



**BHS Industries Berhad ( Company No: 719660-W )**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016**  
 (The figures have not been audited)

	Second Quarter 3 months ended 31 Dec		Cumulative Quarters 6 months ended 31 Dec	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	4,672	4,217	11,348	10,516
Operating expenses	(8,521)	(6,142)	(18,041)	(13,694)
Other income	1,180	535	1,725	2,091
Interest	4	11	18	32
Finance costs	(131)	(116)	(216)	(207)
<b>Profit/(Loss) before tax</b>	<b>(2,796)</b>	<b>(1,495)</b>	<b>(5,166)</b>	<b>(1,262)</b>
Taxation	-	-	-	(70)
Net profit/(Loss) for the period	<u>(2,796)</u>	<u>(1,495)</u>	<u>(5,166)</u>	<u>(1,332)</u>
<b>Other Comprehensive Income:</b>				
Translation of foreign operation	149	-	203	-
	<u>149</u>	<u>-</u>	<u>203</u>	<u>-</u>
<b>Total Comprehensive Income for the period</b>	<b><u>(2,647)</u></b>	<b><u>(1,495)</u></b>	<b><u>(4,963)</u></b>	<b><u>(1,332)</u></b>
<b>Profit/(Loss) Attributable to :</b>				
Owners of the Company	<u>(2,796)</u>	<u>(1,495)</u>	<u>(5,166)</u>	<u>(1,332)</u>
<b>Total Comprehensive Income attributable to:</b>				
Owners of the Company	<u>(2,647)</u>	<u>(1,495)</u>	<u>(4,963)</u>	<u>(1,332)</u>
<b>Earnings per share (sen):</b>				
Basic (Part B, Note 11)	<u>(0.70)</u>	<u>(0.46)</u>	<u>(1.27)</u>	<u>(0.41)</u>

**Note:**

The unaudited condensed consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the Interim Financial Report.



**BHS Industries Berhad ( Company No: 719660-W )**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS at 31 December 2016**  
**( The figures have not been audited )**

	<b>As at 31 Dec 2016 RM ' 000</b>	<b>(Audited) As at 30 June 2016 RM ' 000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Leasehold land and building	24,606	23,108
Land held for development	16,987	10,370
Plant and equipment	18,519	18,057
Other investments	13	13
Master licence rights	500	500
<b>Total non-current assets</b>	<b>60,625</b>	<b>52,048</b>
<b>Current assets</b>		
Inventories	11,441	13,886
Trade receivables	23,715	18,617
Other receivables, deposits and prepayments	38,589	29,189
Tax recoverable	1,736	1,701
Short term Investments	-	9,480
Fixed deposit with licensed bank	-	800
Cash and bank balances	3,523	6,426
	<b>79,004</b>	<b>80,099</b>
<b>TOTAL ASSETS</b>	<b>139,629</b>	<b>132,147</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	114,592	104,786
Warrant reserve	16,855	16,855
Share premium	4,964	-
Other reserve	(16,833)	(16,833)
Treasury shares	(14,273)	(14,268)
Foreign currency translation	203	1
Retained earnings	16,251	21,417
<b>Total Equity</b>	<b>121,759</b>	<b>111,958</b>
<b>Non-current liabilities</b>		
Bank borrowing	6,524	6,766
Deferred tax liabilities	1,140	1,270
<b>Total non-current liabilities</b>	<b>7,664</b>	<b>8,036</b>
<b>Current liabilities</b>		
Bank borrowing	2,944	3,560
Trade payables	4,152	4,940
Other payables and accruals	3,110	3,494
Provision for tax	-	159
<b>Total current liabilities</b>	<b>10,206</b>	<b>12,153</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>139,629</b>	<b>132,147</b>
<b>Net asset per share (RM)</b>	<b>0.27</b>	<b>0.27</b>

**Note:**

The unaudited condensed consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the Interim Financial Report.



BHS Industries Berhad ( Company No: 719660-W )

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016  
(The figures have not been audited)**

	Non-distributable					Distributable		
	Share Capital RM' 000	Translation Reserve RM'000	Warrant Reserve RM'000	Share Premium RM'000	Other Reserve RM' 000	Treasury Shares RM' 000	Retained Profits RM' 000	Total RM' 000
<b>As at 1 July 2016</b>	104,786	1	16,855	-	(16,833)	(14,268)	21,417	111,958
Total comprehensive income for the quarter	-	53	-	-	-	-	(2,370)	(2,317)
<b>As at 30 September 2016</b>	104,786	54	16,855	-	(16,833)	(14,268)	19,047	109,641
Private Placement	9,806	-	-	5,099	-	-	-	14,905
Placement fees	-	-	-	(135)	-	-	-	(135)
Share buyback	-	-	-	-	-	(5)	-	(5)
Total comprehensive income for the quarter	-	149	-	-	-	-	(2,796)	(2,647)
<b>As at 31 December 2016</b>	<b>114,592</b>	<b>203</b>	<b>16,855</b>	<b>4,964</b>	<b>(16,833)</b>	<b>(14,273)</b>	<b>16,251</b>	<b>121,759</b>

The unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the Interim Financial Report.



**BHS Industries Berhad ( Company No: 719660-W )**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**AS AT 31 December 2016**  
**(The figures have not been audited)**

	<b>Cumulative</b>	
	<b>6 months ended 31 Dec</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before tax	(5,166)	(1,262)
Adjustments for:		
Depreciation and amortisation	1,128	834
Gains on foreign exchange (unrealised)	(1,646)	(120)
Gains on Fair Value of quoted shares	-	(201)
Interest expense	216	207
Gains on disposal of plant & equipment	-	(392)
	<u>(5,468)</u>	<u>(934)</u>
Changes in working capital:		
Inventories	2,445	2,811
Receivables	(14,498)	(12,018)
Short term investments	9,480	(11,601)
Payables	(1,172)	(2,740)
Cash generated used in operations	<u>(9,213)</u>	<u>(24,482)</u>
Interest paid	(216)	(207)
Taxes (paid)/refund	(66)	172
Net cash used in operating activities	<u>(9,495)</u>	<u>(24,517)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of Property, plant & equipment	(1,701)	(4,379)
Land development cost	(6,617)	-
Proceeds from disposal of plant & machinery	-	392
Proceeds from disposal of quoted shares	-	1,008
Net cash used in investing activities	<u>(8,318)</u>	<u>(2,979)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from Private Placement	14,770	-
Proceeds from Rights Issue	-	40,731
Decrease in bank borrowings	(858)	(319)
Repurchase of treasury shares	(5)	(10,008)
Net cash generated from financing activities	<u>13,907</u>	<u>30,404</u>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(3,906)</b>	<b>2,908</b>
Effects of foreign exchange rate changes	203	-
Cash and cash equivalents at beginning	<u>7,226</u>	<u>12,546</u>
<b>Cash and cash equivalents at end #</b>	<b><u>3,523</u></b>	<b><u>15,454</u></b>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the Interim Financial Statement.

# Please refer to Part A, Note 14 for the analysis of Cash and Cash equivalents

**BHS Industries Berhad ( Company no: 719660-W )**  
**Notes To The Interim Report**  
**For The Second Quarter Ended 31 December 2016**  
**(The figures have not been audited)**

**Part A-Explanatory Notes Pursuant to FRS 134**

**1 Basis of Preparation**

The unaudited interim financial statements have been prepared and presented in accordance with the reporting requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") No.134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements report should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the audited consolidated financial statements.

The Group has adopted the new and revised Malaysian Financial Reporting Standards (MFRSs") amendments to published standards and IC Interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in the accounting policies of the Group.

The Group has not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations do not result in significant changes in accounting policies of the Group.

**2 Auditors' Report on Preceding Annual Financial Statements**

The audited financial statements for the financial year ended 30 June 2016 were not subject to any qualification.

**3 Comments about Seasonality or Cyclicity of Operations**

The business operations of The Group were not materially affected by seasonal or cyclical changes.

**4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

**5 Changes in Estimates**

There were no changes in estimates of amounts which have a material effect on the results in the current quarter under review.

**6 Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities in the current quarter under review except the following:

1. Private placement of 39,221,519 shares at RM0.38 each giving rise to proceeds of RM14.9 million with Issued Share capital of RM9.8 million and Share Premium of RM5.1 million.
2. The Company carried out a share buyback of 10,000 shares at RM4,146 to validate the proposal.

**7 Dividend Paid**

The Company did not pay any dividend in the quarter under review.

**BHS Industries Berhad ( Company no: 719660-W )**  
**Notes To The Interim Report**  
**For The Second Quarter Ended 31 December 2016**  
**(The figures have not been audited)**

**8 Segmental Information**

Segmental Information for the Group by geographical segment is presented as follows:

	<b>6 months Ended 31 Dec 2016 RM'000</b>
<b>Geographical Segments</b>	
<b>Revenue</b>	
Export market	4,565
Local market	6,782
	<u>11,347</u>
<b>Results</b>	
Export market	(2,780)
Local market	(4,129)
Loss from operations	(6,909)
Add Other Income & Interest	1,743
	<u>(5,166)</u>
Less taxation	-
Loss after tax	<u>(5,166)</u>

Disclosure of segmental information of the Group by business segment is not presented as the Group is primarily engaged in the segment of printing.

**9 Valuation of Property, Plant and Equipment**

There were no valuation of the property, plant and equipment in the current quarter under review.

**10 Material Events Subsequent to the End of the Quarter**

There were no material events between the end of the current quarter and the date of this report, which are likely to substantially affect the current quarter results under review.

**11 Changes in the Composition of the Group**

During the quarter under review, the Company acquired a wholly owned subsidiary company, Firasat Prima Sdn Bhd for a consideration of RM2.00

**12 Contingent Liabilities**

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 20 Feb 2017, the latest practicable date which is not earlier than 7 days from the date of issuance of these financial results.

**13 Capital Commitments**

As at 20 Feb 2017 (the latest practicable date which is not earlier than 7 days from the date of issuance of these financial results), the Group did not have any material commitment for contracted capital expenditure which might have a material impact on the financial position or business of the Group.

**14 Cash and Cash Equivalents**

	<b>As at 31 Dec 2016 RM'000</b>	<b>As at 30 June 2016 RM'000</b>
Cash at bank	3,523	6,426
Fixed deposit with financial institution	-	800
	<u>3,523</u>	<u>7,226</u>

**BHS Industries Berhad ( Company no: 719660-W )**  
**Notes To The Interim Report**  
**For The Second Quarter Ended 31 December 2016**  
**(The figures have not been audited)**

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**1 Analysis of performance**

	<b>2nd Quarter 31.12.2016 RM'000</b>	<b>2nd Quarter 31.12.2015 RM'000</b>
Revenue	<u>4,672</u>	<u>4,217</u>
Profit Before Tax (PBT)	<u>(2,796)</u>	<u>(1,495)</u>

Although the revenue for the 2nd quarter increased by RM0.46 million compared with the same quarter in the corresponding period, the higher loss was attributed to the pre-operating expenses of RM0.8 million for new businesses which have yet to generate revenue and also a loss was incurred in the printing business because of the low revenue from the overseas markets.

**2 Variation of Results Against Preceding Quarter**

	<b>Current Quarter 31.12.2016 RM'000</b>	<b>Preceding Quarter 30.9.2016 RM'000</b>
Revenue	<u>4,672</u>	<u>6,676</u>
Profit Before Tax (PBT)	<u>(2,796)</u>	<u>(2,370)</u>

Compared with the preceding quarter, the current quarter revenue decreased by RM2 million. The lower revenue only gave rise to an increase in loss of RM0.43 million after offsetting the exchange gains of RM1.2 million compared with the preceding quarter.

**3 Prospects**

The Company moved into its newly acquired and improved factory in the quarter under review and the production facility has been expanded and realigned to efficiently carry out print orders. The Company is awaiting to take advantage of the recovery in its overseas markets before the end of 4th quarter. In addition, the new business is expected to be able to contribute to revenue before the end of the 4th quarter. In view of the foregoing the Board is of the view that the Company will be able to perform satisfactorily in the year to 30 June 2017.

**4 Profit Forecast and Profit Guarantee**

The Group has not issued any profit forecast or profit guarantee in the current financial year.

**5 Taxation**

	<b>6 months Ended 31 Dec 2016 RM'000</b>
Provision of Income tax	<u>-</u>

As the Company made losses in the quarter under review and there is no need for tax provision

**BHS Industries Berhad ( Company no: 719660-W )**  
**Notes To The Interim Report**  
**For The Second Quarter Ended 31 December 2016**  
**(The figures have not been audited)**

**6 The following items have been deducted/(credited) in arriving at the Net Profit:**

	<b>3 month Ended 31 Dec 2016 RM'000</b>	<b>6 months Ended 31 Dec 2016 RM'000</b>
Depreciation and amortisation	654	1,102
Foreign exchange gains	(1,079)	(1,515)

Interest as appeared on the Comprehensive Income Statement refers to bank interest only.

\*There are no allowance for debts, no gains or losses on derivative, exceptional items, provision for and write off of inventories, and impairment of assets.

**7 Group's Borrowings and Debt Securities**

The Company's borrowing in the quarter under review as follows:

	<b>RM '000</b>
Bank borrowing -12 months	684
Bank borrowing -more than 12 months	6,246
Hire purchase-12 months	182
Hire purchase-more than 12 months	279
Foreign currency trade loan	2,078
	<u>9,469</u>

The bank borrowing refers to a 10 year flexible fixed term loan of RM8 million taken out to acquire the Company's factory.

**8 Material Litigation**

Neither the Company nor its subsidiaries are engaged in any litigation or arbitration, either as plaintiff or defendant, which have a material effect on the financial position of the Company or its subsidiaries and the Board is not aware of any proceedings pending or threatened or of any acts likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

**9 Dividends**

The Board of Directors did not propose any dividend for the quarter under review.

**10 Retained profits/(accumulated losses) of the Group**

	<b>RM' 000</b>
- Realised	17,408
-Unrealised	(1,140)
	<u>16,268</u>
Less Consolidated adjustment	(17)
	<u>16,251</u>



**BHS Industries Berhad ( Company no: 719660-W )**  
**Notes To The Interim Report**  
**For The Second Quarter Ended 31 Dec 2016**  
**(The figures have not been audited)**

**11 Earnings Per Share**

Basic earnings per share is calculated by dividing net profit/(loss) attributable to ordinary equity holders by the weighted average number of ordinary shares in issue (excluding treasury shares) during the period.

Weighted average number of shares for calculation of basic earnings per share:

	<b>3 months Ended 31 Dec 2016 RM'000</b>	<b>6 months Ended 31 Dec 2016 RM'000</b>
Profit/(Loss) attributable to shareholders	<u>(2,796)</u>	<u>(5,166)</u>
Weighted average number of shares in issue ('000) (Excluding treasury shares)	<u>398,521</u>	<u>408,158</u>
Basic earnings per share (sen)	<u>(0.70)</u>	<u>(1.27)</u>

**12 Corporate Proposals**

(a) The corporate exercise for rights issue together with free warrants was completed on 22 October 2015.

**(b) Status of Utilisation of Proceeds**

The Company raised total gross proceeds of RM41,640,984 from the Rights Issue. The utilisation of proceeds as at 20 Feb 2017 ( the latest practicable date not earlier than 7 days from the date of issue of this report) is as follows:

	Proposed Utilisation	Actual utilised as at 20.02.17	Balance to be utilised	Intended Timeframe For Utilisation
	RM'000	RM'000	RM'000	
Acquisition of land	7,000	4,728	2,272	Within 24 months
Purchase of plant & machinery & other ancillary facilities	33,641	27,404	6,237	Within 24 months
Estimated expenses in relation to the Corporate Exercises	1,000	910	90	Immediate
	<u>41,641</u>	<u>33,042</u>	<u>8,599</u>	

The corporate exercise for private placement was completed on 3 November 2016. The Company raised total gross proceeds of RM14,904,178 from the private placement. The utilisation of proceeds as at 20 Feb 2017 (the latest practicable date not earlier than 7 days from the date of issuance of this report) is as follows:

	Proposed Utilisation	Actual utilised as at 20.02.17	Balance to be utilised	Intended Timeframe For Utilisation
Repayment of bank loan	7,200	7,200	-	Within 3 months
machinery/equipment	2,000	526	1,474	Within 12 months
Working capital	5,544	5,544	-	Within 12 months
Estimated expenses relating to the Corporate Exercise	160	160	-	Within 1 month from listing of Placement Shares
	<u>14,904</u>	<u>13,430</u>	<u>1,474</u>	

**13 Authorisation for Issue**

The unaudited interim financial statements were authorised for issuance by the Board of Directors.