

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

**UNAUDITED FOURTH QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2020**

The Board of Directors is pleased to announce the following unaudited results of the Group for the financial quarter ended 31 July 2020.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 JULY 2020**

	Individual period			Cumulative period		
	Current year	Preceding year	% Change	Current year	Preceding year	% Change
	quarter	corresponding quarter		to date	corresponding year to date	
	(31/07/2020)	(31/07/2019)		(31/07/2020)	(31/07/2019)	
	RM'000	RM'000		RM'000	RM'000	
Revenue	46,258	70,909	(35%)	240,976	307,375	(22%)
Other items of income						
Interest income	1,444	1,642	(12%)	6,158	5,926	4%
Dividend income	40	86	(53%)	169	172	(2%)
Other income	7,551	835	>100%	11,460	2,599	>100%
Items of expenses						
Raw materials and consumables used	(5,257)	(6,500)	(19%)	(22,558)	(41,496)	(46%)
Changes in inventories of finished goods and work-in-progress	(115)	(721)	(84%)	(1,226)	(1,014)	21%
Employee benefits expense	(19,683)	(25,700)	(23%)	(92,762)	(103,587)	(10%)
Depreciation of property, plant and equipment	(14,573)	(16,893)	(14%)	(62,727)	(74,894)	(16%)
Finance costs	(461)	(817)	(44%)	(2,371)	(4,089)	(42%)
Other expenses	(16,809)	(20,367)	(17%)	(71,440)	(81,484)	(12%)
Profit/(loss) before tax	(1,605)	2,474	NM	5,679	9,508	(40%)
Income tax expense	(1,675)	(183)	>100%	(5,583)	(3,232)	73%
Profit/(loss), net of tax	(3,280)	2,291	NM	96	6,276	(98%)
Other comprehensive income:						
Item that will not be reclassified to profit or loss						
Remeasurement loss arising from defined benefit liabilities, net of tax	(116)	(236)	(51%)	(116)	(236)	(51%)
Item to be reclassified subsequently to profit or loss						
Foreign currency translation gain/(loss)	(578)	(528)	9%	375	469	(20%)
Other comprehensive income for the period, net of tax	(694)	(764)	(9%)	259	233	11%
Total comprehensive income for the period, net of tax	(3,974)	1,527	NM	355	6,509	(95%)
Earnings/(loss) per share attributable to owners of the Company (sen):						
- Basic	(7.6)	5.3	NM	0.2	14.6	(99%)

NM – percentage change not meaningful

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2019 and the accompanying explanatory notes attached to the interim financial statements.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020

	<u>As at end of current quarter 31/07/2020</u>	<u>As at preceding financial year end 31/07/2019</u>
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	127,461	164,848
Deferred tax assets	3,513	3,692
Other receivables	667	-
	<u>131,641</u>	<u>168,540</u>
Current assets		
Inventories	6,055	7,407
Trade and other receivables	34,351	65,925
Prepayments	2,419	2,714
Investment securities	8,872	6,688
Tax recoverable	1,053	1,267
Cash and short-term deposits	<u>230,103</u>	<u>200,005</u>
	<u>282,853</u>	<u>284,006</u>
Total assets	<u>414,494</u>	<u>452,546</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	43,678	43,678
Other reserves	16,779	16,404
Retained earnings	<u>295,817</u>	<u>299,063</u>
Total equity	<u>356,274</u>	<u>359,145</u>
Non-current liabilities		
Loans and borrowings	4,487	15,451
Defined benefit liabilities	4,402	3,939
Deferred tax liabilities	<u>1,088</u>	<u>3,324</u>
	<u>9,977</u>	<u>22,714</u>
Current liabilities		
Trade and other payables	24,345	24,318
Contract liabilities	41	525
Loans and borrowings	21,078	45,844
Income tax payable	<u>2,779</u>	<u>-</u>
	<u>48,243</u>	<u>70,687</u>
Total liabilities	<u>58,220</u>	<u>93,401</u>
Total equity and liabilities	<u>414,494</u>	<u>452,546</u>
Net assets per share attributable to owners of the Company (RM)	<u>8.28</u>	<u>8.35</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 JULY 2020**

	< ----- Attributable to owners of the Company ----- >					Total equity
	< ----- Non-distributable ----- >				Distributable	
	Share capital	Foreign currency translation reserve	Statutory reserve fund	Capital reserve	Retained earnings	
FY2020						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 August 2019	43,678	9,535	4,629	2,240	299,063	359,145
Profit for the year	-	-	-	-	96	96
Other comprehensive income for the year	-	375	-	-	(116)	259
Transaction with owners						
Dividends on ordinary shares	-	-	-	-	(3,226)	(3,226)
As at 31 July 2020	43,678	9,910	4,629	2,240	295,817	356,274

	< ----- Attributable to owners of the Company ----- >					Total equity
	< ----- Non-distributable ----- >				Distributable	
	Share capital	Foreign currency translation reserve	Statutory reserve fund	Capital reserve	Retained earnings	
FY2019						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 August 2018	43,678	9,066	4,629	2,240	296,894	356,507
Profit for the year	-	-	-	-	6,276	6,276
Other comprehensive income for the year	-	469	-	-	(236)	233
Transactions with owners						
Dividends on ordinary shares	-	-	-	-	(3,871)	(3,871)
As at 31 July 2019	43,678	9,535	4,629	2,240	299,063	359,145

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 JULY 2020

	Current year to date 31/07/2020	Preceding year corresponding year to date 31/07/2019
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	5,679	9,508
Adjustments for:		
Depreciation of property, plant and equipment	62,727	74,894
Plant and equipment written off	1	2
Net gain on disposal of property, plant and equipment	(9,063)	(1,860)
Write-down of inventories	1,462	174
Net fair value loss on investment securities	1,842	1,165
Impairment of trade receivables	144	-
Unrealised exchange loss/(gain)	20	(57)
Dividend income	(169)	(172)
Interest income	(6,158)	(5,926)
Finance costs	2,371	4,089
Operating cash flows before changes in working capital	58,856	81,817
(Increase)/decrease in inventories	(110)	1,682
Decrease in prepayments and receivables	30,931	14,648
Decrease in payables and contract liabilities	(2,312)	(8,098)
Cash flows from operations	87,365	90,049
Income taxes paid, net	(4,627)	(3,533)
Interest paid	(2,425)	(4,135)
Interest received	6,206	5,716
Net cash flows from operating activities	86,519	88,097
INVESTING ACTIVITIES		
Increase in short-term deposits with maturity more than three months	(21,783)	(20,769)
Purchase of investment securities	(5,152)	(2,091)
Proceeds from disposal of investment securities	1,126	3,885
Dividend income	169	172
Purchase of property, plant and equipment	(12,415)	(25,835)
Proceeds from disposal of property, plant and equipment	9,888	2,518
Net cash flows used in investing activities	(28,167)	(42,120)
FINANCING ACTIVITIES		
Repayment of principal portion of lease liabilities	(6,184)	(5,364)
Repayment of bank loans	(48,180)	(76,910)
Proceeds from bank loans	8,026	45,822
Dividend paid on ordinary shares	(3,871)	(7,958)
Net cash flows used in financing activities	(50,209)	(44,410)
Net increase in cash and cash equivalents	8,143	1,567
Effect of exchange rate changes on cash and cash equivalents	172	96
Cash and cash equivalents at beginning of the year	76,379	74,716
Cash and cash equivalents at end of the year	84,694	76,379

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

Cash and cash equivalents comprised the following:

	Current year to date 31/07/2020 RM'000	Preceding year corresponding year to date 31/07/2019 RM'000
Cash at banks and on hand	29,510	29,247
Deposits with licensed banks	200,593	170,758
Cash and short-term deposits	230,103	200,005
Less: Short-term deposits with maturity more than three months	(145,409)	(123,626)
Cash and cash equivalents	84,694	76,379

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2019 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board, International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”, requirements of the Companies Act 2016 in Malaysia and paragraph 9.22 and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements. The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 July 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2019.

2. Significant accounting policies

The significant accounting policies and methods of computation in the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 July 2019 except that on 1 August 2019, the Group adopted the MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019 which are applicable to the Group, including MFRS 16 Leases. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial performance or position of the Group, except as discussed below.

The Group adopted MFRS 16 Leases on 1 August 2019 using the modified retrospective transition approach and did not restate comparative amounts for the financial year ended 31 July 2019 as permitted under the specific transition provisions in the standard. Upon adoption of MFRS 16 Leases, the Group recognised right-of-use assets and lease liabilities of RM5,857,000 previously under operating leases on 1 August 2019. Consequently, the Group had right-of-use assets (including assets previously held under finance leases and leasehold land) of RM14,832,000 on 1 August 2019 as part of property, plant and equipment, and lease liabilities (including reclassification of finance leases) of RM9,784,000 on 1 August 2019. The Group also applied the short term lease recognition exemption to its short term leases and leases of low value assets. Lease payments of the leases are recognised as rent expense on a straight line basis over the lease term.

3. Audit report of preceding annual financial statements

The audit report of the Group’s preceding annual financial statements was not qualified.

4. Seasonality or cyclicity of operations

There was no material seasonal or cyclical fluctuation in the operations of the Group.

5. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current financial year.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

6. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years.

7. Issues, repurchases, and repayments of debt and equity securities

There were no issues, repurchases and repayments of debt and equity securities for the current reporting period.

8. Dividends

	<u>Current year to date</u> <u>31/07/2020</u> RM'000	<u>Preceding year corresponding year to date</u> <u>31/07/2019</u> RM'000
Recognised during the financial year to date		
Final tax exempt dividend for 2019 at 6 sen (2018: 6 sen) per ordinary share, was paid on 10 February 2020	2,581	2,581
Interim tax exempt dividend for 2020 at 1.5 sen (2019: 3 sen) per ordinary share, was paid on 25 August 2020	<u>645</u>	<u>1,290</u>
Proposed but not recognised as a liability as at 31 July		
Final tax exempt dividend for 2020 at 6 sen (2019: 6 sen) per ordinary share, to be approved by shareholders at the Annual General Meeting	<u>2,581</u>	<u>2,581</u>

9. Events not reflected in the financial statements

There were no material subsequent events to be disclosed as at the date of this report.

10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial year.

11. Acquisition or disposal of items of property, plant and equipment

During the current financial year, the Group acquired property, plant and equipment amounting to RM20,104,000, and disposed (including write-off) property, plant and equipment of net book value amounting to RM826,000.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

12. Significant related party transactions

	<u>Current year to date</u>	<u>Preceding year corresponding year to date</u>
	<u>31/07/2020</u>	<u>31/07/2019</u>
	<u>RM'000</u>	<u>RM'000</u>
Transactions with Sunright Limited, holding company of the Company, and its subsidiaries:		
Management fees charged by holding company	7,252	8,949
Dividends paid/payable to holding company	1,562	1,874
Sale of equipment to a related company	30	2,636
Purchases of equipment and consumables from related companies	2,351	251

The directors are of the opinion that the above transactions were in the normal course of business and at terms mutually agreed between the companies.

13. Significant commitments for purchase of property, plant and equipment

Commitments for purchases of property, plant and equipment amounted to RM4,847,000 as at 31 July 2020.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

14. Profit before tax

	Individual Period		Cumulative Period	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding year to date
	31/07/2020	31/07/2019	31/07/2020	31/07/2019
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax is arrived at:				
After charging:				
Write-down of inventories	1,434	49	1,462	174
Plant and equipment written off	-	-	1	2
Net fair value loss on investment securities	-	392	1,842	1,165
Impairment of trade receivables	144	-	144	-
Net foreign exchange loss	93	8	-	-
Settlement of litigation	-	1,660	-	1,660
And crediting:				
Net gain on disposal of property, plant and equipment	6,034	516	9,063	1,860
Net fair value gain on investment securities	420	-	-	-
Net foreign exchange gain	-	-	13	6

There was no gain or loss arising from derivatives, disposal of unquoted investments and exceptional items.

15. Derivative

The Group does not have any derivative for the current quarter and financial year.

16. Fair value changes of financial liabilities

There was no gain or loss arising from fair value changes of the financial liabilities for the current quarter and financial year.

17. Segment information

No segment reporting has been prepared as the Group has only one operating segment, namely burn-in, testing and electronic manufacturing services.

18. Detailed analysis of Group performance

Analysis of the performance for the current quarter

The Group's revenue was lower by 35% or RM24.7 million, from RM70.9 million in the preceding year's fourth quarter, to RM46.3 million for the current quarter ended 31 July 2020 ("4QFY2020"). This was attributed to lower volume for burn-in, testing and electronic manufacturing services ("EMS").

Interest income was lower by 12% or RM0.2 million, following lower interest rate on placement of fixed deposits.

Other income was higher by RM6.7 million, mainly due to (i) higher gain on disposal of machinery and test equipment of RM5.5 million, (ii) recognition of fair value gain on investment securities of RM0.4 million, and (iii) rental relief and wage subsidies of RM0.9 million as part of COVID-19 relief measures.

Raw materials and consumables used and changes in inventories of finished goods and work-in-progress reduced by 26% or RM1.8 million, attributed to lower EMS sales.

Employee benefits expense decreased by 23% or RM6.0 million, following lower headcount and alignment of staff costs to operational requirements.

Depreciation of property, plant and equipment ("PPE") was lower by 14% or RM2.3 million as certain machinery and test equipment were fully depreciated.

Finance costs reduced by 44% or RM0.4 million, following repayments of bank loans.

Other expenses were lower by 17% or RM3.6 million, mainly attributable to (i) lower repairs and maintenance and utilities costs by RM0.6 million and RM1.7 million respectively, following lower production; (ii) lower rental expense by RM0.7 million, the effect of adoption of MFRS 16 Leases; and (iii) absence of settlement of litigation expenses of RM1.7 million; partially offset by higher write-down of inventories by RM1.4 million.

Consequently, the Group reported a loss before tax of RM1.6 million in 4QFY2020, compared to a profit before tax of RM2.5 million in the previous corresponding quarter.

Analysis of the performance for the current financial year

The Group's revenue was lower by 22% or RM66.4 million, from RM307.4 million in the preceding year to RM241.0 million for the current financial year, as a result of lower volume for burn-in, testing and EMS.

Other income was higher by RM8.9 million, mainly due to (i) higher gain on disposal of machinery and test equipment by RM7.2 million and (ii) social insurance subsidy, rental relief and wage subsidies totalling RM1.9 million as part of COVID-19 relief measures.

Raw materials and consumables used and changes in inventories of finished goods and work-in-progress reduced by 44% or RM18.7 million, attributed to lower EMS sales.

Employee benefits expense decreased by 10% or RM10.8 million, following lower headcount and alignment of staff costs to operational requirements.

Depreciation of PPE was lower by 16% or RM12.2 million as certain machinery and test equipment were fully depreciated.

Finance costs reduced by 42% or RM1.7 million, following repayments of bank loans.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

Other expenses were lower by 12% or RM10.0 million, mainly attributable to (i) lower repairs and maintenance and utilities costs by RM3.3 million and RM2.3 million respectively, following lower production; (ii) lower management fees by RM1.7 million (iii) lower rental expense by RM2.4 million, the effect of adoption of MFRS 16 Leases; and (iv) absence of settlement of litigation expenses of RM1.7 million. These decreases were partially offset by higher fair value loss on quoted equity shares by RM0.7 million and higher write-down of inventories of RM1.3 million.

Consequently, the Group's profit before tax reduced by 40% or RM3.8 million, from RM9.5 million to RM5.7 million in the current financial year.

Analysis of financial position

PPE was lower by 23% or RM37.4 million, from RM164.8 million as at 31 July 2019 to RM127.5 million as at 31 July 2020. The decrease in PPE was primarily due to depreciation charge of RM62.7 million, partially offset by additions of RM20.1 million, and an increase of RM5.9 million resulting from the effect of adoption of MFRS 16 Leases.

Inventories were lower by 18% or RM1.4 million, from RM7.4 million to RM6.1 million, following write-down of inventories of RM1.4 million.

Trade and other receivables (current and non-current) were lower by 47% or RM30.9 million, from RM65.9 million to RM35.0 million, following a reduction in trade receivables due to lower sales.

Investment securities increased by 33% or RM2.2 million, from RM6.7 million to RM8.9 million, with additional net purchases of quoted equity shares of RM4.2 million, partially offset by the fair value loss of RM2.0 million.

Cash and short-term deposits improved by 15% or RM30.1 million, from RM200.0 million to RM230.1 million, which represented the net surplus cash generated from operations.

The Group's loans and borrowings reduced by 58% or RM35.7 million, from RM61.3 million to RM25.6 million, primarily due to net repayments of bank loans of RM40.2 million, partially offset by an increase of RM5.9 million resulting from the effect of adoption of MFRS 16 Leases.

Deferred tax liabilities reduced by 67% or RM2.2 million, from RM3.3 million to RM1.1 million, primarily due to lower deductible temporary differences, arising from differences in depreciation for tax purposes.

Income tax payable was higher by RM2.8 million, primarily due to absence of reinvestment allowances which had been fully utilised in prior financial year.

19. Material change in the profit before taxation compared to the results of the preceding quarter

The Group reported a loss before tax of RM1.6 million for 4QFY2020, compared to loss before tax of RM2.1 million in the preceding quarter ended 30 April 2020. This reduced loss was mainly due to (i) lower employee benefits expense of RM2.6 million; (ii) lower depreciation of property, plant and equipment of RM0.4 million; (iii) higher gain on disposal of plant and equipment of RM4.6 million; (iv) fair value gain adjustment of RM2.6 million, from a fair value loss of RM2.2 million to a fair value gain of RM0.4 million; partially offset by (v) lower net revenue¹ by RM8.4 million following reduced volume, and (vi) higher inventories write-down by RM1.4 million.

¹ Revenue less Raw materials and consumables used and Changes in inventories of finished goods and work-in-progress.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

20. Prospects

The global economy is projected to contract further by -4.9% from the previous forecast of -3% in 2020, following the prolonged Covid-19 pandemic.

Worldwide semiconductor revenue forecast is estimated at USD409.2 billion in 2020, representing a second year decline of 2.4%.

The Group managed to navigate through the very challenging operating conditions in the last two quarters of the current financial year with excellent customers' support, aligning production levels, cost management and equipment-asset rationalisation.

With a strong balance sheet, the Group will continue to invest and support customers' growth plans and look forward to a financial improvement in the new fiscal year.

The pandemic has greatly affected the demand for goods and services globally and we are hopeful that a swift strengthening of the world economy will improve our growth recovery.

21. Financial estimate, forecast or projection, or profit guarantee

The Group did not issue financial estimate, forecast or projection, or profit guarantee previously in any public document.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

22. Taxation

	Individual Period		Cumulative Period	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding year to date
	31/07/2020	31/07/2019	31/07/2020	31/07/2019
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	1,027	(312)	7,578	3,397
- Under/(over) provision in prior years	-	(37)	42	(27)
	<u>1,027</u>	<u>(349)</u>	<u>7,620</u>	<u>3,370</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	725	1,458	(1,960)	788
- Over provision in prior years	(77)	(926)	(77)	(926)
	<u>648</u>	<u>532</u>	<u>(2,037)</u>	<u>(138)</u>
Income tax expense	<u>1,675</u>	<u>183</u>	<u>5,583</u>	<u>3,232</u>

The high income tax expense for the current quarter (despite a loss before tax), and a high effective tax rate for the current financial year were due to certain non-deductible expenses as well as certain deferred tax assets were not recognized on unutilized business losses and other deductible temporary differences.

23. Status of uncompleted corporate proposals

There was no corporate proposal announced and not completed as at the date of this report.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

24. Group borrowings and debt securities

	<u>As at</u> <u>31/07/2020</u> <u>RM'000</u>	<u>As at</u> <u>31/07/2019</u> <u>RM'000</u>
(a) Bank loans*	17,342	57,368
Lease liabilities	<u>8,223</u>	<u>3,927</u>
	<u>25,565</u>	<u>61,295</u>
(b) Repayable within 12 months	21,078	45,844
Repayable after 12 months	<u>4,487</u>	<u>15,451</u>
	<u>25,565</u>	<u>61,295</u>
(c) Total loans and borrowings denominated in:		
Renminbi	10,546	13,256
Ringgit Malaysia	<u>15,019</u>	<u>48,039</u>
	<u>25,565</u>	<u>61,295</u>

* Included in the bank loans were secured bank loans of RM6,618,000 (31/07/2019: RM13,256,000).

25. Changes in material litigation

There was no material litigation as at the date of this announcement.

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

26. Earnings per share

Basic earnings/(loss) per ordinary share amounts are calculated by dividing profit/(loss) net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current reporting period.

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>Current year quarter</u>	<u>Preceding year corresponding quarter</u>	<u>Current year to date</u>	<u>Preceding year corresponding year to date</u>
	<u>31/07/2020</u>	<u>31/07/2019</u>	<u>31/07/2020</u>	<u>31/07/2019</u>
Profit/(loss) net of tax (RM'000)	(3,280)	2,291	96	6,276
Weighted average number of ordinary shares ('000)	43,014.5	43,014.5	43,014.5	43,014.5
Basic earnings/(loss) per share (sen)	<u>(7.6)</u>	<u>5.3</u>	<u>0.2</u>	<u>14.6</u>

The Group has no potential ordinary shares in issue as at reporting date and therefore diluted (loss)/earnings per share has not been presented.

BY ORDER OF THE BOARD

Leong Oi Wah
Company Secretary

Petaling Jaya
Date: 22 September 2020

KESM INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE FOURTH QUARTER ENDED 31 JULY 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER (31/07/2020) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (31/07/2019) RM'000	CURRENT YEAR TO DATE (31/07/2020) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (31/07/2019) RM'000
1. Revenue	46,258	70,909	240,976	307,375
2. Profit/(loss) before tax	(1,605)	2,474	5,679	9,508
3. (Loss)/profit for the period	(3,280)	2,291	96	6,276
4. Profit attributable to ordinary equity holders of the Company	(3,280)	2,291	96	6,276
5. Basic (loss)/earnings per share (sen)	(7.63)	5.33	0.22	14.59
6. Proposed/Declared dividend per share (sen)	6.00	6.00	7.50	9.00

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR
7. Net assets per share attributable to ordinary equity holders of the Company (RM)	8.2826	8.3494

ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER (31/07/2020) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (31/07/2019) RM'000	CURRENT YEAR TO DATE (31/07/2020) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (31/07/2019) RM'000
1. Gross interest income	1,444	1,642	6,158	5,926
2. Gross interest expense	461	817	2,371	4,089