V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))
(Incorporated in Malaysia)

Interim Financial Report
31 January 2026

V.S. Industry Berhad

(Registration No. 198201008437 (88160-P))
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 31 January 2026 – unaudited

	31.01.2026 RM'000	31.07.2025 RM'000
Assets		
Property, plant and equipment	941,961	912,544
Right-of-use assets	90,920	95,521
Investments properties	29,167	31,444
Investments in associates	98,097	102,015
Other investments	70,381	40,769
Prepayments	61,728	86,582
Deferred tax assets	1,702	1,702
Total non-current assets	1,293,956	1,270,577
Inventories	426,367	448,597
Contract assets	97,844	123,335
Trade and other receivables	841,770	1,003,713
Current tax assets	7,761	20,456
Other investments	147	144
Cash and cash equivalents	711,899	858,723
Total current assets	2,085,788	2,454,968
Total assets	3,379,744	3,725,545
Equity		
Share capital	946,335	946,335
Reserves	1,140,477	1,206,777
Equity attributable to owners of the Company	2,086,812	2,153,112
Non-controlling interests	(2,288)	(1,700)
Total equity	2,084,524	2,151,412
Liabilities		
Loans and borrowings	317,615	332,908
Lease liabilities	46,808	49,812
Trade and other payables	6,048	6,320
Deferred tax liabilities	29,493	35,197
Total non-current liabilities	399,964	424,237
Loans and borrowings	224,390	454,254
Lease liabilities	283	301
Trade and other payables	652,483	690,799
Contract liabilities	665	188
Current tax liabilities	17,435	4,354
Total current liabilities	895,256	1,149,896
Total liabilities	1,295,220	1,574,133
Total equity and liabilities	3,379,744	3,725,545
Net assets per share (RM)	0.54	0.56

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Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 January 2026 - unaudited

	Individual 3 months ended 31 January		Cumulative 6 months ended 31 January	
	2026 RM'000	**2025 RM'000**	**2026 RM'000**	**2025 RM'000**
Revenue	769,533	908,797	1,848,123	2,019,628
Cost of sales	(759,268)	(833,432)	(1,754,405)	(1,859,309)
Gross profit	10,265	75,365	93,718	160,319
Operating expenses	(35,066)	(45,548)	(72,470)	(80,682)
Net other income/(expenses)	(1,370)	2,334	3,209	1,195
Results from operating activities	(26,171)	32,151	24,457	80,832
Finance income	4,847	5,832	10,538	11,671
Finance costs	(6,782)	(10,562)	(14,770)	(21,173)
Share of profit/(loss) of associate, net of tax	41	(1,131)	549	(1,310)
(Loss)/ Profit before tax	(28,065)	26,290	20,774	70,020
Tax expense	(1,914)	(11,411)	(20,364)	(26,026)
(Loss)/ Profit for the period	(29,979)	14,879	410	43,994
Other comprehensive (loss)/ income, net of tax				
Foreign currency translation differences for foreign operations	(49,498)	9,999	(63,490)	(10,690)
Net change in fair value of equity instrument designated at fair value through other comprehensive income	15,918	(5,158)	22,286	(17,626)
Total comprehensive (loss)/ income for the period	(63,559)	19,720	(40,794)	15,678

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Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 January 2026 – unaudited (Cont'd)

	Individual 3 months ended 31 January		Cumulative 6 months ended 31 January	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
(Loss)/ Profit attributable to:				
Owners of the Company	(29,589)	15,383	1,042	45,981
Non-controlling interests	(390)	(504)	(632)	(1,987)
	(29,979)	14,879	410	43,994
Total comprehensive (loss)/ income attributable to:				
Owners of the Company	(63,219)	20,220	(40,206)	17,617
Non-controlling interests	(340)	(500)	(588)	(1,939)
Total comprehensive (loss)/ income for the period	(63,559)	19,720	(40,794)	15,678
Basic earnings per ordinary share (sen)	(0.77)	0.40	0.03	1.19
Diluted earnings per ordinary share (sen)	anti-dilutive	0.40	anti-dilutive	1.19

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Condensed consolidated statement of changes in equity for the period ended 31 January 2026 - 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	--	(63,534)	--	(63,534)	44	(63,490)
Net change in fair value of equity instrument designated at FVOCI	--	22,286	--	22,286	--	22,286
Profit for the period	--	--	1,042	1,042	(632)	410
Total comprehensive income for the period	--	(41,248)	1,042	(40,206)	(588)	(40,794)
Share buyback	--	(10,676)	--	(10,676)	--	(10,676)
Dividends to shareholders	--	--	(15,418)	(15,418)	--	(15,418)
Total transactions with owners of the Group	--	(10,676)	(15,418)	(26,094)	--	(26,094)
At 31 January 2026	946,335	(106,866)	1,247,343	2,086,812	(2,288)	2,084,524

	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	--	(10,738)	--	(10,738)	48	(10,690)
Net change in fair value of equity instrument designated at FVOCI	--	(17,626)	--	(17,626)	--	(17,626)
Transfer upon disposal of equity instrument designated at FVOCI	--	9,622	(9,622)	--	--	--
Profit for the period	--	--	45,981	45,981	(1,987)	43,994
Total comprehensive income for the period	--	(18,742)	36,359	17,617	(1,939)	15,678
Equity settled share-based transactions	4,663	1,699	--	6,362	--	6,362
Conversion of Warrants	494	--	--	494	--	494
Dividends to shareholders	--	--	(61,946)	(61,946)	--	(61,946)
Change in ownership interest in subsidiary	--	--	(693)	(693)	2,393	1,700
Total transactions with owners of the Group	5,157	1,699	(62,639)	(55,783)	2,393	(53,390)
Realisation of revaluation reserve	--	(39)	39	--	--	--
At 31 January 2025	938,801	20,040	1,296,065	2,254,906	31	2,254,937

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Condensed consolidated statement of cash flows for the period ended 31 January 2026 – unaudited

	6 months ended 31 January	
	2026	**2025**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	20,774	70,020
Adjustments for:		
Depreciation and amortisation	67,241	59,125
Other non-cash items	335	(1,127)
Non-operating items	7,045	9,003
Operating profit before changes in working capital	95,395	137,021
Changes in working capital:		
Change in inventories	22,230	120,134
Change in contract assets	25,491	98,310
Change in trade and other receivables	161,943	154,367
Change in trade and other payables	(50,271)	(202,196)
Change in contract liabilities	477	6,843
Interest received	6,731	11,647
Tax paid	(292)	(31,731)
Net cash (used in)/from operating activities	261,704	294,395
Cash flows from investing activities		
Acquisition of property, plant and equipment	(95,014)	(84,472)
Proceeds from disposal of property, plant and equipment	528	2,414
Proceeds from disposal of other investments	--	39,338
Net cash (used in)/from investing activities	(94,486)	(42,720)
Cash flows from financing activities		
Bank borrowings	(259,482)	(173,558)
Dividend paid to owners of the Company	(15,418)	(61,946)
Proceeds from issuance of shares	--	3,860
Funds from non-controlling interest	--	2,393
Payment of lease liabilities	(3,022)	--
Repurchase of treasury shares	(10,676)	--
Net cash (used in)/from financing activities	(288,598)	(229,251)
Net change in cash and cash equivalents	(121,380)	22,424
Cash and cash equivalents at beginning of period	858,723	753,891
Foreign exchange differences on opening balances	(25,444)	(8,300)
Cash and cash equivalents at end of period	711,899	768,015

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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 six months period ended 31 January 2026 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 26 March 2026.

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.

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

Since the end of the previous financial year, the Company paid a first interim dividend of 0.4 sen per ordinary share totalling RM15,418,077 in respect of the financial year ending 31 July 2026 on 28 January 2026.

8. Segment information

(a) Information about reportable segments

	6 months ended 31 January 2026		
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
External revenue	1,706,865	141,207	1,848,072
Segment profit before tax	19,294	1,118	20,412

	6 months ended 31 January 2025		
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
External revenue	1,839,899	179,729	2,019,628
Inter-segment revenue	249	--	249
Segment profit before tax	70,484	1,851	72,335

8. Segment information (Cont'd)

(b) Reconciliation of reputable segment profit or loss

	6 months ended 31 January	
	2026	**2025**
	RM'000	**RM'000**
Total profit for reputable segments	20,412	72,335
Other non-reportable segments	(187)	(1,005)
Share of resuts of associate not included in reportable segments	549	(1,310)
Consolidated profit before tax	20,774	70,020

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 January 2026 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.

12. Capital commitments

	31.01.2026 RM'000
Property, plant and equipment	
Contracted but not provided for	11,741

13. Related party transactions

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

	6 months ended 31 January	
	2026 RM'000	2025 RM'000
Companies which are wholly owned by close family member of certain Directors		
- Purchases	1,151	1,923
- Sales	183	--
Companies in which spouse of certain Directors have financial interest		
- Purchases	23,211	26,158
Company wholly owned by a Director		
- Rental receivable	76	76
Remuneration paid to staff who are close family member of certain Directors	1,181	1,198

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

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 RM769.5 million, a decrease of 15.3% or RM139.3 million as compared to the previous year corresponding quarter. The Group registered a loss before tax of RM28.1 million as compared to a profit before tax of RM26.3 million.

For the six months ended 31 January 2026, the Group recorded a revenue of RM1,848.1 million, a decrease of RM171.5 million or 8.5% as compared to RM2,091.6 million in the preceding year corresponding period. Profit before tax dropped to RM20.8 million, which was 70.3% or RM49.2 million lower over the same period.

The performance for the current quarter and cumulative quarters were affected by lower orders from key customers arising from soft consumer sentiments globally, which in turn affected the overall utilisation rate of production capacity coupled with cost optimisation initiatives from customers.

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

	Individual Quarter 31 January		Cumulative Quarter 31 January	
	2026 RM'000	**2025 RM'000**	**2026 RM'000**	**2025 RM'000**
Revenue				
Malaysia	705,309	840,161	1,706,865	1,839,899
Indonesia	64,184	68,636	141,207	179,729
Profit before tax				
Malaysia	(26,997)	32,277	19,294	70,484
Indonesia	(625)	(3,837)	1,118	1,851

Malaysia segment

For the current quarter and cumulative quarters, Malaysia segment posted a 16.1% and 7.2% decrease in revenue respectively due to lower sales orders from key customers following macroeconomic uncertainties and weak consumer sentiments.

A loss before tax of RM 27.0 million was recorded for the current quarter in line with the lower revenue recorded and cost optimisation initiatives from customers as well as losses from the initial startup operations in the Philippines. For the cumulative quarters, lower profit before tax was recorded as compared to the previous period.

Indonesia segment

Indonesia segment incurred loss for the current quarter under review mainly due to lower sales orders from a key customer. On cumulative basis, the segment recorded a lower profit in tandem with the decrease in revenue.

15. Variation of results against preceding quarter

	Current Quarter 31 January 2026 RM'000	Preceding Quarter 31 October 2025 RM'000
Revenue	769,533	1,078,590
(Loss)/ Profit before tax	(28,065)	48,839
(Loss)/ Profit attributable to owners of the Company	(29,589)	30,631

For the quarter under review, the Group recorded losses mainly attributable to lower orders from key customers, which in turn, affected overall utilisation rate of production capacity, coupled with cost optimisation initiatives from customers.

16. Current year prospects

The operating environment turned out to be very challenging in the current financial year. Just as the reciprocal tariff situation appeared to be stabilising following the earlier imposition of a fixed rate for Malaysia, subsequent court rulings in the US have resulted in revised tariff rates, which, despite being lower, have once again clouded the trade outlook and introduced fresh uncertainties for export-oriented manufacturers. This has made forward planning and order visibility more difficult, as customers reassess their sourcing and procurement strategies.

Compounding this is the weak consumer sentiment and spending globally, which have dampened demand for consumer electronics, a key end-market for the Group. The situation is further aggravated by the recent escalation of geopolitical tensions in the Middle East, where conflicts involving Iran and Gulf countries have heightened global risk aversion and added to supply chain uncertainties. Meanwhile, the strengthening of the Ringgit against the US Dollar is unfavourable on the Group's financial performance as well.

Taking all factors into consideration, the Board anticipates the Group's performance for the current financial year to be lower than the preceding year. Notwithstanding this, the Group remains committed to lean production, stringent cost control, and enhancing operational efficiency across all its facilities. On a positive note, the Group continues to be supported by a solid balance sheet with healthy cash liquidity, which provides the financial resilience to navigate the current headwinds.

17. Profit forecast

Not applicable.

18. Tax expense

	Individual 3 months ended 31 January		Cumulative 6 months ended 31 January	
	2026	**2025**	**2026**	**2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expense				
- Current period	441	9,142	20,561	23,311
- Prior years	--	13	--	13
Deferred tax expense				
- Current period	1,473	1,841	(197)	2,287
- Prior years	--	415	--	415
	1,914	11,411	20,364	26,026

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

	31.01.2026	**31.07.2025**
	RM'000	**RM'000**
Non-current		
Secured		
Hire purchase liabilities	429	508
Unsecured		
Term loans	17,186	32,400
Sukuk	300,000	300,000
	317,615	332,908
Current		
Secured		
Hire purchase liabilities	156	174

20. Borrowing and debt securities (Cont'd)

	31.01.2026 RM'000	31.07.2025 RM'000
Current		
Unsecured		
Sukuk	--	200,000
Term loans	35,738	41,415
Bankers' acceptance	20,258	52,065
Trade line financing	163,209	154,169
Short term loan	5,029	6,431
	224,390	454,254
	542,005	787,162

Borrowings denominated in US Dollar amounted to RM155.4 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 January		6 months ended 31 January	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Profit for the period is arrived at after charging/(crediting)				
Depreciation and amortisation	33,348	30,074	67,241	59,125
Net foreign exchange loss/ (gain)	(1,045)	(915)	2,469	2,011
Loss/(Gain) on disposal of property, plant and equipment	(350)	(447)	(311)	(1,187)

23. Dividends

(a) No dividend is proposed for the current financial quarter.

(b) The total dividend per share for the current financial year is 0.4 sen (previous year corresponding period: 0.8 sen).

24. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the current quarter and financial year-to-date are based on net (loss)/profit attributable to owners of the Company of RM(29.6) million and RM1.0 million respectively and the weighted average number of ordinary shares of 3,854.530 million and 3,854.530 respectively.

(b) Diluted earnings per share

No disclosure is made as it is anti-dilutive.