



Versalink Holdings Limited
Company Registration No.: 201411394N

Versalink Holdings Limited
Lot 6119, Jalan Haji Salleh, Batu
5 1/2 off Jalan Meru, 41050 Klang,
Selangor Darul Ehsan, Malaysia
Tel: (603) 3392 6888
Fax: (603) 3392 3377

Press Release

VERSALINK DELIVERS BETTER-THAN-EXPECTED RESULTS, REPORTS A NET PROFIT OF RM1.8 MILLION INSTEAD OF A LOSS

Highlights

- Versalink's 1H FY2015 interim net profit of RM1.8 million exceeded its original expectation of a possible interim loss as disclosed in its Offer Document (page 40 and 126)
- Lower revenue of RM32.3 million mainly due to projects delayed by the end users and its profitability was also affected by one-off IPO related expenses of approximately RM1.8 million
- The Group had made several long term investments during the year which include a brand building exercise by world-renowned marketing and advertising leader, McCann Erickson, whose clients include Carlsberg, Coca Cola, IKEA, L'OREAL, amongst others as the Group aspires to become a prominent player in the global office furniture industry
- The Group expects to remain profitable on the back of a robust global office furniture industry predicted by industry experts

SINGAPORE, 3 November 2014 – 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, today announced its financial results for the six months ended 31 August 2014 ("1H FY2015")

In 1H FY2015, the Group exceeded its own expectations by delivering a net profit of RM1.8 million. Versalink had previously disclosed in its Offer Document (page 40 and 126) that the Group may record an interim loss due to expenses related to its IPO and increased costs such as higher directors and staff remuneration expenses as well as sales, marketing and other expenses relating to its expansion plans.

For the period under review, Versalink's revenue declined 15.8% to RM32.3 million from RM38.4 million a year ago ("1H FY2014") as a result of lower revenue from both export and domestic business segments mainly due to project delays.

Commenting on the Group's overall performance, Mrs Arica Walters, Chief Operating Officer of Versalink, remarked, **"We are pleased to record a net profit for 1H FY2015 as we had expected a loss initially. We experienced lower revenue that was caused by project delays during a period that coincide with Ramadan and World Cup 2014. However, we are confident that the projects will resume shortly and contribute significantly to our financial performances in the near future."**

One-Off IPO Related Expenses

Versalink's gross profit margin slipped down marginally by 1.9 percentage point to 35.9% in 1H FY2015 as compared to 37.8% in 1H FY2014.

In relation to the Group's recent IPO activities, administrative expenses experienced a surge of 70.7% to RM5.5 million in 1H FY2015 from RM3.2 million in 1H FY2014. This increase was mainly due to one-off professional fee and incidental expenses relating to the IPO. The Group also recorded a higher effective tax rate of 39.7% in 1H FY2015 as compared to 20.2% in 1H FY2014 as IPO related expenses are not tax-deductible.

As a result of the above, the Group posted a decline of 72.1% in net profit after tax to RM1.8 million in 1H FY2015.

Long Term Investments

In 1H FY2015, Versalink had successfully acquired 100% of the issued capital of Steeltema (M) Sdn Bhd. for RM0.4 million and also increased its spending on Property, Plant and Equipment from RM0.4 million in 1H FY2014 to RM0.8 million in 1H FY2015.

Additionally, the Group had also commissioned a brand building exercise with world-renowned marketing and advertising leader, McCann Erickson, whose clients include Carlsberg, Coca Cola, IKEA, L'OREAL, amongst others.

These long term investments 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

According to a survey¹ conducted by Michael A. Dunlap & Associates (MADA), it predicts a significant increase in the office furniture market. According to Michael Dunlap, MADA was "confident that the industry is still on course to achieve its best year in more than a decade."

The July 2014 MADA/OFI Trends survey solicited the opinion of 750 executives and individuals. This included companies from across the world with sales between \$10 million to those exceeding \$1 billion.

The overall July index score is 55.62, which is significantly higher compared to the April overall score of 54.6. In January, it was at 54.36. The highest recorded

¹ Source from <http://www.grbj.com/articles/80312-office-furniture-industry-continues-to-improve>

overall index was 59.72 in July 2005; the lowest was 41.45 in April 2009. The average overall index is 54.37.

“We maintain the opinion that the industry will continue on its steady growth in mid-2014, then accelerate during late 2014 into early 2015,” said Dunlap.

Echoing the experts’ opinions, the Group expects a better second half on the back of a robust global office furniture industry.

Commenting on the outlook, Mr Matthew Law, Chief Executive Officer of Versalink Holdings Limited remarked, **“We are seeing broad-based growth opportunities across our existing key markets. This trend is supported by improving economic fundamentals and is expected to continue into 2015. Other than capitalizing on such trends, we aspire to become a prominent global player in the long term and we have been making big plans to fulfil this dream.”**

#End of Release#

Note: This press release is to be read in conjunction with the related mandatory announcement filed by Versalink on SGX net.

ISSUED ON BEHALF OF **VERSALINK HOLDINGS LIMITED**
BY CAPITAL ACCESS COMMUNICATIONS PTE LTD:

Edwin Lee
Email: edwinlee@capitalaccess.com.sg
Mobile: +65 9660 7361

Neo Aik Kee
Email: aikkee@capitalaccess.com.sg
Mobile : +65 9793 0504

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, Dauphin Human Design of Germany and Sinetica Industries Srl of Italy. 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 Catalist. 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.

The contact person for the Sponsor is Mr Yee Chia Hsing, Head, Catalist. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.