



Versalink Holdings Limited

Incorporated in Singapore on 21 August 2014

Company Registration No.: 201411394N

Press Release

VERSALINK'S NET PROFIT INCREASES 76.8% TO RM3.2 MILLION IN 1H2016 FROM RM1.8 MILLION IN 1H2015

Highlights

- Net profit after tax in 1H2016 grew 76.8%, mainly due to lower profitability in 1H2015 as a result of one-off IPO expenses of RM1.2 million and Other gains of RM1.3 million in 1H2016
- The Group improve its cash position to RM20.5 million in 1H2016, up from RM12.4 million in 1H2015, after a dividend payout of RM1.9 million in July 2015
- The Group expects to remain profitable for the current year despite challenging global economic factors

SINGAPORE, 13 October 2015 – SGX Catalist-listed Versalink Holdings Limited (“Versalink” or “the Group”), a Malaysia-based manufacturer of mid to high-end system furniture with more than 90 overseas dealers located in more than 40 countries, is pleased to present its financial results for the six months ended 31 August 2015 (“1H2016”).

For 1H2016, Versalink’s revenue accounted for RM30.4 million, a 6.1% decline from RM32.3 million in 1H2015. While this was mainly due to lower revenue contribution from its export segment, the domestic segment has improved its revenue contribution in 1H2016.

Other income in 1H2016 was approximately RM1.4 million as compared to RM0.6 million in 1H2015. The increase in other income was mainly due to a net gain on foreign exchange and higher interest income received in 1H2016.

Marketing and distribution expenses reduced by 5.8%, from RM3.5 million in 1H2015 to RM3.3 million in 1H2016, with the reduction in commission and forwarding costs being offset by the increase in advertisement costs and staff costs. Administrative expenses decreased 13.6% in the same period, from RM5.5 million in 1H2015 to RM4.7 million in 1H2016. The decrease was attributable to the Group's one-off IPO related expenses recognized in 1H2015 which was partly offset by higher staff costs and recruitment expenses in 1H2016.

As a result of the above, the Group's net profit after tax grew 76.8% from RM1.8 million in 1H2015 to RM3.2 million in 1H2016.

Strong Cash Position

Versalink's cash and cash equivalents as at 31 August 2015 remained healthy at RM20.5 million.

Versalink believes that its strong cash position will grant the Group the flexibility to adapt and grow amidst the challenging market conditions.

Capital Expenditure

The Group has kept up with its capital expenditure in anticipation of the long term demand of its goods and services, channeling RM2.4 million into the purchase of Property, Plant and Equipment as at 31 August 2015, a notable increase from RM0.8 million a year ago.

These capital expenditure were made to strengthen the Group's competitive edge as it aspires to become a prominent player in the global market and continues to seek growth and expansion in new and existing markets.

Outlook

The IMF's latest World Economic Outlook¹ (WEO) published in Oct 2015 foresees lower global growth compared to last year, with modest pickup in advanced economies and a slowing in emerging markets, primarily reflecting weakness in some large emerging economies and oil-exporting countries.

Growth prospects in emerging markets and developing economies vary across countries and regions. But the outlook in 2015 is generally weakening, with aggregated growth for these economies projected to decline from 4.6% in 2014 to 4.0% in 2015.

Voicing similar sentiments, Versalink is of the view that its operating performance, in particular the export segment, will be negatively affected by the global economy. However, the Group remains positive about the long term prospects of the industry. Barring unforeseen circumstances, the Group will continue to remain profitable in FY2016.

“While the general market conditions remains challenging due to numerous global economic factors, we believe that there are opportunities to be capitalized in every situation and Versalink is in a well-poised position to capture them as soon as they appear. Nevertheless, we will keep up our marketing efforts to expand the Group's foothold in the international market and establish itself as a global brand name.” commented Mr Matthew Law, Chief Executive Officer of Versalink Holdings Limited on the outlook of the Group.

#End of Release#

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About Versalink Holdings Limited

Versalink Holdings Limited is an established Malaysia-based manufacturer of mid to high-end system furniture that provides products and services to more than 90 overseas dealers located in more than 40 countries in Africa, Asia, Australasia, Middle East and North America.

Established in 1991, Versalink is engaged in the design, manufacture and supply of a wide range of system furniture and the provision of workspace planning and consulting services. Its customers comprise contractors, corporate customers, dealers and original equipment manufacturer customers, both in Malaysia and overseas.

Apart from its “Versalink” brand products, the Group represents various international brands such as ZÜCO Bürositzmöbel AG of Switzerland and Dauphin Human Design of Germany. Additionally, the Group supplies ancillary products such as seating models and work tools that are sourced from third party manufacturers.

This press release has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, CIMB Bank Berhad, Singapore Branch (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), this being the SGXST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this press release.

The press release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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