

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

Interim Financial Report
31 October 2025

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))

(Incorporated in Malaysia)

Condensed consolidated statement of financial position As at 31 October 2025 – unaudited

	31.10.2025 RM'000	31.07.2025 RM'000
Assets		
Property, plant and equipment	908,181	912,544
Right-of-use assets	93,632	95,521
Investments properties	30,918	31,444
Investments in associates	101,588	102,015
Other investments	58,797	40,769
Prepayments	80,896	86,582
Deferred tax assets	1,702	1,702
Total non-current assets	1,275,714	1,270,577
Inventories	437,166	448,597
Contract assets	127,517	123,335
Trade and other receivables	1,007,831	1,003,713
Current tax assets	13,413	20,456
Other investments	144	144
Cash and cash equivalents	752,648	858,723
Total current assets	2,338,719	2,454,968
Total assets	3,614,433	3,725,545
Equity		
Share capital	946,335	946,335
Reserves	1,219,114	1,206,777
Equity attributable to owners of the Company	2,165,449	2,153,112
Non-controlling interests	(1,948)	(1,700)
Total equity	2,163,501	2,151,412
Liabilities		
Loans and borrowings	322,971	332,908
Lease liabilities	48,572	49,812
Trade and other payables	6,420	6,320
Deferred tax liabilities	32,427	35,197
Total non-current liabilities	410,390	424,237
Loans and borrowings	282,033	454,254
Lease liabilities	293	301
Trade and other payables	749,211	690,799
Contract liabilities	112	188
Current tax liabilities	8,893	4,354
Total current liabilities	1,040,542	1,149,896
Total liabilities	1,450,932	1,574,133
Total equity and liabilities	3,614,433	3,725,545
Net assets per share (RM)	0.56	0.56

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Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 October 2025 - unaudited

	Individual 3 months ended 31 October		Cumulative 3 months ended 31 October	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	1,078,590	1,110,831	1,078,590	1,110,831
Cost of sales	(995,137)	(1,025,877)	(995,137)	(1,025,877)
Gross profit	83,453	84,954	83,453	84,954
Operating expenses	(37,404)	(35,134)	(37,404)	(35,134)
Net other income/(expenses)	4,579	(1,139)	4,579	(1,139)
Results from operating activities	50,628	48,681	50,628	48,681
Finance income	5,691	5,839	5,691	5,839
Finance costs	(7,988)	(10,611)	(7,988)	(10,611)
Share of profit/(loss) of associate, net of tax	508	(179)	508	(179)
Profit before tax	48,839	43,730	48,839	43,730
Tax expense	(18,450)	(14,615)	(18,450)	(14,615)
Profit for the period	30,389	29,115	30,389	29,115
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(13,992)	(20,689)	(13,992)	(20,689)
Net change in fair value of equity instrument designated at fair value through other comprehensive income	6,368	(12,468)	6,368	(12,468)
Total comprehensive income for the period	22,765	(4,042)	22,765	(4,042)

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Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 October 2025 – unaudited (Cont'd)

	Individual 3 months ended 31 October		Cumulative 3 months ended 31 October	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the Company	30,631	30,598	30,631	30,598
Non-controlling interests	(242)	(1,483)	(242)	(1,483)
	<u>30,389</u>	<u>29,115</u>	<u>30,389</u>	<u>29,115</u>
Total comprehensive income attributable to:				
Owners of the Company	23,013	(2,603)	23,013	(2,603)
Non-controlling interests	(248)	(1,439)	(248)	(1,439)
	<u>22,765</u>	<u>(4,042)</u>	<u>22,765</u>	<u>(4,042)</u>
Total comprehensive income for the period	<u>22,765</u>	<u>(4,042)</u>	<u>22,765</u>	<u>(4,042)</u>
Basic earnings per ordinary share (sen)	<u>0.79</u>	<u>0.79</u>	<u>0.79</u>	<u>0.79</u>
Diluted earnings per ordinary share (sen)	<u>anti-dilutive</u>	<u>0.79</u>	<u>anti-dilutive</u>	<u>0.79</u>

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Condensed consolidated statement of changes in equity for the period ended 31 October 2025 - unaudited

	Share capital RM'000	Non- distributable Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 August 2025	946,335	(54,942)	1,261,719	2,153,112	(1,700)	2,151,412
Foreign currency translation differences for foreign operations	--	(13,986)	--	(13,986)	(6)	(13,992)
Net change in fair value of equity instrument designated at FVOCI	--	6,368	--	6,368	--	6,368
Profit for the period	--	--	30,631	30,631	(242)	30,389
Total comprehensive income for the period	--	(7,618)	30,631	23,013	(248)	22,765
Share buyback	--	(10,676)	--	(10,676)	--	(10,676)
At 31 October 2025	946,335	(73,236)	1,292,350	2,165,449	(1,948)	2,163,501

	Share capital RM'000	Non- distributable Reserve RM'000	Distributable 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

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Condensed consolidated statement of cash flows for the period ended 31 October 2025 – unaudited

	3 months ended 31 October	
	2025 RM'000	2024 RM'000
Cash flows from operating activities		
Profit before tax	48,839	43,730
Adjustments for:		
Depreciation and amortisation	33,893	29,051
Other non-cash items	330	(694)
Non-operating items	1,510	4,645
Operating profit before changes in working capital	84,572	76,732
Changes in working capital:		
Change in inventories	11,431	122,362
Change in contract assets	(4,182)	83,660
Change in trade and other receivables	(4,118)	(121,703)
Change in trade and other payables	47,590	(163,085)
Change in contract liabilities	(76)	3,902
Interest received	5,691	5,839
Tax paid	(9,638)	(19,473)
Net cash (used in)/from operating activities	131,270	(11,766)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(29,478)	(34,265)
Proceeds from disposal of property, plant and equipment	53	1,053
Net cash (used in)/from investing activities	(29,425)	(33,212)
Cash flows from financing activities		
Bank borrowings	(189,867)	22,766
Dividend paid to owners of the Company	--	(23,219)
Proceeds from issuance of shares	--	1,845
Payment of lease liabilities	(1,248)	--
Repurchase of treasury shares	(10,676)	--
Net cash (used in)/from financing activities	(201,791)	1,392
Net change in cash and cash equivalents	(99,946)	(43,586)
Cash and cash equivalents at beginning of period	858,723	753,891
Foreign exchange differences on opening balances	(6,129)	(12,814)
Cash and cash equivalents at end of period	752,648	697,491

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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 2025 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 2025 are available upon request from the Company's registered office at:

Registered office

Suite 5.11 & 5.12, 5th Floor

Menara TJB

No.9, Jalan Syed Mohd. Mufti

80888 Ibrahim International Business District

Johor

Malaysia

These condensed consolidated interim financial statements were approved by the Board of Directors on 4 December 2025.

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 2025.

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 2025.

3. Seasonal or cyclical factors

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

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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 repurchase of its own shares from the open market totalling 13.7022 million units at an average price of RM0.78 per share. The total consideration paid for the repurchase including transaction cost was RM10.67 million. The shares repurchased are being held as treasury shares.

7. Dividends paid

There is no dividend paid since the end of the previous financial year.

8. Segment information

(a) Information about reportable segments

	3 months ended 31 October 2025		
	Malaysia	Indonesia	Total
	RM'000	RM'000	RM'000
External revenue	1,001,556	77,023	1,078,579
Segment profit before tax	46,291	1,743	48,034

	3 months ended 31 October 2024		
	Malaysia	Indonesia	Total
	RM'000	RM'000	RM'000
External revenue	999,727	111,093	1,110,820
Inter-segment revenue	177	--	177
Segment profit before tax	38,207	5,688	43,895

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8. Segment information (Cont'd)

(b) Reconciliation of reputable segment profit or loss

	2025 RM'000
Total profit for reputable segments	48,034
Other non-reportable segments	297
Share of loss of associate not included in reportable segments	508
Consolidated profit before tax	<u>48,839</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 2025 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.

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12. Capital commitments

	31.10.2025 RM'000
Property, plant and equipment Contracted but not provided for	<u>23,461</u>

13. Related party transactions

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

	3 months ended 31 October	
	2025 RM'000	2024 RM'000
Companies which are wholly owned by close family member of certain Directors		
- Purchases	295	405
- Sales	<u>183</u>	<u>--</u>
Companies in which spouse of certain Directors have financial interest		
- Purchases	<u>14,074</u>	<u>15,355</u>
Company wholly owned by a Director		
- Rental receivable	<u>38</u>	<u>38</u>
Remuneration paid to staff who are close family member of certain Directors	<u>400</u>	<u>409</u>

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

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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 RM1,078.6 million, a decrease of 2.9% or RM32.2 million as compared to the previous year corresponding quarter. Profit before tax, meanwhile improved by RM5.1 million to RM48.8 million mainly attributable to reversal of impairment loss on trade receivables following the recovery from a customer.

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

	Individual Quarter	
	31 October	
	2025	2024
	RM'000	RM'000
Revenue		
Malaysia	1,001,556	999,727
Indonesia	77,023	111,093
Profit before tax		
Malaysia	46,291	38,207
Indonesia	1,743	5,688

Malaysia segment

While revenue remained fairly stable, the Malaysia segment recorded a higher profit before tax mainly due to reversal of impairment loss on trade receivables following the recovery from a customer. Singapore and Philippines operations are reported under the Malaysia segment, as these operations mainly support customers served by the Malaysian facilities.

Indonesia segment

The weaker sales in Indonesia resulted in the segment recording a lower profit before tax for the current quarter.

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15. Variation of results against preceding quarter

	Current Quarter 31 October 2025 RM'000	Preceding Quarter 31 July 2025 RM'000
Revenue	1,078,590	858,790
Profit/ (Loss) before tax	48,839	(30,611)
Profit/ (Loss) attributable to owners of the Company	30,875	(33,043)

For the quarter under review, the Group recorded a profit before tax attributable to increase in sales orders from key customers, as well as absence of one-off impairment loss on trade receivables and impairment on plant and equipment that were recognised in the preceding quarter.

16. Current year prospects

The global operating landscape remains challenging with uncertainties in the macroeconomic environment continuing to weigh on consumer sentiment. Nonetheless, the recent interest rate cut in the United States offers some relief and may support a gradual improvement in demand conditions over the coming quarters.

Against this backdrop, the Group's order flow has picked up in the first quarter of the current fiscal year, with several new models from existing customers having entered mass production recently. More new models are expected to follow suit. The Group has also secured a new customer, with production slated to commence in the near future. These developments highlight VS's strong execution capabilities and ability to capture new opportunities.

In the Philippines, utilisation rates continue to improve. Additional upstream capabilities, such as plastic injection moulding and PCB assembly, are gradually being added to the plant to further strengthen cost efficiency and vertical integration.

Meanwhile, being an export-oriented group, VS continues to monitor the movement of the Ringgit against the USD. The impact from the strengthening of Ringgit is expected to be manageable due to natural hedges from utilising USD-denominated proceeds to fund raw material and component purchases in USD. In addition, a portion of customer billings are also denominated in Ringgit, further mitigating foreign exchange exposure.

Barring unforeseen circumstances, the Board is cautiously optimistic of delivering a better performance in the financial year ending 31 July 2026, supported by customer order pipeline, lean operations and a solid balance sheet.

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17. Profit forecast

Not applicable.

18. Tax expense

	Individual 3 months ended 31 October		Cumulative 3 months ended 31 October	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Tax expense				
- Current period	20,120	14,169	20,120	14,169
Deferred tax expense				
- Current period	(1,670)	446	(1,670)	446
	<u>18,450</u>	<u>14,615</u>	<u>18,450</u>	<u>14,615</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

	31.10.2025	31.07.2025
	RM'000	RM'000
Non-current		
<i>Secured</i>		
Hire purchase liabilities	469	508
<i>Unsecured</i>		
Term loans	22,502	32,400
Sukuk	<u>300,000</u>	<u>300,000</u>
	<u>322,971</u>	<u>332,908</u>
Current		
<i>Secured</i>		
Hire purchase liabilities	160	174

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20. Borrowing and debt securities (Cont'd)

	31.10.2025 RM'000	31.07.2025 RM'000
Current		
Unsecured		
Sukuk	--	200,000
Term loans	40,855	41,415
Bankers' acceptance	17,398	52,065
Trade line financing	191,228	154,169
Short term loan	7,042	6,431
Revolving credit	25,350	--
	<u>282,033</u>	<u>454,254</u>
	<u>605,004</u>	<u>787,162</u>

Borrowings denominated in US Dollar amounted to RM179.9 million.
(31.7.2025: RM169.2 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	
	2025	2024
	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting)		
Depreciation and amortisation	33,893	29,051
Net foreign exchange loss	3,514	2,926
Loss/(Gain) on disposal of property, plant and equipment	39	(740)

23. Dividends

- (a) A first interim dividend of 0.4 sen per ordinary share was declared on 4 December 2025 for the financial year ending 31 July 2026 and will be paid on 28 January 2026 to shareholders whose names appear on the Company's Record of Depositors on 14 January 2026.
- (b) The total dividend per share for the current financial year is 0.4 sen (previous year corresponding period: 0.4 sen).

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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 3,854.530 million.

(b) Diluted earnings per share

No disclosure is made as it is anti-dilutive.