Financials

Directors' Report

The directors submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2016.

Principal activities

The principal activities of the Company are that of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial results

	Group RM	Company RM
Net loss for the year attributable to owners of the Company	3,151,203	1,457,564

In the opinion of the directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of shares and debentures

During the financial year, the authorised share capital of the Company was increased from RM100,000,000 to RM250,000,000 by the creation of an additional 600,000,000 new ordinary shares of RM0.25 each.

The issued and paid up share capital was increased from RM80,000,000 to RM104,786,300 by way of the issuance of 99,145,199 new ordinary shares of RM0.25 each for cash pursuant to a rights issue exercise at an issue price of RM0.42 per ordinary share.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

Warrants 2015/2020

The Company had in October 2015 issued 198,290,398 warrants in conjunction with its rights issue exercise. The warrants are constituted by a deed poll dated 13 October 2015 ("Deed Poll").

The salient features of the warrants are as follows:

(a) The issue date of the warrants is 19 October 2015 and the expiry date is on 18 October 2020. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each warrant entitles the registered holder the right to subscribe for one (1) new ordinary share of RM0.25 each in the Company at an exercise price of RM0.60 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company;

(d) The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such warrant holders exercise their rights to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

The movement in the Company's warrants during the financial year are as follows:

	Entitlement for ordinary shares of RM0.25 each				
	Balance at 1.7.2015	Issued	Exercised	Expired	Balance at 30.6.2016
Number of unexercised warrants	–	198,290,398	–	–	198,290,398

Directors' Report (con't)

Treasury shares

During the financial year, the Company repurchased 19,579,000 treasury shares of RM0.25 each for a total cash consideration of RM10,012,196 from the open market.

As at 30 June 2016, the Company held a total of 26,930,000 treasury shares of its 419,145,199 issued ordinary shares. The treasury shares are held at a carrying amount of RM14,268,574. The shares repurchased are being held as treasury shares in accordance with Section 67A(3A)(b) of the Companies Act 1965. Further relevant details on treasury shares are disclosed in Note 28 to the financial statements.

Share options

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Directors

The directors of the Company in office since the date of the last report are:

Dato' Lim Thiam Huat

Datuk Lee Hwa Cheng

Dato' Sohaimi Bin Shahadan

Datuk Lawrance Yeo Chua Poh
- *Appointed on 10 March 2016*

Dato' Dr. Koe Seng Kheng

Koo Thiam Yoong

Chew Yuit Yoo

Thiang Chew Lan

Directors' interests

The interests in the Company and its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 134 of the Companies Act 1965, are as follows:

	Number of ordinary shares of RM0.25 each					
In the Company	**Balance as at 1.7.2015/ date of appointment**	**Bought**	**Total before rights issue**	**Rights issue**	**Sold**	**Balance as at 30.6.2016**
Direct interest						
Dato' Lim Thiam Huat	60,859,996	-	60,859,996	38,216,002	20,000,000	79,075,998
Dato' Dr. Koe Seng Kheng	4,687,952	-	4,687,952	1,562,650	-	6,250,602
Koo Thiam Yoong	4,177,776	-	4,177,776	1,392,592	-	5,570,368
Thiang Chew Lan	416,104	-	416,104	138,701	-	554,805
Datuk Lee Hwa Cheng	7,460,352	700,000	8,160,352	-	3,982,576	4,177,776
Indirect interest						
Thiang Chew Lan	210,140	-	210,140	70,046	-	280,186
Chew Yuit Yoo	195,936	-	195,936	65,312	-	261,248
Datuk Lee Hwa Cheng	4,177,776	-	4,177,776	-	-	4,177,776
Datuk Lawrance Yeo Chua Poh	30,000,000	-	30,000,000	-	-	30,000,000

Directors' Report (con't)

In the Company	Number of warrants over ordinary shares of RM0.25 each Balance as at 1.7.2015/ date of appointment	Bought	Sold	Balance as at 30.6.2016
Direct interest				
Dato' Lim Thiam Huat	-	76,432,004	-	76,432,004
Dato' Dr. Koe Seng Kheng	-	3,125,300	-	3,125,300
Koo Thiam Yoong	-	2,785,184	-	2,785,184
Thiang Chew Lan	-	277,402	-	277,402
Indirect interest				
Thiang Chew Lan	-	140,092	-	140,092
Chew Yuit Yoo	-	130,624	-	130,624

Dato' Lim Thiam Huat by virtue of his holdings of not less than 15% in the share capital of the Company, is deemed to have an interest in the share capitals of the Company's subsidiaries to the extent the Company and its subsidiaries have an interest during the financial year.

Other than as stated, none of the other directors in office at the end of the financial year had an interest in the shares of the Company and its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the related corporations and companies in which certain directors of the Company have interests as disclosed in Note 29.1 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other statutory information

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and

Directors' Report (con't)

(b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

Auditors

The auditors, Messrs Russell Bedford LC & Company, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the directors,

DATO' LIM THIAM HUAT

KOO THIAM YOONG

Kuala Lumpur
Dated: 6 October 2016

Statement by Directors

The directors of BHS INDUSTRIES BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of their financial performance and their cash flows for the year ended on that date.

The supplementary information set out in Note 37, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No.1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board
in accordance with a resolution of the directors,

DATO' LIM THIAM HUAT

KOO THIAM YOONG

Kuala Lumpur
Dated: 6 October 2016

Statutory Declaration

I, KOO THIAM YEN, being the officer primarily responsible for the financial management of BHS INDUSTRIES BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the above named KOO THIAM YEN at)
Kuala Lumpur in Wilayah Persekutuan on)
6 October 2016)

KOO THIAM YEN

Before me,

COMMISSIONER FOR OATHS

Report of the Independent Auditors

to the members of BHS INDUSTRIES BERHAD (Incorporated in Malaysia)

1. Report on the financial statements

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 30 June 2016, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

1.1 Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the Companies Act 1965 ("Act") and the Malaysian Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

1.2 Auditors' responsibility

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 174 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1.3 Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Act and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of their financial performance and their cash flows for the year ended on that date.

2. Report on other legal and regulatory requirements

In accordance with the requirements of the Act, we also report on the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the Group's financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material in relation to the Group's financial statements and did not include any comment made under Section 174(3) of the Act.

3. Other reporting responsibilities

The supplementary information set out in Note 37 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANT

LOH KOK LEONG
1965/06/17 (J)
CHARTERED ACCOUNTANTS

Kuala Lumpur

Dated: 6 October 2016

Statements of Comprehensive Income

for the year ended 30 June 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Revenue	4	28,365,125	31,659,042	567,601	662,341
Cost of sales		(25,359,244)	(30,461,371)	-	-
Gross profit		3,005,881	1,197,671	567,601	662,341
Other operating income		3,131,192	7,698,870	934,362	4,081,985
Other operating expenses		(8,641,456)	(6,251,707)	(2,959,527)	(4,906,402)
(Loss)/Profit from operations		(2,504,383)	2,644,834	(1,457,564)	(162,076)
Finance costs		(283,704)	(81,493)	-	-
(Loss)/Profit before tax	5	(2,788,087)	2,563,341	(1,457,564)	(162,076)
Income tax expense	6	(363,116)	223,523	-	-
Net (loss)/profit for the year		(3,151,203)	2,786,864	(1,457,564)	(162,076)
Other comprehensive income					
Items, all with no tax effect, that will be reclassified subsequently to profit or loss					
Net changes in available-for-sale financial assets					
- gain on changes in fair value		-	368,565	-	368,565
- reclassification to profit or loss arising from disposal		-	(663,452)	-	(663,452)
		-	(294,887)	-	(294,887)
Foreign currency translation					
- current year		1,115	-	-	-
- reclassification to profit or loss arising from disposal		-	(111,830)	-	-
		1,115	(111,830)	-	-
Other comprehensive income/(loss) for the year, net of tax		1,115	(406,717)	-	(294,887)
Total comprehensive (loss)/income for the year		(3,150,088)	2,380,147	(1,457,564)	(456,963)
(Loss)/Earnings per shares (sen)					
Basic	7	(0.84)	0.81		

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

as at 30 June 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Non current assets					
Property, plant and equipment	8	41,165,436	26,764,645	421,943	535,793
Land held for property development	9	10,370,113	-	-	-
Intangible asset	10	500,000	500,000	-	-
Investment in subsidiaries	11	-	-	58,699,680	46,404,227
Other investments	12	12,689	1,179,179	-	1,166,490
		52,048,238	28,443,824	59,121,623	48,106,510
Current assets					
Inventories	13	13,885,930	12,304,903	-	-
Trade receivables	14	18,616,966	13,763,709	-	-
Other receivables, deposits and prepayments	15	29,188,495	7,530,686	57,397,528	34,514,137
Tax recoverable		1,701,248	1,964,996	108,968	85,756
Short term investments	16	9,479,861	22,513,158	8,574,268	8,251,474
Fixed deposits with licensed banks	17	800,000	3,275,700	-	1,000,000
Cash and bank balances	18	6,426,164	9,270,100	448,436	2,196,328
		80,098,664	70,623,252	66,529,200	46,047,695
Current liabilities					
Trade payables	19	4,940,275	2,249,726	-	-
Other payables and accruals	20	3,494,474	4,011,749	3,054,788	1,729,394
Tax payable		158,659	164,344	-	-
Short term borrowings	21	3,461,440	623,136	-	-
Hire purchase liabilities	22	98,247	-	-	-
		12,153,095	7,048,955	3,054,788	1,729,394
Net current assets		67,945,569	63,574,297	63,474,412	44,318,301
Non current liabilities					
Hire purchase liabilities	22	160,614	-	-	-
Term loan	23	6,605,529	7,369,816	-	-
Deferred tax liabilities	24	1,269,659	1,169,000	-	-
		(8,035,802)	(8,538,816)	-	-
		111,958,005	83,479,305	122,596,035	92,424,811
Represented by:					
Share capital	25	104,786,300	80,000,000	104,786,300	80,000,000
Reserves	26	7,171,705	3,479,305	17,809,735	12,424,811
Shareholders' fund		111,958,005	83,479,305	122,596,035	92,424,811

The accompanying notes form an integral part of the financial statements.

Group	Share capital (Note 25) RM	Foreign currency translation reserve RM	Merger reserve RM	Treasury shares (Note 28) RM	Warrant reserve RM	Retained profits RM	Total RM
At 1 July 2015	80,000,000	-	(16,832,846)	(4,256,378)	-	24,568,529	83,479,305
Transactions with owners:							
Rights issue of shares with free warrants	24,786,300	-	-	-	16,854,684	-	41,640,984
Repurchase of shares	-	-	-	(10,012,196)	-	-	(10,012,196)
Total transactions with owners	24,786,300	-	-	(10,012,196)	16,854,684	-	31,628,788
Foreign currency translation	-	1,115	-	-	-	-	1,115
Other comprehensive income for the year	-	1,115	-	-	-	-	1,115
Net loss for the year	-	-	-	-	-	(3,151,203)	(3,151,203)
Total comprehensive income/(loss) for the year	-	1,115	-	-	-	(3,151,203)	(3,150,088)
At 30 June 2016	104,786,300	1,115	(16,832,846)	(14,268,574)	16,854,684	21,417,326	111,958,005

The accompanying notes form an integral part of the financial statements.

Group	Share capital (Note 25) RM	Share premium RM	Foreign currency translation reserve RM	Merger reserve RM	Fair value adjustment reserve RM	Treasury shares (Note 28) RM	Retained profits RM	Total RM
At 1 July 2014	40,000,000	1,684,192	111,830	(16,832,846)	294,887	(4,223,922)	52,953,756	73,987,897
Transactions with owners:								
Disposal of treasury shares	-	11,361,942	-	-	-	2,405,438	-	13,767,380
Dividends (Note 27)								
- distribution of treasury shares	-	-	-	-	-	1,818,484	(1,818,484)	-
- cash	-	-	-	-	-	-	(2,399,741)	(2,399,741)
Bonus issue of shares	40,000,000	(13,046,134)	-	-	-	-	(26,953,866)	-
Repurchase of shares	-	-	-	-	-	(4,256,378)	-	(4,256,378)
Total transactions with owners	40,000,000	(1,684,192)	-	-	-	(32,456)	(31,172,091)	7,111,261
Foreign currency translation								
- reclassification to profit or loss arising from disposal	-	-	(111,830)	-	-	-	-	(111,830)
Changes in available-for-sale financial assets								
- gain on changes in fair value	-	-	-	-	368,565	-	-	368,565
- reclassification to profit or loss arising from disposal	-	-	-	-	(663,452)	-	-	(663,452)
Other comprehensive loss for the year	-	-	(111,830)	-	(294,887)	-	-	(406,717)
Net profit for the year	-	-	-	-	-	-	2,786,864	2,786,864
Total comprehensive (loss)/income for the year	-	-	(111,830)	-	(294,887)	-	2,786,864	2,380,147
At 30 June 2015	80,000,000	-	-	(16,832,846)	-	(4,256,378)	24,568,529	83,479,305

The accompanying notes form an integral part of the financial statements.

Company	Share capital (Note 25) RM	Treasury shares (Note 28) RM	Warrant reserve RM	Retained profits RM	Total RM
At 1 July 2015	80,000,000	(4,256,378)	-	16,681,189	92,424,811
Transactions with owners:					
Rights issue of shares with free warrants	24,786,300	-	16,854,684	-	41,640,984
Repurchase of shares	-	(10,012,196)	-	-	(10,012,196)
Total transactions with owners	24,786,300	(10,012,196)	16,854,684	-	31,628,788
Net loss/Total comprehensive loss for the year	-	-	-	(1,457,564)	(1,457,564)
At 30 June 2016	104,786,300	(14,268,574)	16,854,684	15,223,625	122,596,035

The accompanying notes form an integral part of the financial statements.

	Share capital (Note 25) RM	Share premium RM	Fair value adjustment reserve RM	Treasury shares (Note 28) RM	Retained profits RM	Total RM
Company						
At 1 July 2014	40,000,000	1,684,192	294,887	(4,223,922)	48,015,356	85,770,513
Transactions with owners:						
Disposal of treasury shares	-	11,361,942	-	2,405,438	-	13,767,380
Dividends (Note 27)						
- distribution of treasury shares	-	-	-	1,818,484	(1,818,484)	-
- cash	-	-	-	-	(2,399,741)	(2,399,741)
Bonus issue of shares	40,000,000	(13,046,134)	-	-	(26,953,866)	-
Repurchase of shares	-	-	-	(4,256,378)	-	(4,256,378)
Total transactions with owners	40,000,000	(1,684,192)	-	(32,456)	(31,172,091)	7,111,261
Changes in available-for-sale financial assets						
- gain on changes in fair value	-	-	368,565	-	-	368,565
- reclassification to profit or loss arising from disposal	-	-	(663,452)	-	-	(663,452)
Other comprehensive loss for the year	-	-	(294,887)	-	-	(294,887)
Net loss for the year	-	-	-	-	(162,076)	(162,076)
Total comprehensive loss for the year	-	-	(294,887)	-	(162,076)	(456,963)
At 30 June 2015	80,000,000	-	-	(4,256,378)	16,681,189	92,424,811

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the year ended 30 June 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash flows from/(used in) operating activities				
(Loss)/Profit before tax	(2,788,087)	2,563,341	(1,457,564)	(162,076)
Adjustments for:				
Allowance for doubtful debts	-	410,380	-	-
Depreciation	1,744,591	1,481,756	117,738	49,334
Impairment loss on investment in a subsidiary	-	-	-	2,719,000
Interest expense	283,704	81,493	-	-
Loss/(Gain) on foreign exchange – unrealised	90,294	(337,248)	-	-
Allowance for doubtful debts no longer required	(370,236)	-	-	-
Plant and equipment written off	2,988	-	-	-
Dividend income from financial assets at fair value through profit or loss	(840)	(840)	-	-
Fair value gain on financial assets at fair value through profit or loss	(384,454)	(138,005)	(364,817)	(133,276)
Gain on disposal of				
- a subsidiary	-	(1,658,154)	-	(1,479,548)
- available-for-sale financial assets	-	(663,452)	-	(663,452)
- investment properties	-	(1,436,847)	-	(1,436,847)
- plant and equipment	(392,498)	(109,074)	-	-
- financial assets at fair value through profit or loss	-	(60,375)	-	(60,375)
Income distributed from financial assets at fair value through profit or loss	(643,897)	(711,485)	(555,770)	(237,088)
Interest income	(51,165)	(123,242)	(13,775)	(71,399)
Provision for expected goods returns no longer required	(50,000)	-	-	-
Operating loss before working capital changes	(2,559,600)	(701,752)	(2,274,188)	(1,475,727)
(Increase)/Decrease in inventories	(1,581,027)	2,731,278	-	-
(Increase)/Decrease in trade and other receivables	(4,273,532)	3,347,715	(2,985)	100,525
Increase in trade and other payables	2,528,173	2,774,936	10,210	2,918
Cash (used in)/ generated from operating activities	(5,885,986)	8,152,177	(2,266,963)	(1,372,284)
Income tax refunded	585,306	543,103	66,788	250,821
Income tax paid	(589,490)	(1,500,225)	(90,000)	(90,000)
Net cash (used in)/from operating activities	(5,890,170)	7,195,055	(2,290,175)	(1,211,463)

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows (con't)

for the year ended 30 June 2016

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash flows from/(used in) investing activities				
Purchase of plant and equipment	(14,855,535)	(10,215,229)	(3,888)	(584,327)
Acquisition of land held for development	(6,616,025)	-	-	-
Additions in development costs	(3,829,693)	-	-	-
Acquisition of shares in subsidiaries	-	-	(12,295,453)	(350,003)
Acquisition of intangible asset	-	(500,000)	-	-
Decrease/(Increase) in fixed deposit pledged	35,000	(35,000)	-	-
Decrease/(Increase) in fixed deposit with maturity of more than three months	1,000,000	(1,000,000)	1,000,000	(1,000,000)
Income received from financial assets at fair value through profit or loss	643,897	711,485	555,770	237,088
Investment in financial assets at fair value through profit or loss	(35,643,897)	(11,733,666)	(35,555,770)	(11,259,269)
Proceeds from disposal of				
- available-for-sale financial assets	-	2,016,178	-	2,016,178
- financial assets at fair value through profit or loss	50,228,138	2,120,956	36,764,283	2,120,956
- investment properties	-	5,289,036	-	5,289,036
- plant and equipment	392,500	712,400	-	-
Proceeds from disposal of a subsidiary (Note 30)	-	2,493,084	-	3,538,483
Advances to subsidiaries	-	-	(50,780,406)	(5,893,276)
Dividends received	630	630	-	-
Dividends received from subsidiaries	-	-	27,900,000	-
Deposits paid for purchase of				
- plant and equipment	(21,801,216)	(6,161,020)	-	-
- land held for development	(200,000)	-	-	-
Interest received	51,165	123,242	13,775	71,399
Net cash used in investing activities	(30,595,036)	(16,177,904)	(32,401,689)	(5,813,735)
Cash flows from/(used in) financing activities				
Proceeds from				
- foreign currency trade loan	3,507,152	-	-	-
- right issues	41,640,984	-	41,640,984	-
- short term loan	5,000,000	-	-	-
Repayments of				
- foreign currency trade loan	(708,905)	-	-	-
- hire purchase liabilities	(3,439)	-	-	-
- term loans	(5,724,230)	(7,048)	-	-
Proceeds from disposal of treasury shares	-	13,767,380	-	13,767,380
Payments for repurchase of shares	(11,312,787)	(2,955,787)	(11,312,787)	(2,955,787)
Advances from/(Repayments to) subsidiaries	-	-	2,615,775	(30,000)
Interest paid	(283,704)	(81,493)	-	-
Dividends paid	-	(2,399,741)	-	(2,399,741)
Net cash from financing activities	32,115,071	8,323,311	32,943,972	8,381,852

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows (con't)

for the year ended 30 June 2016

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Net (decrease)/increase in cash and cash equivalents	(4,370,135)	(659,538)	(1,747,892)	1,356,654
Cash and cash equivalents at beginning of year	11,510,800	12,170,338	2,196,328	839,674
Effect of exchange rate changes on the balance of cash and cash equivalents of foreign subsidiary	85,499	-	-	-
Cash and cash equivalents at end of year	7,226,164	11,510,800	448,436	2,196,328
Cash and cash equivalents comprise:				
Cash and bank balances	6,426,164	9,270,100	448,436	2,196,328
Fixed deposits with a licensed banks	800,000	3,275,700	-	1,000,000
	7,226,164	12,545,800	448,436	3,196,328
Less: Fixed deposit pledged	-	(35,000)	-	-
Fixed deposit with maturity of more than three months	-	(1,000,000)	-	(1,000,000)
	7,226,164	11,510,800	448,436	2,196,328

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

for the year ended 30 June 2016

1. General information

The principal activities of the Company are that of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 11.

There have been no significant changes in the nature of these activities during the reporting period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company's registered office is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 17-22 & 17-23, Jalan Satu, Bersatu Industrial Park, Cheras Jaya, Balakong, 43200 Cheras, Selangor Darul Ehsan.

The financial statements of the Group and the Company were approved and authorised for issue by the board of directors on 6 October 2016.

2. Principal accounting policies

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act 1965 and the Malaysian Financial Reporting Standards.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised in Note 2.2.2.

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 upon their initial application other than the following:

(i) MFRS 9 Financial Instruments (effective for financial periods beginning on or after 1 January 2018)

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at the inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group is in the process of making an assessment of the financial impact that may arise from the adoption of MFRS 9.

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

2.2.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

The formation of the Group during restructuring exercise on 8 August 2007 has been accounted for as a business combination under common control in which all of the combining entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

When the merger method of accounting is used, the cost of investment in the Company's book is recorded at the nominal value of shares issued and the difference between the cost of the investment and the nominal value of shares acquired is treated as a merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that the laws and statues do not prohibit the use of such reserves. The results and financial positions of the companies being merged are included as if the merger had been effected throughout the current and previous reporting periods.

The consolidated financial statements incorporate the financial statements of the combining entities in which the common control combination occurs as if they had been combined from the date when combining entities first came under the control of the controlling parties until the date that such control ceases.

Subsequent acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in such a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the reporting periods in which the costs are incurred and the services are received.

Any excess of the sum of their fair value of the consideration transferred in the business combination over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Revenue and income recognition

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of consideration due, associated costs or the possible return of goods.

Revenue from management services rendered is recognised in profit or loss when the services are rendered.

Rental income is recognised as it accrues unless collectability is in doubt.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised as it accrues (using the effective interest rate method) unless collectability is in doubt.

Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

2.2.2 **Significant accounting policies** (continued)

Foreign currencies (continued)

(ii) Foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2016 RM	2015 RM
United States Dollar	4.02	3.77

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised in profit or loss in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans such as Employees Provident Fund are recognised in profit or loss as incurred.

Income tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Impairment of assets

The carrying amount of assets (other than financial assets) subject to accounting for impairment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the reporting period in which it arises.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

2.2.2 **Significant accounting policies** (continued)

Impairment of assets (continued)

their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

No depreciation is provided on building under construction until the asset is ready for its intended use.

Depreciation on property, plant and equipment is calculated to write off the cost of the assets to its residual values on a straight line basis at the following annual rates based on their estimated useful lives:

Leasehold land	unexpired lease period 83 years
Leasehold building	2%
Factory equipment, plant and machinery	5% – 20%
Renovations	10% – 20%
Office equipment, furniture and fittings	10%
Computers	25%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Land held for property development

Land held for property development consists of land where no significant development activities have been carried out other than earthwork, infrastructure work and professional fees incurred to put the land ready for development or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non current assets and is stated at cost less any impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Intangible asset

Intangible asset comprising a master license acquired separately is measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

The costs of the master license is amortised on a straight line basis over its license period of fifteen (15) years.

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company is

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

2.2.2 Significant accounting policies (continued)

Investment in subsidiaries (continued)

exposed or has rights to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Inventories

Inventories comprising raw materials, work in progress, trading merchandise and finished goods are stated at the lower of cost and net realisable value. Cost of inventories is determined on a first in first out basis. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in selling and distribution. Cost of raw materials and trading merchandise comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of work in progress and finished goods comprises the cost of raw materials used, direct labour and appropriate production overheads.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

(i) As lessee

Assets acquired under leases or hire purchase which transfers substantially all the risks and rewards incidental to ownership of the assets are capitalised under plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the difference between the total lease commitments and the fair values of the assets acquired, are charged to profit or loss over the terms of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each reporting period.

All other leases which do not meet such criteria are classified as operating lease. Lease payments under operating leases are amortised as an expense in profit or loss on a straight line basis over the terms of the relevant lease.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and amortised on a straight line basis over the lease term on the same bases as rental income.

Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

2.2.2 Significant accounting policies (continued)

Financial instruments (continued)

legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

Financial assets are classified as either at fair value through profit or loss, loans and receivables, held to maturity investments, or available-for-sale, as appropriate. Financial liabilities are classified as either at fair value through profit or loss (derivative financial liabilities) or at amortised cost (borrowings and trade and other payables), as appropriate.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement dates.

(iii) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iv) Interest bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

(vi) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new assets

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

2.2.2 **Significant accounting policies** (continued)

Financial instruments (continued)

obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets, designated other than at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting date.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increased in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. When a debtor becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents comprise cash balances and short term deposits with maturities of three months or less, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of fixed deposits pledged and fixed deposits with maturity of more than 3 months.

3. Critical accounting estimates and judgements

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as follows:

(i) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the trade and other receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the impairment loss is determined based on the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. Revenue

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Management fees	-	-	567,601	639,723
Printing services	28,091,509	30,905,617	-	-
Sales of books	273,616	730,807	-	-
Rental income	-	22,618	-	22,618
	28,365,125	31,659,042	567,601	662,341

5. (Loss)/Profit before tax

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before tax is arrived at after charging:				
Allowance for doubtful debts	-	410,380	-	-
Auditors' remuneration				
- statutory audit				
- current year	96,100	83,400	30,000	30,000
- over provision in prior years	-	(1,000)	-	-
- other services	55,000	47,000	55,000	47,000
Depreciation	1,744,591	1,481,756	117,738	49,334
Impairment loss on investment in a subsidiary	-	-	-	2,719,000
Incorporation expenses	-	2,390	-	-
Interest expense				
- bank guarantees	1,169	5,262	-	-
- foreign currency trade loan	4,359	-	-	-
- hire purchase	416	-	-	-
- term loans	277,760	76,231	-	-
Loss on foreign exchange				
- unrealised	90,294	-	-	-
Plant and equipment written off	2,988	-	-	-
Rental of				
- equipment	6,000	6,000	-	-
- machinery	39,700	-	-	-
- premises	870,941	797,573	-	-
Staff costs				
- directors of the Company				
- remuneration other than fees	713,561	432,432	713,561	432,432
- fees	259,590	239,580	259,590	239,580
- remuneration other than fees of a director of subsidiaries	218,400	166,410	-	-
- other staff costs	4,514,918	3,170,284	93,145	5,277
	5,706,469	4,008,706	1,066,296	677,289

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

5. (Loss)/Profit before tax (continued)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
And crediting:				
Allowance for doubtful debts no longer required	370,236	-	-	-
Dividend income from				
- financial assets at fair value through profit or loss (quoted)	840	840	-	-
Fair value gain on financial assets at fair value through profit or loss	384,454	138,005	364,817	133,276
Gain on disposal of				
- a subsidiary	-	1,658,154	-	1,479,548
- available-for-sale financial assets	-	663,452	-	663,452
- investment properties	-	1,436,847	-	1,436,847
- plant and equipment	392,498	109,074	-	-
- financial assets at fair value through profit or loss (quoted)	-	60,375	-	60,375
Gain on foreign exchange				
- realised	1,072,316	2,086,960	-	-
- unrealised	-	337,248	-	-
Income distributed from financial assets at fair value through profit or loss	643,897	711,485	555,770	237,088
Interest income from				
- bank account	27,419	82,220	472	50,591
- fixed deposits	23,746	41,022	13,303	20,808
Provision for expected goods returns no longer required	50,000	-	-	-
Rental income from land and building	-	22,618	-	22,618

Staff costs comprise:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Defined contribution plan	397,697	488,798	91,004	50,770
Salaries, bonus, allowances and overtime	5,267,484	3,482,545	973,666	626,440
Other employee related expenses	41,288	37,363	1,626	79
	5,706,469	4,008,706	1,066,296	677,289

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

5. (Loss)/Profit before tax (continued)

The key management personnel of the Company whose remuneration is analysed as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive directors:				
- remuneration other than fees	713,561	432,432	713,561	432,432
Non executive directors:				
- fees	259,590	239,580	259,590	239,580
Total directors' remuneration	973,151	672,012	973,151	672,012
Estimated money value of benefits in kind				
- Executive directors	21,380	6,250	21,380	6,250
Total directors' remuneration including benefits in kind	994,531	678,262	994,531	678,262

The number of directors of the Company where total remuneration during the reporting period falls within the following bands is analysed as follows:

	Group	
Executive directors:	2016	2015
Below RM50,000	1	2
RM50,001 – RM100,000	1	-
RM150,001 – RM200,000	-	1
RM200,001 – RM250,000	1	1
RM350,001 – RM400,000	1	-
Non executive directors:		
Below RM50,000	3	3
RM100,001 – RM150,000	1	1

6. Income tax expense

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Estimated Malaysia income tax payable				
- current year	(252,663)	-	-	-
- (under)/over provision in prior years	(9,794)	132,597	-	-
	(262,457)	132,597	-	-
Deferred tax (Note 24)				
- current year	(53,659)	78,926	-	-
- (under)/over provision in prior years	(47,000)	12,000	-	-
	(100,659)	90,926	-	-
	(363,116)	223,523	-	-

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

6. Income tax expense (continued)

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense the effective income tax rate is as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before tax	(2,788,087)	2,563,341	(1,457,564)	(162,076)
Taxation at statutory tax rate of 24% (2015: 25%)	669,100	(640,800)	349,800	40,500
Effect on opening deferred tax on reduction in tax rate	-	49,000	-	-
Expenses not deductible for tax purposes	(949,022)	(396,924)	(574,000)	(935,500)
Income not subject to tax	257,200	1,059,450	224,200	895,000
Tax effect of double deduction	400	1,800	-	-
Utilisation of previously unrecognised deferred tax assets	105,800	6,400	-	-
Deferred tax assets not recognised	(389,800)	-	-	-
(Under)/Over provision in prior years				
- income tax	(9,794)	132,597	-	-
- deferred tax	(47,000)	12,000	-	-
Income tax expense	(363,116)	223,523	-	-

7. (Loss)/Earnings per share

Basic

Basic earnings per ordinary share is calculated based on the net profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Group	
	2016 RM	2015 RM
Net (loss)/profit attributable to owners of the Company	(3,151,203)	2,786,684
Weighted average number of ordinary shares in issue (net of treasury shares held)	376,119,295	345,398,449
Basic (loss)/earnings per ordinary share (sen)	(0.84)	0.81

Comparative figures for the weighted average number of ordinary shares for basic earnings per share have been restated to reflect the adjustments arising from the rights issue exercise (discount on issue price over fair market value of outstanding shares deemed as bonus element) during the reporting period.

Diluted

Diluted earnings per share is not presented in the financial statements since there are no dilutive potential ordinary shares as at 30 June 2015.

As at 30 June 2016, diluted loss per share is not presented in the financial statements as there is an anti dilutive effect on loss per share.

8. Property, plant and equipment

Group	Leasehold land and building RM	Factory equipment, plant and machinery RM	Renovations RM	Office equipment, furniture and fittings RM	Computers RM	Motor vehicles RM	Building under construction RM	Total RM
Cost/Deemed cost								
At 1 July 2014	-	24,783,611	100,944	746,816	951,276	1,144,284	-	27,726,931
Additions	16,133,850	2,208,800	148,339	195,136	36,139	892,965	-	19,615,229
Disposals	-	(1,155,905)	-	-	-	(51,568)	-	(1,207,473)
At 30 June 2015	16,133,850	25,836,506	249,283	941,952	987,415	1,985,681	-	46,134,687
Additions	-	8,191,650	-	32,611	208,420	550,313	7,174,421	16,157,415
Disposals	-	(1,270,000)	-	-	-	(288,086)	-	(1,558,086)
Write offs	-	-	(100,944)	(356,656)	(454,422)	(3,447)	-	(915,469)
Exchange differences	-	(9,043)	-	-	-	-	-	(9,043)
At 30 June 2016	16,133,850	32,749,113	148,339	617,907	741,413	2,244,461	7,174,421	59,809,504
Accumulated depreciation								
At 1 July 2014	-	15,827,002	100,941	704,321	863,223	996,946	-	18,492,433
Charge for the year	66,777	1,211,017	14,447	18,331	46,714	124,470	-	1,481,756
Disposals	-	(552,579)	-	-	-	(51,568)	-	(604,147)
At 30 June 2015	66,777	16,485,440	115,388	722,652	909,937	1,069,848	-	19,370,042
Charge for the year	133,554	1,243,629	29,670	27,824	66,968	242,946	-	1,744,591
Disposals	-	(1,269,999)	-	-	-	(288,085)	-	(1,558,084)
Write offs	-	-	(100,940)	(356,614)	(451,480)	(3,447)	-	(912,481)
At 30 June 2016	200,331	16,459,070	44,118	393,862	525,425	1,021,262	-	18,644,068
Net book value								
At 30 June 2016	15,933,519	16,290,043	104,221	224,045	215,988	1,223,199	7,174,421	41,165,436
At 30 June 2015	16,067,073	9,351,066	133,895	219,300	77,478	915,833	-	26,764,645

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

8. Property, plant and equipment (continued)

Company

	Computers RM	Motor vehicles RM	Total RM
Cost			
At 1 July 2014	3,199	129,704	132,903
Additions	-	584,327	584,327
As at 30 June 2015	3,199	714,031	717,230
Additions	3,888	-	3,888
As at 30 June 2016	7,087	714,031	721,118
Accumulated depreciation			
At 1 July 2014	2,400	129,703	132,103
Charge for the year	640	48,694	49,334
At 30 June 2015	3,040	178,397	181,437
Charge for the year	872	116,866	117,738
At 30 June 2016	3,912	295,263	299,175
Net book value			
At 30 June 2016	3,175	418,768	421,943
At 30 June 2015	159	535,634	535,793

At the reporting date, property, plant and equipment of the Group have been charged as collaterals to secure the term loan referred to in Note 23 are as follows:

	Group 2016 RM	Group 2015 RM
At carrying amount		
Leasehold land	10,884,729	11,018,283
Leasehold building	5,048,790	5,048,790
	15,933,519	16,067,073

During the reporting period, cash payments made to purchase property, plant and equipment are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total additions	16,157,415	19,615,229	3,888	584,327
Additions through				
- hire purchase	(262,300)	-	-	-
- term loan	-	(8,000,000)	-	-
- other payables	(1,039,580)	-	-	-
Deposit paid in previous year	-	(1,400,000)	-	-
	14,855,535	10,215,229	3,888	584,327

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

9. Land held for property development

	Group 2016 RM	Group 2015 RM
At beginning of year	-	-
Costs incurred during the year:		
- long term leasehold land	6,616,025	-
- development costs	3,829,693	-
	10,445,718	-
Exchange differences	(75,605)	-
At end of year		
- long term leasehold land	6,616,025	-
- development costs	3,829,693	-
	10,370,113	-

The unexpired leasehold period for the land acquired from the Pahang State Government has yet been determined as at reporting date. The unexpired lease period of the other long term leasehold land located in the Republic of Palau is 99 years.

10. Intangible asset

	Group License RM
Cost	
At 1 July 2014	–
Addition	500,000
At 30 June 2015/30 June 2016	500,000

On 10 November 2014, the Group had entered into a Master License Agreement with Green Patent Technologies Sdn Bhd ("GPTSB"), a company which is 65% owned by Dato' Lim Thiam Huat, a major shareholder and a director of the Company for the grant of a master licence at purchase consideration of RM500,000 to use the inventions and designs owned by GPTSB as licensor upon the terms and conditions contained in the agreement. The licence is granted for an initial period of fifteen (15) years commencing the date when the intended factory or plant for manufacturing of pulps and papers is constructed and commissioned.

11. Investment in subsidiaries

	Company 2016 RM	Company 2015 RM
Unquoted shares at cost		
At beginning of year	59,907,562	38,507,559
Additional subscription of shares in subsidiaries	9,999,998	21,400,000
Acquisition of subsidiaries	2,295,455	3
At end of year	72,203,015	59,907,562

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

11. Investment in subsidiaries (continued)

	Company 2016 RM	Company 2015 RM
Accumulated impairment losses		
At beginning of year	13,503,335	10,784,335
Addition	-	2,719,000
At end of year	13,503,335	13,503,335
Carrying amount	58,699,680	46,404,227

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective interest and voting 2016 %	Group's effective interest and voting 2015 %	Principal activities
Subsidiaries of the Company				
BHS Book Printing Sdn Bhd	Malaysia	100	100	Printing of books and magazines
Pustaka Sistem Pelajaran Sdn Bhd	Malaysia	100	100	Book publisher
System Multimedia and Internet Sdn Bhd	Malaysia	100	100	Dormant
BHS DS Solution Sdn Bhd	Malaysia	100	100	Construction and renovation works
Nextgreen Pulp & Paper Sdn Bhd	Malaysia	100	100	Processing and manufacturing of pulps and papers and related products
Ultimate Ivory Sdn Bhd	Malaysia	100	–	Industrial park developer and manager
BHS Palau Incorporated*	Republic of Palau	100	–	Property development and management
Subsidiaries of Pustaka Sistem Pelajaran Sdn Bhd				
Pustaka Yakin Pelajar Sdn Bhd	Malaysia	100	100	Dormant
Subsidiary of System Multimedia and Internet Sdn Bhd				
System Publishing House Sdn Bhd	Malaysia	100	100	Dormant

* No statutory audit requirement

Acquisition of subsidiaries

During the reporting period:

(a) the Company has further subscribed for additional 9,999,998 new ordinary shares of RM1 each in the share capital of Nextgreen Pulp & Paper Sdn Bhd for a total cash consideration of RM9,999,998;

(b) the Company acquired 500,000 ordinary shares of RM1 each representing 100% of the issued and paid up share capital of Ultimate Ivory Sdn Bhd, for a total consideration of RM486,455. The reason for the acquisition is to expand into property development and management business; and

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

(c) the Company incorporated a wholly-owned subsidiary namely BHS Palau Incorporated ("BPI") in Republic of Palau. The Company has subscribed for 4,500 ordinary shares of USD100 each representing 100% of the issued and paid up share capital of BPI for a total consideration of USD450,000 (equivalent to approximately RM1,809,000). BPI's intended activity is to expand into property development and management business.

In the previous reporting period:

(a) the Company further subscribed for additional 21,050,000 new ordinary shares of RM1 each in the share capital of BHS Book Printing Sdn Bhd for a total consideration of RM21,050,000 by way of capitalisation of the amount due from the subsidiary;

(b) the Company further subscribed for additional 350,000 new ordinary shares of RM1 each in the share capital of BHS DS Solution Sdn Bhd for a total cash consideration of RM350,000;

(c) the Company incorporated a wholly-owned subsidiary namely Nextgreen Pulp & Paper Sdn Bhd ("NPP"). The Company has subscribed for 2 ordinary shares of RM1 each representing 100% of the issued and paid up share capital of NPP. NPP's intended activity is the processing and manufacturing of pulps and papers and related products using green technology; and

(d) the Company acquired 932,000 ordinary shares of RM1 each representing 100% of the issued and paid up share capital of System Multimedia and Internet Sdn Bhd, for a total cash consideration of RM1.

Impairment of investment in subsidiaries

In the previous reporting period, the directors performed an impairment test for the investment in Pustaka Sistem Pelajaran Sdn Bhd ("PSP") which had been making losses. An impairment loss of RM2,719,000 was recognised to write down the investment in PSP to its recoverable amount of RM7,830,000. The recoverable amount of the investment in PSP has been determined based on its fair value less costs of disposal. The fair value of the investment in PSP is determined by reference to the net assets of PSP.

The amount of impairment losses has been recognised in the profit or loss under "Other operating expenses" line item.

12. Other investments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At initial measurement				
Equity shares quoted in Malaysia designated as at fair value through profit or loss				
At beginning of year	1,023,289	61,689	1,010,600	49,000
Additions	-	1,022,181	-	1,022,181
Disposals	(1,010,600)	(60,581)	(1,010,600)	(60,581)
At end of year	12,689	1,023,289	-	1,010,600
Quoted funds in Malaysia designated as available-for-sale financial assets				
At beginning of year	-	1,750,000	-	1,750,000
Disposals	-	(1,750,000)	-	(1,750,000)
At end of year	-	-	-	-
	12,689	1,023,289	-	1,010,600

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

12. Other investments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Accumulated impairment losses				
At beginning of year	-	(397,274)	-	(397,274)
Disposals	-	397,274	-	397,274
At end of year	-	-	-	-
Fair value adjustments				
At beginning of year	155,890	331,887	155,890	331,887
Changes for the year				
- recognised in				
- profit or loss				
- gain on changes	321,720	118,890	321,720	118,890
- disposal	(477,610)	-	(477,610)	-
- other comprehensive income	-	368,565	-	368,565
- reclassified to profit or loss arising from disposals	-	(663,452)	-	(663,452)
	(155,890)	(175,997)	(155,890)	(175,997)
At end of year	-	155,890	-	155,890
Carrying amount				
Equity shares quoted in Malaysia designated as at fair value through profit or loss	12,689	1,179,179	-	1,166,490

13. Inventories

	Group	
	2016 RM	2015 RM
Raw materials		
- on hand	13,100,072	12,304,903
- in transit	243,729	-
	13,343,801	12,304,903
Trading merchandise	12,784	-
Finished goods	529,345	-
	13,885,930	12,304,903

During the reporting period, the amount of inventories recognised as an expense in cost of sales of the Group was RM25,281,050 (2015: RM30,762,149).

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

14. Trade receivables

	Group	
	2016 RM	2015 RM
Trade receivables	20,552,984	16,263,143
Less: Allowance for doubtful debts	(1,936,018)	(2,499,434)
	18,616,966	13,763,709

The Group's normal trade credit terms range from 30 to 120 days (2015: 30 to 120 days).

The following table provides information on the trade receivables' credit risk exposure.

	Group	
	2016 RM	2015 RM
Not impaired or past due	9,352,225	2,072,883
1 - 30 days past due not impaired	4,820,256	3,335,818
31 - 60 days past due not impaired	966,578	2,490,558
61 - 90 days past due not impaired	267,615	1,832,804
91 to 120 days past due not impaired	352,504	775,545
More than 120 days past due not impaired	2,857,788	3,256,101
	18,616,966	13,763,709
Impaired	1,936,018	2,499,434
	20,552,984	16,263,143

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The movements in the allowances account for trade receivables that are individually impaired at reporting date are as follows:

	Group	
	2016 RM	2015 RM
At beginning of year	2,499,434	3,041,308
Allowance for the year	-	410,380
Allowance no longer required	(370,236)	-
Write offs	(193,180)	(952,254)
At end of year	1,936,018	2,499,434

The allowance for doubtful debts amount is included in the "Other operating expenses" line item in the statement of comprehensive income.

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

15. Other receivables, deposits and prepayments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Advance payments to a supplier	52,436	160,000	-	-
Amount due from subsidiaries	-	-	57,375,488	6,595,082
Sundry deposits	410,860	102,806	500	500
Dividend receivable from subsidiaries	-	-	-	27,900,000
Other receivables	151,617	29,213	21,540	18,555
Goods and services tax recoverable	233,846	987,900	-	-
Prepayments	177,500	89,747	-	-
Deposits paid for purchase of land held for development	200,000	-	-	-
Deposits paid for purchase of plant and equipment and construction of factory building				
- refundable	5,073,030	5,161,020	-	-
- non refundable	22,889,206	1,000,000	-	-
	29,188,495	7,530,686	57,397,528	34,514,137

The amount due from subsidiaries represents unsecured interest free advances receivable on demand.

16. Short term investments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Designated as at fair value through profit or loss				
Quoted funds in Malaysia at fair value upon initial recognition				
At beginning of year	22,433,088	13,721,603	8,237,088	-
Additions	35,643,897	10,711,485	35,555,770	10,237,088
Disposals	(48,663,873)	(2,000,000)	(35,221,754)	(2,000,000)
At end of year	9,413,112	22,433,088	8,571,104	8,237,088
Fair value adjustments:				
At beginning of year	80,070	60,955	14,386	-
Changes recognised in profit or loss	62,734	19,115	43,097	14,386
Disposals	(76,055)	-	(54,319)	-
At end of year	66,749	80,070	3,164	14,386
Carrying amount	9,479,861	22,513,158	8,574,268	8,251,474

Short term investments relate to portfolio of money market fund investments placed with licensed banks/fund management companies. These funds aim to provide a regular stream of monthly income through direct investment portfolio investing in short term money market instruments and other fixed income instruments.

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

17. Fixed deposits with licensed banks

Fixed deposit of the Group of RM Nil (2015: RM35,000) has been pledged with a licensed bank to secure a bank guarantee in favour of the Ministry of Education.

18. Cash and bank balances

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash in hand	20,000	2	-	-
Cash at banks				
- interest bearing	3,111,849	3,216,481	70,292	114,713
- non interest bearing	3,294,315	6,053,617	378,144	2,081,615
	6,426,164	9,270,100	448,436	2,196,328

19. Trade payables

The normal trade credit terms granted to the Group range from 30 to 120 days (2015: 30 to 120 days).

20. Other payables and accruals

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Amount due to subsidiaries	-	-	2,975,775	360,000
Amount due to a director of the Company	51,125	-	-	-
Advance payments received from a customer	-	407,374	-	-
Provision for expected goods returns	-	50,000	-	-
Overpayments from customers	119,972	169,649	-	-
Factory construction costs payable to suppliers	1,039,580	-	-	-
Accruals				
- sales commission	572,394	309,847	-	-
- others	193,094	183,637	61,544	48,631
Rental related expenses payable	1,339,465	666,305	-	-
Amount payable for repurchase of shares	-	1,300,591	-	1,300,591
Other payables	178,844	924,346	17,469	20,172
	3,494,474	4,011,749	3,054,788	1,729,394

The amount due to subsidiaries and a director of the Company represents unsecured interest free advances repayable on demand.

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

20. Other payables and accruals (continued)

The movements in provision for expected goods returns are as follows:

	Group	
	2016 RM	2015 RM
At beginning of year	50,000	50,000
Provision no longer required	(50,000)	-
At end of year	-	50,000

21. Short term borrowings

	Group	
	2016 RM	2015 RM
Foreign currency trade loan	2,798,247	-
Term loan – current portion (Note 23)	663,193	623,136
	3,461,440	623,136

The average effective interest rates are as follows:

	2016 %	2015 %
Foreign currency trade loan	3.30	-
Term loan	4.65	4.65

22. Hire purchase liabilities

	Group	
	2016 RM	2015 RM
Amount outstanding	276,143	-
Less: Interest in suspense	(17,282)	-
Principal portion	258,861	-
Less: Portion due within one year	(98,247)	-
Non current portion	160,614	-
The non current portion of the hire purchase obligations is payable as follows:		
Later than 1 year and not later than 2 years	99,574	-
Later than 2 years and not later than 5 years	61,040	-
	160,614	-

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

23. Term loan

	Group 2016 RM	Group 2015 RM
Amount outstanding	7,268,722	7,992,952
Less: Portion due within one year (Note 21)	(663,193)	(623,136)
Non current portion	6,605,529	7,369,816
The non current portion of the term loan is payable as follows:		
Later than 1 year and not later than 2 years	703,236	663,181
Later than 2 years and not later than 5 years	2,349,968	2,229,810
Later than 5 years	3,552,325	4,476,825
	6,605,529	7,369,816

The term loan is secured by way of:

(i) A registered open all monies first party charge stamped nominally over the leasehold land and building as disclosed in Note 8; and

(ii) Corporate guarantee given by the Company.

24. Deferred tax liabilities

	Group 2016 RM	Group 2015 RM
At beginning of year	(1,169,000)	(1,259,926)
Recognised in profit or loss (Note 6)		
- current year	(53,659)	78,926
- (under)/over provision in prior years	(47,000)	12,000
At end of year	(1,269,659)	(1,169,000)

	Group 2016 RM	Group 2015 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	547,541	751,500
Deferred tax liabilities	(1,817,200)	(1,920,500)
	(1,269,659)	(1,169,000)

Deferred tax liabilities of the Group are in respect of the following:

	Group 2016 RM	Group 2015 RM
Tax effects of:		
Unrealised gain on foreign exchange	(17,000)	(81,000)
Excess of tax capital allowances over related depreciation of plant and equipment	(1,800,200)	(1,839,500)
	(1,817,200)	(1,920,500)

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24. Deferred tax liabilities (continued)

The analysis of unrecognised deductible temporary differences, unused tax losses and unused tax credits is as follows:

	Group			
	Gross		Tax effects	
	2016 RM	2015 RM	2016 RM	2015 RM
Unabsorbed capital allowances	1,663,800	70,100	399,300	16,800
Unutilised business losses	3,221,700	3,790,900	773,200	909,800
Allowance for doubtful debts	1,935,900	2,501,300	465,400	600,300
Provision	-	50,000	-	12,000
Sales commission payable	570,000	308,300	137,000	74,000
	7,391,400	6,720,600	1,774,900	1,612,900
Less: Amount recognised	(2,277,300)	(3,131,200)	(547,500)	(751,500)
Amount not recognised	5,114,100	3,589,400	1,227,400	861,400

Portion of the deferred tax assets have not been recognised for certain subsidiaries as it is not probable that taxable profit will be available in the foreseeable future to utilise these unused tax credits.

25. Share capital

	Group and Company					
	Par value RM	2016 No. of ordinary shares	2016 RM	Par value RM	2015 No. of ordinary shares	2015 RM
Authorised:						
At beginning of year	0.25	400,000,000	100,000,000	0.50	200,000,000	100,000,000
Increase during the year	0.25	600,000,000	150,000,000	-	-	-
Share split	-	-	-	0.25	200,000,000	-
At end of year	0.25	1,000,000,000	250,000,000	0.25	400,000,000	100,000,000
Issued and fully paid:						
At beginning of year	0.25	320,000,000	80,000,000	0.50	80,000,000	40,000,000
Bonus issue of shares	-	-	-	0.50	80,000,000	40,000,000
Rights issue of shares	0.25	99,145,199	24,786,300	-	-	-
Share split	-	-	-	0.25	160,000,000	-
At end of year	0.25	419,145,199	104,786,300	0.25	320,000,000	80,000,000

Warrants 2015/2020

The Company had in October 2015 issued 198,290,398 warrants in conjunction with its rights issue exercise. The warrants are constituted by a deed poll dated 13 October 2015 ("Deed Poll").

Notes to the Financial Statements (con't)

for the year ended 30 June 2016

25. Share capital (continued)

The salient features of the warrants are as follows:

(a) The issue date of the warrants is 19 October 2015 and the expiry date is on 18 October 2020. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each warrant entitles the registered holder the right to subscribe for one (1) new ordinary share of RM0.25 each in the Company at an exercise price of RM0.60 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company;

(d) The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such warrant holders exercise their rights to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movement in the Company's warrants during the reporting period are as follows:

	Entitlement for ordinary shares of RM0.25 each				
	Balance at 1.7.2015	**Issued**	**Exercised**	**Expired**	**Balance at 30.6.2016**
Number of unexercised warrants	-	198,290,398	-	-	198,290,398

26. Reserves

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Distributable :				
Retained profits	21,417,326	24,568,529	15,223,625	16,681,189
Non distributable:				
Foreign currency translation reserve	1,115	-	-	-
Merger reserve	(16,832,846)	(16,832,846)	-	-
Treasury shares (Note 28)	(14,268,574)	(4,256,378)	(14,268,574)	(4,256,378)
Warrant reserve	16,854,684	-	16,854,684	-
	(14,245,621)	(21,089,224)	2,586,110	(4,256,378)
	7,171,705	3,479,305	17,809,735	12,424,811

The Company has tax exempt income account of approximately RM4,235,000 (2015: RM4,235,000) available for distribution as tax exempt dividend.

Notes to the Financial Statements (con't)

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26. Reserves (continued)

The Group's foreign exchange translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Merger reserve represents the difference between the nominal value of shares issued by the Company over the nominal value of shares acquired in exchange for those shares, accounted for using the merger method of accounting.

Warrant reserve represents the reserves arising from the rights issue with free detachable warrants effected in October 2015. These reserves are determined based on the estimated fair value of the warrants immediately upon the listing and quotation thereof.

27. Dividends

	Gross dividend per share		Amount of dividend net of tax	
	2015 Sen	2014 Sen	2016 RM	2015 RM
Final tax exempt dividend of 6% for the financial year ended - 30 June 2014	-	3.0	-	2,399,741

In the previous reporting period, the Company also distributed 3,400,626 treasury shares of RM0.50 each as share dividends to the shareholders of the Company on the basis of two (2) treasury shares for every forty five (45) ordinary shares of RM0.50 each held in the Company on 20 November 2014. The cost of treasury shares distributed amounted to RM1,818,484.

28. Treasury shares

	Group and Company			
	2016 No. of treasury shares	2015 No. of treasury shares	2016 RM	2015 RM
At beginning of year	7,351,000	7,900,000	(4,256,378)	(4,223,922)
Disposals	-	(4,499,374)	-	2,405,438
Distributed as share dividends	-	(3,400,626)	-	1,818,484
Shares repurchased	19,579,000	7,351,000	(10,012,196)	(4,256,378)
	19,579,000	(549,000)	(10,012,196)	(32,456)
At end of year	26,930,000	7,351,000	(14,268,574)	(4,256,378)

Treasury shares relate to ordinary shares of the Company that are held by the Company in accordance with Section 67A(3A)(b) of the Companies Act 1965 and are presented as a deduction from shareholders' equity.

Of the total 419,145,199 (2015: 320,000,000) issued and fully paid ordinary shares as at 30 June 2016, 26,930,000 (2015: 7,351,000) are held as treasury shares by the Company. As at 30 June 2016, the number of outstanding ordinary shares in issue after the setoff is therefore 392,215,199 (2015: 312,649,000) ordinary shares of RM0.25 (2015: RM0.25) each.

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29. Related party disclosures

29.1 Related party transactions

Significant transactions with related parties are as follows:

	Type of transactions	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
With subsidiaries:					
- BHS Book Printing Sdn Bhd	Management fee income	–	–	563,129	625,116
	Printing expenses	–	–	19,960	10,560
- Pustaka Sistem Pelajaran Sdn Bhd	Management fee income	–	–	4,472	14,607
With directors of the Company					
– Dato' Lim Thiam Huat	Acquisition of shares	175,000	–	–	–
– Dato' Sohaimi Bin Shahadan	Acquisition of shares	175,000	–	–	–
With companies in which certain directors have interests:					
– Green Patent Technologies Sdn Bhd	Acquisition of master license	–	500,000	–	–
	Acquisition of shares	150,000	–	–	–
– Rakan Bersatu Sdn Bhd	Rental expenses	–	109,501	–	–

29.2 Related party balances

Individually significant outstanding balances arising from transactions other than trade transactions are as follows:

	Type of transactions	Group 2016 RM	Group 2015 RM
Financial liability			
With a director of the Company			
- Dato' Lim Thiam Huat	Advances	51,125	-

	Type of transactions	Company 2016 RM	Company 2015 RM
Financial assets			
With subsidiaries:			
- BHS Book Printing Sdn Bhd	Advances	29,925,083	906,326
- BHS DS Solution Sdn Bhd	Advances	500,000	-
- Pustaka Sistem Pelajaran Sdn Bhd	Advances	-	15,068
- Sistem Multimedia and Internet Sdn Bhd	Advances	30,000	-

Notes to the Financial Statements (con't)

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29. Related party disclosures (continued)

29.2 Related party balances (continued)

	Type of Transaction	Company	
- System Publishing House Sdn Bhd	Advances	510,000	500,000
- Nextgreen Pulp & Paper Sdn Bhd	Advances	18,028,546	5,173,688
- Ultimate Ivory Sdn Bhd	Advances	3,725,579	-
- BHS Palau Incorporated	Advances	4,656,280	-
Financial liabilities			
With subsidiaries:			
- Pustaka Sistem Pelajaran Sdn Bhd	Advances	2,675,775	-
- Pustaka Yakin Pelajar Sdn Bhd	Advances	300,000	360,000

29.3 Compensation of key management personnel

Key management personnel are those personnel having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The key management personnel comprises mainly executive directors of the Company and the key management of its subsidiaries whose remuneration is as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salary and other emoluments	832,098	534,100	637,098	386,100
Defined contribution plan	99,863	64,742	76,463	46,332
Benefits in kind	21,380	6,250	21,380	6,250
	953,341	605,092	734,941	438,682

30. Non current assets (or disposal group) classified as held for sale

The major classes of assets and liabilities classified as disposal group and assets held for sale are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<u>Assets classified as held for sale</u>				
At beginning of year	-	7,839,706	-	6,899,689
Disposals	-	(7,839,706)	-	(6,899,689)
At end of year	-	-	-	-
<u>Liabilities classified as held for sale</u>				
At beginning of year	-	1,006,793	-	-
Disposals	-	(1,006,793)	-	-
At end of year	-	-	-	-

The disposals of seven parcels of land and a subsidiary were completed in July 2014.

Notes to the Financial Statements (con't)

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30. Non current assets (or disposal group) classified as held for sale (continued)

The effects of the disposal of a subsidiary on the Group's statement of financial position are as follows:

	Group At date of disposal	
	2016 RM	**2015 RM**
Assets classified as held for sale	-	3,392,117
Liabilities classified as held for sale	-	(1,006,793)
Foreign currency translation reserves reclassified to profit or loss arising from disposal	-	(111,830)
Net assets of disposed of	-	2,273,494
Gain on disposal of a subsidiary	-	1,658,154
Total proceeds received	-	3,931,648
Less : Cash and cash equivalents disposed of	-	(1,045,399)
Disposal deposit received in previous year	-	(393,165)
Net cash inflow on disposal of a subsidiary	-	2,493,084

31. Commitments

31.1 Capital commitments

Capital expenditures not provided for in the financial statements are as follows:

	Group	
	2016 RM	**2015 RM**
Authorised and contracted for	25,048,601	12,638,180
Analysed as follows:		
Property, plant and equipment	25,048,601	12,638,180

31.2 Operating lease commitments

	Group	
	2016 RM	**2015 RM**
The future minimum lease payments under non cancellable operating lease are as follows:		
Not later than 1 year	8,000	-

32. Segment information

32.1 Business segment

In the previous reporting period, the Group comprises two main business segments, namely printing and publishing. Other operations of the Group mainly comprise binding services and educational electronic products using information and communication technology, neither of which constitutes a separately reportable segment.

Following the business diversification exercise, the Group's operations have been reorganised during the current reporting period into five business segments comprising printing and publishing, manufacturing using green technology, property development and management, general construction and investment holding.

The following table provides an analysis of Group's revenue, results, assets, liabilities and other information by business segment.

2016	Printing and publishing RM	Manufacturing using green technology RM	Property development and management RM	General construction RM	Investment holding RM	Eliminations RM	Consolidated RM
Revenue							
External sales	28,365,125	-	-	-	-	-	28,365,125
Inter-segment sales	64,975	-	-	8,534,295	567,601	(9,166,871)	-
	28,430,100	-	-	8,534,295	567,601	(9,166,871)	28,365,125
Results							
Segment results	1,189,935	(47,289)	(662,778)	184,139	(1,596,237)	(1,623,318)	(2,555,548)
Interest income	26,575	10,443	372	-	13,775	-	51,165
Profit/(Loss) from operations	1,216,510	(36,846)	(662,406)	184,139	(1,582,462)	(1,623,318)	(2,504,383)
Finance costs	(283,288)	-	-	(416)	-	-	(283,704)
Profit/(Loss) before tax	933,222	(36,846)	(662,406)	183,723	(1,582,462)	(1,623,318)	(2,788,087)
Income tax expense	(355,816)	(2,500)	-	(4,800)	-	-	(363,116)
Net profit/(loss) for the year	577,406	(39,346)	(662,406)	178,923	(1,582,462)	(1,623,318)	(3,151,203)

32. Segment information (continued)

32.1 Business segment (continued)

2016	Printing and publishing RM	Manufacturing using green technology RM	Property development and management RM	General construction RM	Investment holding RM	Eliminations RM	Consolidated RM
Assets							
Segment assets	89,994,779	28,159,758	11,493,863	2,768,539	67,845,564	(68,115,601)	132,146,902
Liabilities							
Segment liabilities	52,511,694	18,213,072	9,859,699	2,415,351	3,681,364	(66,492,283)	20,188,897
Other information							
Additions to non current assets	16,584,885	249,675	11,256,335	131,668	3,888	(1,623,318)	26,603,133
Depreciation	1,621,501	-	3,786	1,566	117,738	-	1,744,591
Non-cash items other than depreciation and amortisation							
Fair value gain on financial assets at fair value through profit or loss	(19,636)	-	-	-	(364,818)	-	(384,454)
Loss on foreign exchange - unrealised	90,294	-	-	-	-	-	90,294
Plant and equipment written off	2,988	-	-	-	-	-	2,988
Provision for expected goods returns no longer required	(50,000)	-	-	-	-	-	(50,000)
	23,646	-	-	-	(364,818)	-	(341,172)

32. Segment information (continued)

32.1 Business segment (continued)

2015	Printing RM	Publishing RM	Others RM	Eliminations RM	Consolidated RM
Revenue					
External sales	30,905,617	730,807	22,618	-	31,659,042
Inter-segment sales	364,060	-	639,723	(1,003,783)	-
	31,269,677	730,807	662,341	(1,003,783)	31,659,042
Results					
Segment results	15,835	330,654	(546,574)	2,721,677	2,521,592
Interest income	51,526	317	71,399	-	123,242
Profit/(Loss) from operations	67,361	330,971	(475,175)	2,721,677	2,644,834
Finance costs	(81,493)	-	-	-	(81,493)
(Loss)/Profit before tax	(14,132)	330,971	(475,175)	2,721,677	2,563,341
Income tax expense	223,523	-	-	-	223,523
Net profit/(loss) for the year	209,391	330,971	(475,175)	2,721,677	2,786,864
Assets					
Segment assets	69,002,935	11,374,039	100,413,138	(81,723,036)	99,067,076
Liabilities					
Segment liabilities	39,485,889	3,543,887	7,432,607	(34,874,612)	15,587,771
Other information					
Additions to non current assets	19,023,034	3,960	588,235	-	19,615,229
Depreciation	1,429,368	2,982	49,406	-	1,481,756
Non-cash items other than depreciation and amortisation					
Allowance for doubtful debts	380,015	30,365	-	-	410,380
Fair value gain on financial assets at fair value through profit or loss	-	(4,729)	(133,276)	-	(138,005)
Gain on foreign exchange - unrealised	(337,248)	-	-		(337,248)
	42,767	25,636	(133,276)	-	(64,873)

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32. Segment information (continued)

32.2 Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue		Non-current assets	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysia	12,281,790	14,489,370	45,608,143	28,443,824
Singapore	-	24,000	-	-
Nigeria	15,971,737	13,383,383	-	-
Kenya	111,598	1,353,269	-	-
Tanzania	-	54,567	-	-
United Kingdom	-	14,400	-	-
Republic of Mozambique	-	1,973,797	-	-
Republic of Palau	-	-	6,440,095	-
Republic of Sierra Leone	-	366,256	-	-
	28,365,125	31,659,042	52,048,238	28,443,824

32.3 Customers segment information

Revenue from transactions with major customers that individually accounted for 10 percent or more of the Group's revenue are summarised below:

	2016 RM	2015 RM
Customer A	-	5,155,684
Customer B	9,798,121	4,942,720
Customer C	4,273,101	-
	14,071,222	10,098,404

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33. Financial instruments and financial risks

33.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
Loans and receivables:				
- trade and other receivables excluding prepayments	24,252,473	19,056,748	57,397,528	6,614,137
- fixed deposits with licensed banks	800,000	3,275,700	-	1,000,000
- bank balances	6,426,164	9,270,100	448,436	2,196,328
	31,478,637	31,602,548	57,845,964	9,810,465
Financial assets at fair value through profit or loss:				
- other investments	12,689	1,179,179	-	1,166,490
- short term investments	9,479,861	22,513,158	8,574,268	8,251,474
	9,492,550	23,692,337	8,574,268	9,417,964
	40,971,187	55,294,885	66,420,232	19,228,429
Financial liabilities				
Amortised cost:				
- term loan (floating rate)	6,605,529	7,369,816	-	-
- hire purchase liabilities (fixed rate)	258,861	-	-	-
- short term borrowing (floating rate)	3,461,440	623,136	-	-
- trade and other payables	8,434,749	5,804,101	3,054,788	1,729,394
	18,760,579	13,797,053	3,054,788	1,729,394

33.2 Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Notes to the Financial Statements (con't)

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33. Financial instruments and financial risks (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its trade receivables. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. For other financial assets including cash and bank balances, other investments and short term investments, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's exposure and the credit ratings of its counterparties are continuously monitored on an ongoing basis via the Group's management reporting procedures.

At reporting date, there were no significant concentrations of credit risk other than the following:

	Group	
	2016 RM	2015 RM
Amount due from one (2015: Nil) customer	9,634,280	–
Short term investments with Nil (2015: one) investment funds	–	14,672,944

	Company	
	2016 RM	2015 RM
Short term investments with Nil (2015: two) investment funds	–	8,251,474
Amount due from two (2015: one) subsidiaries	47,953,629	5,173,688

The Company provides unsecured financial guarantee to a licensed bank in respect of banking facilities granted to a subsidiary. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by it. The maximum exposure to credit risk amounts to RM7,268,722 (2015: RM7,992,952) representing the outstanding banking facilities of the subsidiary as at reporting date.

The Company has evaluated the fair value of the corporate guarantee and is of the view that the consequential liabilities derived from its guarantee to the bank with regard to the subsidiary are minimal. The subsidiary for which the guarantee was provided is in favourable equity position, with no default in the payment of borrowing and credit facilities.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in the market interest rates.

The Group's primary interest rate risk relates to interest bearing debts and investment in quoted funds classified as held for trading financial assets. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The Group manages the interest rate risk of its investment in quoted funds with licensed banks and management companies by placing them at most competitive interest rate obtainable.

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33. Financial instruments and financial risks (continued)

33.2 Financial risk management objectives and policies (continued)

Interest rate risk management (continued)

The sensitivity analysis below has been determined based on the exposure to interest rates for the banking facilities and investment in quoted funds at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's and Company's profit/(loss) before tax would increase/decrease by the amount shown below:

	Group	
	50 basis point higher RM	**50 basis point lower RM**
2016 - Decrease/(Increase) in loss	15,000	(15,000)
2015 - Increase/(Decrease) in profit	89,000	(89,000)

	Company	
	50 basis point higher RM	**50 basis point lower RM**
2016 - Decrease/(Increase) in loss	43,000	(43,000)
2015 - Decrease/(Increase) in loss	46,000	(46,000)

33. Financial instruments and financial risks (continued)

33.2 Financial risk management objectives and policies (continued)

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by a combination of equity and bank borrowings.

The following tables detail the remaining contractual maturity for non derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Group		Contractual cash flows (including interest payments)				
2016	**Carrying amount RM**	**Total RM**	**On demand or within 1 year RM**	**Within 1 to 2 years RM**	**Within 2 to 5 years RM**	**More than 5 years RM**
Non interest bearing debts	8,434,749	8,434,749	8,434,749	-	-	-
Interest bearing debts	10,066,969	11,755,493	3,824,010	1,001,982	3,005,946	3,923,555
Hire purchases liabilities	258,861	276,143	108,756	104,884	62,503	-
	18,760,579	20,466,385	12,367,515	1,106,866	3,068,449	3,923,555
2015						
Non interest bearing debts	5,804,101	5,804,101	5,804,101	-	-	-
Interest bearing debts	7,992,952	9,935,429	1,001,892	1,001,892	3,005,676	4,925,969
	13,797,053	15,739,530	6,805,993	1,001,892	3,005,676	4,925,969

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33. Financial instruments and financial risks (continued)

33.2 Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

Company		**Contractual cash flows (including interest payments)**	
	Carrying amount	**Total**	**On demand or within 1 year**
2016	**RM**	**RM**	**RM**
Non interest bearing debts	3,054,788	3,054,788	3,054,788
2015			
Non interest bearing debts	1,729,394	1,729,394	1,729,394

Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable sales and purchases give rise to foreign exchange exposures.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net Financial Assets Held in Non-functional Currencies	
	United States Dollar	**Net**
Functional currency of the Group	**RM**	**RM**
2016		
Ringgit Malaysia	6,716,000	6,716,000

	Net Financial Assets Held in Non-functional Currencies	
	United States Dollar	**Net**
Functional currency of the Group	**RM**	**RM**
2015		
Ringgit Malaysia	10,223,000	10,223,000

There is no such exposure for the Company.

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the respective functional currencies of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the respective functional currencies of the Group, (loss)/profit before tax will increase/decrease by:

33. Financial instruments and financial risks (continued)

33.2 Financial risk management objectives and policies (continued)

Foreign exchange risk management (continued)

	Group 10% strengthened RM	Group 10% weakened RM
United States Dollar		
2016 – Decrease/(Increase) in loss	671,600	(671,600)
2015 – Increase/(Decrease) in profit	1,022,300	(1,022,300)

Market price risk

Market price is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to unit trust price risk arising from its investment in quoted funds. The quoted funds are placed with licensed banks and management companies in Malaysia and are classified as held for trading financial assets.

The effect of a 10% strengthening/weakening in the specified unit trust prices at the end of the reporting period with all other variables held constant, the Group's and the Company's (loss)/profit before tax will increase/decrease by the amount shown below:

	Group 10% strengthened RM	Group 10% weakened RM
2016 - Decrease/(Increase) in loss	949,000	(949,000)
2015 - Increase/(Decrease) in profit	2,369,000	(2,369,000)

	Company 10% strengthened RM	Company 10% weakened RM
2016 - Decrease/(Increase) in loss	857,000	(857,000)
2015 - Decrease/(Increase) in loss	942,000	(942,000)

34. Fair value of assets and liabilities

34.1 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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34. Fair value of assets and liabilities

34.2 Assets measured at fair value

	Group Fair value measurements at the end of the reporting period using			
2016	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Recurring fair value measurements				
Financial assets				
Other investments				
- quoted equity shares	12,689	-	-	12,689
Short term investments				
- quoted funds	9,479,861	-	-	9,479,861
	9,492,550	-	-	9,492,550
2015				
Recurring fair value measurements				
Financial assets				
Other investments				
- quoted equity shares	1,179,179	-	-	1,179,179
Short term investments				
- quoted funds	22,513,158	-	-	22,513,158
	23,692,337	-	-	23,692,337

	Company Fair value measurements at the end of the reporting period using			
2016	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Recurring fair value measurements				
Financial assets				
Other investments				
- quoted funds	8,574,268	-	-	8,574,268
Non recurring fair value measurements				
Investment in subsidiaries				
- impaired subsidiary carried at fair value less cost of disposal	-	-	7,830,000	7,830,000
	8,574,268	-	7,830,000	16,404,268
2015				
Recurring fair value measurements				
Financial assets				
Other investments				
- quoted equity shares	1,166,490	-	-	1,166,490
Short term investments				
- quoted funds	8,251,474	-	-	8,251,474
Non recurring fair value measurements				
Investment in subsidiaries				
- impaired subsidiary carried at fair value less cost of disposal	-	-	7,830,000	7,830,000
	9,417,964	-	7,830,000	17,247,964

There were no transfers between these levels in the current and previous reporting periods.

Notes to the Financial Statements (con't)

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34. Fair value of assets and liabilities (continued)

34.3 Financial assets and financial liabilities not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of the Group's borrowings approximates their carrying amount as these instruments were entered with interest rates which are reasonable approximation of the market interest rates on or near the reporting date.

35. Capital structure and capital risk management

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the reporting period ended 30 June 2016 and 30 June 2015.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital includes equity attributable to the owners of the Company. There were no changes in the Group's approach to capital management during the reporting period.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Loans and borrowings	10,325,830	7,992,952	-	-
Less: cash and bank balances	(7,226,164)	(12,545,800)	(448,436)	(3,196,328)
Net debt/(cash)	3,099,666	(4,552,848)	(448,436)	(3,196,328)
Total equity	111,958,005	83,479,305	122,596,035	92,424,811
Gearing ratio (%)	2.8	N/A	N/A	N/A

36. Event subsequent to the reporting date

Subsequent to the reporting date, the Company has proposed to undertake a private placement of up to 10% of the issued and paid-up share capital (excluding treasury shares) the completion of which is pending.

Notes to the Financial Statements (con't)

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37. Supplementary information – breakdown of retained profits/ accumulated losses into realised and unrealised

The breakdown of the retained profits of the Group and of the Company into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group	
	2016 **RM**	**2015** **RM**
Total retained profits of the Company and its subsidiaries		
- Realised	22,674,556	25,551,569
- Unrealised	(1,257,230)	(983,040)
	21,417,326	24,568,529
Less: Consolidation adjustments	-	-
Retained profits as per financial statements	21,417,326	24,568,529

	Company	
	2016 **RM**	**2015** **RM**
Total retained profits of the Company		
- Realised	15,220,461	16,510,913
- Unrealised	3,164	170,276
	15,223,625	16,681,189
Less: Consolidation adjustments	-	-
Retained profits as per financial statements	15,223,625	16,681,189