



Contact: Yvonne Lim
KESM Industries Berhad
Phone: (65) 63749546
Mobile: (65) 81259292
Fax: (65) 62768426

Lot 4 SS 8/4 Sungei
Way FTZ
47300 Petaling Jaya
MALAYSIA

KESM INDUSTRIES BERHAD

(Company No.: 13022-A)

Press Release

KESM REMAINS PROFITABLE

Albeit Weaker Demands For Burn-In, Test & Electronic Manufacturing Services

	1H FY 12 (31/01/12) RM '000	1H FY 11 (31/01/11) RM '000
Revenue	108,634	127,233
Other Income	8,501	2,600
Expenses	(109,355)	(115,292)
Profit Before Tax	7,780	14,541
Profit After Tax	5,785	10,335
Profit Attributable After Minority Interests	4,882	7,785
Earnings Per Share	11.3 sen	18.1 sen

Kuala Lumpur, March 8, 2012: KESM Industries Berhad (Bursa Securities: KESM), the largest independent burn-in service company in Malaysia announced its financial results for the first six months ended 31 January 2012.

Mr. Sam Lim, Executive Chairman & Chief Executive Officer of KESM said, "Revenue for the first six months of 2012 decreased by RM18.6 million to RM108.6 million from RM127.2 million in the previous half of the last financial year."

The half year profit before tax declined by RM6.8 million or 46 percent to RM7.8 million from RM14.5 million as compared to the first half of the preceding year. Profit after tax for the half year ended 31 January 2012 decreased to RM5.8 million from RM10.3 million recorded in the corresponding period of last year. At the end of the first six months, profit attributable after minority interests declined to RM4.9 million, from RM7.8 million in the corresponding period last year.

“Our performance in the first half reflected weakened market demand for burn-in, testing as well as electronic manufacturing services. In view of the uncertain macroeconomic outlook, our customers managed their inventory more aggressively and reduced their production volumes.”

According to leading industry sources, the 2012 worldwide semiconductor revenues are expected to grow by 2.2 percent, reaching US\$309 billion from US\$302 billion in 2011.

Mr. Lim remarked, “There is still growth in the semiconductor industry albeit at a slower pace. There are some areas of good growth such as the smartphones, tablets and ipads sectors. Another exciting sector, the automotive market offers good opportunities as the auto industry introduces new advanced safety as well as entertainment features in cars. More semiconductor chips are required for these technological advances in the areas of emission control, road safety, electromobility, infotainment and autonomous driving.”

He said, “These sweeping changes in the auto industry should fuel the demand for more advanced semiconductor chips which would benefit KESM.”

About KESM Industries Berhad

KESM Industries Berhad is the largest independent burn-in service company in Malaysia, specializing in “burn-in” and “test” of integrated circuits. KESM, the first burn-in “service company” to be accredited with ISO 9002 and QS 9000, is fully committed to promoting the highest quality of services to the electronics and semiconductor industries. For more information, please visit: www.kesmi.com

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