

KESM INDUSTRIES BERHAD

(Incorporated in Malaysia)

Company No : 13022-A

**UNAUDITED FOURTH QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2015**

The Board of Directors is pleased to announce the following unaudited results of the Group for the financial quarter ended 31 July 2015.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 JULY 2015**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (31/07/2015) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (31/07/2014) RM'000	CURRENT YEAR TO DATE (31/07/2015) RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE (31/07/2014) RM'000
Revenue	68,938	68,648	263,122	254,365
Other items of income				
Interest income	428	797	2,520	3,142
Dividend income	47	18	169	176
Other income	2,256	1,150	5,830	3,042
Items of expense				
Raw materials and consumables used	(9,123)	(8,584)	(31,191)	(38,501)
Changes in work-in-progress and finished goods	(125)	(963)	754	(1,113)
Employee benefits expense	(22,195)	(21,407)	(91,608)	(84,068)
Depreciation of property, plant and equipment	(13,957)	(14,837)	(57,641)	(53,720)
Finance costs	(919)	(462)	(3,578)	(2,248)
Other expenses	(15,597)	(15,008)	(64,338)	(61,271)
Profit before tax	9,753	9,352	24,039	19,804
Income tax expense	698	(400)	(3,061)	(3,464)
Profit net of tax	10,451	8,952	20,978	16,340
Other comprehensive income:				
Foreign currency translation	3,112	(7)	6,619	438
Other comprehensive income for the period, net of tax	3,112	(7)	6,619	438
Total comprehensive income for the period	<u>13,563</u>	<u>8,945</u>	<u>27,597</u>	<u>16,778</u>
Profit attributable to:				
Owners of the Company	10,451	6,679	17,031	10,883
Non-controlling interests	-	2,273	3,947	5,457
	<u>10,451</u>	<u>8,952</u>	<u>20,978</u>	<u>16,340</u>
Total comprehensive income attributable to:				
Owners of the Company	13,563	6,672	23,650	11,321
Non-controlling interests	-	2,273	3,947	5,457
	<u>13,563</u>	<u>8,945</u>	<u>27,597</u>	<u>16,778</u>
Earnings per share attributable to owners of the Company (sen per share):				
- Basic	<u>24.3</u>	<u>15.5</u>	<u>39.6</u>	<u>25.3</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2014 and the accompanying explanatory notes attached to the interim financial statements.

KESM INDUSTRIES BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2015**

	<u>AS AT END OF CURRENT QUARTER 31/07/2015</u>	<u>AS AT PRECEDING FINANCIAL YEAR END 31/07/2014</u>
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	183,031	156,495
Deferred tax assets	4,539	4,747
	<u>187,570</u>	<u>161,242</u>
Current assets		
Inventories	10,089	11,589
Trade and other receivables	67,025	65,432
Prepayments	3,910	1,278
Tax recoverable	-	332
Investment securities	4,059	7,660
Cash and bank balances	93,924	139,368
	<u>179,007</u>	<u>225,659</u>
Total assets	<u>366,577</u>	<u>386,901</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	43,015	43,015
Other reserves	18,518	9,101
Retained earnings	198,933	193,343
	<u>260,466</u>	<u>245,459</u>
Non-controlling interests	-	36,093
Total equity	<u>260,466</u>	<u>281,552</u>
Non-current liabilities		
Obligations under finance leases	38	557
Long term loans	32,945	36,215
Deferred tax liabilities	2,002	2,395
	<u>34,985</u>	<u>39,167</u>
Current liabilities		
Trade and other payables	30,367	28,732
Obligations under finance leases	619	1,856
Term loans	39,756	35,285
Income tax payable	384	309
	<u>71,126</u>	<u>66,182</u>
Total liabilities	<u>106,111</u>	<u>105,349</u>
Total equity and liabilities	<u>366,577</u>	<u>386,901</u>
Net assets per share attributable to owners of the Company (RM)	<u>6.06</u>	<u>5.71</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 July 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 JULY 2015**

FY2015	< ----- Attributable to owners of the Company ----- >							Non-controlling interests	Total equity
	Share capital	< ----- Non-distributable ----- >				Distributable	Total		
		Share premium	Foreign currency translation reserve	Statutory reserve fund	Capital reserve	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 August 2014	43,015	663	5,117	3,321	-	193,343	245,459	36,093	281,552
Total comprehensive income	-	-	6,619	-	-	17,031	23,650	3,947	27,597
Transaction with owners									
Transfer to statutory reserve fund	-	-	-	558	-	(558)	-	-	-
Issuance of bonus shares by subsidiaries	-	-	-	-	2,240	(2,240)	-	-	-
Dividend	-	-	-	-	-	(2,580)	(2,580)	(10,386)	(12,966)
Acquisition of non-controlling interests, without a change in control	-	-	-	-	-	(6,063)	(6,063)	(29,654)	(35,717)
At 31 July 2015	43,015	663	11,736	3,879	2,240	198,933	260,466	-	260,466

FY2014	< ----- Attributable to owners of the Company ----- >							Non-controlling interests	Total equity
	Share capital	< ----- Non-distributable ----- >				Distributable	Total		
		Share premium	Foreign currency translation reserve	Statutory reserve fund	Retained earnings				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 August 2013	43,015	663	4,679	2,434	184,637	235,428	30,636	266,064	
Total comprehensive income	-	-	438	-	10,883	11,321	5,457	16,778	
Transaction with owners									
Transfer to statutory reserve	-	-	-	887	(887)	-	-	-	
Dividend	-	-	-	-	(1,290)	(1,290)	-	(1,290)	
At 31 July 2014	43,015	663	5,117	3,321	193,343	245,459	36,093	281,552	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 July 2014 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 JULY 2015

	Current year to date 31/07/2015 RM'000	Preceding year corresponding year to date 31/07/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,039	19,804
Adjustments for:		
Depreciation of property, plant and equipment	57,641	53,720
Property, plant and equipment written off	4	94
(Gain)/loss on disposal of property, plant and equipment	(172)	9
Gain on disposal of investment securities held for trading	(697)	(327)
Net fair value loss/(gain) on investment securities held for trading	3,021	(165)
Unrealised exchange loss	1,917	1,441
Inventories written down	227	279
Reversal of impairment loss on trade receivables	(21)	(48)
Dividend income	(169)	(176)
Interest income	(2,520)	(3,142)
Finance costs	3,578	2,248
Operating cash flows before working capital changes	86,848	73,737
Decrease in inventories	1,273	4,167
Increase in prepayment, trade and other receivables	(4,643)	(5,666)
Decrease in trade and other payables	(1,969)	(4,140)
Cash generated from operations	81,509	68,098
Income taxes paid	(2,996)	(3,297)
Interest paid	(3,578)	(2,248)
Interest received	2,520	3,142
Net cash generated from operating activities	77,455	65,695
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment securities	1,277	861
Dividend income	169	176
Purchase of property, plant and equipment	(78,503)	(70,753)
Proceeds from disposal of property, plant and equipment	1,993	9
Net cash used in investing activities	(75,064)	(69,707)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of obligations under finance leases	(1,873)	(1,948)
Repayment of term loans	(44,423)	(28,350)
Repayment of other loan	(1,374)	-
Proceeds from term loans	45,520	36,025
Dividend paid on ordinary shares	(2,580)	(1,290)
Dividend paid to non-controlling interests	(10,386)	-
Acquisition of non-controlling interests	(35,717)	-
Net cash flows (used in)/generated from financing activities	(50,833)	4,437
Net (decrease)/increase in cash and cash equivalents	(48,442)	425
Effects of exchange rate changes	2,998	(284)
Cash and cash equivalents at beginning of year	139,368	139,227
Cash and cash equivalents at end of the year	93,924	139,368

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2014 and the accompanying explanatory notes attached to the interim financial statements.