

V.S. Industry Berhad
(Registration No. 198201008437 (88160-P))
(Incorporated in Malaysia)

Interim Financial Report
31 October 2024

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

Condensed consolidated statement of financial position As at 31 October 2024 – unaudited

	31.10.2024 RM'000	31.07.2024 RM'000
Assets		
Property, plant and equipment	858,738	871,577
Right-of-use assets	61,901	38,286
Investments properties	34,507	31,888
Intangible assets	1,962	1,970
Investments in associates	114,416	114,595
Other investments	96,888	114,269
Deferred tax assets	2,096	2,096
Total non-current assets	1,170,508	1,174,681
Inventories	491,015	613,377
Contract assets	144,145	227,805
Trade and other receivables	1,412,766	1,290,329
Current tax assets	22,729	16,510
Other investments	1,158	1,158
Cash and cash equivalents	697,491	753,891
Total current assets	2,769,304	2,903,070
Total assets	3,939,812	4,077,751
Equity		
Share capital	936,202	933,644
Reserves	1,333,627	1,359,428
Equity attributable to owners of the Company	2,269,829	2,293,072
Non-controlling interests	(1,862)	(423)
Total equity	2,267,967	2,292,649
Liabilities		
Loans and borrowings	359,176	575,790
Lease liabilities	22,226	--
Deferred tax liabilities	50,130	48,824
Total non-current liabilities	431,532	624,614
Loans and borrowings	581,968	332,283
Lease liabilities	2,681	--
Trade and other payables	637,380	813,878
Contract liabilities	8,855	4,953
Current tax liabilities	9,429	9,374
Total current liabilities	1,240,313	1,160,488
Total liabilities	1,671,845	1,785,102
Total equity and liabilities	3,939,812	4,077,751
Net assets per share (RM)	0.59	0.59

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 October 2024 - unaudited

	Individual 3 months ended 31 October		Cumulative 3 months ended 31 October	
	2024 RM'000	2023 RM'000 Restated	2024 RM'000	2023 RM'000 Restated
Continuing operations				
Revenue	1,110,831	1,140,282	1,110,831	1,140,282
Cost of sales	<u>(1,025,877)</u>	<u>(1,044,773)</u>	<u>(1,025,877)</u>	<u>(1,044,773)</u>
Gross profit	84,954	95,509	849,954	95,509
Operating expenses	(35,134)	(33,292)	(35,134)	(33,292)
Net other income/(expenses)	<u>(1,139)</u>	<u>8,863</u>	<u>(1,139)</u>	<u>8,863</u>
Results from operating activities	48,681	71,080	48,681	71,080
Finance income	5,839	5,801	5,839	5,801
Finance costs	(10,611)	(10,573)	(10,611)	(10,573)
Share of loss of associate, net of tax	<u>(179)</u>	<u>--</u>	<u>(179)</u>	<u>--</u>
Profit before tax	43,730	66,308	43,730	66,308
Tax expense	<u>(14,615)</u>	<u>(16,553)</u>	<u>(14,615)</u>	<u>(16,553)</u>
Profit from continuing operations	29,115	49,755	29,115	49,755
Discontinued operation				
Profit/(Loss) from discontinued operation, net of tax	<u>--</u>	<u>(1,965)</u>	<u>--</u>	<u>(1,965)</u>
Profit for the period	<u>29,115</u>	<u>47,790</u>	<u>29,115</u>	<u>47,790</u>
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(20,689)	55,453	(20,689)	55,453
Net change in fair value of equity instrument designated at fair value through other comprehensive income	<u>(12,468)</u>	<u>(8,569)</u>	<u>(12,468)</u>	<u>(8,569)</u>
Total comprehensive income for the period	<u>(4,042)</u>	<u>94,674</u>	<u>(4,042)</u>	<u>94,674</u>

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 October 2024 – unaudited (Cont'd)

	Individual 3 months ended 31 October		Cumulative 12 months ended 31 October	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit attributable to:				
Owners of the Company	30,598	48,984	30,598	48,984
Non-controlling interests	(1,483)	(1,194)	(1,483)	(1,194)
	<u>29,115</u>	<u>47,790</u>	<u>29,115</u>	<u>47,790</u>
Total comprehensive income attributable to:				
Owners of the Company	(2,603)	91,501	(2,603)	91,501
Non-controlling interests	(1,439)	3,173	(1,483)	3,173
	<u>(4,042)</u>	<u>94,674</u>	<u>(4,042)</u>	<u>94,674</u>
Total comprehensive income for the period	<u>(4,042)</u>	<u>94,674</u>	<u>(4,042)</u>	<u>94,674</u>
Basic earnings/(loss) per ordinary share (sen)				
- from continuing operations	0.79	1.29	0.79	1.29
- from discontinued operation	--	(0.02)	--	(0.02)
	<u>0.79</u>	<u>1.27</u>	<u>0.79</u>	<u>1.27</u>
Diluted earnings/(loss) per ordinary share (sen)				
- from continuing operations	0.79	1.28	0.79	1.28
- from discontinued operation	--	(0.02)	--	(0.02)
	<u>0.79</u>	<u>1.26</u>	<u>0.79</u>	<u>1.26</u>

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

Condensed consolidated statement of changes in equity for the period ended 31 October 2024 - unaudited

	Share capital RM'000	<i>Non- distributable</i> Reserve RM'000	<i>Distributable</i> Retained Profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 August 2024	933,644	37,122	1,322,306	2,293,072	(423)	2,292,649
Foreign currency translation differences for foreign operations	--	(20,733)	--	(20,733)	44	(20,689)
Net change in fair value of equity instrument designated at FVOCI	--	(12,468)	--	(12,468)	--	(12,468)
Profit for the period	--	--	30,598	30,598	(1,483)	29,115
Total comprehensive income for the period	--	(33,201)	30,598	(2,603)	(1,439)	(4,042)
Equity settled share-based transactions	2,558	21	--	2,579	--	2,579
Dividends to shareholders	--	--	(23,219)	(23,219)	--	(23,219)
Total transactions with owners of the Group	2,558	21	(23,219)	(20,640)	--	(20,640)
Realisation of revaluation reserve	--	(22)	22	--	--	--
At 31 October 2024	936,202	3,920	1,329,707	2,269,829	(1,862)	2,267,967

	Share capital RM'000	<i>Non- distributable</i> Reserve RM'000	<i>Distributable</i> Retained Profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 August 2023	873,515	113,288	1,160,387	2,147,190	131,665	2,278,855
Foreign currency translation differences for foreign operations	--	51,086	--	51,086	4,367	55,453
Net change in fair value of equity instrument designated at FVOCI	--	(8,569)	--	(8,569)	--	(8,569)
Profit for the period	--	--	48,984	48,984	(1,194)	47,790
Total comprehensive income for the period	--	42,517	48,984	91,501	3,173	94,674
Equity settled share-based transactions	6,893	(3,316)	--	3,577	--	3,577
Dividends to shareholders	--	--	(19,263)	(19,263)	--	(19,263)
Acquisition of new subsidiaries	--	--	--	--	4,690	4,690
Total transactions with owners of the Group	6,893	(3,316)	(19,263)	(15,686)	4,690	(10,996)
Realisation of revaluation reserve	--	(20)	20	--	--	--
At 31 October 2023	880,408	152,469	1,190,128	2,223,005	139,528	2,362,533

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

Condensed consolidated statement of cash flows for the period ended 31 October 2024 – unaudited

	3 months ended	
	31 October	
	2024	2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax		
- Continuing operations	43,730	66,308
- Discontinued operation	--	(2,156)
	<u>43,730</u>	<u>64,152</u>
Adjustments for:		
Depreciation and amortisation	29,051	29,742
Other non-cash items	(694)	1,010
Non-operating items	4,645	3,940
	<u>76,732</u>	<u>98,844</u>
Operating profit before changes in working capital		
Changes in working capital:		
Change in inventories	122,362	49,671
Change in contract assets	83,660	28,461
Change in trade and other receivables	(121,703)	(102,865)
Change in trade and other payables	(171,514)	(37,362)
Change in contract liabilities	3,902	31
Interest received	5,839	6,002
Tax paid	(19,473)	(18,978)
	<u>(20,195)</u>	<u>23,804</u>
Net cash (used in)/from operating activities		
Cash flows from investing activities		
Acquisition of property, plant and equipment	(34,265)	(58,725)
Proceeds from disposal of property, plant and equipment	1,053	282
Acquisition of subsidiaries, net of cash and cash equivalents acquired	--	(1,016)
	<u>(33,212)</u>	<u>(59,459)</u>
Net cash (used in)/from investing activities		
Cash flows from financing activities		
Bank borrowings	22,766	32,056
Dividend paid to owners of the Company	(23,219)	(19,263)
Proceeds from issuance of shares	1,845	4,934
Repayment to a Director	--	(1,400)
Payment of lease liabilities	--	(592)
	<u>1,392</u>	<u>15,735</u>
Net cash (used in)/from financing activities		
Exchange differences on translation of the financial statements of foreign operations	8,429	11,126
	<u>(43,586)</u>	<u>(8,794)</u>
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	753,891	688,973
Foreign exchange differences on opening balances	(12,814)	19,416
	<u>697,491</u>	<u>699,595</u>
Cash and cash equivalents at end of period		

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

Notes to the condensed consolidated interim financial statements

V.S. Industry Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the three months period ended 31 October 2024 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

The consolidated financial statements of the Group as at and for the year ended 31 July 2024 are available upon request from the Company's registered office at:

Registered office

Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor
Malaysia

These condensed consolidated interim financial statements were approved by the Board of Directors on 3 December 2024.

1. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 July 2024.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 July 2024.

3. Seasonal or cyclical factors

The Group's operations are not significantly affected by any seasonal or cyclical factors.

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

4. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There are no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

5. Material changes in estimates

There are no material changes in estimates for the current quarter and financial year-to-date.

6. Issuances, cancellations, repurchases, resale and repayments of debts and equity securities

There are no issuance, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial year-to-date other than the issuance of 3.30 million ordinary shares pursuant to the exercise of share options under the Company's Employees Share Option Scheme.

7. Dividends paid

Since the end of the previous financial year, the Company paid a fourth interim dividend of 0.6 sen per ordinary share totalling RM23,218,802 in respect of the financial year ended 31 July 2024 on 25 October 2024.

8. Segment information

(a) Information about reportable segments

	3 months ended 31 October 2024			
	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Total RM'000
External revenue	801,554	198,184	111,093	1,110,831
Inter-segment revenue	197,186	--	--	197,186
Segment profit/(loss) before tax	37,261	960	5,688	43,909

	3 months ended 31 October 2023			
	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Total RM'000
External revenue	802,209	263,617	74,456	1,140,282
Inter-segment revenue	251,876	--	--	251,876
Segment profit/(loss) before tax	65,522	2,296	(1,510)	66,308

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

8. Segment information

(b) Reconciliation of reputable segment profit or loss

	3 months ended 31 October 2024 RM'000
Total profit for reputable segments	43,909
Share of loss of associate not included in reportable segments	<u>(179)</u>
Consolidated profit before tax	<u>43,730</u>

9. Material events subsequent to period end

There are no material events subsequent to the end of the period reported that have not been reflected in this quarterly report.

10. Changes in composition of the Group

There are no major changes in the composition of the Group for the current quarter and financial year-to-date.

11. Contingent liabilities and contingent assets

The Group does not have any contingent liabilities and contingent assets as at 31 October 2024 other than the following:-

The Company and the Executive Chairman of the Company had on 8 August 2022 received a Writ and Statement of Claim dated 2 August 2022 filed in the Kuala Lumpur High Court by NEP Holdings (Malaysia) Berhad (“NEP”), Lim Chang Huat (“LCH”) and Lim Chee Kon (“LCK”) (Plaintiffs).

NEP, LCH and LCK allege that certain Clauses of the Shareholders Agreement dated 25 July 2016 entered into by the Company with NEP, LCH and LCK have been breached and further allege that there has been a breach of fiduciary duties on the part of the Executive Chairman of the Company. In their Statement of Claim, NEP, LCH and LCK are seeking general damages, exemplary damages and aggravated damages arising from these alleged breaches.

The solicitor is of the opinion that the allegations raised lack of merits and unsustainable.

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

12. Capital commitments

	31.10.2024
	RM'000
Property, plant and equipment Contracted but not provided for	<u>24,979</u>

13. Related party transactions

Significant related party transactions of the Group are as follows: -

	3 months ended	
	31 October	
	2024	2023
	RM'000	RM'000
Companies which are wholly owned by close family member of certain Directors		
- Purchases	<u>405</u>	<u>2,083</u>
Companies in which spouse of certain Directors have financial interest		
- Purchases	15,355	22,667
- Sales	526	--
- Technical fee payable	<u>--</u>	<u>36</u>
Company wholly owned by a Director		
- Rental receivable	<u>38</u>	<u>38</u>
Firm in which spouse of a Director is a Partner		
- Professional fees	<u>--</u>	<u>28</u>
Company controlled by a Director		
- Operating lease charges and management fee payable	<u>--</u>	<u>121</u>
Company controlled by close family member of a key management personnel		
- Repair and maintenance services payable	<u>--</u>	<u>39</u>
Remuneration paid to staff who are close family member of certain Directors	<u>409</u>	<u>345</u>

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

Additional Information on Interim Financial Report required on the Bursa Malaysia Listing Requirements

14. Review of performance

For the current quarter under review, the Group recorded a revenue of RM1,110.8 million, a decrease of RM29.5 million as compared to the previous year corresponding quarter. Profit before tax, was lower at RM43.7 million, a decline of RM22.6 million over the same period mainly due to lower sales orders from existing customers coupled with unfavourable foreign exchange rate.

The comparison of the results of the segment are tabulated below:-

	Individual Quarter	
	31 October	
	2024	2023
	RM'000	RM'000
Revenue		
Malaysia	801,554	802,209
Singapore	198,184	263,617
Indonesia	111,093	74,456
Profit/(Loss) before tax		
Malaysia	37,261	65,522
Singapore	960	2,296
Indonesia	5,688	(1,510)

Malaysia segment

While revenue remained fairly stable, the Malaysia segment recorded lower profit mainly due to unfavourable foreign exchange rates for the current quarter. Net foreign exchange loss stood at RM2.7 million in the current quarter, as compared to a gain of RM8.5 million in the preceding quarter corresponding quarter. In addition, labour cost in the quarter under review was also higher following increase in headcount.

Singapore segment

The Singapore segment, which serves as the marketing arm for Malaysia operations, generated lower profit before tax for the current quarter in line with the decrease in orders delivered.

Indonesia segment

Revenue from the Indonesia segment rose 49.2% in the current quarter to RM111.1 million on the back of strong orders from customers. As a result, profit before tax came in at RM5.7 million, in contrast to a loss before tax of RM1.5 million in the previous year corresponding quarter.

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

15. Variation of results against preceding quarter

	Current Quarter 31 October 2024	Preceding Quarter 31 July 2024
	RM'000	RM'000
Revenue	1,110,831	1,213,309
Profit before tax	43,730	104,557
Profit attributable to owners of the Company	30,598	126,609

For the quarter under review, the Group recorded a lower profit before tax that was attributable to lower orders from key customers, as well as unfavourable foreign exchange rates as mentioned earlier.

Note that profit attributable to owners of the Company was much higher in the preceding quarter as it included a one-off, non-cash accounting gain of RM50.5 million from the discontinued operation following the partial divestment of the Group's equity interest in V.S. International Group Limited to 33.66%.

16. Current year prospects

The global macroeconomic environment continues to improve, with the 2nd interest rate cut in the U.S. in November 2024 providing further stimulus to businesses and enhancing consumer sentiment.

For our operations in Malaysia, sales orders remain strong and on an upward trend, in line with recovery in demand as well as new model launches from our key customers. In addition, we have also secured another two new models from a key customer, which are slated for production commencement in February/March 2025.

In the Philippines, renovation work for our newly established facility under VS Industry Philippines Inc. is progressing as planned, with completion expected within the next two months. Thereafter, test runs shall commence with two product models that are already confirmed for production. To recap, the Group has adopted an asset-light strategy in the country, which involves renting factory space to enable swifter setup time, optimise capital expenditure and maintain agility in addressing market demands.

Meanwhile, our enhanced vertical integration capabilities enable us to explore additional collaborations with our existing key customers, ensuring continued growth and value creation.

Barring unforeseen circumstances, and premised on the abovementioned developments, the Board remains positive about the Group's outlook and financial performance in the current fiscal year.

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

17. Profit forecast

Not applicable.

18. Tax expense

	Individual 3 months ended 31 October		Cumulative 3 months ended 31 October	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tax expense				
- Current period	14,169	17,900	14,169	17,900
Deferred tax expense				
- Current period	446	(1,347)	446	(1,347)
	<u>14,615</u>	<u>16,553</u>	<u>14,615</u>	<u>16,553</u>

The effective tax rate of the Group for the financial year-to-date was higher than the statutory tax rate mainly due to losses of certain subsidiaries that cannot be offset against taxable profits made by other entities within the Group, in addition to certain non-deductible expenses for tax purposes.

19. Status of uncompleted corporate proposals

There are no outstanding uncompleted corporate proposals as at the date of this quarterly report.

20. Borrowing and debt securities

	31.10.2024 RM'000	31.07.2024 RM'000
Non-current		
<i>Secured</i>		
Hire purchase liabilities	289	325
<i>Unsecured</i>		
Term loans	58,887	75,465
Sukuk	<u>300,000</u>	<u>500,000</u>
	<u>359,176</u>	<u>575,790</u>
Current		
<i>Secured</i>		
Hire purchase liabilities	221	246

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

20. Borrowing and debt securities (Cont'd)

	31.10.2024 RM'000	31.07.2024 RM'000
Current		
Unsecured		
Sukuk	200,000	43,177
Term loans	47,224	136,815
Bankers' acceptance	104,463	103,508
Trust receipts/Onshore loans	194,590	15,537
Short term loan	12,470	--
Revolving credit	23,000	33,000
	<u>581,968</u>	<u>332,283</u>
	<u>941,144</u>	<u>908,073</u>

Borrowings denominated in US Dollar amounted to RM220.0 million.
(31.7.2024: RM135.4 million).

21. Changes in material litigation

There are no changes in material litigation which would materially and adversely affect the financial position of the Group as at the date of this quarterly report.

22. Profit for the period

	3 months ended 31 October	
	2024 RM'000	2023 RM'000
Profit for the period is arrived at after charging/(crediting)		
Depreciation and amortisation	29,051	29,742
Net foreign exchange (gain)/loss	2,926	(8,932)
Loss/(Gain) on disposal of property, plant and equipment	(740)	(1)

23. Dividends

- A first interim dividend of 0.4 sen per ordinary share was declared on 3 December 2024 for the financial year ending 31 July 2025 and will be paid on 31 December 2024 to shareholders whose names appear on the Company's Record of Depositors on 17 December 2024.
- The total dividend per share for the current financial year is 0.4 sen (previous year corresponding period: 0.3 sen).

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

24. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the current quarter is based on net profit attributable to owners of the Company of RM30.6 million and the weighted average number of ordinary shares of 3,870.000 million.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the current quarter is based on net profit attributable to owners of the Company of RM30.6 million and the weighted average number of ordinary shares, adjusted for the dilutive effects of potential ordinary shares of 3,879.443 million.