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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FINANCIAL PERIOD ENDED 31 AUGUST 2015 ("1H2016")

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		
	31.08.2015 RM'000	31.08.2014 RM'000	% (+/-)
Revenue	30,373	32,336	(6.1)
Cost of sales	(19,753)	(20,709)	(4.6)
Gross profit	10,620	11,627	(8.7)
Other Items of Income			
Interest income	164	85	92.9
Other gains	1,261	516	144.4
Other Items of Expense			
Marketing and distribution expenses	(3,319)	(3,524)	(5.8)
Administrative expenses	(4,713)	(5,456)	(13.6)
Other losses	(59)	-	nm*
Finance costs	(183)	(208)	(12.0)
Profit Before Tax	3,771	3,040	24.0
Income tax expense	(531)	(1,207)	(56.0)
Profit, Net of Tax	3,240	1,833	76.8
Other comprehensive income:			
Exchange differences arising from translation of foreign operations	19	(27)	nm*
Total Comprehensive Income for the Period	3,259	1,806	80.5
Profit, Net of Tax, Attributable to:			
Owners of the Company	3,240	1,833	76.8
Non-controlling Interest	-	-	-
Profit, Net of Tax	3,240	1,833	76.8
Total Comprehensive Income for the Period Attributable to:			
Owners of the Company	3,259	1,806	80.5
Non-controlling Interest	-	-	-
Total Comprehensive Income for the Period	3,259	1,806	80.5

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

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

	Group		
Consolidated Statement of Comprehensive Income	31.08.2015 RM'000	31.08.2014 RM'000	% (+/-)
Depreciation	986	1,009	(2.3)
Foreign exchange adjustment gains, net	(1,057)	(465)	127.3
Interest Income	(164)	(85)	92.9
Interest Expenses	183	208	(12.0)
IPO expenses	(22)	1,734	-
Plant and equipment written off	59	-	nm*

*nm denotes not meaningful

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Unaudited Financial Statements and Dividend Announcement for Financial Period Ended 31 August 2015

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	
	31.08.2015 RM'000	28.02.2015 RM'000	31.08.2015 RM'000	28.02.2015 RM'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	27,566	26,208	-	-
Investment in subsidiaries	-	-	44,915	44,915
Total Non-Current Assets	27,566	26,208	44,915	44,915
Current Assets				
Inventories	10,700	11,532	-	-
Trade and Other Receivables	12,571	8,207	18,634	15,835
Other Assets	4,617	3,221	57	14
Cash and Cash Equivalents	22,323	26,932	2,832	4,901
Total Current Assets	50,211	49,892	21,523	20,750
Total Assets	77,777	76,100	66,438	65,665
EQUITY AND LIABILITIES				
Equity				
Share Capital	62,513	62,513	62,513	62,513
Reserves	1,922	542	3,610	2,867
Total Equity	64,435	63,055	66,123	65,380
Non-Current Liabilities				
Deferred Tax Liabilities	1,144	1,144	-	-
Other Financial Liabilities, Non-Current	596	832	-	-
Total Non-Current Liabilities	1,740	1,976	-	-
Current Liabilities				
Trade and Other Payables	9,486	8,994	315	285
Other Financial Liabilities, Current	2,116	2,075	-	-
Total Current Liabilities	11,602	11,069	315	285
Total Liabilities	13,342	13,045	315	285
Total Equity and Liabilities	77,777	76,100	66,438	65,665

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

	Group			
	As at 31 August 2015		As at 28 February 2015	
Amount repayable in one year or less, or on demand	**Secured**	**Unsecured**	**Secured**	**Unsecured**
	RM'000	RM'000	RM'000	RM'000
Bankers' acceptance	666	-	81	-
Bank loans	390	-	712	-
Bank overdrafts	972	-	1,172	-
Finance lease payables	-	88	-	110
	2,028	88	1,965	110
Amount repayable after one year				
Bank loans	583	-	781	-
Finance lease payables	-	13	-	51
	583	13	781	51

Details of any collateral

Secured Borrowings

The Group's secured borrowings stood at RM2.6 million and RM2.7 million as at 31 August 2015 and 28 February 2015 respectively. The Group's secured borrowings are secured by the following:

(i) A first party charge against the freehold land and buildings of a subsidiary;
(ii) Joint and several guarantee by certain directors of the Company and subsidiaries;
(iii) Fixed deposits with licensed banks.

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Unaudited Financial Statements and Dividend Announcement for Financial Period Ended 31 August 2015

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	
	31.08.2015 RM'000	31.08.2014 RM'000
Cash Flows From Operating Activities		
Profit before Tax	3,771	3,040
Adjustments for:		
Depreciation of Property, Plant and Equipment	986	1,009
Interest Income	(164)	(85)
Interest Expenses	183	208
Plant and Equipment Written Off	59	-
Operating Cash Flows before Changes in Working Capital	4,835	4,172
Inventories	832	87
Trade Receivables	(3,547)	4,153
Other Assets	(1,396)	(3,357)
Trade and Other Payables	497	3,651
Net Cash Flows From Operations	1,221	8,706
Income Taxes Paid	(1,351)	(1,877)
Net Cash Flows (Used in)/From Operating Activities	(130)	6,829
Cash Flows From Investing Activities		
Purchase of Property, Plant and Equipment	(2,403)	(814)
Acquisition of a subsidiary, net of cash acquired	-	(398)
Interest Received	164	85
Net Cash Flows Used in Investing Activities	(2,239)	(1,127)
Cash Flows From Financing Activities		
Amount due to Directors	-	(3,047)
Other Financial Liabilities	65	(1,458)
Finance Lease Repayments	(60)	(83)
Interest Paid	(183)	(208)
Dividends Paid	(1,879)	-
Cash Restricted in Use	(12)	(20)
Net Cash Flows Used in Financing Activities	(2,069)	(4,816)
Effect of exchange rate changes	19	(27)
Net (Decrease)/Increase in Cash and Cash Equivalents	(4,419)	859
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	24,953	11,494
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note A)	20,534	12,353

Note A:

	Group	
	31.08.2015	31.08.2014
	RM'000	RM'000
Cash and bank balances at end of the period	22,323	14,544
Bank overdrafts	(972)	(752)
Restricted cash in banks	(817)	(1,439)
Cash and cash equivalents per consolidated statement of cash flow	20,534	12,353

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	**Retained Earnings** RM'000	**Total Equity** RM'000
Balance at 1 March 2015	62,513	(1)	543	63,055
Profit for the financial period	-	-	3,240	3,240
Exchange differences on translation foreign operations	-	19	-	19
Total comprehensive income for the financial year	-	19	3,240	3,259
Dividends	-	-	(1,879)	(1,879)
Balance as at 31 August 2015	62,513	18	1,904	64,435

	Share Capital RM'000	**Foreign currency Translation Reserve** RM'000	**Retained Earnings** RM'000	**Total Equity** RM'000
Balance at 1 March 2014	3,479	-	40,878	44,357
Profit for the financial period	-	-	1,833	1,833
Exchange differences on translation foreign operations	-	(27)	-	(27)
Total comprehensive (loss)/income for the financial year	-	(27)	1,833	1,806
Transactions with owners in their capacity as owners:				
Merger adjustment pursuant to restructuring exercise	40,936	-	(40,936)	-
Balance as at 31 August 2014	44,415	(27)	1,775	46,163

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Unaudited Financial Statements and Dividend Announcement for Financial Period Ended 31 August 2015

Company	**Share Capital** RM'000	**Foreign currency Translation Reserve** RM'000	**Retained Earnings/ (Accumulated Losses)** RM'000	**Total Equity** RM'000
Balance at 1 March 2015	62,513	-	2,867	65,380
Profit for the financial period	-	-	743	743
Balance as at 31 August 2015	62,513	-	3,610	66,123
Date of incorporation 21 April 2014	- [1]	-	-	- [1]
Issue of New Shares pursuant to the Restructuring Exercise	44,415	-	-	44,415
Loss for the financial period	-	-	(1,754)	(1,754)
Exchange differences on translation foreign operations	-	(27)	-	(27)
Balance as at 31 August 2014	44,415	(27)	(1,754)	42,634

[1] The amount of share capital as at 21 April 2014 is less than RM1,000.

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversions 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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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 previous period reported on, this being 28 February 2015.

There were no outstanding convertibles or treasury shares as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding year.

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.

	As at 31.08.2015 '000	**As at 28.02.2015** '000
Total number of issued shares (excluding treasury shares)	135,000	135,000

There were no treasury shares as at the end of the current financial period and as the end of the immediately preceding year.

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.

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 2015.

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 the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 March 2015.

The adoption of new/revised FRS and INT FRS does not result in any substantial changes to the Group's accounting policies, and has no material effect on the amounts reported for the current or prior periods.

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.

Earnings per share ("EPS")	**31.08.2015** RM'000	**31.08.2014** RM'000	
Profit, net of tax, attributable to:			
Owners of the Company	3,240	1,833	
Weighted average number of ordinary shares	'000	'000	
For calculation of:			
(a) Basic earnings per share	135,000	110,000	(1)
(b) Diluted earnings per share	135,000	110,000	
Earnings per ordinary share (Sen Ringgit Malaysia)			
(a) On weighted average number of ordinary shares on issue	2.40	1.67	
(b) On a fully diluted basis	2.40	1.67	

(1) The issued and paid-up capital of the Group as at 31 August 2014 of 110,000,000 shares assuming that the issue of shares pursuant to the Restructuring Exercise on 22 July 2014, the Company increased its issued and paid-up capital to RM44,415,000 with the issue of 109,999,999 new ordinary shares for the consideration of RM44,415,000 to directors and shareholders (other than directors) of the Company.

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.

	Group		Company	
Net asset value ("NAV")	**31.08.2015**	**28.02.2015**	**31.08.2015**	**28.02.2015**
NAV (RM'000)	64,435	63,055	66,123	65,380
Number of ordinary shares '000	135,000	135,000	135,000	135,000
NAV per ordinary share (Sen Ringgit Malaysia)	47.7	46.7	49.0	48.4

NAV per ordinary share as at 31 August 2015 and 28 February 2015 are calculated based on the aggregate number of ordinary shares of 135,000,000 shares.

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 1H 2016 compared to 1H 2015

Revenue

The Group's revenue decreased by 6.1% or RM1.9 million from RM32.3 million in 1H2015 to RM30.4 million in 1H2016.

The decrease was mainly due to lower revenue from export segment of RM2.4 million or 12.2% from RM19.7 million in 1H2015 to RM17.3 million in 1H2016 . However, the decrease was offset by the higher revenue from our domestic segment of RM0.4 million or 3.2% from RM12.6 million in 1H2015 to RM13.0 million in 1H2016.

Cost of sales and Gross profit

With lower revenue, the Group's cost of sales decreased by 4.6% or RM1.0 million from RM20.7 million in 1H2015 to RM19.7 million in 1H2016. Gross profit margin decreased marginally from 36.0% in 1H2015 to 35.0% in 1H2016.

Other Items of Income

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

Marketing and distribution expenses reduced by approximately RM0.2 million or 5.8% from RM3.5 million in 1H2015 to RM3.3 million in 1H2016. This was mainly due to the reduction in commission and forwarding costs totaling RM0.6 million, which partly offset by the increase in (i) advertisement cost of RM0.2 million, and (ii) staff cost of RM0.2 million.

Administrative expenses

Administrative expenses decreased by approximately RM0.7 million or 13.6% from RM5.5 million in 1H 2015 to RM4.7 million in 1H2016. The decrease was mainly due to the professional fees and the other incidental expenses of RM1.2 million charged to the income statement in 1H2015 in relation to the Company's IPO. This is however, partly offset by (i) higher staff costs of RM0.4 million and (ii) recruitment expenses of RM0.1 million in 1H2016.

Finance costs

Finance costs decrease by 12.0% from RM0.21 million in 1H2015 to RM0.20 million in 1H2016. The decrease was mainly due to partial repayment of term loan and hire purchase facilities.

Income tax expenses

The Group recorded a lower effective tax rate of 14.1% for 1H2016 as compared to 39.7% for 1H2015. This is mainly due to a lower tax provision for operating entities in Singapore. The statutory tax rate in Singapore is currently at 17% while in Malaysia, it will be reduced from 25% to 24% effective from this financial year.

Profit, net of tax

As a result of the above, the Group reported a net profit after tax of RM3.2 million for 1H2016 as compared to a net profit of RM1.8 million for 1H2015.

Consolidated Statement of Financial Position as at 31 August 2015

Non-current assets

As at 31 August 2015, the Group's non-current assets amounted to RM27.6 million or approximately 35.4% of the Group's total assets and comprised property, plant and equipment.

The increased in Group's non-current assets by RM1.4 million as compared to RM26.2 million as at 28 February 2015 was mainly due to acquisition of plant and equipment and partly offset by depreciation charged for the 1H2016.

Current assets

As at 31 August 2015, the Group's current assets amounted to RM50.2 million comprising inventories, trade and other receivables, other assets, and cash and cash equivalents which accounted for 64.6% of the Group's total assets.

As at 31 August 2015, a total of RM10.7 million in inventories were recorded as compared to RM11.5 million recorded as at 28 February 2015.

The trade and other receivables stood at RM12.6 million as at 31 August 2015 as compared to RM8.2 million as at 28 February 2015. Trade and other receivables comprises of trade receivables and income tax recoverable.

As at 31 August 2015, the Group's other assets amounted to approximately RM4.6 million or 9.2% of the Group's current assets.

The Group's cash and cash equivalents as at 31 August 2015 stood at RM22.3 million as compared to RM26.9 million as at 28 February 2015.

Non-current liabilities

The Group's non-current liabilities decreased by approximately of RM0.2 million from RM1.9 million as at 28 February 2015 to RM1.7 million as at 31 August 2015 mainly due to reduction in non-current bank borrowings and finance lease obligations.

Current liabilities

As at 31 August 2015, the Group's current liabilities amounted to approximately RM11.6 million or approximately 87.0% of the Group's total liabilities and comprised the following:-

(i) Trade and other payables of approximately RM9.5 million or approximately 81.8% of our current liabilities which consist mainly of trade payables of approximately RM5.0 million and other payables of approximately RM4.5 million.

(ii) Other financial liabilities of approximately RM2.1 million or 18.2% of the Group's current liabilities, which consisted mainly of (i) term loans of approximately RM0.4 million, (ii) banker's acceptances of approximately RM0.6 million, (iii) bank overdrafts of approximately RM1.0 million and (iv) finance lease of approximately RM0.1 million.

Shareholders' equity

As at 31 August 2015, the Group's shareholders' equity of approximately RM64.4 million comprised share capital of approximately RM62.5 million, and reserves of approximately RM1.9 million.

Consolidated Statement of Cash Flow for Period Ended 31 August 2015

As at 31 August 2015, the Group recorded cash and cash equivalents of RM20.5 million as compared to RM12.4 million as at 31 August 2014.

In the current financial period ended 31 August 2015, net cash used in operating activities amounted to RM0.1 million as compared to RM6.8 million generated from operating activities for the financial period ended 31 August 2014 mainly due to negative cash flow from trade receivables.

Net cash used in investing activities amounted to approximately RM2.2 million. This was mainly due to purchase of plant and equipment of RM2.4 million and offset by interest received of RM0.2 million.

Net cash used in financing activities amounted to approximately RM2.1 million. This was mainly due to dividend payment of RM1.9 million and interest paid of approximately RM0.2 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.

The operating performance for the next 12 months will continue to be affected by the challenges and uncertainties arising from the global economy especially our export segment. Nonetheless, the Group will continue to explore and develop new business opportunities both in Malaysia and overseas, whilst managing its costs effectively to grow its profitability with the objective of maximizing its shareholders' value.

Notwithstanding of the above and barring unforeseen circumstances, the Board is of the opinion that the Group will remain profitable in the current year.

11. Dividend

(a) Current Financial Period Reported On

Not applicable

(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.

No dividend has been declared or recommended.

13. Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandated pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the existing shareholders' mandated pursuant to Rule 920 (excluding transactions less than S$100,000)
	RM'000	**RM'000**
BSL Venture Sdn Bhd - Factory building lease expense	115	-

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").

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

As at the date of this announcement, the utilisation of the IPO proceeds is as follows:

Intended Usage in accordance with the Offer Document	**Allocation** S$'000	**Amount utilised** S$'000	**Amount unutilised** S$'000
Acquisition of new machinery and setting up of new production facilities	3,765	850	2,915
Marketing, advertising and promotional activities	750	236	514
Working capital and general corporate activities	1,385	1,385	-
IPO expenses	1,600	1,655	(55)
Total	7,500	4,126	3,374

The Company will make periodic announcements on the use of proceeds as and when the funds are materially disbursed. Pending the deployment of the net proceeds from the IPO, the funds will be placed in deposits with banks and financial institutions or invested in money market instruments or used for the Group's working capital.

15. Negative Confirmation pursuant to rule 705(5)

We, Matthew Law and Arica Walters, being the two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the financial period ended 31 August 2015 to be false or misleading.

MATTHEW LAW
Group Chief Executive Officer

ARICA WALTERS
Group Chief Operating Officer

BY ORDER OF THE BOARD

ARICA WALTERS
Group Chief Operating Officer

13 October 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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.

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