

Chow Wen Kwan, Dr Wilson Tay, Chin Chee Choon and Arica Walters, being members of the NC, have abstained from deliberation in respect of their own respective nomination and assessment.

The NC has reviewed the independence of the Board members and is of the opinion that Dr Wilson Tay, Mr Chin Chee Choon and Mr Chow Wen Kwan are independent. Each of these Directors has also declared that they are independent.

Key information regarding the Directors is set out in pages 6 and 7 of this Annual Report.

In respect to FY2015, the NC is of the view that each Director had discharged his duties adequately.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

The NC has assessed the performance and effectiveness of the Board as a whole and the Board Committees on an annual basis. The evaluation of the Board performance is based on objective performance criteria which include attainment of agreed targets, performance of the Board, attendance and contribution of each Director during Board meetings.

In evaluating the Board performance, assessment is conducted by the NC at least once a year by way of a Board Assessment Checklist where all the Directors are to complete the checklist on the effectiveness level of various aspects of Board performance, such as Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control and communicating with shareholders. The performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The NC, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole is of the view that the performance of the Board and each individual Director has been satisfactory.

The NC has determined that given the number of Directors of the Company, size of the Board, the background, expertise and the participation in the Board meetings of the Company, it is not necessary to evaluate the individual performance of each Director.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider such engagement.

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company recognizes the importance of continual dissemination of relevant information that is explicit, accurate, timely and vital to the Directors in carrying out their duties. As such, the Directors requires the Management to provide half-yearly reports to the Board on the financial statement for their review, and allowing the Directors to have the awareness of the Group's financial position. The Board has also been given detailed information concerning the Group's business operations periodically.

In exercising their duties, the Directors have unrestricted access to the Company's Management, Company Secretary and Independent Auditors. The attendance of the Company Secretary and Sponsor at all the meetings held by the Board and/or the Board Committees ensures that procedures for these meetings (including those stipulated in the Articles of Association) are followed and that applicable rules and regulations, including the requirements of the Singapore Companies Act, Chapter 50 and the Singapore Exchanged Securities Trading Limited, are complied with.

The appointment and removal of the Company Secretary are subject to the approval of the Board. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

Corporate Governance Report

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises the Company's three (3) existing Independent Directors, Dr Wilson Tay, Chin Chee Choon and Chow Wen Kwan. The Chairman of the RC is Dr Wilson Tay.

The RC is authorized by the Board to:

(a) review and recommend to the Board a general framework of remuneration for the Board and key management personnel and to review and recommend to the Board the specific remuneration packages and terms of employment for each Director, key management personnel of the Group and employees related to Directors or, controlling shareholders of the Group.

(b) review whether the Executive Directors and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

(c) administer the performance based Bonus scheme and any other share option scheme or share plan established from time to time for the Directors and key management personnel.

(d) carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors.

(e) consider the disclosure requirements for Directors' and key management personnel's remuneration as required by the SGX-ST and according to the Code.

The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arises. In respect of fees for Directors, approval of shareholders is required at each Annual General Meeting of the Company.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC carries out annual reviews of the remuneration packages of the Board and the key management personnel. In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain Directors of experience and good standing.

Our Executive Directors have entered into service agreements with the Company, subject to renewal. The Service Agreements are for a period of two (2) years with effect from the date of admission of the Company on Catalist (unless otherwise terminated by either party giving not less than six (6) months' notice, or such shorter period as may be mutually agreed between the parties, to the other). The Company may also at any time forthwith terminate the Service Agreements of the Executive Directors if he or she, inter alia, be guilty of any dishonesty, gross misconduct or willful neglect of duty or commit any continued material breach of the provisions of his/her respective Service Agreement, becomes bankrupt or persistently refuses to carry out any reasonable lawful order given to him/her in the course of his/her employment or persistently fails diligently to attend his/her duties.

Pursuant to their respective Service Agreements, Matthew Law, Arica Walters and Adam Law are entitled to a fixed monthly salary and an annual wage supplement of two (2) month's basic salary, to be pro-rated accordingly if the period of employment of the Executive Director for the relevant financial year is shorter than six (6) calendar months.

In addition, Matthew Law and Arica Walters are also entitled to a performance bonus (the "Performance Bonus") in respect of each financial year commencing from and including FY2015, which is calculated based on the consolidated net profit before tax ("NPBT") and exceptional items of our Group, before taking into account the Performance Bonus as follows:

NPBT	**Performance Bonus**
RM15 million ⩽ NPBT ⩽ RM30 million	0.8% of the amount of the NPBT in excess of RM15 million and subject to a cap of RM120,000.00
RM30 million < NPBT ⩽ RM40 million	RM120,000.00 plus 0.5% of the amount of NPBT in excess of RM30 million and subject to an aggregate cap of RM170,000.00
NPBT > RM40 million	RM170,000.00 plus 0.3% of the amount of NPBT in excess of RM40 million

The long-term incentive schemes of the Company are the Versalink Performance Share Plan ("the Plan") and Versalink Employee Share Option Scheme ("the Scheme"). The RC is responsible for the administration of the Scheme and the Plan in accordance with the rules of both schemes.

No awards were granted during FY2015 under the Scheme and the Plan.

The Independent Directors receive Directors' fees, and the Non-Executive Chairman receive chairman's fee and attendance fee, in accordance with their contributions, taking into account factors such as effort and/or time spent, the responsibilities of the Independent Directors and the need to pay competitive fees to attract, retain and motivate the Independent Directors. The RC ensures that the Independent Directors are not overly compensated to the extent their independence may be compromised. No Director is involved in deciding his or her own remuneration package.

The Company does not intend to use contractual provisions to allow it to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Corporate Governance Report

Disclosure on Remuneration

Principle 9: Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The various components of the remuneration of Directors and key management personnel of the Group for FY2015 in percentage are disclosed below. The remuneration received by Directors and key management personnel for FY2015 in each case are below S$250,000. The Company has not fully disclosed the remuneration of its Directors and key management personnel as the Board is of the view that it is not in the interests of the Company to disclose such details due to the sensitive nature of such information. Disclosure of remuneration in bands for services rendered during the financial year ended 28 February 2015 are as follows:

Name of Director	Salary	Bonus	Directors' Fees	Allowances & Other Benefits	Total remuneration
	%	%	%	%	%
Up to S$250,000					
Matthew Law	82	–	3	15	100
Arica Walters	83	–	7	10	100
Adam Law	82	–	10	8	100
Dr Wilson Tay	–	–	98	2	100
Chin Chee Choon	–	–	100	–	100
Chow Wen Kwan	–	–	100	–	100
Name of key management personnel	**Salary**	**Bonus**	**Directors' Fees**	**Allowances & Other Benefits**	**Total remuneration**
	%	%	%	%	%
Up to S$250,000					
Bevan Grant Walters [1]	88	12	–	–	100
Ong Ying Ling	82	7	–	11	100
Yoon Hooi Eng	81	7	–	12	100
Lim Kok Hean	79	7	–	14	100
Leong Yap Siong	72	6	–	22	100

The remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2015 are as follows:-

Remuneration Band and name of employee	Relationship
From S$150,001 – S$200,000	
Lee Yuet Chin	Spouse of Law Boon Seng and Step-mother to Matthew Law, Arica Walters and Adam Law
From S$100,000 – S$150,000	
Law Boon Seng	Father of Matthew Law, Arica Walters and Adam Law

Note:

(1) Bevan Grant Walters is the spouse of Arica Walters and brother-in-law of Matthew Law and Adam Law.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices. The remuneration of employees related to the Directors and Substantial Shareholders of the Company will also be reviewed annually by the RC.

C. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

One of the Board's principal duties is to promote and protect the long-term value and returns to the Shareholders, and accepts that it is accountable to the shareholders and adopts best practices to maintain shareholders' confidence and trust. Currently, the Company is required to release half-yearly and full year results announcements pursuant to the SGX-ST Listing Manual. The announcements are released via SGXNET within the respective periods stipulated in the SGX-ST Listing Manual after review by the Board. In presenting half-yearly and full year financial statements, the Board strives to provide the shareholders with detailed analysis and a balanced and understandable assessment of the Company's performance, financial position and prospects.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' investments and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the governance of risk of the Group and maintains a system of internal controls and risk management to safeguard shareholders' interests and the Group's assets.

The Audit Committee ("AC"), through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Company's system of internal controls and risk management, including financial, operational and compliance and information technology controls and to risk management policies and systems established by the Management. In assessing the effectiveness of internal controls, the AC ensures that the key objectives are met, material assets are safeguard and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

Corporate Governance Report

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no system or internal control provide absolute assurance against the occurrence of material financial misstatement or losses, poor judgment in decision-making, human errors, fraud or other irregularities.

For FY2015, the Board and the AC have obtained assurances from the Group Chief Executive Officer and Group Finance Director for the following:-

(i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

(ii) that the Group's risk management and internal control systems in place are adequate and effective in addressing the material risks of the Group in its current business environment including financial, operational, compliance and IT risks.

The Board is satisfied that the Company's framework on internal controls is adequate to provide the reasonable assurance on the effectiveness of the internal control system put in place by the Management. The Board, with the concurrence of the AC, is of the opinion that the Company's system of internal controls is adequate in addressing financial, operational and compliance risk within the Group.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises the Company's three (3) existing Independent Directors, Chin Chee Choon, Dr Wilson Tay and Chow Wen Kwan. The Chairman of the AC is Chin Chee Choon.

The AC members possess many years of experience in accounting, legal, business and financial management. The Board considers that the AC members are appropriately qualified to discharge the responsibilities of the AC.

The role of the AC is to assist the Board with discharging its responsibility to:

a) safeguard the Group's assets;

b) maintain adequate accounting records;

c) develop and maintain effective systems of internal controls and risk management;

d) ensure integrity of financial statements;

e) provide arrangements whereby concerns on financial improprieties or, other matters raised by 'whistle-blowers' are investigated and appropriate follow up action taken.

The AC meets at least twice a year:

(a) to review significant financial reporting issues and judgments to ensure integrity of the financial statements of the Company; and any announcements relating to the Company's financial performance.

(b) to review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies (such review can be carried out internally or with the assistance of any competent third parties).

(c) to review at least annually the adequacy and effectiveness of the Company's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience.

(d) to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

(e) to review the internal audit program and ensure co-ordination between the internal and external auditors and Management.

(f) to review the scope and results of the internal audit procedures.

(g) to review the scope and results of the external audit, and the independence and objectivity of the external auditors.

(h) to approve the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced.

(i) to make recommendations to the Board on proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

(j) to ensure co-ordination where more than one (1) auditing firm or corporation is involved.

(k) review with the internal and external auditors:

    (i) their audit plan, including the nature and scope of the audit before the audit commences;
    (ii) their evaluation of the system of internal controls;
    (iii) their audit report; and
    (iv) their management letters and Management's responses.

(l) to review interested person transactions (IPTs) falling within the scope of the SGX-ST Listing Manual on a half-yearly basis.

Corporate Governance Report

(m) to review the half-yearly and full year financial statements of the Company before submission to the Board for approval, focusing in particular, on:

  (i) changes in accounting policies and practices;
  (ii) major risk areas;
  (iii) significant adjustments resulting from the audit;
  (iv) the going concern statement;
  (v) compliance with accounting standards;
  (vi) compliance with stock exchange and statutory/regulatory requirements.

(n) to review the audited financial statements of the Company and the consolidated balance sheet and profit & loss account, before approval by the Board.

(o) to discuss problems and concerns, if any, arising from half-yearly and/or full year audits, in consultation with the internal and external auditors, where necessary.

(p) to meet with the external and internal auditors without the presence of Management, at least annually, to discuss any problems or concerns they may have.

(q) to ensure where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management.

(r) to review the assistance given by Management to the internal and external auditors.

(s) to review annually the independence of the external auditors, the aggregate amount of fees paid to the external auditors for the financial year and the breakdown of the fees paid in total for audit and non-audit services respectively.

(t) to review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response.

(u) to review the policy and arrangements by which staff of the Company or of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters; and conduct an independent investigation of such matters for appropriate follow-up action pursuant to the Company's whistle-blowing program.

(v) to investigate any matter within the Terms of Reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly.

(w) to report to the Board its findings from time to time on matters arising and requiring the attention of the Committee.

(x) to undertake such other reviews and projects as may be requested by the Board.

(y) to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The AC is authorized to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. The AC has full access to the Management and also full discretion to invite any Director or key management personnel to attend its meetings, and will be given resources to enable it to discharge this function.

The AC has met with the external auditors and internal auditors without the presence of the Company's Management at least once a year.

The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, RSM Chio Lim LLP, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended to the Board the nomination of RSM Chio Lim LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting. The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Details of the aggregate amount of audit and non-audit services paid or payable to the external auditors during the financial year ended 28 February 2015 are disclosed in Note 10 set out on page 73 of the Annual Report.

Whistle-blowing Policy

To encourage proper work ethics and deter any wrongdoing within the Group, the Group has established a whistle-blowing policy that stipulates the mechanism by which concerns about such plausible improprieties may be raised. To provide a channel for both employees and external parties to raise concerns and issues in good faith on possible corruption, suspected fraud and other non-compliance issues, a dedicated email address allows whistle blowers to contact the AC directly.

The AC will address the issues or concerns raised and ensure that necessary arrangements are in place for independent investigation of issues raised by the employees or external parties and also appropriate follow-up actions based on the results of the investigation. Where appropriate or required, a report shall be made to the relevant authorities for further investigation or action.

Information received pertaining to whistle blowing will be treated with confidentiality and restricted to the designated persons-in-charge of the investigation to protect the identity and interest of whistle-blowers.

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Board recognizes its responsibilities for maintaining a sound system of risk management and internal control processes to safeguard shareholders' investments and the Group's assets and business.

The Company has established an internal audit function that is independent of the activities it audits. As recommended by the Audit Committee ("AC"), the Company has outsourced the internal audit function to an independent corporation, NGL Tricor Governance Sdn Bhd ("NGL Tricor"). The internal auditors report functionally to the Chairman of AC and administratively to the Group Chief Operating Officer. A risk-based internal audit plan was approved by the AC and the results of the audit findings were submitted to the AC for its review. The internal audit function primarily focuses on assessing whether the current system of risk management and internal control provides reasonable assurance on:

1. compliance with applicable laws, regulations, policy and procedures;
2. reliability and integrity of information; and
3. safeguarding of assets.

During the financial year ended 28 February 2015, NGL Tricor reviewed key internal controls in selected areas based on a risk-based internal audit plan and reported its findings together with recommendations on areas for improvement for the AC's attention, so as to improve the adequacy and effectiveness of internal controls. The AC is satisfied that the Group's outsourced internal audit function is adequately resourced and has appropriate standing within the Group. The AC is also satisfied that the internal auditors carry out its function in accordance with the International Professional Practices Framework for Internal Auditing from the Institute of Internal Auditors.

Corporate Governance Report

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Singapore Companies Act, Chapter 50, the Board's policy is that all shareholders should be regularly informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings of shareholders. The Company will consider amending its Articles of Association at an appropriate time to allow corporations which provide nominee or custodial service to appoint more than two (2) proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company endeavors to maintain constant and effective communication with Shareholders through timely and comprehensive announcements in order to maintain a high standard of transparency and to promote better investor communications.

Information is communicated to shareholders on a timely basis through:

- The Annual Report, containing the full financial statements of the Company and the Group;
- Notices of Annual General Meeting/Extraordinary General Meeting ("AGM/EGM");
- Press release on major developments of the Company;
- SGXNET announcements;
- The Company's website at www.versalink.com where shareholders can access information on the Company. The website provides, inter alia, corporate announcements, press releases, annual reports and profiles of the Company.

The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the SGX-ST Listing Manual. However, in the event that unpublished material information is inadvertently disclosed to any selected person in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET to disclose and/or address such material information.

In addition, the Company has engaged Capital Access Communications Pte Ltd to address any queries that the investors, analysts, press or public might have on the Company's affairs. The investor relations team can be reached at IR@versalink.com.

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

a) the level of our cash and retained earnings;

b) our actual and projected financial performance;

c) our projected levels of capital expenditure and other investment plans;

d) our working capital requirements and general financing condition;

e) restrictions on payment of dividends imposed on us by our financing arrangements (if any); and

f) the general economic and business conditions in countries in which we operate.

Subject to the above, our Directors intend to recommend and distribute dividends of not less than thirty per cent (30%) of our net profits after tax attributable to our Shareholders in each of FY2015 and FY2016 (the "Proposed Dividends"). However, investors should note that all the foregoing statements, including the statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors' sole and absolute discretion.

Notwithstanding the foregoing, any payout of dividends would be clearly communicated to Shareholders via announcement released on SGXNET. In FY2015, the Board is proposing a final tax exempt (one-tier) dividend of 0.5 Singapore cent per ordinary share which is subject to the approval of the shareholders at the forthcoming AGM.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Annual General Meeting ("AGM") of the Company is a principal forum for dialogue and interaction with all shareholders. Shareholders are encouraged to attend the AGM. This allows shareholders the opportunity to communicate their views on various matters affecting the Company and to stay informed of the Company's strategy and goals. The Chairman of the Audit Committee, Remuneration Committee and Nominating Committee and external auditors are normally present at the meeting to address relevant questions. Shareholders are also given the opportunity to communicate their views and to ask the Directors and Management questions regarding the Group.

Information on general meetings is disseminated through notices in the annual report or circulars sent to all shareholders. Notices of general meetings are also released via SGXNET and published in the local newspapers, as well as posted on the Company's website.

The Company Secretary prepares minutes of the general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. These minutes would be made available to shareholders upon request.

The Company maintains separate resolutions at general meetings on each substantially separate issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

Resolutions are put to vote by poll and the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced for each resolution.

Corporate Governance Report

DEALINGS IN SECURITIES

The Company has adopted a policy whereby its Directors and employees are prohibited from dealing in the securities of the Company while in possession of price-sensitive information as well as during the period commencing one (1) month before the announcement of the Company's half-yearly and full-year results and ending on the date of the announcement of the relevant results. The Directors and officers are to refrain from dealing in the Company's securities on short-term considerations.

The Directors and employees are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions.

Directors and employees are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

INTERESTED PERSON TRANSACTIONS

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length commercial terms basis. Any Director who is interested in a transaction will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction. The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a) of the Catalist Rules.

However, pursuant to Rule 905 of the Catalist Rules, the aggregate value of interested person transactions entered into during FY2015 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
BSL Venture Sdn Bhd - Factory building lease expense and acquisition of motor vehicle	S$150,292.17	NIL

MATERIAL CONTRACTS

Rule 1204(8) of the Catalist Rules

Save for the material contracts previously disclosed in the Offer Document and in the Company's announcements, there are no other material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, Group Chief Executive Officer or controlling shareholder, either still subsisting as at 28 February 2015 or if not then subsisting or entered into since 28 February 2014.

NON-SPONSOR FEES

Rule 1204(21) of the Catalist Rules

In compliance with Rule 1204(21) of the Catalist Rules, the nature of and amount of fees for non-sponsor services rendered by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, to the Group in FY2015 were as follows:

Non-sponsor services	(S$'000)
Underwriting and placement commission in relation to the Company's Listing	222
Additional buyer's brokerage for the placement in relation to the Company's Listing	10
Receiving bank fees in relation to the Company's Listing	4
Total	**236**

USE OF IPO PROCEEDS

Rule 1204(22) of the Catalist Rules

As at the date of this Report, the net IPO proceeds of S$7,500,000 (after deduction of IPO expenses of approximately S$3,693,000 have been utilized. The use of the net IPO proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the Offer Document.

Intended Usage in accordance with the Offer Document	Allocation	Amount Utilised	Amount Unutilised
	S$'000	S$'000	S$'000
Acquisition of new machinery and setting up of new production facilities	3,765	409	3,356
Marketing, advertising and promotional activities	750	236	514
Working capital [1] and general corporate activities	1,385	1,385	–
IPO expenses	1,600	1,663	(63)
Total	**7,500**	**3,693**	**3,807**

Note:

[1] The amount deployed for general working capital includes the purchase of inventories and operating expenses.

Corporate Governance Report

CORPORATE SOCIAL RESPONSIBILITY

We recognize that for long-term sustainability, we need to look beyond the financial parameters and strike a balance between business profitability and corporate social responsibility. We have taken various steps to play our part in contributing to the welfare of the society and communities in the environment we operate in. Hence, we support important causes such as environmental preservation, donation to the needy, and community services.

Some of our initiatives include:

Environmental preservation
We are committed to the responsible use and protection of the natural environment through conservation and sustainable practices. We strive to reduce the environmental impact of our manufacturing operations by substituting raw materials with environmentally friendly alternatives. Besides adopting environmentally friendly internal guidelines on electricity, water, power and paper conservation, we also issue periodic internal newsletters that feature articles on environmental preservation.

Giving back to the community
We regularly support various services and activities within our community. We have made donations and provided sponsorships to, amongst others, schools, orphanages and old folks homes. Further, we are also involved in annual community services projects at various charitable organizations.

44 Directors' Report
48 Statement by Directors
49 Independent Auditor's Report
51 Consolidated Statement of Profit or Loss and Other Comprehensive Income
52 Statements of Financial Position
53 Statements of Changes in Equity
54 Consolidated Statement of Cash Flows
55 Notes to the Financial Statements

Director's Report and Financial Statements

Directors' Report

The directors of the company are pleased to present their report together with the audited financial statements of the company and of the group for the reporting year ended 28 February 2015. The company changed its name to Versalink Holdings Limited upon its conversion to a public company on 20 August 2014.

1. DIRECTORS AT DATE OF REPORT

The directors of the company in office at the date of this report are:

Dr Tay Chuan Hui	(Appointed on 21 August 2014)
Law Kian Siong	(Appointed on 11 July 2014)
Law Pei Ling	(Appointed on 11 July 2014)
Law Kian Guan	(Appointed on 21 April 2014)
Chin Chee Choon	(Appointed on 21 August 2014)
Chow Wen Kwan	(Appointed on 21 August 2014)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year had no interests in the share capital and options of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act"), except as follows:

Name of directors and company in which interests are held	At date of appointment	At end of the reporting year
	Direct interest	
The company – Versalink Holdings Limited	Number of shares of no par value	
Dr Tay Chuan Hui	–	100,000
Law Kian Siong	–	15,464,000
Law Pei Ling	–	15,464,000
Law Kian Guan	1	15,464,000

Name of directors and company in which interests are held	At date of appointment	At end of the reporting year
	Shareholding in which directors are deemed to have an interest	
The company – Versalink Holdings Limited	Number of shares of no par value	
Law Kian Siong	–	25,129,000
Law Pei Ling	–	270,000

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of section 7 of the Act, Mr Law Kian Siong with the above shareholdings is deemed to have an interest in all the related corporations of the company.

The directors' interests as at 21 March 2015 were the same as those at the end of the reporting year.

4. CONTRACTUAL BENEFITS OF DIRECTORS

Since incorporation, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Act by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain directors of the company received remuneration from related corporations in their capacity as directors and or executives of those related corporations.

5. SHARE OPTIONS AND PERFORMANCE SHARE PLAN

Employee Share Option Scheme ("ESOS")

The ESOS was approved pursuant to a resolution passed by the shareholders on 18 August 2014.

The ESOS is administered by the remuneration committee whose members are:

Dr Tay Chuan Hui – Chairman of the remuneration committee, independent non-executive chairman

Chin Chee Choon – Independent director

Chow Wen Kwan – Independent director

Subject to the absolute discretion of the remuneration committee, options may be granted to the following groups of participants under the ESOS:

- Group employees; and
- Group directors (including group executive directors, group non-executive directors and independent directors)

Controlling shareholders and their associates of a controlling shareholder who meet the eligibility criteria are eligible to participate in the ESOS provided that (a) the participation of; and (b) the terms of any options to be granted and the actual number of shares granted under the ESOS to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in separate resolutions for each such person.

Offers for the grant of options may be made at any time at the discretion of the remuneration committee, in accordance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Catalist Listing Manual. Options which are fixed at the market price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the market price may only be exercised after the second anniversary from the date of grant of the option. The ESOS shall continue in operation for a maximum of 10 years commencing on the date on which the ESOS is adopted by the company in general meeting.

Directors' Report

5. SHARE OPTIONS AND PERFORMANCE SHARE PLAN (CONT'D)

Performance Share Plan ("PSP")

The group operates a Performance Share Plan which was approved pursuant to a resolution passed by the shareholders on 18 August 2014.

The exercise price for each option shall be determined by the remuneration committee at its absolute discretion, and fixed by the remuneration committee at:

- a price ("Market Price") equal to the average of the last dealt price for the shares on Catalist for five consecutive market days immediately preceding the relevant date of grant of the relevant Option; or
- a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the remuneration committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price.

The PSP is administered by the remuneration committee. The participants of the PSP are similar to those of the ESOS.

The PSP shall continue in force at the discretion of the remuneration committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by the company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The total number of shares over which the remuneration committee may grant the options under the PSP and the total number of shares which may be delivered pursuant to the vesting of awards under the PSP on any date, when added to the aggregate number of shares issued and/or issuable in respect of (i) all options granted under the ESOS; (ii) all awards granted under the PSP; and (iii) all outstanding options, shares or awards issued and/or issuable or granted under such other share-based incentive schemes or share plans of the company, shall not exceed 15% of the total number of issued shares (including treasury shares, as defined in the Act) of the company on the day immediately preceding the offer date of the option or from time to time.

During the reporting year, no option to take up unissued shares of the company or any subsidiary was granted.

During the reporting year, there were no shares of the company or any subsidiary issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the company or any subsidiary under option.

During the reporting year, no shares were issued pursuant to the ESOS and PSP.

6. INDEPENDENT AUDITOR

The independent auditor, RSM Chio Lim LLP, has expressed their willingness to accept re-appointment.

7. AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Chin Chee Choon	–	Chairman of the audit committee, independent director
Dr Tay Chuan Hui	–	Independent non-executive chairman
Chow Wen Kwan	–	Independent director

7. AUDIT COMMITTEE (CONT'D)

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 28 February 2015.

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements' as announced on 28 April 2015, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the board of directors

Law Kian Siong
Director

Law Pei Ling
Director

15 May 2015

Statement by Directors

In the opinion of the Directors,

(a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto set out on pages 51 to 95 are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 28 February 2015 and of the results and cash flows of the group and changes in equity of the company and of the group for the reporting year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

On behalf of the board of directors

Law Kian Siong
Director

Law Pei Ling
Director

15 May 2015

Independent Auditor's Report

to the Members of VERSALINK HOLDINGS LIMITED (Registration No: 201411394N)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Versalink Holdings Limited (the "company") and its subsidiaries (the "group") set out on pages 51 to 95, which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 28 February 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated statement of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

to the Members of VERSALINK HOLDINGS LIMITED (Registration No: 201411394N)

OPINION

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 28 February 2015 and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the company and by the subsidiary incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

15 May 2015

Partner in charge of audit: Chan Sek Wai
Effective from year ended 28 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 28 February 2015

	Note	Group 2015 RM'000	2014 RM'000
Revenue	4	**59,784**	78,839
Cost of sales		**(38,090)**	(46,439)
Gross profit		**21,694**	32,400
Other items of income			
Interest income		**212**	119
Other gains	5	**829**	756
Other items of expense			
Marketing and distribution expenses	6	**(7,328)**	(6,600)
Administrative expenses	6	**(12,089)**	(7,320)
Other losses	5	**(270)**	(33)
Finance costs	6	**(381)**	(519)
Profit before tax from continuing operations		**2,667**	18,803
Income tax expense	8	**(2,066)**	(4,259)
Profit from continuing operations, net of tax		**601**	14,544
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		**(1)**	–
Total comprehensive income for the year		**600**	14,544
Earnings per share (Sen Ringgit Malaysia)			
Basic and diluted	9	**0.50**	13.22

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As At 28 February 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	12	**26,208**	25,363	**–**
Investment in subsidiaries	13	**–**	–	**44,915**
Total non-current assets		**26,208**	25,363	**44,915**
Current assets				
Inventories	14	**11,532**	11,076	**–**
Trade and other receivables	15	**8,207**	10,315	**15,835**
Other assets	16	**3,221**	2,828	**14**
Cash and cash equivalents	17	**26,932**	13,134	**4,901**
Total current assets		**49,892**	37,353	**20,750**
Total assets		**76,100**	62,716	**65,665**
EQUITY AND LIABILITIES				
Equity				
Share capital	18	**62,513**	3,479	**62,513**
Retained earnings		**543**	40,878	**2,867**
Foreign currency translation reserves		**(1)**	–	**–**
Total equity		**63,055**	44,357	**65,380**
Non-current liabilities				
Deferred tax liabilities	8	**1,144**	911	**–**
Other financial liabilities, non-current	20	**832**	1,490	**–**
Total non-current liabilities		**1,976**	2,401	**–**
Current liabilities				
Income tax payable		**–**	1,912	**–**
Trade and other payables	19	**8,994**	11,230	**285**
Other financial liabilities, current	20	**2,075**	2,816	**–**
Total current liabilities		**11,069**	15,958	**285**
Total liabilities		**13,045**	18,359	**285**
Total equity and liabilities		**76,100**	62,716	**65,665**

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

Year Ended 28 February 2015

Group	Total Equity RM'000	Share Capital RM'000	Foreign Currency Translation Reserves RM'000	Retained Earnings RM'000
Current year:				
Opening balance at 1 March 2014	44,357	3,479	–	40,878
Movements in equity:				
Total comprehensive income for the year	600	–	(1)	601
Issue of new shares pursuant to listing (Note 18(c))	19,325	19,325	–	–
Share issuance expense (Note 18(d))	(1,227)	(1,227)	–	–
Merger adjustment pursuant to restructuring exercise	–	40,936	–	(40,936)
Closing balance at 28 February 2015	**63,055**	**62,513**	**(1)**	**543**
Previous year:				
Opening balance at 1 March 2013	40,313	3,479	–	36,834
Movements in equity:				
Total comprehensive income for the year	14,544	–	–	14,544
Dividends (Note 11)	(10,500)	–	–	(10,500)
Closing balance at 28 February 2014	44,357	3,479	–	40,878

Company	Total Equity RM'000	Share Capital RM'000	Retained Earnings RM'000
Current year:			
At date of incorporation on 21 April 2014	– [a]	– [a]	–
Movements in equity:			
Total comprehensive income for the year	2,867	–	2,867
Issue of new shares pursuant to restructuring exercise (Note 18(b))	44,415	44,415	–
Issue of new shares pursuant to listing (Note 18(c))	19,325	19,325	–
Share issuance expense (Note 18(d))	(1,227)	(1,227)	–
Closing balance at 28 February 2015	**65,380**	**62,513**	**2,867**

(a) Share capital is less than RM1,000.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year Ended 28 February 2015

	Group	
	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit before tax	**2,667**	18,803
Adjustments for:		
Depreciation of property, plant and equipment	**2,095**	2,289
Gains on disposal of plant and equipment	**(60)**	(4)
Interest income	**(212)**	(119)
Interest expenses	**381**	519
Goodwill written off	**199**	–
Plant and equipment written off	**54**	17
Operating cash flows before changes in working capital	**5,124**	21,505
Inventories	**(429)**	(800)
Trade receivables	**3,466**	(5,098)
Other assets	**(393)**	(1,536)
Trade and other payables	**666**	1,467
Net cash flows from operations	**8,434**	15,538
Income taxes paid	**(4,947)**	(2,950)
Net cash flows from operating activities	**3,487**	12,588
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 17B)	**(2,629)**	(688)
Disposals of plant and equipment	**69**	24
Acquisition of a subsidiary, net of cash acquired (Note 21)	**(398)**	–
Interest received	**212**	119
Net cash flows used in investing activities	**(2,746)**	(545)
Cash flows from financing activities		
Amount due to directors	**(47)**	(543)
Decrease in other financial liabilities	**(2,396)**	(1,451)
Finance lease repayments	**(165)**	(940)
Issue of new shares pursuant to listing (Note 18(c))	**19,325**	–
Shares issuance expense (Note 18(d))	**(1,227)**	–
Interest paid	**(381)**	(519)
Dividends paid (Note 3D)	**(3,000)**	(7,500)
Cash restricted in use	**611**	(48)
Net cash flows from (used in) financing activities	**12,720**	(11,001)
Effect of foreign exchange rate adjustments	**(1)**	–
Net increase in cash and cash equivalents	**13,460**	1,042
Cash and cash equivalents, statement of cash flows, Beginning balance	**11,494**	10,452
Cash and cash equivalents, statement of cash flows, Ending balance (Note 17A)	**24,954**	11,494

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

28 February 2015

1. GENERAL

1.1. The company

The company is incorporated in Singapore with limited liability. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000).

The company changed its name to Versalink Holdings Limited upon its conversion to a public limited company on 20 August 2014. On 24 September 2014, the company was listed on the Catalist Board of the Singapore Exchange Security Trading Limited (SGX-ST).

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

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 described in Note 13 to the financial statements.

The registered office is 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095. The company is situated in Singapore. The principal place of business is Lot 6119, Jalan Haji Salleh, Batu 51/2 Off Jalan Meru, 41050 Klang, Selangor, Malaysia.

1.2. The restructuring exercise

The group was formed through the Restructuring Exercise which involved a series of acquisitions and the rationalisation of the corporate and shareholding structure for the purposes of the Invitation. Pursuant to the Restructuring Exercise, the company became the holding company of the group. The entities involved are under common control.

The restructuring exercise involved the following steps:

(a) Incorporation of the company

The company was incorporated on 21 April 2014 in Singapore in accordance with the Companies Act as a private limited company with an issued and paid-up share capital of S$1 comprising one share, which was held by Law Kian Guan.

(b) Acquisition of Jemaramas Jaya Sdn. Bhd. ("Jemaramas Jaya")

On 22 July 2014, the company entered into a sale and purchase agreement with Law Kian Siong, Law Pei Ling, Law Kian Guan and Lee Yuet Chin pursuant to which the company acquired, the entire issued and paid-up capital of Jemaramas Jaya at an aggregate consideration of RM32,100,867 (the "Jemaramas Jaya Purchase Consideration"), which was determined based on the audited net assets of Jemaramas Jaya as at 28 February 2014. The Jemaramas Jaya Purchase Consideration was satisfied by the allotment and issue of an aggregate 79,502,889 Shares, credited as fully paid in the following manner:

Name of allottee	Number of Shares issued to such allottee
Law Kian Siong	15,512,759
Law Pei Ling	15,512,759
Law Kian Guan	16,672,901
Lee Yuet Chin	31,804,470
Total	79,502,889

Upon completion of the aforesaid acquisition, Jemaramas Jaya Sdn. Bhd. became a wholly-owned subsidiary of the company.

Notes to the Financial Statements

28 February 2015

1. GENERAL (CONT'D)

1.2. The restructuring exercise (cont'd)

(c) Acquisition of Versalink Marketing Sdn. Bhd. ("Versalink Marketing")

On 22 July 2014, the company entered into a sale and purchase agreement with Law Pei Ling and Lee Yuet Chin pursuant to which the company acquired from Law Pei Ling and Lee Yuet Chin, the entire issued and paid-up capital of Versalink Marketing at an aggregate consideration of RM12,036,556 (the "Versalink Marketing Purchase Consideration"), which was determined based on the audited net assets of Versalink Marketing as at 28 February 2014. The Versalink Marketing Purchase Consideration was satisfied by the allotment and issue of an aggregate 29,810,440 Shares, credited as fully paid in the following manner:

Name of allottee	Number of Shares issued to such allottee
Law Pei Ling	12,775,903
Lee Yuet Chin	17,034,537
Total	29,810,440

Upon completion of the aforesaid acquisition, Versalink Marketing Sdn. Bhd. became a wholly-owned subsidiary of the company.

(d) Acquisition of Versalink Technology Sdn. Bhd. ("Versalink Technology")

On 22 July 2014, the company entered into a sale and purchase agreement with Law Kian Siong and Lee Yuet Chin pursuant to which the company acquired from Law Kian Siong and Lee Yuet Chin, the entire issued and paid-up capital of Versalink Technology at an aggregate consideration of RM277,257 (the "Versalink Technology Purchase Consideration"), which was determined based on the audited net assets of Versalink Technology as at 28 February 2014. The Versalink Technology Purchase Consideration was satisfied by the allotment and issue of an aggregate 686,670 Shares, credited as fully paid in the following manner:

Name of allottee	Number of Shares issued to such allottee
Law Kian Siong	343,335
Lee Yuet Chin	343,335
Total	686,670

Upon completion of the aforesaid acquisition, Versalink Technology Sdn. Bhd. became a wholly-owned subsidiary of the company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Notes to the Financial Statements

28 February 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the financial year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Interest revenue is recognised using the effective interest method.

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Employees Provident Fund in Malaysia (a government managed retirement benefit plan) and the Central Provident Fund in Singapore (a government managed retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss.

For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income; and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at end of each financial year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised.

A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currency transactions

The functional currency is the Malaysian Ringgit as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each financial year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the financial year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the financial year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the financial year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Segment reporting

The reporting entity discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Notes to the Financial Statements

28 February 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Furniture and fittings	–	10% – 20%
Plant and machinery	–	10% – 20%
Renovation	–	10%
Motor vehicles	–	15% – 20%
Buildings	–	2%
Freehold land	–	Not depreciated

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at the end of each financial year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each financial year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the financial year in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

As disclosed in Note 1.2 of the financial statements, a restructuring exercise was undertaken. The business combination involved entities or businesses under common control that is, a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The business combination in such situation is accounted for under the pooling-of-interests method.

Under the pooling-of-interests method, the combined assets, liabilities and reserves of the pooled enterprises are recorded at their existing carrying amounts at the date of amalgamation. The excess or deficiency of amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) over the amount recorded for the share capital acquired is to be adjusted to the retained earnings.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at the end of each financial year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each financial year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes to the Financial Statements

28 February 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the financial year dates, there were no financial assets classified in this category.

2. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the financial year dates, there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the financial year dates, there were no financial assets classified in this category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the financial year.

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Notes to the Financial Statements

28 February 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the financial year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the financial year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur. Warranty provisions are measured using probability models based on past experience.

Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. 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.

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of each financial year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of each financial year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount is disclosed in the Note 14 on inventories.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) of the group affected by the assumption was approximately RM19,958,000 (2014: RM19,113,000).

Notes to the Financial Statements

28 February 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical judgements, assumptions and estimation uncertainties (cont'd)

Allowance for doubtful accounts:

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the financial year, the receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the financial year. The carrying amount of receivables is disclosed in Note 15 on trade and other receivables.

Determination of functional currency:

In determining the functional currencies of the entities in the group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currencies of the entities in the group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Income tax amounts:

The group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 8 on income tax.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) the entity and the reporting entity are members of the same group. (ii) one entity is an associate or joint venture of the other entity. (iii) both entities are joint ventures of the same third party. (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) the entity is controlled or jointly controlled by a person identified in (a). (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The ultimate controlling party is Mr Law Kian Siong.

3A. Related companies:

Related companies in these financial statements include the members of the group of companies. There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3B. Related parties other than related companies:

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 are unsecured without fixed repayment terms and interest unless stated otherwise.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group Related parties	
	2015 RM'000	**2014 RM'000**
Sales	**–**	(19)
Purchases of materials	**–**	6,487
Rental expense	**173**	–
Acquisition of plant and equipment	**218**	–

The related parties and the group have a common director who has significant influence and common shareholders.

Notes to the Financial Statements

28 February 2015

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3C. Key management compensation:

	Group	
	2015 RM'000	2014 RM'000
Salaries and other short-term employee benefits	**2,196**	1,660

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

	Group	
	2015 RM'000	2014 RM'000
Remuneration of directors of the company	**1,006**	793
Fees to directors of the company	**208**	360

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The above amounts for key management compensation are for all the directors only.

3D. Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other payables to directors are as follows:

	Group Directors	
	2015 RM'000	2014 RM'000
Other payables:		
Balance at beginning of year	**3,047**	590
Amounts paid in and settlement of liabilities on behalf of the group	**–**	268
Amounts paid out and settlement of liabilities on behalf of directors	**(47)**	(811)
Declared dividends	**–**	10,500
Dividends paid	**(3,000)**	(7,500)
Balance at end of year (Note 19)	**–**	3,047

4. REVENUE

	Group	
	2015 RM'000	2014 RM'000
Sale of goods	**59,784**	78,839

5. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2015	**2014**
	RM'000	**RM'000**
Allowance for impairment on trade receivables – loss	**(17)**	(16)
Litigation compensation received	**–**	155
Foreign exchange adjustment gains	**654**	448
Gains on disposal of plant and equipment	**60**	4
Plant and equipment written off	**(54)**	(17)
Goodwill written off	**(199)**	–
Insurance claims	**22**	115
Sundry income	**93**	34
	559	723
Presented in profit or loss as:		
Other gains	**829**	756
Other losses	**(270)**	(33)
Net	**559**	723

6. MARKETING AND DISTRIBUTION EXPENSES, ADMINISTRATIVE EXPENSES AND FINANCE COSTS

The major components include the following:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Marketing and distribution expenses		
Advertisement and promotions	**895**	484
Sales commissions	**1,317**	1,473
Depreciation expense	**304**	237
Employee benefits expense	**1,694**	1,459
Showroom's rental expense	**537**	338
Logistics expense	**536**	708
Installation charges	**1,169**	1,027
Administrative expenses		
Depreciation expense	**583**	929
Employee benefits expense	**4,994**	3,918
IPO expenses	**3,183**	–

Finance costs

This is for interest expense.

Notes to the Financial Statements

28 February 2015

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015	2014
	RM'000	RM'000
Short term employee benefits expense	**12,685**	11,522
Contributions to defined contribution plans	**822**	668
Other benefits	**340**	249
Total employee benefits expense	**13,847**	12,439

The employee benefits expense is charged as follows:

Cost of sales	**7,159**	7,062
Marketing and distribution expenses (Note 6)	**1,694**	1,459
Administrative expenses (Note 6)	**4,994**	3,918
Total employee benefits expense	**13,847**	12,439

8. INCOME TAX

8A. Components of income tax income recognised in profit or loss include:

	Group	
	2015	2014
	RM'000	RM'000
Current tax expense:		
Current tax expense	**1,645**	4,972
Under (Over) adjustments in respect of prior periods	**188**	(174)
Subtotal	**1,833**	4,798
Deferred tax expense:		
Deferred tax expense (income)	**264**	(252)
Over adjustments in respect of prior periods	**(31)**	(287)
Subtotal	**233**	(539)
Total income tax expense	**2,066**	4,259

8. INCOME TAX (CONT'D)

8A. Components of income tax income recognised in profit or loss include: (cont'd)

Substantially the group's operations are located in Malaysia for the financial years under review. Accordingly the Malaysian statutory tax rate of 25% (2014: 25%) is used in the reconciliation below:

	Group	
	2015 RM'000	2014 RM'000
Profit before tax	**2,667**	18,803
Income tax expense at the above rate	**667**	4,701
Expenses not deductible for tax purposes	**1,292**	157
Tax exemptions and credits	**–**	(63)
Differential in tax rate	**(50)**	(75)
Under (Over) adjustment to tax in respect of prior periods	**157**	(461)
Total income tax expense	**2,066**	4,259

There are no income tax consequences of dividends to owners of the company.

The major not deductible items include the following:

	Group	
	2015 RM'000	2014 RM'000
IPO expenses	**796**	–

8B. Deferred tax expense recognised in profit or loss include:

	Group	
	2015 RM'000	2014 RM'000
Excess of tax over book depreciation on property, plant and equipment	**(42)**	(296)
Unrealised gains (losses) on foreign exchange	**158**	(92)
Provisions	**106**	(151)
Tax losses carryforwards	**46**	–
Unutilised capital allowances	**20**	–
Deferred tax assets not recognised	**(55)**	–
Total deferred tax expense recognised in profit or loss	**233**	(539)

Notes to the Financial Statements

28 February 2015

8. INCOME TAX (CONT'D)

8C. Deferred tax balance in the statements of financial position:

	Group	
	2015	2014
	RM'000	RM'000
Deferred tax liabilities recognised in profit or loss:		
Excess of tax over book depreciation on property, plant and equipment	**1,112**	1,154
Unrealised gains (losses) on foreign exchange	**66**	(92)
Provisions	**(45)**	(151)
Tax losses carryforwards	**46**	–
Unutilised capital allowances	**20**	–
Deferred tax assets not recognised	**(55)**	–
Net	**1,144**	911

A subsidiary of the group has unutilised tax losses and unabsorbed capital allowances of approximately RM184,000 (2014: RM Nil) and RM80,000 (2014: RM Nil) respectively, available to offset against future profits. No deferred tax assets have been recognised on these tax losses as the future profit streams of this subsidiary is not probable. The realisation of the future income tax benefits from tax carryforwards is available for unlimited future period and subject to applicable laws and agreement by relevant tax authorities in the country where the subsidiary is incorporated.

9. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2015	2014
	RM'000	RM'000
Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	**601**	14,544
	No: '000	No: '000
Denominators: weighted average number of equity shares		
Basic	**120,822**	110,000

The weighted average number of equity shares refers to shares in circulation during the reporting period. The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during the reporting period. There is no dilution of earnings per share as there are no dilutive potential ordinary shares outstanding as at the end of the reporting year.

10. ITEMS IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	Group	
	2015	2014
	RM'000	RM'000
Audit fees to independent auditor of the company	**177**	–
Audit fees to other independent auditor	**71**	53
Other fees to the independent auditor of the company	**539**	–
Other fees to the other independent auditor	**45**	–

See also Note 18(d).

11. DIVIDENDS ON EQUITY SHARES

	Group	
	2015	2014
	RM'000	RM'000
First interim single tier dividend paid of RM2.29 per ordinary share for Jemaramas Jaya Sdn. Bhd.	**–**	5,500
First interim single tier dividend paid of RM2.04 per ordinary share for Versalink Marketing Sdn. Bhd.	**–**	2,000
Final single tier dividend paid of RM1.02 per ordinary share for Versalink Marketing Sdn. Bhd.	**–**	1,000
First interim single tier dividend paid of RM20.00 per share for Versalink Technology Sdn. Bhd.	**–**	2,000
	–	10,500

In 2014, the dividends declared were payable in respect of ordinary shares of Jemaramas Jaya Sdn. Bhd., Versalink Marketing Sdn. Bhd. and Versalink Technology Sdn. Bhd. to the shareholders of these companies prior to the completion of the Restructuring Exercise. See Note 3D.

In respect of the current reporting year, the directors propose that a final tax exempt (one-tier) dividend of 0.5 Singapore cent per share with a total of S$675,000 (approximately RM1,823,000) be paid to shareholders after the annual general meeting to be held on 26 June 2015. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders.

Notes to the Financial Statements

28 February 2015

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Total RM'000
Cost:							
At 1 March 2013	6,250	14,514	3,700	2,851	13,568	149	41,032
Additions	–	128	362	63	135	–	688
Disposals	–	–	(21)	–	–	–	(21)
Write-offs	–	–	(30)	–	(19)	–	(49)
At 28 February 2014	6,250	14,642	4,011	2,914	13,684	149	41,650
Additions	–	172	887	356	168	1,196	2,779
Disposals	–	(254)	–	(240)	–	–	(494)
Acquisition of a subsidiary	–	–	30	–	254	24	308
Write-offs	–	–	(460)	–	–	(149)	(609)
At 28 February 2015	**6,250**	**14,560**	**4,468**	**3,030**	**14,106**	**1,220**	**43,634**
Accumulated depreciation:							
At 1 March 2013	–	1,791	1,956	1,133	9,052	99	14,031
Depreciation for the year	–	312	702	325	937	13	2,289
Disposals	–	–	(1)	–	–	–	(1)
Write-offs	–	–	(13)	–	(19)	–	(32)
At 28 February 2014	–	2,103	2,644	1,458	9,970	112	16,287
Depreciation for the year	–	306	385	335	1,022	47	2,095
Disposals	–	(245)	–	(240)	–	–	(485)
Acquisition of a subsidiary	–	–	11	–	65	8	84
Write-offs	–	–	(433)	–	–	(122)	(555)
At 28 February 2015	**–**	**2,164**	**2,607**	**1,553**	**11,057**	**45**	**17,426**
Carrying value:							
At 1 March 2013	6,250	12,723	1,744	1,718	4,516	50	27,001
At 28 February 2014	6,250	12,539	1,367	1,456	3,714	37	25,363
At 28 February 2015	**6,250**	**12,396**	**1,861**	**1,477**	**3,049**	**1,175**	**26,208**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Allocation of the depreciation expense:

	Group	
	2015	2014
	RM'000	RM'000
Cost of sales	**1,208**	1,123
Marketing and distribution expenses	**304**	237
Administrative expenses	**583**	929
Total	**2,095**	2,289

(a) Certain items are under finance lease agreements (see Note 20B).

(b) The net book values of property, plant and equipment which have been pledged as securities for banking facilities (see Note 20A) are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Freehold land	**6,250**	6,250
Buildings	**12,396**	12,514
Total	**18,646**	18,764

(c) Fully depreciated plant and equipment still in use had an initial cost of:

	Group	
	2015	2014
	RM'000	RM'000
Furniture and fittings	**1,421**	1,340
Plant and machinery	**7,872**	4,343
Motor vehicles	**219**	459
Renovation	**–**	27
Total	**9,512**	6,169

Details of freehold land:

Description/Location	Gross floor area	Tenure of land/Last valuation date
Lot 6119, Jalan Haji Salleh, Batu 5½ Off Jalan Meru, 41050 Klang Selangor Darul Ehsan, Malaysia	135,700 square feet	Commercial/Not revalued
Lot 6118, Jalan Haji Salleh, Batu 5½ Off Jalan Meru, 41050 Klang Selangor Darul Ehsan, Malaysia	57,400 square feet	Commercial/Not revalued

Notes to the Financial Statements

28 February 2015

13. INVESTMENT IN SUBSIDIARIES

	Company 2015 RM'000
Unquoted equity shares at cost	**44,915**

All subsidiaries are wholly owned. The subsidiaries held by the company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditor	Cost in books of the company 2015 RM'000
Jemaramas Jaya Sdn. Bhd. [a] Malaysia Manufacture, marketing and sale of system furniture and other furniture related products (Crowe Horwath, Malaysia)	**32,101**
Versalink Marketing Sdn. Bhd. [a] Malaysia Marketing and sale of system furniture and other furniture related products (Crowe Horwath, Malaysia)	**12,037**
Steeltema (M) Sdn. Bhd. [a] (Note 21) Malaysia Manufacture of metal parts and components (Crowe Horwath, Malaysia)	**500**
Versalink Technology Sdn. Bhd. [a] Malaysia Dormant (Crowe Horwath, Malaysia)	**277**
Versalink (S) Pte. Ltd. [b] [c] Singapore Dormant	**–**
Versalink System Furniture (S) Pte. Ltd. [c] [d] Singapore Dormant	**–**
	44,915

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Notes:

(a) Other independent auditor. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(b) Audited by RSM Chio Lim LLP, a member of RSM International.

(c) The cost of investment is less than RM1,000.

(d) Not audited, as it is immaterial.

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditor for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

14. INVENTORIES

	Group	
	2015	**2014**
	RM'000	**RM'000**
Raw materials	**8,082**	8,268
Work-in-progress	**196**	237
Finished goods	**3,254**	2,571
	11,532	11,076
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	**606**	–
(Reversed) Charge to profit or loss included in cost of sales	**(257)**	606
Balance at end of the year	**349**	606
Changes in inventories of finished goods		
The amount of inventories included in cost of sales	**(642)**	(129)

There are no inventories pledged as security for liabilities.

Notes to the Financial Statements

28 February 2015

15. TRADE AND OTHER RECEIVABLES

	Group		Company
	2015 RM'000	2014 RM'000	2015 RM'000
Trade receivables			
Outside parties	**7,035**	10,296	**–**
Less allowance for impairment	**(31)**	(16)	**–**
Related parties (Note 3)	**–**	35	**–**
Subtotal	**7,004**	10,315	**–**
Other receivables:			
Subsidiaries (Note 3)	**–**	–	**15,835**
Tax recoverable	**1,203**	–	**–**
Subtotal	**1,203**	–	**15,835**
Total trade and other receivables	**8,207**	10,315	**15,835**
Movements in above allowance:			
Balance at beginning of the year	**16**	3	**–**
Charge for trade receivables to profit or loss included in other charges	**17**	16	**–**
Used	**(2)**	(3)	**–**
Balance at end of the year	**31**	16	**–**

16. OTHER ASSETS

	Group		Company
	2015 RM'000	2014 RM'000	2015 RM'000
Advance payments on purchases of inventories	**1,926**	1,379	**–**
Deposits to secure services	**307**	186	**–**
Prepayments	**988**	1,263	**14**
	3,221	2,828	**14**

17. CASH AND CASH EQUIVALENTS

	Group		Company
	2015 RM'000	2014 RM'000	2015 RM'000
Not restricted in use	**26,126**	11,717	**4,901**
Cash pledged for bank facilities	**806**	1,417	**–**
	26,932	13,134	**4,901**

The rates of interest for the cash on interest earning balances amounted to RM9,487,000 (2014: RM2,946,000) is ranged between 2.95% to 3.71% (2014: 2.55% to 3.05%), and for a tenor of one to twelve months.

Within these interest earning balances, RM806,000 (2014: RM1,417,000) are pledged to banks to secure bank facilities (see Note 20A). In 2014, RM225,265 of the interest earnings balance was held by a director on behalf of the group. These balances have been transferred to the group subsequent to the financial year ended 28 February 2014.

17A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2015 RM'000	2014 RM'000
Amount as shown above	**26,932**	13,134
Cash pledged for bank facilities	**(806)**	(1,417)
Bank overdrafts (Note 20A)	**(1,172)**	(223)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	**24,954**	11,494

17B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of RM150,000 (2014: Nil) acquired by means of finance leases.

Notes to the Financial Statements

28 February 2015

18. SHARE CAPITAL

	Group and Company	
	Number of shares issued '000	Share Capital RM'000
Ordinary shares of no par value:		
Balance at date of incorporation on 21 April 2014 [a]	–	–
Issue of new shares pursuant to Restructuring Exercise [b]	110,000	44,415
Issue of new shares pursuant to Listing [c]	25,000	18,098
Balance at 28 February 2015	**135,000**	**62,513**

Notes:

(a) Share capital is less than RM1,000.

(b) As part of the restructuring exercise on 22 July 2014 (Note 1.2), the company increased its issued and paid-up share capital to RM44,415,000 (S$17,336,000) with the issue of 110,000,000 ordinary shares.

(c) On 24 September 2014, 25,000,000 ordinary shares were issued to the public at S$0.30 per share pursuant to the company's listing on the Catalist Board of the SGX-ST, for an aggregate consideration of RM19,325,000 (S$7,500,000) net of listing expenses of approximately RM15,165,000 (S$5,900,000) for cash. All new ordinary shares were fully subscribed and paid.

(d) The listing expenses totalled approximately RM4,410,000 (S$1,700,000), of which approximately RM1,227,000 (S$473,000) has been charged to equity and approximately RM3,183,000 (S$1,227,000) has been charged to profit or loss. The listing expenses amount as disclosed in the Offer Document dated 16 September 2014 of approximately RM4,160,000 (S$1,600,000) was based on estimated costs and the difference is not significant.

In connection with the listing, the independent auditor were paid fees and expenses totalling RM526,000 (S$205,000) for their services as reporting accountants.

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.

18. SHARE CAPITAL (CONT'D)

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The group's total borrowings is less than cash and cash equivalents. The debt-to-adjusted capital ratio therefore does not provide a meaningful indicator of the risk of borrowings. The company did not have any external borrowings at the end of the reporting year.

In order to maintain its listing on the Catalist Board of the SGX-ST, the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

19. TRADE AND OTHER PAYABLES

	Group		Company
	2015 RM'000	2014 RM'000	2015 RM'000
Trade payables:			
Outside parties	**5,023**	5,895	**–**
Related parties (Note 3)	**–**	4	**–**
Subtotal	**5,023**	5,899	**–**
Other payables:			
Directors (Note 3D)	**–**	3,047	**–**
Outside parties and accrued liabilities	**1,986**	1,314	**285**
Deposits received from customers	**1,985**	970	**–**
Subtotal	**3,971**	5,331	**285**
Total trade and other payables	**8,994**	11,230	**285**

Notes to the Financial Statements

28 February 2015

20. OTHER FINANCIAL LIABILITIES

	Group	
	2015	**2014**
	RM'000	**RM'000**
Non-current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 20A)	**781**	1,490
Financial instruments with fixed interest rates:		
Finance lease payables (Note 20B)	**51**	–
Total non-current	**832**	1,490
Current:		
Financial instruments with floating interest rates:		
Bankers' acceptance (unsecured) (Note 20A)	**–**	296
Bank loans (secured) (Note 20A)	**712**	1,459
Bank overdrafts (secured) (Note 20A)	**1,172**	223
Bankers' acceptance (secured) (Note 20A)	**81**	725
	1,965	2,703
Financial instruments with fixed interest rates:		
Finance lease payables (Note 20B)	**110**	113
Total current	**2,075**	2,816
Total other financial liabilities	**2,907**	4,306

The non-current portion is repayable as follows:

Due within 2 to 5 years	**832**	1,490
Non-current, total	**832**	1,490

The range of floating rate interest rates paid was as follows:

	Group	
	2015	**2014**
	%	**%**
Bank loans	**4.98**	4.65
Bank overdrafts	**7.85**	7.85
Bankers' acceptance	**4.14 - 5.33**	4.70 - 4.95

20. OTHER FINANCIAL LIABILITIES (CONT'D)

20A. Bank loans, bank overdrafts and bankers' acceptance

The bank agreements for certain of the bank loans, overdrafts and bankers' acceptance provide among other matters for the following:

(a) First party charge against the freehold land and buildings of the group as disclosed in Note 12.

(b) Joint and several guarantees by certain directors of the company and subsidiaries.

(c) Corporate guarantee for RM1,900,000 executed by Versalink Marketing Sdn. Bhd. to Jemaramas Jaya Sdn. Bhd..

(d) Fixed deposits with banks disclosed in Note 17.

The repayment terms of the bank loans are as follows:

Term loan 1 at KLIBOR + 1.35% per annum	Repayable in 24 equal monthly instalments of RM31,518, effective from July 2013.
Term loan 2 at KLIBOR + 1.35% per annum	Repayable in 24 equal monthly instalments of RM50,665, effective from July 2013.
Term loan 3 at KLIBOR + 1.35% per annum	Repayable in 96 equal monthly instalments of RM35,830, effective from July 2009.
Term loan 4 at KLIBOR + 1.35% per annum	Repayable in 60 equal monthly instalments of RM18,790, effective from November 2009.

The fair values of the bank loans, bank overdrafts and bankers' acceptance were estimated by discounting the future cash flows payable under the terms of the loan using the year-end market interest rate applicable to loans of similar credit risk, terms and conditions (Level 2). The carrying amount is a reasonable approximation of fair value (Level 2).

20B. Finance lease payables

Group 2015	**Minimum payments RM'000**	**Finance charges RM'000**	**Present value RM'000**
Minimum lease payments payable:			
Due within one year	**115**	**(5)**	**110**
Due within 2 to 5 years	**52**	**(1)**	**51**
Total	**167**	**(6)**	**161**
Net carrying value of plant and equipment under finance leases			**333**

2014	**Minimum payments RM'000**	**Finance charges RM'000**	**Present value RM'000**
Minimum lease payments payable:			
Due within one year	115	(2)	113
Total	115	(2)	113
Net carrying value of plant and equipment under finance leases			424

Notes to the Financial Statements

28 February 2015

20. OTHER FINANCIAL LIABILITIES (CONT'D)

20B. Finance lease payables (cont'd)

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under the finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

	Group	
	2015	**2014**
Average lease term, in years	**3**	3
Average effective borrowing rate per annum, in %	**2.64**	2.48 - 2.75

The total for finance leases and the average effective borrowing rate per year is disclosed above. The fair value is reasonable approximation of the carrying amount. The fair value of the finance leases was estimated by discounting the future cash flows payables under the terms of the finance leases using the year-end interest rate of 2.64% (2014: 2.48% to 2.75%).

21. ACQUISITION OF A SUBSIDIARY

On 22 July 2014, the company acquired 100% of the issued capital of Steeltema (M) Sdn. Bhd. (incorporated in Malaysia) and from that date the company gained control and became a subsidiary of the company. The transaction was accounted for by the acquisition method of accounting.

The consideration transferred is as follows:

	RM'000
Consideration transferred	
Cash	500
Total consideration transferred	500

The net assets acquired and the related fair values are as follows:

Plant and equipment	225
Trade and other receivables	155
Inventories	27
Cash and cash equivalents	102
Trade and other payables	(145)
Other financial liabilities	(63)
Fair value of identifiable assets acquired as at 22 July 2014	301

The goodwill arising from the acquisition is as follows:

Consideration	500
Less: Fair value of identifiable assets acquired	(301)
Goodwill arising on acquisition	199

Satisfied by:	
Consideration	500
Less: Cash and cash equivalents of subsidiary acquired	(102)
Net cash outflow on acquisition	398

The goodwill arising from the acquisition amounted to RM199,000 has been written off during the current reporting year to other losses (Note 5). The management is of the view that the carrying value is not recoverable.

22. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

22A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company
	2015	2014	2015
	RM'000	RM'000	RM'000
Financial assets:			
Cash and bank balances	**26,932**	13,134	**4,901**
Loans and receivables	**7,004**	10,315	**15,835**
At end of the year	**33,936**	23,449	**20,736**
Financial liabilities:			
Borrowings measured at amortised cost	**2,907**	4,306	**–**
Trade and other payables measured at amortised cost	**7,009**	10,260	**285**
At end of the year	**9,916**	14,566	**285**

Further quantitative disclosures are included throughout these financial statements.

22B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and actions to be taken in order to manage the financial risks. All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

22C. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers.

Note 17 discloses the maturity of the cash and cash equivalents balances.

Notes to the Financial Statements

28 February 2015

22. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

22C. Credit risk on financial assets (cont'd)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2014: 30 to 60 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Trade receivables:		
Less than 3 months	**1,048**	4,554
3 to 6 months	**71**	250
Over 6 months	**2,354**	1,429
Total	**3,473**	6,233

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Trade receivables:		
Over 6 months	**31**	16
Total	**31**	16

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at end of financial year:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Top 1 customer	**1,559**	1,946
Top 2 customers	**2,487**	3,505
Top 3 customers	**3,194**	4,171

22. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

22D. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year RM'000	2 - 5 years RM'000	Total RM'000
2015:			
Non-derivative financial liabilities:			
Trade and other payables	**7,009**	**–**	**7,009**
Gross borrowing commitments	**2,018**	**816**	**2,834**
Gross finance lease obligations	**115**	**52**	**167**
At end of the year	**9,142**	**868**	**10,010**
2014:			
Non-derivative financial liabilities:			
Trade and other payables	10,260	–	10,260
Gross borrowing commitments	2,809	1,584	4,393
Gross finance lease obligations	115	–	115
At end of the year	13,184	1,584	14,768
Company			
2015:			
Non-derivative financial liabilities:			
Trade and other payables	**285**	**–**	**285**
At end of the year	**285**	**–**	**285**

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year no claims on the financial guarantees are expected.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2014: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. In addition, the financial assets are held for which there is a liquid market and that are readily available to meet liquidity needs.

Notes to the Financial Statements

28 February 2015

22. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

22D. Liquidity risk – financial liabilities maturity analysis (cont'd)

Bank facilities:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Undrawn borrowing facilities	**14,779**	13,333

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

22E. Interest rate risk

The interest rate risk exposure is mainly from changes in floating interest rates. The following table analyses the breakdown of the significant financial instruments (excluding derivatives) by type of interest rate:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Financial liabilities with interest:		
Fixed rates	**161**	113
Floating rates	**2,746**	4,193
Total at end of the year	**2,907**	4,306
Financial assets with interest:		
Fixed rates	**9,487**	2,946

The interest rates are disclosed in Notes 17 and 20.

Sensitivity analysis: The effect on pre-tax profit is not significant.

22. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

22F. Foreign currency risks

Analysis of amounts denominated in non-functional currencies:

Group	United States Dollar RM'000	Chinese Renminbi RM'000	Singapore Dollar RM'000	Total RM'000
2015				
Financial assets:				
Cash and bank balances	**2,980**	**231**	**294**	**3,505**
Trade and other receivables	**1,862**	**–**	**4,834**	**6,696**
Total financial assets	**4,842**	**231**	**5,128**	**10,201**
Financial liabilities:				
Trade and other payables	**(1,521)**	**(365)**	**(13,970)**	**(15,856)**
Total financial liabilities	**(1,521)**	**(365)**	**(13,970)**	**(15,856)**
Net financial assets (liabilities) at end of the year	**3,321**	**(134)**	**(8,842)**	**(5,655)**
2014				
Financial assets:				
Cash and bank balances	2,458	–	140	2,598
Trade receivables	145	–	132	277
Other assets	300	–	–	300
Total financial assets	2,903	–	272	3,175
Financial liabilities:				
Trade and other payables	(1,223)	(1,295)	(13)	(2,531)
Total financial liabilities	(1,223)	(1,295)	(13)	(2,531)
Net financial assets (liabilities) at end of the year	1,680	(1,295)	259	644

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	Group	
	2015 RM'000	2014 RM'000
A hypothetical 10% increase in the exchange rate of the functional currency RM against US dollar would have an adverse effect on profit before tax of	**(332)**	(168)
A hypothetical 10% increase in the exchange rate of the functional currency RM against Chinese Renminbi would have a favourable effect on profit before tax of	**13**	130
A hypothetical 10% increase in the exchange rate of the functional currency RM against Singapore dollar would have a favourable/(adverse) effect on profit before tax of	**884**	(26)

Notes to the Financial Statements

28 February 2015

23. CAPITAL COMMITMENTS

	Group	
	2015	2014
	RM'000	RM'000
Commitment to purchase of plant and equipment	**2,094**	–
Commitments for construction in progress	**–**	138

24. OPERATING LEASE PAYMENT COMMITMENTS

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Not later than one year	**438**	38
Later than one year and not later than five years	**1,224**	6
Rental expense for the year	**139**	37

Operating lease payments are for rentals payable for certain accommodations for employees.

25. FINANCIAL INFORMATION BY OPERATING SEGMENTS

25A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

For management monitoring and reporting purposes, the group is organised into two major operating segments: domestic sales of office furniture and export sales of office furniture. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

The segments are as follows:

The domestic sales segment is for sales of office furniture derived from local market in Malaysia.

The export sales segment is for sales of office furniture to countries overseas.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results is the gross profit.

25. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

25B. Profit or loss from continuing operations and reconciliations

Group	Export RM'000	Domestic RM'000	Group RM'000
Continuing operations 2015			
Revenue by segment			
Total revenue by segment	**50,436**	**23,173**	**73,609**
Inter-segment sales	**(13,562)**	**(263)**	**(13,825)**
Total revenue	**36,874**	**22,910**	**59,784**
Cost of sales by segment			
Total cost of sales by segment	**(37,047)**	**(14,813)**	**(51,860)**
Inter-segment cost of sales	**13,507**	**263**	**13,770**
Total cost of sales	**(23,540)**	**(14,550)**	**(38,090)**
Gross profit	**13,334**	**8,360**	**21,694**
Recurring EBITDA			**8,326**
Finance costs			**(381)**
Depreciation			**(2,095)**
IPO expense			**(3,183)**
Profit before tax from continuing operations			**2,667**
Income tax expense			**(2,066)**
Profit from continuing operations			**601**
Continuing operations 2014			
Revenue by segment			
Total revenue by segment	62,920	36,500	99,420
Inter-segment sales	(20,581)	–	(20,581)
Total revenue	42,339	36,500	78,839
Cost of sales by segment			
Total cost of sales by segment	(43,837)	(23,203)	(67,040)
Inter-segment cost of sales	20,601	–	20,601
Total cost of sales	(23,236)	(23,203)	(46,439)
Gross profit	19,103	13,297	32,400
Recurring EBITDA			21,611
Finance costs			(519)
Depreciation			(2,289)
Profit before tax from continuing operations			18,803
Income tax expense			(4,259)
Profit from continuing operations			14,544

Notes to the Financial Statements

28 February 2015

25. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

25C. Assets and reconciliations

	Export RM'000	Domestic RM'000	Unallocated RM'000	Group RM'000
2015				
Total assets for reportable segments	**56,239**	**15,731**	**65,665**	**137,635**
Elimination of inter-segment receivables	**(631)**	**(154)**	**(60,750)**	**(61,535)**
Total group assets	**55,608**	**15,577**	**4,915**	**76,100**
2014				
Total assets for reportable segments	46,153	18,749	–	64,902
Elimination of inter-segment receivables	(835)	(1,351)	–	(2,186)
Total group assets	45,318	17,398	–	62,716

25D. Liabilities and reconciliations

	Export RM'000	Domestic RM'000	Unallocated RM'000	Group RM'000
2015				
Total liabilities for reportable segments	**23,882**	**2,353**	**294**	**26,529**
Elimination of inter-segment payables	**(13,997)**	**(631)**	**–**	**(14,628)**
Unallocated:				
Deferred tax liabilities	**–**	**–**	**1,144**	**1,144**
Total group liabilities	**9,885**	**1,722**	**1,438**	**13,045**
2014				
Total liabilities for reportable segments	13,781	5,853	–	19,634
Elimination of inter-segment payables	(1,351)	(835)	–	(2,186)
Unallocated:				
Deferred tax liabilities	–	–	911	911
Total group liabilities	12,430	5,018	911	18,359

25. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

25E. Other material items and reconciliations

	Export RM'000	Domestic RM'000	Group RM'000
Capital expenditure			
2015	**1,541**	**1,238**	**2,779**
2014	558	130	688
Allowance for impairment loss on inventory obsolescence, net			
2015	**(257)**	**–**	**(257)**
2014	593	13	606

25F. Geographical information

Revenue based on geographical locations of customers is as follows:

	2015 RM'000	2014 RM'000
Revenue:		
Malaysia	**23,230**	36,500
Middle East	**20,875**	22,986
North America	**11,293**	10,163
Asia (others, including Singapore)	**3,422**	5,873
Others	**964**	3,317
Consolidated revenue	**59,784**	78,839

Substantially all the group's operations are located in Malaysia, therefore the carrying amount of non-current assets are within Malaysia.

25G. Information about Major Customers

	Group	
	2015 RM'000	2014 RM'000
Top 1 customer in more than one segment	**8,498**	6,220
Top 2 customers in more than one segment	**15,530**	11,937
Top 3 customers in more than one segment	**19,711**	17,580

Notes to the Financial Statements

28 February 2015

26. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 27	Consolidated and Separate Financial Statements (Amendments)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised) [*]
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) [*]
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting [*]
FRS 110	Consolidated Financial Statements
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
FRS 111	Joint Arrangements [*]
FRS 112	Disclosure of Interests in Other Entities
INT FRS 121	Levies [*]

[*] Not relevant to the entity.

27. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions	1 Jul 2014
Various	Improvements to FRSs (Issued in January 2014).	1 Jul 2014
	Relating to	
	FRS 102 Share-based Payment	
	FRS 103 Business Combinations	
	FRS 108 Operating Segments	
	FRS 113 Fair Value Measurement	
	FRS 16 Property, Plant and Equipment	
	FRS 24 Related Party Disclosures	
	FRS 38 Intangible Assets [*]	
Various	Improvements to FRSs (Issued in February 2014).	1 Jul 2014
	Relating to	
	FRS 103 Business Combinations	
	FRS 113 Fair Value Measurement	
	FRS 40 Investment Property [*]	

27. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS (CONT'D)

FRS No.	Title	Effective date for periods beginning on or after
FRS 114	Regulatory Deferral Accounts [*]	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants [*]	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations [*]	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [*]	1 Jan 2016
Various	Improvements to FRSs (November 2014)	1 Jan 2016
FRS 109	Financial Instruments	1 Jan 2018

[*] Not relevant to the entity.

Statistics of Shareholdings

as at 13 May 2015

SHARE CAPITAL

Number of Issued Shares	:	135,000,000
Class of shares	:	Ordinary shares
Voting rights	:	On show of hands: 1 vote for each member On a poll: 1 vote for each ordinary share
Number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	2	1.14	2,000	0.00
1,001 – 10,000	63	36.00	417,700	0.31
10,001 – 1,000,000	96	54.86	6,218,000	4.61
1,000,001 and above	14	8.00	128,361,900	95.08
Total	**175**	**100.00**	**135,000,000**	**100.00**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 13 May 2015, approximately 22.54% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1.	BSL Holdings Inc.	25,129,000	18.61
2.	Law Kian Guan (Liu Jianyuan)	15,464,000	11.45
3.	Law Kian Siong	15,464,000	11.45
4.	Law Pei Ling	15,464,000	11.45
5.	Law Kian Hong	12,564,500	9.31
6.	Lee Yuet Chin	12,564,500	9.31
7.	CIMB Securities (Singapore) Pte. Ltd.	11,647,600	8.63
8.	Yeo Khee Seng Benny	7,190,600	5.33
9.	Gan Hsiao Ping Calvin (Yan Xiaobin Calvin)	4,806,300	3.56
10.	Gan Kim Cho @ Gan Kim Chor	2,591,500	1.92

No.	Name	No. of shares	%
11.	Chan Sin Keng	1,642,900	1.22
12.	OCBC Securities Private Limited	1,398,000	1.04
13.	Lim Chye Huat @ Bobby Lim Chye Huat	1,360,000	1.01
14.	Kek Chin Wu	1,075,000	0.80
15.	Chun Kwong Pong	675,000	0.50
16.	Leow Kar Ping	530,000	0.39
17.	United Overseas Bank Nominees (Private) Limited	300,000	0.22
18.	Tiong Kwai Lan	203,000	0.15
19.	Maybank Kim Eng Securities Pte. Ltd.	200,000	0.15
20.	Yeo Ang Hai	200,000	0.15
	Total	**130,469,900**	**96.65**

SUBSTANTIAL SHAREHOLDERS AS AT 13 MAY 2015
AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total	% *
1.	BSL Holdings Inc.	25,129,000	–	25,129,000	18.61
2.	Law Kian Siong	15,464,000	25,129,000[1]	40,593,000	30.07
3.	Lee Yuet Chin	12,564,500	25,129,000[2]	37,693,500	27.92
4.	Law Pei Ling	15,464,000	270,000[3]	15,734,000	11.65
5.	Law Kian Guan	15,464,000	–	15,464,000	11.45
6.	Law Kian Hong	12,564,500	–	12,564,500	9.31
7.	Yeo Khee Seng Benny	7,190,600	–	7,190,600	5.33

Note:

(1) Law Kian Siong holds 50.0% shares in BSL Holdings Inc. ("BSL Holdings") and therefore deemed to be interested in all the shares held by BSL Holdings pursuant to Section 7 of the Companies Act, Chapter 50.

(2) Lee Yuet Chin holds 50.0% shares in BSL Holdings Inc. ("BSL Holdings") and therefore deemed to be interested in all the shares held by BSL Holdings pursuant to Section 7 of the Companies Act, Chapter 50.

(3) Law Pei Ling is deemed to be interested in the 270,000 shares held by her spouse, Bevan Grant Walters, by virtue of Section 4 of the Securities and Futures Act, Cap. 289.

* Percentage is calculated based on the total number of issued shares of the Company.

Notice of Annual General Meeting

VERSALINK HOLDINGS LIMITED

Registration No. 201411394N
(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Versalink Holdings Limited will be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Friday, 26 June 2015 at 11:00 am to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 28 February 2015 and the Auditors' Report thereon. — Resolution 1

2. To declare a final tax exempt (one-tier) dividend of 0.5 cent per ordinary share for the financial year ended 28 February 2015. — Resolution 2

3. To approve the Directors' fees of S$54,374 for the financial year ended 28 February 2015. — Resolution 3

4. To re-elect Mr Law Kian Siong, who is retiring in accordance with Article 118 of the Company's Articles of Association, as a Director of the Company. — Resolution 4

5. To re-elect Ms Law Pei Ling, who is retiring in accordance with Article 118 of the Company's Articles of Association, as a Director of the Company. — Resolution 5

6. To re-elect Mr Law Kian Guan, who is retiring in accordance with Article 118 of the Company's Articles of Association, as a Director of the Company. — Resolution 6

7. To re-elect Dr Tay Chuan Hui, who is retiring in accordance with Article 118 of the Company's Articles of Association, as a Director of the Company. — Resolution 7

   Dr Tay Chuan Hui shall, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and as a member of the Audit Committee and Nominating Committee. Dr Tay Chuan Hui shall be considered independent for the purpose of Rule 704(7) of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist (the "Catalist Rules").

8. To re-elect Mr Chin Chee Choon, who is retiring in accordance with Article 118 of the Company's Articles of Association, as a Director of the Company. — Resolution 8

   Mr Chin Chee Choon shall, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and as a member of the Remuneration Committee and Nominating Committee. Mr Chin Chee Choon shall be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

9. To re-elect Mr Chow Wen Kwan, who is retiring in accordance with Article 118 of the Company's Articles of Association, as a Director of the Company. Resolution 9

   Mr Chow Wen Kwan shall, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and as a member of the Audit Committee and Remuneration Committee. Mr Chow Wen Kwan shall be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

10. To re-appoint RSM Chio Lim LLP as auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 10

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions, with or without amendments:

11. Authority to allot and issue Shares Resolution 11

    "That pursuant to Section 161 of the Companies Act, Chapter 50 ("Companies Act") and the Catalist Rules, authority be and is hereby given to the Directors of the Company to allot and issue Shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:-

    (i) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution does not exceed hundred per cent (100%) of the total number of issued Shares excluding treasury Shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury Shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

    (ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury Shares shall be based on the total number of issued Shares excluding treasury Shares of the Company at the time this Resolution is passed after adjusting for:-

        (a) new Shares arising from the conversion or exercise of any convertible securities;

        (b) new Shares arising from exercising Share Options (the "Options") or vesting of Share Awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the Options or Awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

        (c) any subsequent bonus issue, consolidation or sub-division of Shares

Notice of Annual General Meeting

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

12. Authority to grant awards and to allot and issue Shares under the Versalink Performance Share Plan — Resolution 12

"That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors of the Company to:

a) grant awards in accordance with the provisions of the Versalink Performance Share Plan ("the Plan"); and

b) allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the release of awards under the Plan provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury Shares) from time to time."

[See Explanatory Note (ii)]

13. Authority to grant Options in accordance with Versalink Employee Share Option Scheme — Resolution 13

"That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors of the Company to:

a) offer and grant Options in accordance with the provisions of the Versalink Employee Share Option Scheme ("the Scheme"); and

b) to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the Options under the Scheme provided that the aggregate number of Shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury Shares) from time to time."

[See Explanatory Note (iii)]

14. To transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) Resolution 11, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed hundred per cent (100%) of the total number of issued Shares (excluding treasury Shares) at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury Shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting, or by the date by which the next Annual General Meeting is required by law to be held, whichever is earlier.

(ii) Resolution 12, if passed, will empower the Directors to grant awards and to issue and allot Shares pursuant to the Plan. The grant of awards under the Plan will be made in accordance with the provisions of the Plan. The aggregate number of Shares which may be issued pursuant to the Plan shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury Shares) from time to time.

(iii) Resolution 13, if passed, will empower the Directors to offer and grant Options under the Scheme and to allot and issue new ordinary shares in the capital of the Company upon the exercise of such Options in accordance with the Scheme as may be modified by the Committee from time to time, provided that the aggregate number of Shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares excluding treasury Shares of the Company from time to time.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 6 July 2015, for the purpose of determining members' entitlements to the final tax exempt (one-tier) dividend (the "Dividend") to be proposed at the Annual General Meeting of the Company to be held on 26 June 2015.

Duly completed registrable transfers in respect of the Shares in the Company received up to the close of business at 5.00 p.m. on 5 July 2015 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 will be registered to determine members' entitlements to the Dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with Shares in the Company as at 5.00 p.m. on 5 July 2015 will be entitled to such proposed Dividend.

The proposed Dividend, if approved at the Annual General Meeting will be paid on 15 July 2015.

By Order Of the Board

Seah Kim Swee
Company Secretary

11 June 2015

Notice of Annual General Meeting

Notes:

a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

b) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 48 hours before the meeting.

c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

d) In the case of joint shareholders, all holders must sign the form of proxy.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

VERSALINK HOLDINGS LIMITED

Registration No. 201411394N
(Incorporated in Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We* _____ (Name) , NRIC/Passport number* _____

of _____ (Address)

being a member/members* of Versalink Holdings Limited (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or*

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Friday, 26 June 2015 at 11:00 am and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For	Against	Number of Votes For**	Number of Votes Against**
1.	To receive and consider Directors' and Auditors' Reports and Audited Accounts				
2.	To approve a final tax exempt (one-tier) dividend of 0.5 cent per share for the financial year ended 28 February 2015				
3.	To approve the Directors' fees for the financial year ended 28 February 2015				
4.	To re-elect Mr Law Kian Siong as Director				
5.	To re-elect Ms Law Pei Ling as Director				
6.	To re-elect Mr Law Kian Guan as Director				
7.	To re-elect Dr Tay Chuan Hui as Director				
8.	To re-elect Mr Chin Chee Choon as Director				
9.	To re-elect Mr Chow Wen Kwan as Director				
10.	To re-appoint RSM Chio Lim LLP as Auditors				
11.	To authorise the Directors to allot and issue shares				
12.	To authorise the Directors to grant awards and issue shares in accordance with the provisions of the Versalink Performance Share Plan				
13.	To authorise the Directors to grant options and issue shares in accordance with the provisions of the Versalink Employee Share Option Scheme				

Dated this _____ day of _____ 2015

Total Number of Shares held	

_____

Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

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NOTES :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.
6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Company's registered office at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 48 hours before the time appointed for the Annual General Meeting.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at least 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 June 2015.

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Affix
Postage
Stamp

The Company Secretary
Versalink Holdings Limited (201411394N)

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095

Fold here

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