

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FINANCIAL YEAR ENDED 29 FEBRUARY 2020

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	FY2020 RM'000	FY2019 RM'000	% + / (-)
Revenue	49,357	50,745	(2.7)
Cost of sales	(37,162)	(38,858)	(4.4)
Gross profit	<u>12,195</u>	<u>11,887</u>	<u>2.6</u>
<u>Other items of income</u>			
Interest income	157	183	(14.2)
Other gains	4,585	968	nm*
<u>Other items of expense</u>			
Marketing and distribution expenses	(7,273)	(7,936)	(8.4)
Administrative expenses	(8,736)	(9,630)	(9.3)
Other losses	(1,757)	(4,236)	(58.5)
Finance costs	(313)	(353)	(11.3)
Share of loss from associate	(70)	-	nm*
Loss before tax	<u>(1,212)</u>	<u>(9,117)</u>	<u>(86.7)</u>
Income tax expense	(42)	840	nm*
Loss, net of tax	<u>(1,254)</u>	<u>(8,277)</u>	<u>(84.8)</u>
<u>Other comprehensive (loss)/profit:</u>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations, net of tax	-	1	nm*
Total comprehensive loss for the year	<u>(1,254)</u>	<u>(8,276)</u>	<u>(84.8)</u>
(Loss)/Profit, net of tax attributable to:			
Owners of the Company	(1,388)	(6,978)	(80.1)
Non-controlling Interest	134	(1,299)	nm*
Loss, net of tax	<u>(1,254)</u>	<u>(8,277)</u>	<u>nm*</u>
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company	(1,388)	(6,977)	(80.1)
Non-controlling Interest	134	(1,299)	nm*
Total comprehensive loss for the year	<u>(1,254)</u>	<u>(8,276)</u>	<u>(84.8)</u>

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

The Group's profit/(loss) before income tax has been arrived at after charging / (crediting) the following:

<u>Consolidated Statement of Comprehensive Income</u>	Group		%
	FY2020 RM'000	FY2019 RM'000	
Depreciation of property, plant and equipment	2,863	2,626	9.0
Depreciation of right-of-use assets	512	-	nm*
Bad debts written off	62	39	nm*
Foreign exchange adjustment losses, net	171	394	(56.6)
Gains on disposal plant and equipment	(2)	(77)	(97.4)
Gains on disposal of subsidiary	(1,130)	-	nm*
Impairment allowance on investment in associate	270	-	nm*
Interest income	(157)	(183)	(14.2)
Interest expenses	246	353	(30.3)
Interest on lease liabilities	67	-	nm*
Inventories written down	142	241	(41.1)
Allowance for impairment of trade receivables			
- collectively impaired	41	-	nm*
- individually impaired	-	3,800	nm*
Allowance for impairment of other receivables			
- collectively impaired	1,168	-	nm*
Plant and equipment written off	23	3	nm*
Write back of allowance for impairment on trade receivables			
- collectively impaired	-	(268)	nm*
- individually impaired	(3,286)	-	nm*

*nm denotes not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	29.02.2020	28.02.2019	29.02.2020	28.02.2019
	RM'000	RM'000	RM'000	RM'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	31,000	32,431	-	-
Right-of-use assets, non-current	1,162	-	-	-
Investment in subsidiaries	-	-	60,510	60,510
Investment in associate	-	-	-	-
Other receivables, non-current	2,055	-	278	493
Total non-current assets	34,217	32,431	60,788	61,003
<u>Current assets</u>				
Asset held for sale under FRS 105	-	1,384	-	-
Inventories	12,731	13,770	-	-
Trade and other receivables, current	4,182	4,593	8,066	7,527
Other assets, current	1,482	4,045	32	32
Other financial assets, current	3,376	2,801	-	-
Cash and cash equivalents	6,085	6,190	176	55
Total current assets	27,856	32,783	8,274	7,614
Total assets	62,073	65,214	69,062	68,617
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	62,513	62,513	62,513	62,513
Reserves	(9,652)	(8,264)	6,232	5,802
Equity attributable to owner of the parent	52,861	54,249	68,745	68,315
Non-controlling interests	-	(451)	-	-
Total equity	52,861	53,798	68,745	68,315
<u>Non-current liabilities</u>				
Deferred tax liabilities	173	173	-	-
Other financial liabilities, non-current	-	286	-	-
Lease liabilities, arising from right-of-use assets, non-current	681	-	-	-
Total non-current liabilities	854	459	-	-
<u>Current liabilities</u>				
Liability associated with asset held for sale	-	1,036	-	-
Income tax payable	19	4	19	4
Lease liabilities, arising from right-of-use assets, current	509	-	-	-
Trade and other payables, current	6,372	7,704	298	298
Other financial liabilities, current	1,458	2,213	-	-
Total current liabilities	8,358	10,957	317	302
Total liabilities	9,212	11,416	317	302
Total equity and liabilities	62,073	65,214	69,062	68,617

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1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand	Group		Group	
	As at 29 February 2020		As at 28 February 2019	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Bankers' acceptance	804	191	782	401
Bank loans	-	-	-	118
Bank overdrafts	463	-	569	317
Finance lease payables	-	-	26	-
	<u>1,267</u>	<u>191</u>	<u>1,377</u>	<u>836</u>
Amount repayable after one year				
Bank loans	-	-	-	85
Finance lease payables	-	-	201	-
	<u>-</u>	<u>-</u>	<u>201</u>	<u>85</u>

Details of any collateral

Secured borrowings

The Group's secured borrowings stood at RM1.3 million and RM1.6 million as at 29 February 2020 and 28 February 2019 respectively. The Group's secured borrowings are covered and secured by the following:

- (i) First party charge against the freehold land and buildings of the Group;
- (ii) Corporate guarantee for RM1,900,000 executed by Versalink Marketing Sdn. Bhd. to Jemaramas Jaya Sdn. Bhd.; and
- (iii) Pledged of fixed deposits.

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1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the period of the immediately preceding financial year.

	Group	
	FY2020	FY2019
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Loss before tax	(1,212)	(9,117)
Adjustments for:		
Depreciation of property, plant and equipment	2,863	2,626
Depreciation of right-of-use assets	512	-
Gains on disposal of plant and equipment	(2)	(77)
Gains on disposal of a subsidiary	(1,130)	-
Impairment allowance on investment in associate	270	-
Interest income	(157)	(183)
Interest expenses	313	353
Plant and equipment written off	23	3
Share of loss from associate	70	-
Operating cash flows before changes in working capital	1,550	(6,395)
Inventories	(3,150)	1,150
Trade and other receivables	(604)	7,531
Other assets	553	1,942
Other financial assets (Note B)	(575)	3,463
Trade and other payables	2,801	(1,113)
Net cash flows from operations	575	6,578
Income taxes refund	1,392	545
Net cash flows from operating activities	1,967	7,123
<u>Cash flows used in investing activities</u>		
Purchase of property, plant and equipment	(1,956)	(7,402)
Proceeds from disposal of plant and equipment	22	77
Disposal of a subsidiary, net of cash disposed (Note C)	24	-
Interest received	157	183
Net cash flows used in investing activities	(1,753)	(7,142)
<u>Cash flows from/(used in) financing activities</u>		
Increase/(decrease) in other financial liabilities	731	(420)
Repayment from associate	191	-
Interest paid	(246)	(353)
Lease liabilities repayment	(572)	(24)
Cash restricted in use	(28)	296
Net cash flows from/(used in) financing activities	76	(501)
Effect of foreign exchange rate adjustments	-	1
Net increase/(decrease) in cash and cash equivalents	290	(519)
Cash and cash equivalents, statement of cash flows, beginning balance	4,390	4,909
Cash and cash equivalents, statement of cash flows, ending balance (Note A)	4,680	4,390

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Note A:

	Group	
	FY2020	FY2019
	RM'000	RM'000
Cash and bank balances at end of the period	6,085	6,190
Bank overdrafts	(463)	(886)
Restricted cash in banks pledged for bank facilities	(942)	(914)
Cash and cash equivalents per consolidated statement of cash flow	<u>4,680</u>	<u>4,390</u>

Note B:

The other financial assets are investment in short to medium-term fixed income fund, with a withdrawal lead time period of 1 day to a maximum of one month and is managed by investment banks in Malaysia. There are no restrictions on the withdrawal of funds and they are designated as available-for-sale financial assets measured at fair value.

Note C: Net cash inflow on disposal of a subsidiary

On 22 November 2019, the Group disposed 17% share capital in Alca Vstye Sdn Bhd ("Alca") for a total cash consideration of RM0.23 million. Net cash inflow of RM0.02 million is represented by cash consideration less Alca's cash balance disposed of RM0.21.

- 1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1 March 2019	62,513	8	(8,272)	(451)	53,798
(Loss)/profit for the financial year	-	-	(1,388)	134	(1,254)
Exchange differences on translation foreign operations	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	-	(1,388)	134	(1,254)
Disposal of subsidiary	-	-	-	317	317
Balance at 29 February 2020	<u>62,513</u>	<u>8</u>	<u>(9,660)</u>	<u>-</u>	<u>52,861</u>
Balance at 1 March 2018	62,513	7	(1,294)	848	62,074
Loss for the financial year	-	-	(6,978)	(1,299)	(8,277)
Exchange differences on translation foreign operations	-	1	-	-	1
Total comprehensive income/(loss) for the period	-	1	(6,978)	(1,299)	(8,276)
Balance at 28 February 2019	<u>62,513</u>	<u>8</u>	<u>(8,272)</u>	<u>(451)</u>	<u>53,798</u>

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<u>Company</u>	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance at 1 March 2019	62,513	-	5,802	68,315
Total comprehensive income for the year	-	-	430	430
Balance at 29 February 2020	<u>62,513</u>	<u>-</u>	<u>6,232</u>	<u>68,745</u>
Balance at 1 March 2018	62,513	-	6,380	68,893
Total comprehensive loss for the year	-	-	(578)	(578)
Balance at 28 February 2019	<u>62,513</u>	<u>-</u>	<u>5,802</u>	<u>68,315</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes to the Company's share capital since the end of the current financial year, as at the end of the immediately preceding year and as at the last half year period reported on.

There were no outstanding convertibles, subsidiary holdings or treasury shares as at the end of the current financial period, as at the end of the immediately preceding year and as at the last half year period reported on.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Company	
	As at 29.02.2020 '000	As at 28.02.2019 '000
Total number of issued shares (excluding treasury shares)	<u>135,000</u>	<u>135,000</u>

There were no treasury shares as at the end of the current financial year, as at the end of the immediately preceding year and as at the last half year period reported on.

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable as the Company did not hold any treasury shares.

- 1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company did not hold any subsidiary holdings.

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Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 29 February 2020

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the Issuer's most recently audited financial statements have been applied.**

Except as disclosed in Note 5 below, the Group and the Company have applied the same accounting policies and methods of computation to the financial statements for the current financial period and the most recent audited financial statements for the financial year ended 28 February 2019.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 March 2019. The application of the new and revised standards and interpretations has no material effect on the financial statements, except for the adoption of SFRS(I) 16 - Leases.

The Group has adopted the new SFRS (I) 16 - Leases on 1 March 2019. The standard required a lessee to recognise the rights to use leased assets as Right-Of-Use ("ROU") asset and a lease liability representing its obligation to make lease payments.

The Group applied the standard using the modified retrospective approach, therefore the comparative figures for FY2019 have not been restated. At the date of initial application, the Group has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 March 2019. Subsequent to the initial recognition, the Group depreciates the ROU assets over its lease term and recognize interest expenses on the lease liabilities.

Impact of change in accounting policy for leases on Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income

	Adjustment on 1 March 2019
Consolidated Statement of Financial Position	Group RM'000
Right-of-use assets	1,675
Lease liabilities	(1,675)
	FY2020 Group RM'000
Consolidated Statement of Comprehensive Income	increase/(decrease)
Rental expenses	(579)
Depreciation of right-of-use assets	512
Finance costs	67

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6. If earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Losses per share ("LPS")	Group	
	FY2020 RM'000	FY2019 RM'000
Loss from continuing operations, net of tax attributable to:		
Owners of the Company	(1,388)	(6,978)
Weighted average number of ordinary shares	'000	'000
For calculation of:		
(a) Basic earnings per share	135,000	135,000
(b) Diluted earnings per share	135,000	135,000
Loss per ordinary share (Sen Ringgit Malaysia)		
(a) On weighted average number of ordinary shares on issue	(1.03)	(5.17)
(b) On a fully diluted basis	(1.03)	(5.17)

7. Net assets value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

Net asset value ("NAV")	Group		Company	
	29.02.2020	28.02.2019	29.02.2020	28.02.2019
NAV (RM'000)	52,861	54,249	68,745	68,315
Number of ordinary shares ('000)	135,000	135,000	135,000	135,000
NAV per ordinary share (Sen Ringgit Malaysia)	39.2	40.2	50.9	50.6

NAV per ordinary share as at 29 February 2020 and 28 February 2019 are calculated based on the aggregate number of ordinary shares of 135,000,000 shares.

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Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 29 February 2020

8. **A review of the performance of the group to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Consolidated Statement of Comprehensive Income for FY2020 compared to FY2019**Revenue**

The Group's revenue decreased by approximately RM1.4 million or 2.7% from approximately RM50.7 million in FY2019 to approximately RM49.3 million in FY2020.

The decrease was mainly due to lower revenue from domestic segments. Domestic segment recorded a lower revenue of approximately RM18.3 million in FY2020 compared to approximately RM20.4 million in FY2019 due to slowdown in retails businesses and reduction of sizable amount of project tender. However, the decrease was partly offset by higher revenue from export segment. Export segment recorded a higher revenue of approximately RM31.0 million in FY2020 compared to approximately RM30.3 million in FY2019. In addition, the decrease of revenue in domestic segment was also due to disposal of Alca, following disposal of 17% interest in shares of Alca on 22 November 2019.

Cost of sales and Gross profit

The Group's cost of sales decreased by approximately RM1.7 million or 4.4% from approximately RM38.9 million in FY2019 to approximately RM37.2 million in FY2020. The gross margin increased from 23.4% in FY2019 to 24.7% in FY2020.

Other Items of Income

Other items of income increased by approximately RM3.6 million from approximately RM1.1 million in FY2019 to approximately RM4.7 million FY2020. The increase in other items of income was mainly due to (i) higher write back of allowance for impairment of a trade receivable account previously impaired for final contract sum from developer of approximately RM3.0 million and gain on disposal of subsidiary of RM1.1 million in FY2020. However, this was partly offset by (i) lower of interest compensation on debt recovery of trade receivables of approximately RM0.4 million and (ii) lower of gain on disposals of plant and equipment of approximately RM0.1 million in FY2020 for unused machinery and equipment.

Marketing and distribution expenses

Marketing and distribution expenses decreased by approximately RM0.6 million or 8.4% from approximately RM7.9 million in FY2019 to approximately RM7.3 million in FY2020. This was mainly due to an overall decrease as a result of the disposal of Alca on 22 November 2019 in particular for (i) advertisement expenses of approximately RM0.4 million; (ii) staff cost of approximately RM0.4 million; and (iii) forwarding cost of approximately RM0.1 million. However, it is partly offset by the increase in (i) consultancy fees of approximately RM0.2 million in business development and (ii) depreciation of right-of-use assets of showroom approximately RM0.1 million due to adoption of SFRS(I) 16 - Leases in FY2020.

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Administrative expenses

Administrative expenses decreased by approximately RM0.9 million or 9.3% from approximately RM9.6 million in FY2019 to approximately RM8.7 million in FY2020. This was mainly due to decrease in (i) staff cost of approximately RM0.3 million; (ii) recruitment expenses of approximately RM0.2 million; (iii) staff training expenses in overseas for new software implementation of approximately RM0.2 million; (iv) insurance expenses of approximately RM0.1 million and (v) depreciation expenses of approximately RM0.1 million due to assets fully depreciated.

Other losses

Other losses decreased by approximately RM2.4 million from approximately RM4.2 million in FY2019 to approximately RM1.8 million in FY2020. The decrease was mainly due to lower allowance for impairment on trade and other receivables of approximately RM2.6 million and lower foreign exchange adjustment losses of approximately RM0.2 million in FY2020. However, this is partly offset by (i) impairment loss on investment in associates of approximately RM0.3 million and (ii) higher loss of obsolete assets written off of approximately RM0.1 million in FY2020.

Finance costs

Finance costs decreased by approximately RM0.1 million from approximately RM0.4 million in FY2019 to approximately RM0.3 million in FY2020.

Share of loss from associate

Share of loss from associate was recorded at approximately RM0.1 million.

Income tax expenses

The income tax comprises of mainly the underprovision for taxation in FY2019.

Loss, net of tax

As a result of the above, the Group reported a net loss after tax of approximately RM1.3 million in FY2020 as compared to a net loss after tax of approximately RM8.3 million in FY2019.

Consolidated Statement of Financial Position as at 29 February 2020

Non-current assets

As at 29 February 2020, the Group's non-current assets amounted to approximately RM34.2 million or approximately 55.1% of the Group's total assets and mainly comprised the following:

- (i) property, plant and equipment of approximately RM31.0 million or 90.6% of the Group's non-current assets;
- (ii) right-of-use assets of approximately RM1.1 million or 3.4% of the Group's non-current assets. The right-of-use assets arose from the adoption of the new SFRS(I) 16 - Leases.
- (iii) other receivables of approximately RM2.1 million or 6.0% of the Group's non-current assets.

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Current assets

As at 29 February 2020, the Group's current assets amounted to approximately RM27.9 million or approximately 44.9% of the Group's total assets and comprised the following:

- (i) inventories of approximately RM12.7 million or approximately 45.7% of the Group's current assets, which comprised raw materials, work-in-progress and finished goods;
- (ii) trade and other receivables of approximately RM4.2 million or approximately 15.1% of the Group's current assets;
- (iii) other assets of approximately RM1.5 million or approximately 5.3% of the Group's current assets;
- (iv) other financial assets of approximately RM3.4 million or approximately 12.1% of the Group's current assets which comprise mainly investments in short to medium-term fixed income fund;
- (v) cash and cash equivalents of approximately RM6.1 million or approximately 21.8% of the Group's current assets.

Non-current liabilities

As at 29 February 2020, the Group's non-current liabilities amounted to approximately RM0.8 million or approximately 9.3% of the Group's total liabilities and comprised (i) lease liabilities, arising from right-of-use assets of RM0.7 million and deferred tax liabilities of approximately of RM0.1 million.

Current liabilities

As at 29 February 2020, the Group's current liabilities amounted to approximately RM8.4 million or approximately 90.7% of the Group's total liabilities and mainly comprised the following:

- (i) income tax payable of approximately RM0.1 million or approximately 0.3% of the group's current liabilities;
- (ii) lease liabilities, arising from right-of-use assets of approximately RM0.5 million or approximately 6.1% of the Group's current liabilities;
- (iii) trade and other payables of approximately RM6.4 million or approximately 76.2% of the Group's current liabilities which consist mainly of (i) trade payables of approximately RM3.1 million; (ii) other payables of approximately RM3.2 million; and (iii) amount due to associate of approximately RM0.1 million.
- (iv) other financial liabilities of approximately RM1.4 million or 17.4% of the Group's current liabilities.

Shareholders' equity

As at 29 February 2020, the Group's equity attributable to equity holders was approximately RM52.9 million, comprising share capital of approximately RM62.5 million, and net capital deficit of approximately RM9.6 million.

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Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 29 February 2020

Consolidated Statement of Cash Flow for Year Ended 29 February 2020

As at 29 February 2020, the Group recorded cash and cash equivalents of approximately RM4.7 million as compared to approximately RM4.4 million as at 28 February 2019.

In the current financial year ended 29 February 2020, net cash from operating activities amounted to approximately RM2.0 million as compared to net cash from approximately RM7.1 million for the financial year ended 28 February 2019. The Group received tax credit refund of approximately RM1.4 million in relation to tax installment payments in prior years.

Net cash used in investing activities for the year ended 29 February 2020 amounted to approximately RM1.7 million. This was mainly due to purchase of plant and equipment of approximately RM1.9 million and partially offset by interest received of approximately RM0.2 million.

Net cash from financing activities for the year ended 29 February 2020 amounted to approximately RM0.1 million. This was mainly due to (i) drawdown of bankers' acceptance of approximately RM0.8 million and repayment from associate of approximately RM0.2 million. This was partly offset by (i) repayment of lease liabilities of approximately RM0.6 million; (ii) interest paid of approximately RM0.2 million; and (iii) repayment of term loan approximately RM0.1 million.

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

There has not been any forecast or prospect statement previously disclosed to shareholders of the Company.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the reporting period and the next 12 months.

On 16 March 2020, the Malaysian Government had officially promulgated the movement control order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967. To-date, the country is in the Recovery Movement Control Order (RMCO) phase between 10 June 2020 and 31 August 2020 with the implementation of short-to-medium term plans by the Finance Ministry to rebuild economy post MCO. The Covid-19 pandemic and the MCO have further exacerbated the already challenging business and operational environment from prolonged reduction in securing tender of sizable amount from contractors and distributors, coupled with the temporary shutdown of operations in response to the mandatory social and economic "lockdowns" of retailing industry in Malaysia. Such unprecedented measures had created an adverse demand implication across all segments for both domestic and export.

The Group has since resumed full operations in early May 2020 with the available ongoing orders in hand. A series of precautionary and cost control measures which include (a) the streamlining of the Group's human resources and manpower costs in line with business volume and (b) re-negotiating lower rates of leases have also been implemented to mitigate the financial impact. However, the overall global economic downturn on international trade and the reduction in industrial output worldwide due to Covid-19 are making the business outlook for FY2021 to be highly uncertain. Barring unforeseen circumstances, the Group expects to be adversely affected in the next financial year of FY2021 as compared to current FY2020.

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11. Dividend

(a) Current Financial Period Reported On

No dividend has been declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared or recommended.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

The Board has decided that it is prudent not to declare or recommend any dividends, as the Group is in a loss making position.

13. Interested Person Transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

There were no Interested Persons Transactions exceeding S\$100,000 conducted by the Group during the current financial period reported on.

14. Update on use of Initial Public Offer ("IPO") proceeds

The IPO proceeds have been fully utilised as at the date of this announcement.

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

The Company hereby confirms that it has already procured undertakings from all its Directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

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PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmental revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Export RM'000	Domestic RM'000	Group RM'000
Continuing operations 2020			
Revenue by segment			
Total revenue by segment	37,173	18,630	55,803
Inter-segment sales	(6,150)	(296)	(6,446)
Total revenue	31,023	18,334	49,357
Cost of sales by segment			
Total cost of sales by segment	(30,797)	(12,799)	(43,596)
Inter-segment cost of sales	6,139	295	6,434
Total cost of sales	(24,658)	(12,504)	(37,162)
Gross profit	6,365	5,830	12,195
Recurring EBITDA			2,389
Interest income			157
Finance costs			(313)
Depreciation and amortisation			(3,375)
Share of loss from associate			(70)
Loss before tax from continuing operations			(1,212)
Income tax credit			(42)
Loss from continuing operations, net of tax			(1,254)
Continuing operations 2019			
Revenue by segment			
Total revenue by segment	38,108	21,761	59,869
Inter-segment sales	(7,765)	(1,359)	(9,124)
Total revenue	30,343	20,402	50,745
Cost of sales by segment			
Total cost of sales by segment	(31,739)	(15,210)	(46,949)
Inter-segment cost of sales	7,768	323	8,091
Total cost of sales	(23,971)	(14,887)	(38,858)
Gross profit	6,372	5,515	11,887
Recurring EBITDA			(6,321)
Interest income			183
Finance costs			(353)
Depreciation and amortisation			(2,626)
Loss before tax from continuing operations			(9,117)
Income tax credit			840
Loss from continuing operations, net of tax			(8,277)

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- 17. In review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Refer to Section 8 for details.

- 18. A breakdown of sales as follows:**

	FY2020 RM'000	FY2019 RM'000	% (+/-)
(a) Sales reported for first half year	25,053	28,999	(13.6)
(b) Loss after tax reported for first half year	(2,228)	(1,254)	77.7
(c) Sales reported for second half year	24,304	21,746	11.8
(d) Profit/(loss) after tax reported for second half year	974	(7,023)	nm*

- 19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- 20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Law Siew May	63	Aunt to CEO	Manager	
Wong Hon Mui	42	Spouse to CEO	PA to CEO	Director of subsidiaries

BY ORDER OF THE BOARD

MATTHEW LAW
Group Chief Executive Officer

26 June 2020

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Mr Yee Chia Hsing, Head, Catalist, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623. Telephone: +65 6337 5115.