

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Company No : 13022-A

**UNAUDITED THIRD QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2015**

The Board of Directors is pleased to announce the following unaudited results of the Group for the financial quarter ended 30 April 2015.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 APRIL 2015**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (30/04/2015) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (30/04/2014) RM'000	CURRENT YEAR TO DATE (30/04/2015) RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE (30/04/2014) RM'000
Revenue	62,925	59,107	194,184	185,717
Other items of income				
Interest income	686	682	2,092	2,345
Dividend income	18	51	122	158
Other income	738	1,075	3,668	2,255
Items of expense				
Raw materials and consumables used	(5,382)	(6,713)	(22,068)	(29,917)
Changes in work-in-progress and finished goods	(138)	(661)	879	(150)
Employee benefits expense	(23,484)	(20,897)	(69,413)	(62,661)
Depreciation of property, plant and equipment	(15,123)	(13,243)	(43,684)	(38,883)
Finance costs	(1,061)	(496)	(2,659)	(1,786)
Other expenses	(15,027)	(15,132)	(48,835)	(46,626)
Profit before tax	4,152	3,773	14,286	10,452
Income tax expense	(1,134)	(1,286)	(3,759)	(3,064)
Profit net of tax	3,018	2,487	10,527	7,388
Other comprehensive income:				
Foreign currency translation	159	(1,130)	3,507	445
Other comprehensive income for the period, net of tax	159	(1,130)	3,507	445
Total comprehensive income for the period	3,177	1,357	14,034	7,833
Profit attributable to:				
Owners of the parent	1,732	1,360	6,580	4,204
Non-controlling interests	1,286	1,127	3,947	3,184
	3,018	2,487	10,527	7,388
Total comprehensive income attributable to:				
Owners of the parent	1,891	230	10,087	4,649
Non-controlling interests	1,286	1,127	3,947	3,184
	3,177	1,357	14,034	7,833
Earnings per share attributable to owners of the parent (sen per share):				
- Basic	4.0	3.2	15.3	9.8

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2014 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 30 APRIL 2015

	AS AT END OF CURRENT QUARTER 30/04/2015 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/07/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	190,154	156,495
Deferred tax assets	4,747	4,747
	<u>194,901</u>	<u>161,242</u>
Current assets		
Inventories	10,573	11,589
Trade and other receivables	63,753	65,432
Prepayments	2,635	1,278
Tax recoverable	-	332
Investment securities	4,868	7,660
Cash and bank balances	127,349	139,368
	<u>209,178</u>	<u>225,659</u>
Total assets	<u>404,079</u>	<u>386,901</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	43,015	43,015
Other reserves	13,166	9,101
Retained earnings	196,784	193,343
	<u>252,965</u>	<u>245,459</u>
Non-controlling interests	29,654	36,093
Total equity	<u>282,619</u>	<u>281,552</u>
Non-current liabilities		
Obligations under finance leases	99	557
Long term loans	35,632	36,215
Deferred tax liabilities	2,395	2,395
	<u>38,126</u>	<u>39,167</u>
Current liabilities		
Trade and other payables	36,414	28,732
Obligations under finance leases	1,016	1,856
Term loans	44,139	35,285
Income tax payable	1,765	309
	<u>83,334</u>	<u>66,182</u>
Total liabilities	<u>121,460</u>	<u>105,349</u>
Total equity and liabilities	<u>404,079</u>	<u>386,901</u>
Net assets per share attributable to owners of the parent (RM)	<u>5.88</u>	<u>5.71</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 2014 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 30 APRIL 2015**

FY2015	< ----- Attributable to owners of the parent ----- >						Non-controlling interests	Total equity
	Share capital	< ----- Non-distributable ----- >			Distributable	Total		
		Share premium	Foreign currency translation reserve	Statutory reserve fund	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 August 2014	43,015	663	5,117	3,321	193,343	245,459	36,093	281,552
Total comprehensive income	-	-	3,507	-	6,580	10,087	3,947	14,034
Transaction with owners								
Transfer to statutory reserve fund	-	-	-	558	(558)	-	-	-
Dividend	-	-	-	-	(2,581)	(2,581)	(10,386)	(12,967)
At 30 April 2015	43,015	663	8,624	3,879	196,784	252,965	29,654	282,619

FY2014	< ----- Attributable to owners of the parent ----- >						Non-controlling interests	Total equity
	Share capital	< ----- Non-distributable ----- >			Distributable	Total		
		Share premium	Foreign currency translation reserve	Statutory reserve fund	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 August 2013	43,015	663	4,679	2,434	184,637	235,428	30,636	266,064
Total comprehensive income	-	-	445	-	4,204	4,649	3,184	7,833
Transaction with owners								
Transfer to statutory reserve	-	-	-	887	(887)	-	-	-
Dividend	-	-	-	-	(1,290)	(1,290)	-	(1,290)
At 30 April 2014	43,015	663	5,124	3,321	186,664	238,787	33,820	272,607

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 2014 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 30 APRIL 2015

	Current year to date 30/04/2015	Preceding year corresponding year to date 30/04/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,286	10,452
Adjustments for:		
Depreciation of property, plant and equipment	43,684	38,883
Property, plant and equipment written off	4	89
Loss on disposal of property, plant and equipment	95	6
Gain on disposal of investment securities held for trading	(697)	(327)
Net fair value loss on investment securities held for trading	2,212	212
Unrealised exchange loss	1,344	1,271
Reversal of inventories written down	(16)	-
Reversal of impairment loss on trade receivables	(21)	(48)
Dividend income	(122)	(158)
Interest income	(2,092)	(2,345)
Finance costs	2,659	1,786
Operating cash flows before working capital changes	61,336	49,821
Decrease in inventories	1,032	2,337
Decrease in prepayment, trade and other receivables	343	1,000
Decrease in trade and other payables	(1,152)	(2,203)
Cash generated from operations	61,559	50,955
Income taxes paid	(2,027)	(2,142)
Interest paid	(2,659)	(1,786)
Interest received	2,092	2,345
Net cash generated from operating activities	58,965	49,372
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment securities	1,277	861
Dividend income	122	158
Purchase of property, plant and equipment	(69,353)	(47,599)
Proceeds from disposal of property, plant and equipment	1,618	-
Net cash used in investing activities	(66,336)	(46,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of obligations under finance leases	(1,418)	(1,471)
Repayment of term loans	(31,052)	(22,453)
Proceeds from term loans	39,556	613
Dividend paid on ordinary shares	(12,967)	(1,290)
Net cash flows used in financing activities	(5,881)	(24,601)
Net decrease in cash and cash equivalents	(13,252)	(21,809)
Effects of exchange rate changes	1,233	(273)
Cash and cash equivalents at beginning of year	139,368	139,227
Cash and cash equivalents at end of the period	127,349	117,145

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2014 and the accompanying explanatory notes attached to the interim financial statements.