



BHS Industries Berhad (Company No: 719660-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016
 (The figures have not been audited)

	First Quarter 3 months ended 30 Sept		Cumulative Quarters 3 months ended 30 Sept	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	6,676	6,299	6,676	6,299
Operating expenses	(9,084)	(7,551)	(9,084)	(7,551)
Other income	109	1,556	109	1,556
Interest	14	21	14	21
Finance costs	(85)	(92)	(85)	(92)
Profit/(Loss) before tax	(2,370)	233	(2,370)	233
Taxation	-	(70)	-	(70)
Net profit/(Loss) for the period	<u>(2,370)</u>	<u>163</u>	<u>(2,370)</u>	<u>163</u>
Other Comprehensive Income:				
Translation of foreign operation	53	-	53	-
	<u>53</u>	<u>-</u>	<u>53</u>	<u>-</u>
Total Comprehensive Income for the period	<u>(2,317)</u>	<u>163</u>	<u>(2,317)</u>	<u>163</u>
Profit/(Loss) Attributable to :				
Owners of the Company	<u>(2,370)</u>	<u>163</u>	<u>(2,370)</u>	<u>163</u>
Total Comprehensive Income attributable to:				
Owners of the Company	<u>(2,317)</u>	<u>163</u>	<u>(2,317)</u>	<u>163</u>
Earnings per share (sen):				
Basic (Part B, Note 11)	<u>(0.60)</u>	<u>0.50</u>	<u>(0.60)</u>	<u>0.50</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 30 September 2016
(The figures have not been audited)

	As at 30 Sept 2016 RM ' 000	(Audited) As at 30 June 2016 RM ' 000
ASSETS		
Non-current assets		
Leasehold land and building	22,868	23,108
Land held for development	13,125	10,370
Plant and equipment	18,414	18,057
Other investments	13	13
Master licence rights	500	500
Total non-current assets	54,920	52,048
Current assets		
Inventories	11,575	13,886
Trade receivables	23,194	18,617
Other receivables, deposits and prepayments	32,497	29,189
Tax recoverable	1,606	1,701
Short term Investments	915	9,480
Fixed deposit with licensed bank	-	800
Cash and bank balances	4,004	6,426
	73,791	80,099
TOTAL ASSETS	128,711	132,147
EQUITY AND LIABILITIES		
Share capital	104,786	104,786
Warrant reserve	16,855	16,855
Other reserve	(16,833)	(16,833)
Treasury shares	(14,268)	(14,268)
Foreign currency translation	54	1
Retained earnings	19,047	21,417
Total Equity	109,641	111,958
Non-current liabilities		
Bank borrowing	6,744	6,766
Deferred tax liabilities	1,269	1,270
Total non-current liabilities	8,013	8,036
Current liabilities		
Bank borrowing	3,667	3,560
Trade payables	4,693	4,940
Other payables and accruals	2,697	3,494
Provision for tax	-	159
Total current liabilities	11,057	12,153
TOTAL EQUITY AND LIABILITIES	128,711	132,147
Net asset per share (RM)	0.26	0.27

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 FIRST QUARTER ENDED 30 SEPTEMBER 2016**
(The figures have not been audited)

	Non-distributable				Distributable		
	Share Capital RM' 000	Translation Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM' 000	Treasury Shares RM' 000	Retained Profits RM' 000	Total RM' 000
As at 1 July 2016	104,786	1	16,855	(16,833)	(14,268)	21,417	111,958
Total comprehensive income for the quarter	-	53	-	-	-	(2,370)	(2,317)
As at 30 September 2016	<u>104,786</u>	<u>54</u>	<u>16,855</u>	<u>(16,833)</u>	<u>(14,268)</u>	<u>19,047</u>	<u>109,641</u>

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 30 September 2016
(The figures have not been audited)

	Cumulative	
	3 months ended 30 Sept	
	2016	2015
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before tax	(2,370)	233
Adjustments for:		
Depreciation and amortisation	448	388
Gains on Fair value on quoted shares	-	106
Unrealised short term investments	(9)	-
Interest expense	85	92
Gains on disposal of plant & equipment	-	(388)
	<u>(1,846)</u>	<u>431</u>
Changes in working capital:		
Inventories	2,311	1,354
Receivables	(7,885)	(12,413)
Short term investments	8,565	-
Payables	(1,044)	(3,631)
Cash generated from/(used in) operations	<u>101</u>	<u>(14,259)</u>
Interest paid	(85)	(92)
Taxes paid	(66)	(188)
Net cash used in operating activities	<u>(50)</u>	<u>(14,539)</u>
Cash Flows From Investing Activities		
Purchase of Property, plant & equipment	(555)	(1,504)
Land development cost	(2,755)	-
Proceeds from disposal of plant & machinery	-	388
Proceeds from disposal of short term investment	-	19,834
Net cash (used in)/generated from investing activities	<u>(3,310)</u>	<u>18,718</u>
Cash Flows From Financing Activities		
Increase in bank borrowings	85	-
Repurchase of treasury shares	-	(159)
Net cash generated from/(used in) financing activities	<u>85</u>	<u>(8,430)</u>
Net Decrease in cash and cash equivalents	(3,275)	(4,410)
Effects of foreign exchange rate changes	53	-
Cash and cash equivalents at beginning	<u>7,226</u>	<u>12,546</u>
Cash and cash equivalents at end #	<u>4,004</u>	<u>8,136</u>

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 First Quarter Ended 30 September 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.

In the previous years, the financial statements were prepared in accordance with the Financial Reporting Standards in Malaysia. The first time adoption of MFRS does not have any significant impact on the Group's reported unaudited financial position, financial performance and cash flows.

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.

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 First Quarter Ended 30 September 2016
(The figures have not been audited)

8 Segmental Information

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

	3 months Ended 30 Sept 2016 RM'000
Geographical Segments	
Revenue	
Export market	3,711
Local market	2,965
	<u>6,676</u>
Results	
Export market	(1,386)
Local market	(1,107)
Loss from operations	(2,493)
Add Other Income & Interest	123
	<u>(2,370)</u>
Less taxation	-
Loss after tax	<u>(2,370)</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

There is no change in the composition of the Group in the quarter under review.

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 11 Nov 2016, 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 11 Nov 2016 (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

	As at 30 Sept 2016 RM'000	As at 30 June 2016 RM'000
Cash at bank	4,004	6,426
Fixed deposit with financial institution	-	800
	<u>4,004</u>	<u>7,226</u>

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The First Quarter Ended 30 September 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

	1st Quarter 30.9.2016 RM'000	1st Quarter 30.9.2015 RM'000
Revenue	<u>6,676</u>	<u>6,299</u>
Profit Before Tax (PBT)	<u>(2,370)</u>	<u>233</u>

Although the revenue for the 1st quarter increased by RM0.38 million compared with the same quarter in the corresponding period, the higher loss was attributed to the pre-operating expenses of RM0.7 million for a new business which has yet to generate revenue and also a loss was incurred in the printing business.

2 Variation of Results Against Preceding Quarter

	Current Quarter 30.9.2016 RM'000	Preceding Quarter 30.6.2016 RM'000
Revenue	<u>6,676</u>	<u>10,421</u>
Profit Before Tax (PBT)	<u>(2,370)</u>	<u>(590)</u>

Compared with the preceding quarter, the current quarter revenue decreased by RM3.7 million. The lower revenue was not able to cover the fixed cost of production. In addition, the pre-operating expenses also contributed RM0.7 million to the loss.

3 Prospects

Despite the printing business incurred losses in this quarter while in the process of moving from a rented factory to a newly acquired factory, the Company had recently added two additional machines to realign its business strategy to make the production more efficient and competitive. In view of the foregoing, the Board is of the view that the Company shall perform satisfactorily in the year to 30.6.2017.

4 Profit Forecast and Profit Guarantee

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

5 Taxation

	3 months Ended 30 Sept 2016 RM'000
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 First Quarter Ended 30 September 2016
(The figures have not been audited)

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

	3 month Ended 30 Sept 2016 RM'000	3 months Ended 30 Sept 2016 RM'000
Depreciation and amortisation	448	448
Foreign exchange loss/(gains)	(436)	(436)
Unrealised gains on short term investments	(9)	(9)

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:

	RM '000
Bank borrowing -12 months	687
Bank borrowing -more than 12 months	6,414
Hire purchase-12 months	182
Hire purchase-more than 12 months	330
Foreign currency trade loan	2,798
	<u>10,411</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

	RM' 000
- Realised	20,715
-Unrealised	(1,139)
	<u>19,576</u>
Less Consolidated adjustment	(529)
	<u>19,047</u>

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The First Quarter Ended 30 Sept 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:

	3 months Ended 30 Sept 2016 RM'000	3 months Ended 30 Sept 2016 RM'000
Profit/(Loss) attributable to shareholders	<u>(2,370)</u>	<u>(2,370)</u>
Weighted average number of shares in issue ('000) (Excluding treasury shares)	<u>392,215</u>	<u>392,215</u>
Basic earnings per share (sen)	<u>(0.60)</u>	<u>(0.60)</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 11 Nov 2016 (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 11.11.16	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>	

13 Authorisation for Issue

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