

**Financial Results (v12)**

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**RELEASED**

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COMPANY INFORMATION SECTION			
Announcement Type	<input type="radio"/> New Announcement <input checked="" type="radio"/> Amended Announcement	Amended Announcement References No.	FRA-18112016-00038
Company Name	KESM INDUSTRIES BERHAD	(Previous references no.)	FRA-18112016-00038
Stock Name	KESM		
Stock Code	9334		
Board	Main Market		
Submitting Secretarial Firm	EPSILON ADVISORY SERVICES SDN BHD		

CONTACT DETAIL			
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MAIN												
General Information												
Financial Year End	31 Jul 2017											
Quarter	1 Qtr											
Quarterly report for the financial period ended	31 Oct 2016											
The figures	have not been audited											
Remarks	The amendment was made on page 8, Note 17 to the Interim Financial Statements wherein the words "test service businesses" have been amended as "test activities". All the other information remain unchanged.											
Please attach the full Quarterly Report here	<table border="1"> <thead> <tr> <th>No</th> <th>File Name</th> <th>Size</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>KESM_1Q FY2017 Financial Results.pdf</td> <td>38.0KB</td> </tr> <tr> <td>2</td> <td>KESM_1Q FY2017 Financial Notes.pdf</td> <td>39.7KB</td> </tr> </tbody> </table>	No	File Name	Size	1	KESM_1Q FY2017 Financial Results.pdf	38.0KB	2	KESM_1Q FY2017 Financial Notes.pdf	39.7KB		
No	File Name	Size										
1	KESM_1Q FY2017 Financial Results.pdf	38.0KB										
2	KESM_1Q FY2017 Financial Notes.pdf	39.7KB										

**DEFAULT CURRENCY**

Currency	Malaysian Ringgit (MYR)
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Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of the Key Financial Information for the financial period ended	31 Oct 2016			
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Oct 2016	31 Oct 2015	31 Oct 2016	31 Oct 2015
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Revenue	80,112	70,179	80,112	70,179
2. Profit/(loss) before Tax	11,172	9,839	11,172	9,839
3. Profit/(loss) for the period	10,012	8,066	10,012	8,066
4. Profit/(loss) attributable to ordinary equity holders of the parent	10,012	8,066	10,012	8,066
5. Basic earnings/(loss) per share (Subunit)	23.30	18.80	23.30	18.80
6. Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to	6.9282		6.6655	

ordinary equity holders of the parent (\$\$)		
Remarks		

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.  
Example for the subunit as follows:

Country	Base unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

**Part A3 : ADDITIONAL INFORMATION (This Information is for Exchange's Internal Use only)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Oct 2016 [dd/mm/yyyy] \$\$'000	31 Oct 2015 [dd/mm/yyyy] \$\$'000	31 Oct 2016 [dd/mm/yyyy] \$\$'000	31 Oct 2015 [dd/mm/yyyy] \$\$'000
1. Gross interest income	637	443	637	443
2. Gross interest expense	454	899	454	899
Remarks				

**OTHER CURRENCY**

Other Currency	
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**Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION**

Summary of the Key Financial Information for the financial period ended	31 Oct 2016			
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Revenue				
2. Profit/(loss) before Tax				
3. Profit/(loss) for the period				
4. Profit/(loss) attributable to ordinary equity holders of the parent				
5. Basic earnings/(loss) per share (Subunit)				
6. Proposed/Declared dividend per share (Subunit)				
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to ordinary equity holders of the parent (\$\$)				
Remarks				

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.  
Example for the subunit as follows:

Country	Base unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
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**Part A3 : ADDITIONAL INFORMATION (This Information is for Exchange's Internal Use only)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Gross interest income				
2. Gross interest expense				

**KESM INDUSTRIES BERHAD**  
(Incorporated in Malaysia)

Company No : 13022-A

**UNAUDITED FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 2016**

The Board of Directors is pleased to announce the following unaudited results of the Group for the financial quarter ended 31 October 2016.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 OCTOBER 2016**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (31/10/2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (31/10/2015) RM'000	CURRENT YEAR-TO-DATE (31/10/2016) RM'000	PRECEDING YEAR CORRESPONDING YEAR-TO-DATE (31/10/2015) RM'000
<b>Revenue</b>	80,112	70,179	80,112	70,179
<b>Other items of income</b>				
Interest income	637	443	637	443
Dividend income	18	18	18	18
Other income	573	2,255	573	2,255
<b>Items of expense</b>				
Raw materials and consumables used	(7,116)	(8,073)	(7,116)	(8,073)
Changes in work-in-progress and finished goods	(176)	(116)	(176)	(116)
Employee benefits expense *	(29,360)	(23,451)	(29,360)	(23,451)
Depreciation of property, plant and equipment	(14,656)	(14,265)	(14,656)	(14,265)
Finance costs	(454)	(899)	(454)	(899)
Other expenses *	(18,406)	(16,252)	(18,406)	(16,252)
<b>Profit before tax</b>	11,172	9,839	11,172	9,839
Income tax expense	(1,160)	(1,773)	(1,160)	(1,773)
<b>Profit net of tax</b>	10,012	8,066	10,012	8,066
<b>Other comprehensive income:</b>				
Foreign currency translation	1,288	4,449	1,288	4,449
<b>Other comprehensive income for the period, net of tax</b>	1,288	4,449	1,288	4,449
<b>Total comprehensive income for the period</b>	11,300	12,515	11,300	12,515
<b>Profit attributable to:</b>				
Owners of the Company	10,012	8,066	10,012	8,066
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	11,300	12,515	11,300	12,515
Earnings per share attributable to owners of the Company (sen per share):				
- Basic	23.3	18.8	23.3	18.8

\* Comparative figures have been restated to conform with current year's presentation.

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.

# KESM INDUSTRIES BERHAD

(Incorporated in Malaysia)

Company No : 13022-A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2016

	<u>AS AT END OF CURRENT QUARTER 31/10/2016</u> RM'000	<u>AS AT PRECEDING FINANCIAL YEAR END 31/07/2016</u> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	174,618	169,770
Deferred tax assets	<u>602</u>	<u>602</u>
	<u>175,220</u>	<u>170,372</u>
<b>Current assets</b>		
Inventories	9,575	8,527
Trade and other receivables	77,114	70,421
Prepayments	5,698	5,452
Investment securities	4,064	4,184
Cash and short-term deposits	<u>103,779</u>	<u>112,748</u>
	<u>200,230</u>	<u>201,332</u>
<b>Total assets</b>	<u><u>375,450</u></u>	<u><u>371,704</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	43,015	43,015
Other reserves	19,351	18,063
Retained earnings	<u>235,652</u>	<u>225,640</u>
<b>Total equity</b>	<u>298,018</u>	<u>286,718</u>
<b>Non-current liabilities</b>		
Obligations under finance leases	2,071	1,874
Term loans	<u>3,950</u>	<u>8,000</u>
	<u>6,021</u>	<u>9,874</u>
<b>Current liabilities</b>		
Trade and other payables	43,699	45,230
Obligations under finance leases	2,131	1,483
Term loans	25,051	28,012
Income tax payable	<u>530</u>	<u>387</u>
	<u>71,411</u>	<u>75,112</u>
<b>Total liabilities</b>	<u>77,432</u>	<u>84,986</u>
<b>Total equity and liabilities</b>	<u><u>375,450</u></u>	<u><u>371,704</u></u>
Net assets per share attributable to owners of the Company (RM)	<u><u>6.93</u></u>	<u><u>6.67</u></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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**KESM INDUSTRIES BERHAD**

(Incorporated in Malaysia)

Company No : 13022-A

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 OCTOBER 2016**

FY2017	< ----- Attributable to owners of the Company ----- >						Total equity
	Share capital	< ----- Non-distributable ----- >				Distributable	
		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
<b>At 1 August 2016</b>	43,015	663	10,531	4,629	2,240	225,640	286,718
Total comprehensive income	-	-	1,288	-	-	10,012	11,300
<b>At 31 October 2016</b>	43,015	663	11,819	4,629	2,240	235,652	298,018

FY2016	< ----- Attributable to owners of the Company ----- >						Total
	Share capital	< ----- Non-distributable ----- >				Distributable	
		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
<b>At 1 August 2015</b>	43,015	663	11,736	3,879	2,240	198,933	260,466
Total comprehensive income	-	-	4,449	-	-	8,066	12,515
<b>At 31 October 2015</b>	43,015	663	16,185	3,879	2,240	206,999	272,981

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**KESM INDUSTRIES BERHAD**  
**(Incorporated in Malaysia)**

Company No : 13022-A

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 31 OCTOBER 2016**

	<b>Current year-to-date 31/10/2016</b>	<b>Preceding year corresponding year-to-date 31/10/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	11,172	9,839
Adjustments for:		
Depreciation of property, plant and equipment	14,656	14,265
Plant and equipment written off	3	14
Gain on disposal of property, plant and equipment	(118)	(65)
Gain on disposal of investment securities held for trading	(47)	-
Net fair value (gain)/loss on investment securities held for trading	(224)	102
Unrealised exchange gain	(173)	(1,068)
Dividend income	(18)	(18)
Interest income	(637)	(443)
Finance costs	454	899
<b>Operating cash flows before working capital changes</b>	<b>25,068</b>	<b>23,525</b>
Increase in inventories	(1,048)	(608)
(Increase)/decrease in prepayments, trade and other receivables	(6,766)	937
Decrease in trade and other payables	(986)	(867)
<b>Cash generated from operations</b>	<b>16,268</b>	<b>22,987</b>
Income taxes paid	(1,014)	(457)
Interest paid	(454)	(899)
Interest received	637	443
<b>Net cash generated from operating activities</b>	<b>15,437</b>	<b>22,074</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(495)	-
Proceeds from disposal of investment securities	886	-
Dividend income	18	18
Purchase of property, plant and equipment	(16,641)	(2,209)
Proceeds from disposal of property, plant and equipment	631	65
<b>Net cash used in investing activities</b>	<b>(15,601)</b>	<b>(2,126)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of obligations under finance leases	(482)	(249)
Repayment of term loans	(7,011)	(12,274)
Proceeds from term loans	-	3,067
Dividend paid on ordinary shares	(1,936)	-
<b>Net cash flows used in financing activities</b>	<b>(9,429)</b>	<b>(9,456)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,593)</b>	<b>10,492</b>
Effects of exchange rate changes	624	1,835
Cash and cash equivalents at beginning of year	112,748	93,924
<b>Cash and cash equivalents at end of period</b>	<b>103,779</b>	<b>106,251</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.

**KESM INDUSTRIES BERHAD**  
**(Incorporated in Malaysia)**

Company No : 13022-A

**SUMMARY OF KEY FINANCIAL INFORMATION**  
**FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER (31/10/2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (31/10/2015) RM'000	CURRENT YEAR TO DATE (31/10/2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (31/10/2015) RM'000
1. Revenue	80,112	70,179	80,112	70,179
2. Profit before tax	11,172	9,839	11,172	9,839
3. Profit for the period	10,012	8,066	10,012	8,066
4. Profit attributable to ordinary equity holders of the Company	10,012	8,066	10,012	8,066
5. Basic earnings per share (sen)	23.3	18.8	23.3	18.8
6. Proposed/Declared dividend per share (sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7. Net assets per share attributable to ordinary equity holders of the Company (RM)	6.9282	6.6655

**ADDITIONAL INFORMATION**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER (31/10/2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (31/10/2015) RM'000	CURRENT YEAR TO DATE (31/10/2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (31/10/2015) RM'000
1. Gross interest income	637	443	637	443
2. Gross interest expense	454	899	454	899

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

### **1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements. The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 July 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 July 2016.

### **2. Significant accounting policies**

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 July 2016.

In the current financial period, the Group had adopted all the new/revised standards and interpretations that are effective for annual periods beginning on or after 1 August 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

### **3. Audit report of preceding annual financial statements**

The audit report of the Group’s most recent audited financial statements for the year ended 31 July 2016 was not qualified.

### **4. Seasonality or cyclicity of operations**

There was no material seasonal or cyclical fluctuation in the operations of the Group.

### **5. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the reporting period.

### **6. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years**

There were no changes in estimates of amounts reported in prior financial years.

### **7. Issues, repurchases, and repayments of debt and equity securities**

There were no issues, repurchases and repayments of debt and equity securities for the current financial period-to-date.



## **8. Dividends paid**

A special interim tax exempt dividend of 4.5 sen per ordinary share, amounting to RM1,936,000, in respect of the previous financial year ended 31 July 2016, was paid on 18 August 2016.

## **9. Events not reflected in the financial statements**

There were no material subsequent events to be disclosed as at the date of this report.

## **10. Changes in the composition of the Group**

There were no changes in the composition of the Group for the financial year to date.

## **11. Acquisition or disposal of items of property, plant and equipment**

During the reporting period, the Group acquired plant and equipment amounting to RM19,359,000, and disposed (including write-off) plant and equipment of net book value amounting to RM516,000.

## **12. Significant related party transactions**

	<u>Current year to date</u>	<u>Preceding year corresponding year to date</u>
	<u>31/10/2016</u>	<u>31/10/2015</u>
	RM'000	RM'000
Transactions with Sunright Limited, holding company of the Company, and its subsidiaries:		
Management fees charged by holding company	1,906	1,918
Rendering of services to related companies	25	-
Purchases of goods from related companies	775	70
Receiving of services from related companies	18	22
	<u>          </u>	<u>          </u>

The Directors are of the opinion that the above transactions were in the normal course of business and at terms mutually agreed between the companies.

### 13. Significant commitments for purchase of property, plant and equipment

Commitments for purchase of property, plant and equipment amounted to RM15,641,000 as at 31 October 2016.

### 14. Profit before tax

	Individual period		Cumulative period	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31/10/2016	31/10/2015	31/10/2016	31/10/2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at:				
After charging:				
Net fair value loss on investment securities held for trading	-	102	-	102
Plant and equipment written off	3	14	3	14
And crediting:				
Net fair value gain on investment securities held for trading	224	-	224	-
Gain on disposal of investment securities held for trading	47	-	47	-
Gain on disposal of property, plant and equipment	118	65	118	65
Net foreign exchange gain	177	2,136	177	2,136

There was no gain or loss arising from derivatives, disposal of unquoted investments and exceptional items.

## **15. Detailed analysis of Group performance**

The Group's revenue increased by RM9.9 million or 14%, from RM70.1 million in the preceding year's first quarter to RM80.1 million for the quarter ended 31 October 2016 ("1QFY2017"), mainly due to higher demand for burn-in and test services.

Other income was lower by RM1.7 million, primarily due to lower exchange gain arising from a comparatively smaller appreciation of United States Dollar ("USD") against Malaysian Ringgit and reduced USD denominated receivables, as compared to preceding year's corresponding quarter.

Raw materials and consumables used and changes in work-in-progress and finished goods decreased by RM0.9 million or 11%, because of lower sales from electronic manufacturing services.

Employee benefits expense increased by RM5.9 million or 25%, mainly due to adjustments to wage rates, improve staff welfare, training and skills upgrading to raise productivity and production efficiency.

Other expenses were higher by RM2.2 million or 13%, mainly due to higher expenses on repair and maintenance by RM1.1 million and utilities by RM0.6 million to support the increased revenue as well as higher professional fees by RM0.5 million.

Consequently, the Group's profit before tax improved by RM1.3 million or 14%, from RM9.8 million to RM11.2 million in the quarter under review.

## **16. Material change in the profit before taxation compared to the results of the preceding quarter**

The Group achieved profit before tax of RM11.2 million for 1QFY2017, compared to RM9.4 million in the preceding quarter ended 31 July 2016. The increase in profit by RM1.8 million was mainly due to higher net revenue<sup>1</sup> by RM5.5 million, offset by higher (i) employee benefits expense by RM2.8 million largely due to improve staff welfare, training and skills upgrading to raise productivity and production efficiency, (ii) depreciation by RM0.6 million, and (iii) utilities by RM0.6 million.

## **17. Prospects**

The world-wide semiconductor revenue is projected to reach USD332 billion in 2016, representing a decrease of 0.9% from 2015. Nonetheless, the semiconductor industry is expected to rebound in 2017.

The world-wide automotive integrated circuit market remains strong. Revenue is forecasted to grow at 7%, from USD21.5 billion in 2016 to USD23.0 billion in 2017.

Amid uncertainty over the impact of United States' new presidency on the global economy, the Group's strategic focus in the automotive market will continue to bring in good opportunities for burn-in and test activities.

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<sup>1</sup> Net revenue is defined as Revenue less Raw materials and consumables used and changes in work-in-progress and finished goods.

## 18. Profit forecast / profit guarantee

The Group was not subjected to any profit guarantee.

## 19. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/10/2016 RM'000	Preceding year corresponding quarter 31/10/2015 RM'000	Current year to date 31/10/2016 RM'000	Preceding year corresponding quarter 31/10/2015 RM'000
Current income tax				
- Malaysian income tax	1,392	1,773	1,392	1,773
- Over provision in prior years	(232)	-	(232)	-
	<u>1,160</u>	<u>1,773</u>	<u>1,160</u>	<u>1,773</u>

The effective tax rate was lower than the statutory tax rate, mainly due to the availability of certain tax benefits.

## 20. Status of uncompleted corporate proposals

The Company has proposed to seek the approval of the shareholders for the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature and Proposed New Shareholders' Mandate for additional Recurrent Related Party Transactions of a revenue or trading nature ("Proposed Shareholders' Mandate") at the Extraordinary General Meeting to be convened immediately following the conclusion of the Company's Annual General Meeting to be held on 4 January 2017. A circular which set out the details of the Proposed Shareholders' Mandate had been issued to shareholders of the Company on 26 October 2016.

## 21. Group borrowings and debt securities

	As at 31/10/2016 RM'000	As at 31/07/2016 RM'000
(a) Obligations under finance leases - secured	4,202	3,357
Term loans - unsecured	29,001	36,012
	<u>33,203</u>	<u>39,369</u>
(b) Repayable within 12 months	27,182	29,495
Repayable after 12 months	6,021	9,874
	<u>33,203</u>	<u>39,369</u>
(c) Loans denominated in: Ringgit Malaysia	<u>33,203</u>	<u>39,369</u>

**KESM INDUSTRIES BERHAD**  
**(Incorporated in Malaysia)**

Company No : 13022-A

**22. Material litigation**

There was no material litigation as at the date of this announcement.

**23. Dividend**

No interim dividend has been declared for the financial quarter ended 31 October 2016.

**24. Earnings per share**

**Basic earnings per ordinary share**

The calculation of basic earnings per share for the period was based on the profit attributable to owners of the Company of RM10,012,000 and the weighted average number of 43,015,000 ordinary shares outstanding during the reporting period.

**25. Realised and unrealised profits**

	As at end of current quarter 31/10/2016	As at preceding financial year end 31/07/2016
	RM'000	RM'000
- Realised	267,957	260,337
- Unrealised	2,579	(195)
Total retained profits of the Company and its subsidiaries	270,536	260,142
Consolidation adjustments	(34,884)	(34,502)
Total group retained profits as per consolidated accounts	235,652	225,640

BY ORDER OF THE BOARD

Leong Oi Wah  
Company Secretary

Petaling Jaya  
Date : 24 November 2016