

**KESM INDUSTRIES BERHAD**  
(Incorporated in Malaysia)

Registration No. : 197201001376 (13022-A)

**UNAUDITED THIRD QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2025**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE QUARTER ENDED 30 APRIL 2025**

	Individual period			Cumulative period		
	Current year	Preceding year	% Change	Current year	Preceding year	% Change
	quarter	corresponding		to date	corresponding	
	(30/04/2025)	quarter (30/04/2024)		(30/04/2025)	year to date (30/04/2024)	
	RM'000	RM'000		RM'000	RM'000	
<b>Revenue</b>	52,805	61,208	(14%)	157,019	186,507	(16%)
<b>Other items of income</b>						
Interest income	1,650	1,681	(2%)	5,052	5,097	(1%)
Dividend income	100	126	(21%)	276	237	16%
Other income	1,694	1,909	(11%)	2,281	4,697	(51%)
<b>Items of expenses</b>						
Consumables used	(4,536)	(4,883)	(7%)	(12,824)	(14,629)	(12%)
Employee benefits expense	(20,018)	(23,783)	(16%)	(63,645)	(72,676)	(12%)
Depreciation of property, plant and equipment	(11,242)	(12,181)	(8%)	(33,809)	(36,370)	(7%)
Finance costs	(575)	(955)	(40%)	(2,098)	(3,093)	(32%)
Other expenses	(20,213)	(21,957)	(8%)	(60,662)	(66,297)	(8%)
<b>(Loss)/profit before tax</b>	(335)	1,165	NM	(8,410)	3,473	NM
Income tax (expense)/credit	(553)	(1,054)	(48%)	4	(2,308)	NM
<b>(Loss)/profit, net of tax</b>	(888)	111	NM	(8,406)	1,165	NM
<b>Other comprehensive income:</b>						
<b>Item that will not be reclassified to profit or loss</b>						
Remeasurement gain arising from defined benefit liabilities, net of tax	-	-	NM	-	144	(100%)
<b>Item to be reclassified subsequently to profit or loss</b>						
Foreign currency translation (loss)/gain	(1,006)	381	NM	(1,964)	1,884	NM
<b>Other comprehensive (loss)/income for the period, net of tax</b>	(1,006)	381	NM	(1,964)	2,028	NM
<b>Total comprehensive (loss)/income for the period, net of tax</b>	(1,894)	492	NM	(10,370)	3,193	NM
(Loss)/earnings per share attributable to owners of the Company (sen):						
- Basic	(2.1)	0.3	NM	(19.5)	2.7	NM

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 2024 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2025**

	As at end of current quarter 30/04/2025 RM'000	As at preceding financial year end 31/07/2024 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	138,920	163,915
Deferred tax assets	5,948	6,082
Other receivables	621	628
	<u>145,489</u>	<u>170,625</u>
<b>Current assets</b>		
Inventories	2,142	1,584
Trade and other receivables	43,937	42,835
Derivatives	304	104
Prepayments	1,687	1,495
Investment securities	10,809	14,318
Tax recoverables	4,448	5,578
Cash and short-term deposits	211,832	232,461
	<u>275,159</u>	<u>298,375</u>
<b>Total assets</b>	<u>420,648</u>	<u>469,000</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	43,678	43,678
Other reserves	17,025	18,989
Retained earnings	278,378	290,010
<b>Total equity</b>	<u>339,081</u>	<u>352,677</u>
<b>Non-current liabilities</b>		
Loans and borrowings	12,599	34,201
Defined benefit liabilities	6,012	5,662
Deferred tax liabilities	3,944	6,954
	<u>22,555</u>	<u>46,817</u>
<b>Current liabilities</b>		
Trade and other payables	27,664	30,447
Loans and borrowings	31,348	39,059
	<u>59,012</u>	<u>69,506</u>
<b>Total liabilities</b>	<u>81,567</u>	<u>116,323</u>
<b>Total equity and liabilities</b>	<u>420,648</u>	<u>469,000</u>
Net assets per share attributable to owners of the Company (RM)	<u>7.88</u>	<u>8.20</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 2024 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 30 APRIL 2025**

	< ----- Attributable to owners of the Company ----- >					Total equity
	< ----- Non-distributable ----- >				Distributable	
	Share capital	Foreign currency translation reserve	Statutory reserve fund	Capital reserve	Retained earnings	
<b>FY2025</b>						
<b>As at 1 August 2024</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	43,678	12,120	4,629	2,240	290,010	352,677
Loss for the period	-	-	-	-	(8,406)	(8,406)
Other comprehensive loss for the period	-	(1,964)	-	-	-	(1,964)
<b>Transaction with owners</b>						
Dividends on ordinary shares	-	-	-	-	(3,226)	(3,226)
<b>As at 30 April 2025</b>	43,678	10,156	4,629	2,240	278,378	339,081

	< ----- Attributable to owners of the Company ----- >					Total equity
	< ----- Non-distributable ----- >				Distributable	
	Share capital	Foreign currency translation reserve	Statutory reserve fund	Capital reserve	Retained earnings	
<b>FY2024</b>						
<b>As at 1 August 2023</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	43,678	11,718	4,629	2,240	292,480	354,745
Profit for the period	-	-	-	-	1,165	1,165
Other comprehensive income for the period	-	1,884	-	-	144	2,028
<b>Transactions with owners</b>						
Dividends on ordinary shares	-	-	-	-	(2,581)	(2,581)
<b>As at 30 April 2024</b>	43,678	13,602	4,629	2,240	291,208	355,357

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 2024 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 30 APRIL 2025**

	Current year to date 30/04/2025 RM'000	Preceding year corresponding year to date 30/04/2024 RM'000
<b>OPERATING ACTIVITIES</b>		
(Loss)/profit before tax	(8,410)	3,473
Adjustments for:		
Depreciation of property, plant and equipment	33,809	36,370
Plant and equipment written off	-	16
Net gain on disposal of property, plant and equipment	(1,513)	(835)
Net fair value loss/(gain) on investment securities	3,522	(1,851)
Unrealised exchange loss/(gain)	457	(306)
Unrealised (gain)/loss on derivatives	(200)	111
Dividend income	(276)	(237)
Interest income	(5,052)	(5,097)
Finance costs	2,098	3,093
<b>Operating cash flows before changes in working capital</b>	24,435	34,737
Increase in inventories	(558)	(212)
(Increase)/decrease in prepayments and receivables	(2,482)	5,193
Increase/(decrease) in payables	341	(5,080)
<b>Cash flows from operations</b>	21,736	34,638
Income taxes paid, net	(1,876)	(833)
Interest paid	(2,207)	(3,055)
Interest received	5,379	4,771
<b>Net cash flows from operating activities</b>	23,032	35,521
<b>INVESTING ACTIVITIES</b>		
Decrease/(increase) in short-term deposits with maturity more than three months	19,000	(23,000)
Purchase of investment securities	(1,024)	(4,640)
Proceeds from disposal of investment securities	1,011	3,911
Dividend income	276	237
Purchase of property, plant and equipment	(11,996)	(10,464)
Proceeds from disposal of property, plant and equipment	1,513	835
<b>Net cash flows from/(used in) investing activities</b>	8,780	(33,121)
<b>FINANCING ACTIVITIES</b>		
Repayment of principal portion of lease liabilities	(1,869)	(2,985)
Repayment of bank loans	(27,359)	(25,016)
Proceeds from bank loans	-	11,000
Dividend paid on ordinary shares	(3,226)	(2,581)
<b>Net cash flows used in financing activities</b>	(32,454)	(19,582)
<b>Net decrease in cash and cash equivalents</b>	(642)	(17,182)
Effect of exchange rate changes on cash and cash equivalents	(987)	622
Cash and cash equivalents at beginning of the period	74,461	99,428
<b>Cash and cash equivalents at end of the period</b>	72,832	82,868

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Cash and cash equivalents comprised the following:

	Current year to date 30/04/2025 RM'000	Preceding year corresponding year to date 30/04/2024 RM'000
Cash at banks and on hand	19,141	29,234
Deposits with licensed banks	192,691	201,134
Cash and short-term deposits	211,832	230,368
Less: Short-term deposits with maturity more than three months	(139,000)	(147,500)
Cash and cash equivalents	72,832	82,868

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2024 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 2024. 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 2024.

### **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 2024 except that on 1 August 2024, the Group adopted the MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2024 which are applicable to the Group. 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.

### **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 reporting period.

### **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

	Current year to date  30/04/2025 RM'000	Preceding year corresponding year to date 30/04/2024 RM'000
<b>Recognised during the financial year to date</b>		
First and final tax exempt dividend for 2024 at nil sen (2023: 6 sen) per ordinary share	-	2,581
Interim tax exempt dividend for 2024 at 7.5 sen (2023: nil sen) per ordinary share, paid on 29 October 2024	3,226	-
	<u>3,226</u>	<u>2,581</u>

No dividend was declared for the current reporting quarter or preceding year corresponding quarter.

## 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 reporting period.

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

During the current reporting period, the Group acquired property, plant and equipment amounting to RM9,639,000.

## 12. Significant related party transactions

	Current year to date  30/04/2025 RM'000	Preceding year corresponding year to date 30/04/2024 RM'000
Transactions with Sunright Limited, holding company of the Company, and its subsidiaries:		
Management fees charged by holding company	7,593	8,241
Dividends paid/payable to holding company	1,562	1,250
Purchases of equipment (including consumables) and related software from related companies	162	63

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.

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

Commitments for purchases of property, plant and equipment amounted to RM3,401,000 as at 30 April 2025.

**14. (Loss)/profit before tax**

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>Current year quarter</b>	<b>Preceding year corresponding quarter</b>	<b>Current year to date</b>	<b>Preceding year corresponding year to date</b>
	<b>30/04/2025</b>	<b>30/04/2024</b>	<b>30/04/2025</b>	<b>30/04/2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss)/profit before tax is arrived at <sup>1</sup> :				
After charging:				
Plant and equipment written off	-	-	-	16
Net fair value loss on investment securities	1,096	-	3,522	-
Net foreign exchange loss	691	-	953	-
Net loss on derivatives	-	203	-	251
And crediting:				
Net gain on disposal of property, plant and equipment	1,513	-	1,513	835
Net fair value gain on investment securities	-	1,548	-	1,851
Net foreign exchange gain	-	274	-	1,132
Net gain on derivatives	172	-	263	-

<sup>1</sup> Save as disclosed in the interim financial statements and the accompanying explanatory notes, the other items required under Part A of Appendix 9B, Note 16 of the Bursa Securities Berhad's Main Market Listing Requirements are not applicable.



## 15. Derivatives

	<u>As at</u> <u>30/04/2025</u> <u>RM'000</u>	<u>As at</u> <u>31/07/2024</u> <u>RM'000</u>
Financial assets:		
Forward currency contracts	<u>304</u>	<u>104</u>

The Group uses derivative financial instruments such as forward currency contracts to manage its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group does not apply hedge accounting.

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The model incorporates various inputs including foreign exchange spot and forward rates as well as forward rate curves (i.e. Level 2).

As at 30 April 2025, the Group held nineteen forward currency contracts, with total outstanding notional amounts of RM13,759,000. The outstanding forward currency contracts mature within three months.

## 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 reporting period.

## 17. Segment information

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

## **18. Detailed analysis of Group performance**

### Analysis of the performance for the current quarter

The Group's revenue declined by 14% or RM8.4 million, from RM61.2 million in the preceding year's third quarter ("3QFY2024") to RM52.8 million for the current quarter ended 30 April 2025 ("3QFY2025"), due to weaker demand for processing of automotive chips.

Employee benefits expense decreased by 16% or RM3.8 million, with reduced labour to align with operational requirements.

Depreciation of property, plant and equipment was lower by 8% or RM0.9 million, as certain machinery and test equipment were fully depreciated.

Other expenses were lower by 8% or RM1.7 million, mainly due to cost reductions in utilities, repair and maintenance expenses, recruitment expenses and management fees totalling RM3.3 million. These reductions were principally offset with net fair value loss on investment securities of RM1.1 million and net foreign exchange loss<sup>2</sup> of RM0.5 million.

Consequently, the Group reported a loss before tax of RM0.3 million in the 3QFY2025, from a profit before tax of RM1.2 million in the 3QFY2024.

### Analysis of the performance for the current financial year to date

The Group's revenue was lower by 16% or RM29.5 million, from RM186.5 million in the preceding year's corresponding period, to RM157.0 million for the current financial period ended 30 April 2025. This was primarily due to weaker demand for processing automotive chips.

Other income decreased by 51% or RM2.4 million, mainly due to absences of net fair value gain on investment securities and net foreign exchange gain<sup>2</sup>, amounted to RM2.7 million.

Consumables used reduced by 12% or RM1.8 million, in line with lower revenue.

Employee benefits expense was lower by 12% or RM9.0 million, with reduced labour to align with operational requirements.

Depreciation of property, plant and equipment was lower by 7% or RM2.6 million, as certain machinery and test equipment were fully depreciated.

Other expenses decreased by 8% or RM5.6 million, mainly due to cost reductions in utilities, repairs and maintenance expenses, recruitment expenses and management fees, totalled RM9.3 million. These were partially offset by net fair value loss on investment securities of RM3.5 million and net foreign exchange loss<sup>2</sup> of RM0.7 million.

Consequently, the Group reported a loss before tax of RM8.4 million in the current reporting period, from a profit before tax of RM3.5 million in the preceding year's corresponding period.

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<sup>2</sup> Included net gain/loss on derivatives.

Analysis of financial position

Property, plant and equipment was lower by 15% or RM25.0 million, from RM163.9 million as at 31 July 2024 to RM138.9 million as at 30 April 2025. The decrease was primarily due to depreciation charge of RM33.8 million, offset by additions of RM9.6 million.

Investment securities were lower by 25% or RM3.5 million, from RM14.3 million to RM10.8 million, as a result of net fair value loss on investment securities of RM3.5 million.

Cash and short-term deposits decreased by 9% or RM20.6 million, from RM232.5 million to RM211.8 million, representing net cash outflows primarily due to repayment of bank loans.

Trade and other payables were lower by 9% or RM2.8 million, from RM30.4 million to RM27.7 million, as a result of the settlement of purchases of machinery and test equipment.

Total loans and borrowings decreased by 40% or RM29.3 million, from RM73.3 million to RM43.9 million, primarily due to repayments of bank loans of RM27.4 million and lease liabilities of RM1.9 million.

Deferred tax liabilities decreased by 43% or RM3.0 million, from RM7.0 million to RM3.9 million, as a result of lower taxable temporary differences, arising from the differences in depreciation for tax purposes.

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

The Group reported a loss before tax of RM0.3 million in 3QFY2025, a significant improvement from the loss before tax of RM3.1 million in the preceding quarter ended 31 January 2025 ("2QFY2025"). The reduction in losses of RM2.7 million, was mainly driven by higher revenue and net gain on disposal of machinery and test equipment, totalled RM2.9 million.

## 20. Prospects

The International Monetary Fund has revised its 2025 global economic outlook growth rate significantly from 3.3% to 2.8% in its April 2025 report, citing escalating trade tensions and high levels of policy uncertainty.

Worldwide semiconductor revenue in 2024 reached USD655.9 billion, reflecting a 21.0% increase from 2023. This growth was primarily driven by strong demand for graphics processing units and artificial intelligence (AI) processors particularly in data center applications, as well as a sharp rebound in memory chips prices due to supply-demand imbalances. Revenue is projected to grow further to USD705 billion in 2025, supported by continued expansion in memory and AI semiconductors.

Ongoing geopolitical tensions and unprecedented worldwide imposition of tariffs are reshaping global supply chains, driving rapid inventory adjustments and irregular order patterns. Nonetheless, the Group remains optimistic about sustained demand in data centers and AI applications, even as the automotive segment continues to be in its volatile state.

## 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.

## 22. Taxation

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>Current year quarter</b>	<b>Preceding year corresponding quarter</b>	<b>Current year to date</b>	<b>Preceding year corresponding year to date</b>
	<b>30/04/2025</b>	<b>30/04/2024</b>	<b>30/04/2025</b>	<b>30/04/2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current income tax				
- Malaysian income tax	1,598	831	3,073	1,605
- (Over)/under provision in prior years	(67)	74	(67)	74
	<u>1,531</u>	<u>905</u>	<u>3,006</u>	<u>1,679</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	(978)	149	(3,010)	629
Income tax expense/(credit)	<u>553</u>	<u>1,054</u>	<u>(4)</u>	<u>2,308</u>

The effective tax rates as compared to the statutory tax rate for the current quarter and current year to date, were mainly due to non-deductible expenses and unrecognised deferred tax assets.

### **23. Status of uncompleted corporate proposals**

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

### **24. Group borrowings and debt securities**

	<u>As at</u> <u>30/04/2025</u> <u>RM'000</u>	<u>As at</u> <u>31/07/2024</u> <u>RM'000</u>
Amount repayable within 12 months		
Secured	2,162	2,433
Unsecured	29,186	36,626
	<u>31,348</u>	<u>39,059</u>
Amount repayable after 12 months		
Secured	3,150	4,833
Unsecured	9,449	29,368
	<u>12,599</u>	<u>34,201</u>
Total loans and borrowings	<u>43,947</u>	<u>73,260</u>

Included in the loans and borrowings as at 30 April 2025 was an amount of RM3,435,000 (31 July 2024: RM4,412,000) denominated in Renminbi.

### **25. Changes in material litigation**

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

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**26. Earnings per share**

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

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>Current year quarter</b>	<b>Preceding year corresponding quarter</b>	<b>Current year to date</b>	<b>Preceding year corresponding year to date</b>
	<b>30/04/2025</b>	<b>30/04/2024</b>	<b>30/04/2025</b>	<b>30/04/2024</b>
(Loss)/profit, net of tax (RM'000)	(888)	111	(8,406)	1,165
Weighted average number of ordinary shares ('000)	43,014.5	43,014.5	43,014.5	43,014.5
Basic (loss)/earnings per share (sen)	(2.1)	0.3	(19.5)	2.7

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

BY ORDER OF THE BOARD

Leong Oi Wah  
Company Secretary

Petaling Jaya  
Date: 29 May 2025