

KESM INDUSTRIES BERHAD

(Incorporated in Malaysia)

Company No : 13022-A

**UNAUDITED FOURTH QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2013**

The Board of Directors is pleased to announce the following unaudited results of the Group for the financial quarter ended 31 July 2013.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 JULY 2013**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE
	(31/07/2013) RM'000	(31/07/2012) * RM'000	(31/07/2013) RM'000	(31/07/2012) * RM'000
Revenue	64,403	69,724	247,605	236,940
Other items of income				
Interest income	663	636	2,532	2,565
Dividend income	84	127	344	417
Other income	2,675	1,720	6,320	9,686
Items of expense				
Raw materials and consumables used	(11,968)	(15,020)	(50,761)	(52,383)
Changes in work-in-progress and finished goods	(282)	(2,485)	(985)	(2,665)
Employee benefits expense	(21,847)	(19,478)	(76,683)	(66,641)
Depreciation of property, plant and equipment	(12,993)	(13,944)	(54,903)	(56,313)
Finance costs	(545)	(734)	(2,182)	(3,318)
Other expenses	(15,234)	(20,048)	(57,263)	(56,307)
Profit before tax	4,956	498	14,024	11,981
Income tax expense	1,238	(1,664)	(4,583)	(4,598)
Profit/(loss) net of tax	6,194	(1,166)	9,441	7,383
Other comprehensive income:				
Foreign currency translation	1,419	113	2,120	2,830
Other comprehensive income for the period, net of tax	1,419	113	2,120	2,830
Total comprehensive income for the period	7,613	(1,053)	11,561	10,213
Profit/(loss) attributable to:				
Owners of the parent	4,128	(2,582)	4,569	4,161
Non-controlling interests	2,066	1,416	4,872	3,222
	6,194	(1,166)	9,441	7,383
Total comprehensive income attributable to:				
Owners of the parent	5,547	(2,469)	6,689	6,991
Non-controlling interests	2,066	1,416	4,872	3,222
	7,613	(1,053)	11,561	10,213
Earnings/(loss) per share attributable to owners of the parent (sen per share):				
- Basic	9.6	(6.0)	10.6	9.7

* Certain comparative amounts have been reclassified to conform with current year's presentation to reflect a fairer 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 2012 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 2013

	AS AT END OF CURRENT QUARTER 31/07/2013	AS AT PRECEDING FINANCIAL YEAR END 31/07/2012	AS AT 01/08/2011
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	135,662	150,273	162,768
Deferred tax assets	5,114	5,304	5,320
	<u>140,776</u>	<u>155,577</u>	<u>168,088</u>
Current assets			
Inventories	16,035	20,574	22,999
Trade and other receivables	59,542	65,097	67,128
Prepayments	1,454	1,772	1,203
Tax recoverable	618	1,064	1,106
Investment securities	8,029	10,631	11,315
Cash and bank balances	139,227	113,756	100,526
	<u>224,905</u>	<u>212,894</u>	<u>204,277</u>
Assets held for sale	-	421	-
	<u>224,905</u>	<u>213,315</u>	<u>204,277</u>
Total assets	<u>365,681</u>	<u>368,892</u>	<u>372,365</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	43,015	43,015	43,015
Other reserves	7,776	4,127	1,297
Retained earnings	184,637	182,887	180,016
	<u>235,428</u>	<u>230,029</u>	<u>224,328</u>
Non-controlling interests	30,636	25,764	22,542
Total equity	<u>266,064</u>	<u>255,793</u>	<u>246,870</u>
Non-current liabilities			
Obligations under finance leases	2,351	605	1,634
Long term loans	35,209	34,663	56,679
Deferred tax liabilities	2,762	2,714	3,296
	<u>40,322</u>	<u>37,982</u>	<u>61,609</u>
Current liabilities			
Trade and other payables	28,888	48,159	34,911
Obligations under finance leases	1,942	1,594	2,165
Term loans	28,012	25,364	26,364
Income tax payable	453	-	446
	<u>59,295</u>	<u>75,117</u>	<u>63,886</u>
Total liabilities	<u>99,617</u>	<u>113,099</u>	<u>125,495</u>
Total equity and liabilities	<u>365,681</u>	<u>368,892</u>	<u>372,365</u>
Net assets per share attributable to owners of the parent (RM)	<u>5.47</u>	<u>5.35</u>	<u>5.22</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 2012 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 2013**

FY2013	Attributable to owners of the parent						Non-controlling interests	Total equity
	Non-distributable				Distributable			
	Share capital	Share premium	Foreign currency translation reserve	Statutory reserve fund	Retained earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 August 2012	43,015	663	2,559	905	182,887	230,029	25,764	255,793
Total comprehensive income	-	-	2,120	-	4,569	6,689	4,872	11,561
Transaction with owners								
Transfer to statutory reserve fund	-	-	-	1,529	(1,529)	-	-	-
Dividend	-	-	-	-	(1,290)	(1,290)	-	(1,290)
At 31 July 2013	43,015	663	4,679	2,434	184,637	235,428	30,636	266,064

FY2012	Attributable to owners of the parent						Non-controlling interests	Total equity	
	Non-distributable				Distributable				
	Share capital	Share premium	Foreign currency translation reserve	Asset revaluation reserve	Statutory reserve fund	Retained earnings			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 August 2011	43,015	663	(271)	12,915	905	167,101	224,328	22,542	246,870
Effects of transition to MFRS	-	-	-	(12,915)	-	12,915	-	-	-
At 1 August 2011, as restated	43,015	663	(271)	-	905	180,016	224,328	22,542	246,870
Total comprehensive income	-	-	2,830	-	-	4,161	6,991	3,222	10,213
Transaction with owners									
Dividend	-	-	-	-	-	(1,290)	(1,290)	-	(1,290)
At 31 July 2012	43,015	663	2,559	-	905	182,887	230,029	25,764	255,793

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 2012 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 2013

	Current year to date 31/07/2013	Preceding year corresponding year to date 31/07/2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,024	11,981
Adjustments for:		
Depreciation of property, plant and equipment	54,903	56,313
Property, plant and equipment written off	6	186
Gain on disposal of property, plant and equipment *	(376)	(185)
(Gain)/loss on disposal of investment securities held for trading	(1,039)	15
Net fair value loss/(gain) on investment securities held for trading	1,936	(479)
Unrealised exchange (gain)/loss	(858)	331
Inventories written down	160	1,822
Impairment of trade receivables	67	6,967
Dividend income	(344)	(417)
Interest income	(2,532)	(2,565)
Finance costs	2,182	3,318
Operating cash flows before working capital changes	68,129	77,287
Decrease in inventories	4,379	603
(Decrease) / increase in prepayment, trade and other receivables	5,806	(5,505)
(Decrease) / increase in trade and other payables	(18,720)	838
Cash generated from operations	59,594	73,223
Income taxes paid	(3,536)	(5,568)
Interest paid	(2,182)	(3,318)
Interest received	2,532	2,565
Net cash generated from operating activities	56,408	66,902
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment securities	1,705	1,148
Dividend income	344	417
Purchase of property, plant and equipment	(32,679)	(24,246)
Proceeds from disposal of property, plant and equipment	801	634
Net cash used in investing activities	(29,829)	(22,047)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of obligations under finance leases	(2,338)	(2,265)
Repayment of term loans	(26,818)	(29,616)
Proceeds from term loans	29,624	3,464
Dividend paid on ordinary shares	(1,290)	(1,290)
Net cash flows used in financing activities	(822)	(29,707)
Net increase in cash and cash equivalents	25,757	15,148
Effects of exchange rate changes	(286)	(1,918)
Cash and cash equivalents at beginning of year	113,756	100,526
Cash and cash equivalents at end of the year	139,227	113,756

* Included in the Gain on disposal of property, plant and equipment was a gain on disposal of assets of RM329,000 classified as Assets held for sale in the previous financial year.

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2012 and the accompanying explanatory notes attached to the interim financial statements.