



V.S. INDUSTRY BERHAD

Co No 88160P

PTD 86556, Jalan Murni 12, Murni Ind. Est, 81400 Senai, Johor, M'sia

Tel: 07-597 3399 Fax: 07-599 4694, 5991752, 5973325

PRESS RELEASE

VS Industry commits to dividend policy

- *EMS provider to pay minimum of 40% of group net profits to shareholders as dividends*
- *2Q11 net profits more than double to RM10.1 mil*
- *Paying 2nd interim single tier dividend of 2.5 sen per share*

Johor Bahru, Malaysia, 30 March 2011 - Integrated Electronic Manufacturing Services (“EMS”) provider V.S. Industry Berhad (“VSI”, “威城集团”, Bloomberg: VSI MK; Reuters: VSID:KL) has set a dividend policy of annual payment of at least 40% of group net profits to shareholders as dividends.

In addition, the Board endeavours for the dividend payout to be disbursed on quarterly basis.

The dividend policy is effective in the current financial year ended 31 July 2011 (“FY11”).

“VSI has been paying dividends since our listing in 1998, with payout ratio ranging from 20% to 60% of our annual net profits. On average, VSI has been paying more than 40% of net profits as dividend to shareholders.

The setting of the dividend policy indicates the Group’s maturity as a publicly-listed entity, as well as the Board’s confidence in VSI’s financial prospects. Our positive outlook is based on our increasing customer base of multi-national corporations, as a result of VSI’s favourable position in the EMS industry.

The dividend policy is therefore a step towards providing shareholders with consistent returns in line with our growing profitability. We believe that this initiative would enable us to cultivate a pool of long term shareholders in the company.”

Mr. Gan Sem Yam (“颜森炎”)
Managing Director of V.S. Industry Berhad

For the financial year ended 31 July 2010 (“FY10”), VSI paid a single tier dividend of 6.5 sen per share, amounting to a total payout of RM11.7 million, or 48.1% of VSI’s net profits of RM24.3 million for the financial year.

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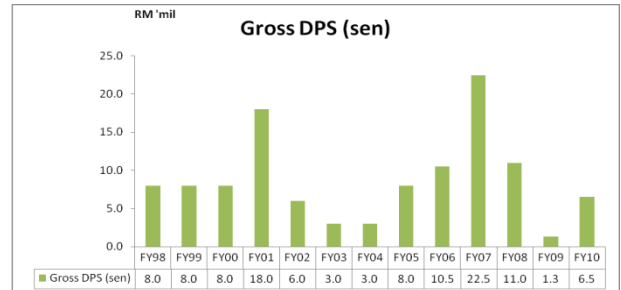
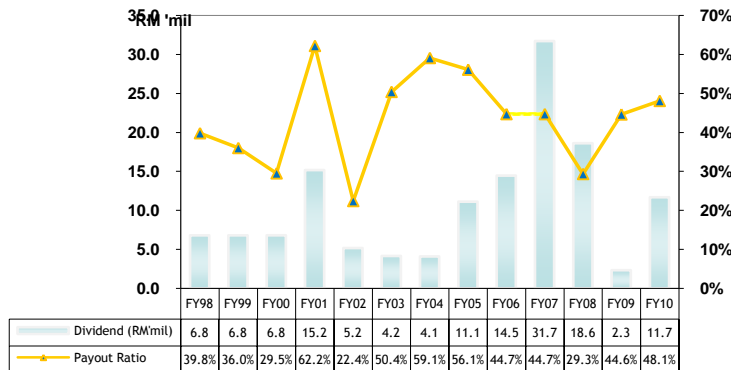


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2Q11 Financial Results

In the meantime, the Group also announced its second quarter results ended 31 January 2011 (“2Q11”), which saw net profit rising 134.1% year-on-year to RM10.1 million from RM4.4 million of the same quarter in the previous year, mainly due to the 41.3% higher revenues at RM256.0 million, against RM181.1 million previously.

The latest quarter’s performance closely reflected the tone of the six-month results ended 31 January 2011 (“1H11”), with net profit at 172.1% higher at RM23.1 million on the back of 40.7% increase in revenue to RM503.7 million.

Financial Summary (Unaudited Consolidated Results)

RM'000	2Q11 to	2Q10 to	Change	1H11 to	1H10 to	Change
	31.01.11	31.01.10		31.01.11	31.01.10	
Revenue	255,960	181,109	41.3%	503,714	357,941	40.7%
Gross Profit	36,357	25,552	42.3%	73,417	52,416	40.1%
Operating Profit	16,328	9,475	72.3%	36,073	19,959	80.7%
Share of Associates	(807)	(1,060)	(23.9%)	(1,086)	(2,437)	(55.4%)
Pre-tax Profit	13,972	7,066	97.7%	31,965	14,551	119.7%
Net Profit to Shareholders	10,100	4,435	127.7%	23,114	8,494	172.1%
Basic EPS (sen)	5.60	2.47	126.7%	12.86	4.74	171.3%

Gan said: “Our better profits for the six months came mainly from the higher group sales as a result of the increased sales generated by the Malaysian and Indonesian operations.”

Ultimately, we believe that the main driving factor to the increased orders from our clients was the improving consumer sentiment in the developed markets, after having emerged from the economic challenges in 2009.”

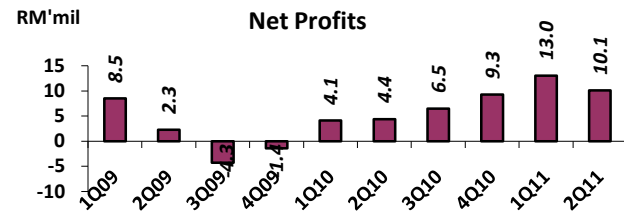
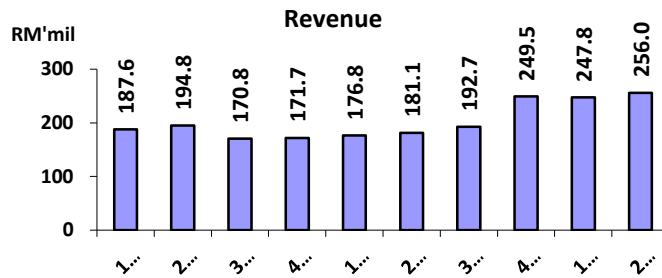


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In light of the excellent performance, the Board of VSI has declared a second interim single tier dividend of 2.5 sen per share, payable on 5 May 2011. VSI has earlier paid a first interim single tier dividend of 2 sen per share on 28 February 2011, in respect of FY11.

About VS Industry Berhad (“威城集团”, www.vs-i.com)

VS Industry is a leading integrated *Electronic Manufacturing Services* (EMS) provider for world-renowned brand names of electrical and electronic products for office and household sectors.

With advanced manufacturing facilities in Malaysia, Indonesia, Vietnam and China, VS Industry offers full-service manufacturing solutions to multinational corporations from Europe, Japan and USA. Its extensive manufacturing services include plastic injection mould design & fabrication, wide range of injection tonnage, finishing processes, large scale production of printed circuit boards, automated assembly, and final processes of packaging & logistics.

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For media enquiries, please contact:

Ms. Julia Pong

julia@aquilas.com.my

H/P: 012-3909258