

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.1 PROMOTERS

5.1.1 Particulars and Shareholdings

The details of the promoters of our Group and their shareholdings in our Company before and after the Public Issue are as follows:

Name	Designation	Nationality/ Country of Incorporation	No. of Ordinary Shares Held in BHS								
			Before the Public Issue [^]			After the Public Issue #~					
			Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)	
Harta	-	Malaysia	31,649,543	52.75	-	-	-	31,649,543	39.56	-	-
Heng Song Khoon	Executive Chairman / Managing Director	Malaysian	5,482,161	9.14	31,649,543 ⁽¹⁾	52.75	5,982,161	7.48	31,649,543 ⁽¹⁾	39.56	39.56
Liew Sai Ying	Executive Director	Malaysian	3,268,296	5.45	31,649,543 ⁽²⁾	52.75	3,768,296	4.71	31,649,543 ⁽²⁾	39.56	39.56

Notes:

Including their respective entitlements for the pink form share allocation pursuant to the Public Issue.

[^] Based on the issued and paid-up share capital of 60,000,000 Shares before the Public Issue.

~ Based on the enlarged issued and paid-up share capital of 80,000,000 Shares after the Public Issue.

(1) Deemed interest by virtue of the shares held by him and his spouse, Liew Sai Ying in Harta.

(2) Deemed interest by virtue of the shares held by her and her spouse, Heng Song Khoon in Harta.

5.1.2 Profiles

Heng Song Khoon and Liew Sai Ying are also the directors of our Group. Their profiles are set out in Section 5.3.2 below.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

5.2 SUBSTANTIAL SHAREHOLDERS

5.2.1 Particulars and Shareholdings

The details of the substantial shareholders of our Company and their respective shareholdings before and after the Public Issue are as follows:

Name	Designation	Nationality/ Country of Incorporation	No. of Ordinary Shares Held in BHS							
			Before the Public Issue [^]			After the Public Issue #~				
			Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
Harta	-	Malaysia	31,649,543	52.75	-	-	31,649,543	39.56	-	-
Datuk Hj. Zainal bin Hj. Shamsudin [@]	-	Malaysia	10,332,000	17.22	-	-	10,332,000	12.92	-	-
Heng Song Khoon	Executive Chairman / Managing Director	Malaysian	5,482,161	9.14	31,649,543 ⁽¹⁾	52.75	5,982,161	7.48	31,649,543 ⁽¹⁾	39.56
Liew Sai Ying	Executive Director	Malaysian	3,268,296	5.45	31,649,543 ⁽²⁾	52.75	3,768,296	4.71	31,649,543 ⁽²⁾	39.56

Notes:

- # Including their respective entitlements for the pink form share allocation pursuant to the Public Issue.
- [^] Based on the issued and paid-up share capital of 60,000,000 Shares before the Public Issue.
- ~ Based on the enlarged issued and paid-up share capital of 80,000,000 Shares after the Public Issue.
- [@] Assuming that he fully subscribes for the 10,332,000 BHS Shares allocated and approved by the MITI pursuant to the placement of BHS Shares to Bumiputera investors to comply with the NDP requirements.
- (1) Deemed interest by virtue of the shares held by him and his spouse, Liew Sai Ying in Harta.
- (2) Deemed interest by virtue of the shares held by her and her spouse, Heng Song Khoon in Harta.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

5.2.2 Profiles

(i) Harta

Harta was incorporated as a private limited company in Malaysia on 30 December 1982 under the Companies Act, 1965. Harta commenced business on 1 July 1990. Harta is principally engaged in property investment, factory letting, property management and investment holding. Harta's issued and paid-up share capital is RM4,069,061 comprising 4,069,061 ordinary shares of RM1.00 each. The Directors and substantial shareholders of Harta are as follows:

Name of Director /shareholder	Nature of interest	As at 24 September 2007			
		Direct		Indirect	
		No. of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%
Heng Song Khoon	Substantial shareholder and Director	2,549,268	62.65	1,519,793 ⁽¹⁾	37.35
Liew Sai Ying	Substantial shareholder and Director	1,519,793	37.35	2,549,268 ⁽²⁾	62.65

Notes:

- (1) Deemed interest by virtue of the shares held by his spouse, Liew Sai Ying.
 (2) Deemed interest by virtue of the shares held by her spouse, Heng Song Khoon.

(ii) Datuk Hj. Zainal bin Hj. Shamsudin

Datuk Hj. Zainal bin Hj. Shamsudin, aged 60, Malaysian, was with the Royal Malaysian Police since June 1965 until his retirement in June 2003. He is currently the Chairman of Farm's Best Berhad. He also sits on the board of several other private limited companies.

Save for Harta and Datuk Hj. Zainal bin Hj. Shamsudin the substantial shareholders are also the directors of our Group. Their profiles are set out in Section 5.3.2 below.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

5.3 DIRECTORS

5.3.1 Particulars and Shareholdings

The details of our directors and their shareholdings in our Company before and after the Public Issue are as follows:

Name	Designation	No. of Ordinary Shares Held in BHS							
		Before the Public Issue [^]			After the Public Issue #-				
		Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
Heng Song Khoon	Executive Chairman/ Managing Director	5,482,161	9.14	31,649,543 ⁽¹⁾	52.75	5,982,161	7.48	31,649,543 ⁽¹⁾	39.56
Liew Sai Ying	Executive Director	3,268,296	5.45	31,649,543 ⁽²⁾	52.75	3,768,296	4.71	31,649,543 ⁽²⁾	39.56
Heng Boon Seng ⁽¹⁾	Executive Director	-	-	-	-	1,000,000	1.25	-	-
Chew Yuit Yoo [@]	Independent Non- Executive Director	-	-	-	-	100,000	0.13	-	-
Shamsudin @ Samad bin Kassim [@]	Independent Non- Executive Director	-	-	-	-	200,000	0.25	-	-

Notes:

- # Including their respective entitlements for the pink form share allocation pursuant to the Public Issue.
- ^ Based on the issued and paid-up share capital of 60,000,000 Shares before the Public Issue.
- ~ Based on the enlarged issued and paid-up share capital of 80,000,000 Shares after the Public Issue.
- @ The shareholdings of these Directors are based entirely on their respective entitlements for the pink form share allocation pursuant to the Public Issue.
- (1) Deemed interest by virtue of the shares held by him and his spouse, Liew Sai Ying in Harta.
- (2) Deemed interest by virtue of the shares held by her and her spouse, Heng Song Khoon in Harta.
- (3) Heng Song Khoon and Liew Sai Ying are parents of Heng Boon Seng.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

5.3.2 Profiles

Heng Song Khoon, aged 61, Malaysian, is our **Executive Chairman and Managing Director**. He was appointed to the Board of our Company on 7 August 2007. He started his career as a cashier in Kwong Yik Bank in 1966. While working, he pursued a Certificate in Book-Keeping (Intermediate) accredited by the London Chamber of Commerce and Industry Examinations Board (LCCI), of which he successfully obtained in 1969. He then left to join Times Educational Company as a sales representative in 1970. During his two and the half years stint in Times Educational Company, he was exposed to the publishing industry and accumulated hands-on knowledge about the education sector. In 1974, he co-founded our Group with Madam Liew Sai Ying with the establishment of System Educational Company. Thereafter, as our Group's business grew, Mr Heng co-founded Sistem in 1978 and BBP in 1979. Over the years, he accumulated more than 30 years of extensive experience in the printing and publishing industry. His experience, coupled with his leadership capability and vision have been the driving force behind the development and growth of our Group. Mr Heng is responsible for the formulation of our strategic directions and business plans of our Group. Presently, he also sits on the Board of Directors of several other private limited companies.

Liew Sai Ying, aged 57, Malaysian, is our **Executive Director**. She was appointed to the Board of our Company on 7 August 2007. She obtained her Certificate of Salesmanship from New Zealand Institute of Management in 1970 and a Diploma in Business Administration from Premier College, Auckland a year later. Upon obtaining her Diploma, she joined ACME Development Sdn Bhd in 1972 as an Administrator. She subsequently left in 1973 to co-found System Educational Company with Heng Song Khoon. Thereafter, as our Group's business grew, Madam Liew co-founded Sistem in 1978 and was appointed to the Board of BBP in 1990. In 1992, Madam Liew led our Group's expansion into publishing children's books for overseas market. Since then, she has been marketing and selling the Group's products at major international book fairs including the Frankfurt Book Fair and Bologna's Children Book Fair. Her extensive sales experience of over 30 years in the publishing industry has been instrumental in the success of our Group. Madam Liew is responsible for the formulation of sales and marketing strategies for both local and overseas market. She is also responsible for leading new product developments for our Group. Presently, she also sits on the Board of Directors of several other private limited companies.

Heng Boon Seng, aged 31, Malaysian, was appointed **Executive Director** to our Board on 7 August 2007. Mr. Heng is a Chartered Engineer and Member of the Institution of Civil Engineers (United Kingdom) and Member of Institution of Engineers Singapore. Mr Heng graduated with a Bachelor of Engineering (Hons) from University College London, United Kingdom in 2001 and also holds a Third Level Diploma in Accounting accredited by the London Chamber of Commerce and Industry (LCCI). Mr. Heng's career started as a Graduate Engineer at the internationally renowned engineering consultancy firm Faber Maunsell Ltd., United Kingdom in 2001. He later joined Halcrow Group Ltd., United Kingdom as a Consultant in 2004. During his stint at Halcrow, Mr. Heng was promoted as Market Sector Manager in 2004 and seconded to Rail Link Engineering in 2005 as an Interface Engineer on the Channel Tunnel Rail Link (Eurostar) project. In addition to Mr. Heng's management and technical competence in managing engineering projects, he has 10 years of background experience in the Group's printing business. Mr. Heng is responsible for the management of marketing and sales function of the printing business of our Group as well as leading the Group's technical development in printing technology.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

Chew Yuit Yoo, aged 47, Malaysian, is our **Independent Non-Executive Director**. She was appointed to the Board of our Company on 7 August 2007. She is a Member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants ("ACCA"). She brings with her over 20 years of finance, accounting and stock broking experience. After obtaining her professional accounting qualification from ACCA in 1983, she was trained in several accounting firms, namely Keyse, Poulter Partners & Co, Lawrence Fink & Co and Maliney Wilkins & Co in London for three years. She subsequently joined Bolton Finance Bhd as an Assistant Accountant after returning from London in 1985 and was holding the post of an Accountant before she left the company in 1990. Thereafter, she joined Prime Credit Leasing Sdn. Bhd (a subsidiary of Berjaya Group) in 1990 as an Accountant. She then left to join her present employer, Aseambankers Malaysia Berhad (formerly known as Mayban Securities Sdn Bhd) as a Remisier in 1993. At present, she also sits on the Board of Directors of several other private limited companies.

Shamsudin @ Samad bin Kassim, aged 61, Malaysian, our **Independent Non-Executive Director**. He was appointed to the Board of our Company on 7 August 2007. He holds a Bachelor of Economics from University of Malaya and a Master in Public and International Affairs (MPIA) from the University of Pittsburgh. He started his career in the Malaysian government service as an Assistant Secretary in the Ministry of Works in 1970. He was subsequently posted to various ministries and agencies in the civil service. In 1985, he was appointed as Senior Assistant Secretary of Industry Division in Ministry of International Trade and Industry (MITI). He was Malaysia's Trade Commissioner to Vienna, Austria from 1989 to 1996. From 1996 to 1999, he was the Director of Industries Division in MITI. In early 2000, he was appointed as the Chief Executive Officer of Small and Medium Industries Development Corporation (SMIDEC), and served until his retirement from the public service.

His directorships in other public companies are Century Logistics Holdings Berhad, Supermax Corporation Berhad, Kinsteel Berhad, Ingress Corporation Berhad, Boon Koon Group Berhad (Chairman), Impressive Edge Group Berhad (Chairman) and H-Displays (MSC) Berhad. He also sits on the Board of several other private limited companies.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

5.3.3 Directors' Remuneration and Benefits

The remuneration and material benefits-in-kind paid or proposed to be paid to our Directors on an individual basis for services rendered in all capacities to our Group is approximately RM0.2 million for the FYE 2007 and forecasted at RM0.5 million for the FYE 2008. The remuneration and material benefits-in-kind paid or proposed to be paid to our Directors is as follows:

FYE 2007

Director ⁽¹⁾	Up to RM50,000	RM50,001 to RM100,000	RM100,001 to RM150,000	RM150,001 to RM200,000
Heng Song Khoon	–	–	√ ⁽²⁾	–
Liew Sai Ying	–	√ ⁽³⁾	–	–
Heng Boon Seng	√ ⁽⁴⁾	–	–	–
Chew Yuit Yoo	–	–	–	–
Shamsudin @ Samad bin Kassim	–	–	–	–

Notes:

- (1) The Directors were appointed to the Board on 7 August 2007.
 (2) Remunerations received from Sistem and BBP.
 (3) Remunerations received from Sistem.
 (4) Remunerations received from BBP.

FYE 2008

Director	Up to RM50,000	RM50,001 to RM100,000	RM100,001 to RM150,000	RM150,001 to RM200,000
Heng Song Khoon	–	–	–	√
Liew Sai Ying	–	–	√	–
Heng Boon Seng	–	–	√	–
Chew Yuit Yoo	√	–	–	–
Shamsudin @ Samad bin Kassim	√	–	–	–

The remuneration for FYE 2007 and FYE 2008 above does not take into account any performance bonus that our Managing Director and Executive Directors are entitled to.

Other than amounts set aside or accrued in respect of the relevant laws, no amounts have been set aside or accrued by our Company or our subsidiaries to provide for pension, retirement or similar benefits for any of our Directors.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

5.4 CORPORATE GOVERNANCE

5.4.1 Board Practices

Our Memorandum and Articles of Associations provide that one-third (or the number nearest to a third) of our Board are required to retire from office by rotation at every annual general meeting of our Company. However, Directors who retire are eligible to stand for re-election at the meeting at which he retires. Additionally, persons appointed as additional Directors in the course of a financial year shall hold office only until the next annual general meeting but shall be eligible for re-election. Such Directors' retirement shall be additional to and not be taken into account in the determination of the usual one-third retirement of Directors by rotation.

At our next annual general meeting, all the Directors will retire in accordance with our Memorandum and Articles of Associations and will thereafter offer themselves for re-election.

5.4.2 Audit Committee

The main functions of the Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plans and audit reports with our Group's auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the balance sheet and profit and loss accounts, and nomination of the auditors.

The Audit Committee comprises the following individuals:

Name	Designation	Directorship
Chew Yuit Yoo	Chairman of Audit Committee	Independent Non-Executive Director
Heng Boon Seng	Member of Audit Committee	Executive Director
Shamsudin @ Samad bin Kassim	Member of Audit Committee	Independent Non-Executive Director

5.4.3 Remuneration Committee

The responsibilities of the Remuneration Committee include recommending to our Board a remuneration framework and packages for each Executive Director and key executive, as well as assisting our Board in ensuring the remuneration of our Directors reflects the responsibility and commitment of the Director concerned. Our Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

The Remuneration Committee comprises the following individuals:

Name	Designation	Directorship
Chew Yuit Yoo	Chairman of Remuneration Committee	Independent Non-Executive Director
Heng Boon Seng	Member of Remuneration Committee	Executive Director
Shamsudin @ Samad bin Kassim	Member of Remuneration Committee	Independent Non-Executive Director

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

5.4.4 Nomination Committee

The responsibilities of the Nomination Committee include recommending to our Board all board appointments, including re-nominations, having regard to the director's contribution and performance as well as assisting the Board in reviewing on an annual basis the appropriate balance and size of non-executive participation.

The Nomination Committee comprises the following individuals:

Name	Designation	Directorship
Shamsudin @ Samad bin Kassim	Chairman of Nomination Committee	Independent Non-Executive Director
Chew Yuit Yoo	Member of Nomination Committee	Independent Non-Executive Director

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

5.5 KEY MANAGEMENT

5.5.1 Particulars and Shareholdings

The details of our key management and their shareholdings in our Company before and after the Public Issue are as follows:

Name	Designation / Functions	No. of Ordinary Shares Held in BHS					
		Before the Public Issue [^]		After the Public Issue # ~		Indirect	Indirect (%)
		Direct	(%)	Direct	(%)		
Yat Mei Kean ⁽¹⁾	Senior Manager, Operations	-	-	500,000	0.63	-	-
Koo Thiam Yen	Financial Controller	-	-	300,000	0.38	-	-
Thirugnana Sambanthan	Senior Sales Manager	-	-	800,000	1.00	-	-
Liew Yew Foong	Personal Assistant to Managing Director	-	-	600,000	0.75	-	-
Premah A/P Rasamamie	Managing Editor	-	-	100,000	0.13	-	-
Ajmi bin Mokhtar	Store & Logistics Manager	-	-	100,000	0.13	-	-

Notes:

The shareholdings of the key management are based entirely on their respective entitlements for the pink form share allocation pursuant to the Public Issue.

^ Based on the issued and paid-up share capital of 60,000,000 Shares before the Public Issue.

~ Based on the enlarged issued and paid-up share capital of 80,000,000 Shares after the Public Issue.

(1) Yat Mei Kean is the sister-in-law of Liew Sai Yung.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

5.5.2 Profiles

Yat Mei Kean, aged 44, Malaysian, is our **Senior Manager** of Operations. She is in charge of the day to day operations of the Group. She has been with our Group for more than 20 years. She joined our Group in 1985 as a Clerk in Sistem and steadily moved up the ranks to Manager in our Group in 1991. Prior to joining our Group, she was previously attached to Jemco Sdn Bhd as a Clerk from 1980 to 1985. She now manages the production with the assistance of the Production Manager, Production Executive and Senior Operators. She is also in charge of the Human Resource and Administration of our Group. In addition, she manages the sourcing of paper as well as monitors our Group's paper stock level. She is also responsible in liaising with the Group's suppliers and customers.

Koo Thiam Yen, aged 51, Malaysian, is our **Financial Controller** and joined our Group in 2007. He has been a Member of the Malaysian Institute of Accountants since 1992 and a Member of the Association of Chartered Certified Accountants since 1985. He started his professional career in Chelepis & Co, London in 1982 as an Accounts and Audit Clerk. He then joined Bright Grahame Murray & Co, London as an Audit Senior in 1983 prior to joining KPMG Peat Marwick, London in 1985 as a Tax Senior. He was then promoted to the position of Tax Manager in 1988. He subsequently returned to Malaysia in 1992 and was attached to Ernst & Young as a Tax Manager. He subsequently joined TA Securities Berhad in 1994 as a Dealer's Representative. In 2001, he moved to Shanghai, China and was attached to Shanghai Jilong Consulting Co Ltd and Wujiang Hongdu Copper Co Ltd before returning to Malaysia to work as a freelance consultant in 2004. He brings with him more than 22 years of experience in consulting, financial accounting, taxation and corporate finance. His area of responsibilities includes overseeing the financial and accountings aspects of our Group.

Thirugnana Sambanthan, aged 58, Malaysian, is our **Senior Sales Manager** and has been with our Group for more than 30 years. He began his career as a Sales Representative in 1969 for Book Distributors Sdn Bhd. He then left to join our Group in 1975 to assume the same position and was subsequently promoted as a Sales Supervisor in 1980. He was then promoted to his present position in 1990 and his current responsibilities include managing the sales and marketing team and ensuring that sales targets are achieved. He is also responsible for the marketing and sales of our Group's printing services overseas especially in the African market which he has vast knowledge and experience. He attends the annual Frankfurt Book Fair as part of the marketing and sales activity.

Liew Yew Foong, aged 43, Malaysian, is the **Personal Assistant** to our Managing Director. She joined our Group after her STPM in 1983 as a Layout Artist for a year. She was then transferred to work as an Editorial Assistant. She remained in the job for the next seven years until she was promoted by our Managing Director as the company's Personal Assistant to Managing Director. She assists the Managing Director in the implementation of the management plans of our Group. She is responsible for the management of all overseas tenders and overseas customer correspondences as well as liaising with our overseas suppliers. She also manages our recruitment process and assists our Senior Manager of Operations in Human Resource and Administration of our Group. In addition, she assists our Financial Controller in dealing with bankers, auditors and lawyers pertaining to finance, accounts and legal matters.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

Premah A/P Rasamanie, aged 28, Malaysian, is our **Managing Editor**. She joined our Group immediately after graduating in 2003 with a Bachelor of Arts majoring in Translation and Interpretation from Universiti Sains Malaysia. She is presently responsible for managing the editorial and design team of our publishing division to ensure that projects are delivered as scheduled. She is also responsible for recruiting suitable writers for our publications.

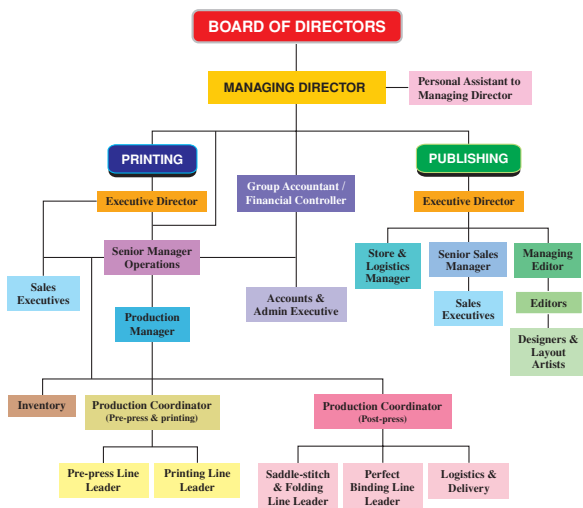
Ajmi Bin Mokhtar, aged 49, is our **Store & Logistics Manager** and has been with our Group since 1994. Prior to joining our Group, he worked as a Personal Assistant to a diplomat for the Malaysian Embassy in New York, USA for four years. He started as a Store Supervisor with our Group in 1994 and was subsequently promoted to his present position in 1998. He currently oversees manages the stock (books) level of our Group's publishing division and all the transport and delivery arrangement including export of the Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

5.5.3 Organisation Structure

Our Group's organisation structure can be depicted as follows:



Our Board of Directors is entrusted with the responsibility for the overall management and strategy of our Group, while the day-to-day operations are entrusted to our Senior Managers and Managers of the various departments.

Our key management comprises of skilled and experienced personnel who were appointed by our Managing Director to head the various departments. Our Board values the importance of having experienced departmental heads as they will be responsible to ensure smooth running of our day-to-day business operations. As such, there is no need to have over reliance on our Managing Director to be involved in the details of our business operations. Thus, this enables our Managing Director to focus more on the formulation of strategic directions and business plans for our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

5.5.4 Management Succession Plan

Our Group acknowledges that our business sustainability and success will depend on the continued efforts of our Directors and key management personnel. Nevertheless, to ensure smooth succession planning, our Group has taken steps to promote long term commitment among our key personnel by:

- (a) offering attractive remuneration as well as opportunities for career development within our Group;
- (b) provide equity participation such as initial public offering share option scheme to key management personnel and employees of our Group;
- (c) training and development of key management personnel and employees of our Group to continuously improve competence level, productivity, skills and knowledge. This has allowed our Group to operate even without the direct involvement of our Directors as our managers and line leaders know how to perform their job functions effectively;
- (d) continuously monitoring our Group's employees to identify their performance, level of commitment and working attitude for potential career development opportunities;
- (e) seeking out suitable management trainees candidates or assistant manager candidates; and
- (f) rotation of new management staff between the various department to ensure that new management staff have all rounded knowledge and experience in the operations of the Group.

In addition to the above, by having a pool of skilled, experienced and committed staff, a structured organisation and an established system of operation in place, our Directors are of the view that disruptions to our operations will be minimal in the event of any departure of our Managing Director, Executive Director or key management.

The listing of BHS Group on the Second Board of Bursa Malaysia Securities Berhad would also be beneficial in attracting, retaining and motivating its key management personnel and employees to continue their services with our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

5.6 INVOLVEMENT OF EXECUTIVE DIRECTORS / KEY MANAGEMENT IN OTHER BUSINESSES / CORPORATIONS

Save as disclosed below, none of the Executive Directors / key management is involved in other businesses or corporations.

Name of Executive Directors/ Key Management	Name of Company	Principal Activities	Position Held	No of shares held as at 24 September 2007			
				Direct	(%)	Indirect	(%)
Heng Song Khoon Liew Sai Ying	Harta Sistem Sdn Bhd	Consist of property investment, factory letting, property management and investment holding	Director	2,549,268	62.65	1,519,793 ⁽¹⁾	37.35
			Director	1,519,793	37.35	2,549,268 ⁽²⁾	62.65
Heng Song Khoon Liew Sai Ying	Godswill Investment (S) Pte Ltd	Investment holding	Director	430,000	61.43	270,000 ⁽¹⁾	38.57
			Director	270,000	38.57	430,000 ⁽²⁾	61.43
Heng Song Khoon Liew Sai Ying	System Publishing House Pte Ltd Singapore	Publishing and Trading	Director	230,000	65.71	120,000 ⁽¹⁾	34.29
			Director	120,000	34.29	230,000 ⁽²⁾	65.71
Heng Song Khoon Liew Sai Ying	BHS Properties Sdn Bhd	Investment holding	Director	–	–	100 ⁽³⁾	100.00
			Director	–	–	100 ⁽³⁾	100.00
Heng Song Khoon Liew Sai Ying	BHS Book Printing Pte Ltd	Inactive	Director	1	50.00	1 ⁽¹⁾	50.00
			Director	1	50.00	1 ⁽²⁾	50.00
Heng Song Khoon & Liew Sai Ying	Jik Kian Seng Construction Sdn Bhd	Construction	Directors	–	–	825,000 ⁽⁴⁾	100.00
Heng Song Khoon & Liew Sai Ying	Rakan Bersatu Sdn Bhd	Engaged in the business of property investment, factory letting and property management	Directors	–	–	2,000,000 ⁽⁴⁾	100.00

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

Name of Executive Directors/ Key Management	Name of Company	Principal Activities	Position Held	No of shares held as at 24 September 2007			
				Direct	(%)	Indirect	(%)
Heng Song Khoon & Liew Sai Ying	System Industrial Development Sdn Bhd	Engaged in the business of property investment	Directors	-	-	2,176,000 ⁽⁴⁾	100.00
Heng Song Khoon & Liew Sai Ying	Kumpulan Sistem Pelajaran Sdn Bhd	Investment Holding	Directors	-	-	490,002 ⁽⁴⁾	100.00

Notes:

- (1) Deemed interest by virtue of the shares held by his spouse, Liew Sai Ying.
- (2) Deemed interest by virtue of the shares held by her spouse, Heng Song Khoon.
- (3) Deemed interest by virtue of their indirect shareholdings in Rakan Bersatu Sdn Bhd.
- (4) Deemed interest by virtue of their shareholdings in Harta.

Heng Song Khoon and Liew Sai Ying are not involved in the day-to-day management of the above companies. The day-to-day operations of the above companies are run by their own respective management teams while they are mainly involved in advising on strategic issues, which does not require significant portion of their time and efforts.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

5.7 DECLARATION FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT TEAM

As at the date of this Prospectus, none of our Promoters, Directors, key management personnel is or has been involved either in or outside Malaysia in any of the following:

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

5.8 FAMILY RELATIONSHIPS

Saved as disclosed below, as at 24 September 2007, none of our substantial shareholders, promoters, Directors, key management or key technical personnel are related to each other:

- (i) Heng Song Khoon is the spouse of Liew Sai Ying and Heng Boon Seng is their son.
- (ii) Yat Mei Kean is the sister in law of Liew Sai Ying.

5.9 SERVICE AGREEMENTS

None of our Directors, key management and key technical personnel has any current or proposed service agreements with our Company or subsidiary companies.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

5.10 EMPLOYEES

As at 24 September 2007, there are a total of 128 employees in our Group as illustrated below:

Category	Years of Service			No. of Employees
	< 1 year	1 to 5 year	> 5 years	
Managerial and Professional	0	1	7	8
Technical and Supervisory	0	16	8	24
Clerical and related occupations (e.g. clerks, typist, stenographers, personal secretaries, etc)	7	19	11	37
Operations:				
(a) Skilled	7	28	10	45
(b) Unskilled	10	4	0	14
TOTAL	24	68	36	128

As at 24 September 2007, our Group has 40 foreign workers, all of which are legally employed with valid working permits. Of the 40 foreign workers, 11 are under the technical and supervisory category while 29 are under operations, of which 15 are under the skilled category and 14 are under unskilled category.

Save for the foreign workers, our Group does not employ any significant number of contractual or temporary employees.

Our Group provide a series of continuous training and development programmes for our employees, which includes in-house product/equipment trainings and external training programmes conducted by our suppliers.

We provide in-house familiarisation programme for our new executive and management staff which includes attachment to the various workflow departments such as Pre-press, Press and Post Press. For new factory staff, they will be attached to a line leader for familiarisation around the factory and job training.

Our Group conducts pre-production briefing whenever there is a new job to allow the operators to review the characteristics of the publications and be aware of any sensitive printing issues or special requirements. These briefings would assist to ensure that there is consistent quality and minimise any potential errors. There are similar briefings whenever there is a large project so that employees are aware of the deadlines and job requirements. Post-production briefings are conducted for new jobs and large projects to review the quality as well as lessons learned so that the next job would be performed more effectively.

We also keep our employees updated on the new developments in the printing and publishing industry by sending them to international printing exhibitions and book exhibitions.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

Some of the previously undertaken, on-going and proposed training and development programmes include the following:

Year	Training Programmes	Organisers
2000	Drupa 2000 (world's print media technology event)	Messe Dusseldorf, Germany
2002	IPEX 2002 (The Global Technology Event for Printing, Publishing and Media)	Picon Ltd, United Kingdom
2002	Post Press – Star Perfect Binding Machine	UPA Machinery Sdn Bhd
2003	Heidelberg Pre-press Products	Heidelberg Malaysia Sdn Bhd
2004	Drupa 2004	Messe Dusseldorf, Germany
2004	Muller Martini Automatic Sewing Machine	UPA Machinery Sdn Bhd
2004	Pre-press – Creo's Brisque CtP Workflow	Toyo Photo Products Sdn Bhd
2004	Pre-press – Colour Management	Toyo Photo Products Sdn Bhd
2004	Pre-press – Creo's Pre-press CtP Equipment	Toyo Photo Products Sdn Bhd
2004	Pre-press – Creo's iQSmart Scanners	Toyo Photo Products Sdn Bhd
2004	Press – Komori System 40 (Web-offset)	UPA Machinery Sdn Bhd
2004	Heidelberg SM102 Perfecting Press Technology	Heidelberg Print Media Academy (Malaysia)
2004	Heidelberg Technology Tour in Germany	Heidelberg AG, Germany
2005	Saddle stitch binding machine	UPA Machinery Sdn Bhd
2005	Commercial Print Open House	Heidelberg Print Media Academy (Malaysia)
2005	International Graphic and Art Show	Tokyo Big Sight, Japan
2005	The Use of X-Rite Spectrodensitometer for Printing & QC	Toyo Photo Products Sdn Bhd
2005	Prinscape 2005	Heidelberg Print Media Academy Malaysia
2006	Japan Graphic and Art Show	Tokyo Big Sight, Japan
2006	All in Print, Shanghai, China	Messe Dusseldorf
2006	Automatic IPA and Fountain Solution Doser for Komori System 40	Accel Graphic Systems Sdn Bhd
2006	Roller Maintenance Using Vegra Products	Accel Graphic Systems Sdn Bhd
2006	Quad QTI RGS IV Auto Registration for Komori System 40	Quad QTI, Singapore
2006	IPEX 2006	Picon Ltd, United Kingdom
2006	Frankfurt Book Fair, 2006	Messe Frankfurt
2006	UPA Open House – Featuring Komori SPICA 26	UPA Machinery Sdn Bhd
2006	Heidelberg Open House – Special Applications	Heidelberg Malaysia Sdn Bhd

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*cont'd*)

Year	Training Programmes	Organisers
2006	ALUP 22kW Screw Compressor for Komori System 40	Vicson Sdn Bhd
2007	Retraining on the use of X-Rite Spectrodensitometer for Printing QC	Toyo Photo Products Sdn Bhd
2007	Prinerger Evo CTP Software	Toyo Photo Products Sdn Bhd
2007	Preps Imposition Software Upgrade	Toyo Photo Products Sdn Bhd
2007	Heidelberg SM-102-8P Training (Institut Latihan Perindustrian, Nibong Tebal and at our factory)	Heidelberg Malaysia Sdn. Bhd.
2007	International Graphic and Art Show	Tokyo Big Sight, Japan
2007	Frankfurt Book Fair	Messe Frankfurt
2008	Drupa 2008	Messe Dusseldorf

Our management is of the opinion that our dedicated, efficient and trained employees are instrumental to our Group's success. Our management has always enjoyed a good working relationship with our employees and this is expected to continue in future. As at 24 September 2007, all our employees are not members of any labour union and there have never been any industrial disputes involving our Group in the past.



The printing instructor explaining the features of the new **Heidelberg SM-102-8P Plus Autoplate** system to our printing operator.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)
5.12 DIRECTORSHIPS AND SUBSTANTIAL SHAREHOLDINGS IN ALL OTHER PUBLIC CORPORATIONS FOR THE PAST TWO (2) YEARS

Save as disclosed below, none of the promoters/substantial shareholders and Directors held directorships and substantial shareholdings in other public corporations for the past two years preceding 24 September 2007.

Name	Public Corporation	Principal Activities	Directorship		Substantial Shareholdings/ Shareholdings	
			Date appointed	Date resigned	Direct	Indirect
			No. of Shares	%	No. of Shares	%
Shamsudin @ Samad bin Kassim*	Century Logistics Holdings Berhad	Freight forwarding, warehousing, container haulage, transportation and open yard storage services	-	-	-	-
	Supermax Corporation Berhad	Self and export various types of latex gloves	101,000	*	-	-
	Kinsteel Berhad	Manufactures and trades steel bars and related products	95,000	*	-	-
	Ingress Corporation Berhad	Manufactures roll-formed plastic moldings and weather strips, automatic tank cleaning services and engineering services for power, utility, oil, gas and computer aided designs and industries	-	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

Name	Public Corporation	Principal Activities	Directorship		Substantial Shareholdings/ Shareholdings			
			Date appointed	Date resigned	Direct		Indirect	
					No. of Shares	%	No. of Shares	%
Shamsudin @ Samad bin Kassim (cont'd)	Boon Koon Group Berhad	Manufactures rebuilt and reconditioned commercial vehicles and bodyworks, trades commercial vehicle accessories, parts and components, resells new chassis cab and equipment, provides financing and insurance services, and distributes rebuilt and reconditioned commercial vehicles	January 2004	-	2,023,500	*	-	-
	Impressive Edge Group Berhad	Provides precision engineering and provides machining for mold, die, I.C. cavity, trim, and form die set tungsten carbide fabrication	September 2004	-	300,000	*	-	-
	Maxbiz Corporation Berhad	Provides knitting of fabrics, commercial dyeing and finishing of knitted fabrics	February 2005	June 2007	-	-	-	-
	H-Displays (MSC) Berhad	Manufacturer and marketing of LCD products, LCD modules and LCD panels	November 2006	-	100,000	-	-	-
Datak Hj. Zainal bin Hj. Shamsudin	Farm's Best Berhad	Poultry processing, contract farming, marketing and distribution of poultry products, poultry breeding and hatchery operations, manufacturing and wholesale of animal feeds.	August 2006	-	-	-	-	-

Notes:

* Negligible

Shamsudin @ Samad bin Kassim was a director of Seal Polymer Industries Berhad, which was delisted on 16 August 2007.

6. APPROVALS AND CONDITIONS

6.1 APPROVALS AND CONDITIONS

The Flotation Exercise as set out in Section 4.1.5 of this Prospectus, has been approved by the SC pursuant to the Securities Commission Act, 1993 and under the FIC Guideline on 2 July 2007.

The conditions imposed by the SC in its approval and the status of compliance are as follows:

Conditions Imposed By SC	Status of Compliance																													
(i) PIVB/BHS is to submit to the SC a confirmation that the total net tangible assets ("NTA") of Sistem, BBP and Star upon completion of the Proposed Acquisition (which is after the proposed declaration/payment of dividend of RM2.75 million by Sistem Group to its existing shareholders) is not lower than the audited consolidated NTA of the Sistem Group as at 30 June 2006, which was used in determining the purchase consideration;	Complied. A confirmation letter dated 26 September 2007 was submitted to the SC.																													
(ii) PIVB/BHS is to disclose in the prospectus the mitigating factors in relation to risk arising from dependency on those customers whose sales to them accounted for more than 10% of the Proposed BHS Group's total revenue;	Complied. Relevant disclosures have been made in Sections 3.19 and 4.4 of this Prospectus.																													
(iii) With regard to the BHS Group's trade debtors, BHS should:- <ul style="list-style-type: none"> • fully disclose in the listing prospectus the debtors' position, the ageing analysis and, for amounts exceeding the credit period, comments by directors on the recoverability of the amounts; • fully provide for all overdue trade debtors who are in dispute or facing legal action, or for amounts which had been outstanding for more than 6 months. The directors of BHS should confirm to the SC that this condition has been complied with prior to the issuance of the listing prospectus; and • via its directors, submit a declaration that trade debts exceeding the credit period which have not been provided as doubtful debts, excluding those above, are recoverable; 	Complied. Please refer to Section 9.11 of this Prospectus. Complied. Please refer to Section 9.11 of this Prospectus. A confirmation/declaration letter dated 26 September 2007 was submitted to the SC. Complied. A confirmation/declaration letter dated 26 September 2007 was submitted to the SC.																													
(iv) The proceeds from the offer for sale should be put into a trust account until the listing of BHS on Bursa Malaysia;	To be complied.																													
(v) Moratorium on the sale of BHS shares for one year from the listing date is imposed on the following shareholders:	To be complied.																													
	<table border="1"> <thead> <tr> <th rowspan="2">Name of Shareholders</th> <th colspan="4">After the Proposed Flotation</th> </tr> <tr> <th>No. of BHS Shares Held</th> <th>% of Enlarged Share Capital (%)</th> <th>No. of BHS Shares under Moratorium</th> <th>% of Enlarged Share Capital (%)</th> </tr> </thead> <tbody> <tr> <td>Harta</td> <td>31,649,543</td> <td>39.56</td> <td>31,649,543</td> <td>39.56</td> </tr> <tr> <td>Heng Song Khoon</td> <td>5,982,161</td> <td>7.48</td> <td>2,725,561</td> <td>3.41</td> </tr> <tr> <td>Liew Sai Ying</td> <td>3,768,296</td> <td>4.71</td> <td>1,624,896</td> <td>2.03</td> </tr> <tr> <td>Total</td> <td>41,400,000</td> <td>51.75</td> <td>36,000,000</td> <td>45.00</td> </tr> </tbody> </table>	Name of Shareholders	After the Proposed Flotation				No. of BHS Shares Held	% of Enlarged Share Capital (%)	No. of BHS Shares under Moratorium	% of Enlarged Share Capital (%)	Harta	31,649,543	39.56	31,649,543	39.56	Heng Song Khoon	5,982,161	7.48	2,725,561	3.41	Liew Sai Ying	3,768,296	4.71	1,624,896	2.03	Total	41,400,000	51.75	36,000,000	45.00
Name of Shareholders	After the Proposed Flotation																													
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Total	41,400,000	51.75	36,000,000	45.00																										

6. APPROVALS AND CONDITIONS (cont'd)

Conditions Imposed By SC	Status of Compliance
(vi) BHS is to comply with the National Development Policy ("NDP") requirement whereby Bumiputera investors holding at least 30% of the enlarged share capital of BHS to be recognised/approved by MITI;	The MITI has vide its letters dated 2 October 2007 and 4 October 2007 approved the allocation of 24,000,000 BHS Shares reserved for Bumiputera investors to be offered at the Offer Price and Issue Price. In addition, the SC had via its letter dated 11 October 2007 approved our application for an extension of time of six (6) months for BHS to comply with this condition, as detailed in the paragraphs below.
(vii) PIVB/BHS is to inform the SC on the status of compliance with the NDP requirement upon completion of the listing exercise;	Noted and to be complied.
(viii) PIVB/BHS is to fully comply with the relevant requirements pertaining to the implementation of the above proposal as stipulated in the Policies and Guidelines on Issue/Offer of Securities; and	Noted and to be complied.
(ix) PIVB/BHS is to inform the SC upon completion of the proposal.	Noted and to be complied.

The SC has taken note that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in BHS would change arising from the implementation of the listing proposal, as follows:

	Before proposal ⁽¹⁾ %	After proposal %
Bumiputera	-	30.00 ⁽²⁾
Non-Bumiputera	100.00	70.00
Foreign	-	-
Total	100.00	100.00

Notes:

⁽¹⁾ As at incorporation.

⁽²⁾ Subject to the approval from MITI.

With reference to condition (vi) above, the SC (under the FIC Guideline) had via its letter dated 11 October 2007 granted its approval for an extension of time of up to six (6) months for BHS to comply with this condition, subject to the following:

- Up to 1,000,000 BHS Shares (the Offer for Sale portion) unsubscribed by the Bumiputera investors are allowed to be placed in a Bumiputera trust account. The said shares are to be placed to Bumiputera investors approved by MITI within a period of up to six (6) months from the date of Listing;
- PIVB is to provide a written undertaking that the BHS Shares placed in the Bumiputera trust account will be placed to Bumiputera investors approved by MITI and the said Shares are not to be dealt with other than for the purpose of placement to the said Bumiputera investors; and

6. APPROVALS AND CONDITIONS (cont'd)

(iii) PIVB is to inform the SC on the details of the shareholder immediately upon receipt of the approval from MITI.

However, the 1,000,000 Offer Shares was subsequently subscribed by a Bumiputera investor approved by MITI.

The MITI has vide its letters dated 2 October 2007 and 4 October 2007 approved the allocation of 24,000,000 BHS Shares reserved for Bumiputera investors to be offered at the Offer Price and Issue Price. The said allocation is subject to the following conditions:

Conditions	Status of Compliance
(i) The MITI's approval is required for the sale/transfer of shares that was allocated. However, 30% of the total shares allocated is allowed to be sold/transferred without the approval of MITI.	To be observed by the respective Bumiputera.
(ii) BHS and PIVB to inform the MITI on the status of shareholding of the investors recognised/approved by the MITI six (6) months after the listing.	To be complied.

The MITI had also, via its letter dated 5 October 2007, approved the deposit of up to 1,000,000 Offer Shares in a trust account for a period of six (6) months from the date of Listing. These Offer Shares shall be distributed to Bumiputera investors approved by MITI after the Listing of BHS. This approval is subject to the compliance of public spread requirement or BHS having obtained the waiver from complying with such requirement from Bursa Securities. However, the 1,000,000 Offer Shares was subsequently subscribed by a Bumiputera investor approved by MITI.

Bursa Securities had granted its approval-in-principle for our Listing vide its letter dated 11 October 2007.

6.2 MORATORIUM ON SHARES

The SC, in approving the Flotation Exercise, has imposed a moratorium on the disposal of 36,000,000 Shares held by the following shareholders of our Company, representing 45% of the nominal issued and paid-up capital of our Company at the date of admission of our Company to the Official List of Bursa Securities. Any interest in such shares may not be sold, transferred or otherwise disposed of for one (1) year from the date of our Company's admission to the Second Board of Bursa Securities.

The existing shareholders of our Company whose Shares are subjected to the moratorium as imposed by the SC is as follows:

Name of Shareholders	No. of Shares Held after Public Issue	% of Enlarged Issued and Paid-up Capital	No. of Shares Held Under Moratorium	% of Enlarged Issued and Paid-up Capital ⁽¹⁾
Harta	31,649,543	39.56	31,649,543	39.56
Heng Song Khoon ⁽²⁾	5,982,161	7.48	2,725,561	3.41
Liew Sai Ying ⁽²⁾	3,768,296	4.71	1,624,896	2.03
TOTAL	41,400,000	51.75	36,000,000	45.00

Notes:

(1) Computed based on enlarged issued and paid up share capital of 80,000,000 Shares.

(2) Including their pink form allocations.

6. APPROVALS AND CONDITIONS (*cont'd*)

The restriction, which is fully accepted by the shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the shareholders which are under moratorium to ensure that our Company's registrars do not register any transfer not in compliance with the restriction imposed by the SC. The shareholders of Harta Sistem Sdn Bhd, namely Heng Song Khoon and Liew Sai Ying have provided undertakings that they shall not sell, transfer or assign their respective shareholdings under moratorium in accordance with the SC Guidelines.

The endorsement affixed on the share certificates is as follows:

"The shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by the Securities Commission ("Moratorium Period"). The shares comprised herein will not constitute good delivery pursuant to the Rules of Bursa Depository during the Moratorium Period. No share certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction".

6.3 PROFIT GUARANTEE

As at 24 September 2007, being the latest practicable date to the printing of the Prospectus, there have not been any existing or proposed profit guarantee agreements which have been entered into by our Company and/or our subsidiaries.

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7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST

7.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST

Save as disclosed below, our Group does not have any other existing or proposed related party transactions and/or conflicts of interests which were entered into by our Group with our Directors, substantial shareholders, key management and/or persons connected to them in the past three financial years ended 30 June 2004 to 2006 and for the ten (10) months FPE 30 April 2007:

- (a) Rental payment to Rakan Bersatu Sdn Bhd (“Rakan”), of which two of our Promoters, namely Heng Song Khoon and Liew Sai Ying are directors and substantial shareholders of Rakan.

The total annual rental payment by our subsidiaries to Rakan in the past three (3) financial years ended 30 June 2004 to 2006 and for the ten (10) months FPE 30 April 2007 are as follows:

Subsidiary	Annual Rental Payment			Total Rental Payment for the ten (10) months FPE 30 April 2007 (RM)
	FYE2004 (RM)	FYE2005 (RM)	FYE2006 (RM)	
Sistem	144,000	174,000	146,880	122,400
BBP	252,000	252,000	244,800	204,000
Star	54,000	54,000	48,960	40,800
Yakin	72,000	42,000	48,960	40,800
Total	522,000	522,000	489,600	408,000

Sistem, BBP, Star and Yakin had on 22 September 2005 entered into separate Tenancy Agreements with Rakan for the rental of business premises located at Lot 17, Bersatu Industrial Park, Jalan Cheras Jaya 1/1, Cheras Jaya, Cheras, Selangor Darul Ehsan for a fixed term of three (3) calendar years commencing from 1 July 2005 (“Tenancy Agreements”). Further details of the Tenancy Agreements are tabulated as follows:

Company	Unit	Annual Rental (RM)
Sistem	17-22 (First Floor)	48,960.00
	17-25 (Ground Floor)	48,960.00
	17-27 (Ground Floor)	48,960.00
	Total	146,880.00
BBP	17-17 (Ground Floor)	48,960.00
	17-18 (Ground Floor)	48,960.00
	17-19 (Ground Floor)	48,960.00
	17-23 (Ground Floor)	48,960.00
	17-23A (Ground Floor)	48,960.00
Total	244,800.00	
Yakin	17-23 (First Floor)	48,960.00
Star	17-22 (Ground Floor)	48,960.00
	Grand Total	489,600.00

Please refer to Sections 4.1.4 and 8.1 of this Prospectus for further information on the abovementioned business premises. Our Directors believe that the rental payable is within the range of the prevailing market rates.

7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (cont'd)

- (b) Provision of security by Harta and Rakan as well as joint and several guarantees by two of our Promoters, namely Heng Song Khoon and Liew Sai Ying for banking facilities extended to our Group, of which they are directors and substantial shareholders of Harta and Rakan.

Details of such guarantees and securities in the past three (3) financial years ended 30 June 2004 to 2006 and for the ten (10) months FPE 30 April 2007 are as follows:

Facilities used by	Type of Facilities	Securities/Guarantee provided by	Outstanding amount under the facility	
			As at	(RM'000)
Sistem	Bankers guarantee	Secured by the property owned by Rakan, corporate guarantee by Harta and joint and several guarantees by two of our Promoters, namely Heng Song Khoon and Liew Sai Ying	30 June 2004	86*
			30 June 2005	62*
			30 June 2006	63*
			30 April 2007	Nil
BBP	Overdraft	Secured by the property owned by Rakan, corporate guarantee by Harta and joint and several guarantees by two of our Promoters, namely Heng Song Khoon and Liew Sai Ying	30 June 2004	120*
			30 June 2005	108*
			30 June 2006	178*
			30 April 2007	879 (credit)
	Fixed loan	Secured by the property owned by Rakan, corporate guarantee by Harta and joint and several guarantees by two of our Promoters, namely Heng Song Khoon and Liew Sai Ying including debentures on machineries	30 June 2004	576*
			30 June 2005	1,716*
			30 June 2006	936*
			30 April 2007	341
	Letter of credit, trust receipts, bankers acceptance, shipping guarantee and bankers guarantee	Secured by the property owned by Rakan and joint and several guarantees by two of our Promoters, namely Heng Song Khoon and Liew Sai Ying	30 June 2004	2,885*
			30 June 2005	4,931*
			30 June 2006	5,467*
			30 April 2007	110
Star	Overdraft	Secured by the property owned by Rakan, corporate guarantee by Rakan and joint and several guarantees by two of our Promoters, namely Heng Song Khoon and Liew Sai Ying	30 June 2004	263*
			30 June 2005	268*
			30 June 2006	295*
			30 April 2007	225

7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (*cont'd*)

Facilities used by	Type of Facilities	Securities/Guarantee provided by	Outstanding amount under the facility	
			As at	(RM'000)
Star (<i>cont'd</i>)	Fixed loan	Secured by the property owned by Rakan, corporate guarantee by Rakan and joint and several guarantees by two of our Promoters, namely Heng Song Khoon and Liew Sai Ying including debentures on machineries	30 June 2004	1,058*
			30 June 2005	630*
			30 June 2006	485*
			30 April 2007	165
Yakin	Bankers guarantee	Secured by corporate guarantee by Harta and joint and several guarantees by two of our Promoters, namely Heng Song Khoon and Liew Sai Ying	—	^

Note:

* Bank statement figures have been reconciled against cash and bank balances at the respective financial year end.

^ No drawdown as at 24 September 2007.

We intend to obtain a release and discharge of the above guarantees and securities by replacing the same with corporate guarantees by our Company or otherwise subsequent to our Listing. Should the terms and conditions of our existing facilities be affected by the withdrawal of the above guarantees, our Directors are confident that with our listing status and strengthened financial position due to the listing proceeds, we would be able to secure alternative bank facilities on terms similar to those applicable to the current facilities.

- (c) Provision of printing services to System Trade Info Sdn Bhd ("STI"), of which two of our Promoters, namely Heng Song Khoon and Liew Sai Ying were directors and substantial shareholders of STI.

The total transaction value of our printing services provided to STI over the past three (3) financial years ended 30 June 2004 to 2006 and for the ten (10) months FPE 30 April 2007 are as follows:

	Transaction Value (RM'000)			
	FYE 2004	FYE 2005	FYE 2006	Ten (10) Months FPE 30 April 2007
Printing services to STI	10	176	252	190

Heng Song Khoon and Liew Sai Ying have disposed of all their shareholding in STI on 25 June 2007.

7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (cont'd)

- (d) Sale of books to System Publishing House Pte Ltd ("SPHPL"), of which two of our Promoters, namely Heng Song Khoon and Liew Sai Ying are directors and substantial shareholders of SPHPL.

The total transaction value of our printing services provided to SPHPL over the past three (3) financial years ended 30 June 2004 to 2006 and for the ten (10) months FPE 30 April 2007 are as follows:

	Transaction Value (RM'000)			
	FYE2004	FYE2005	FYE2006	Ten (10) Months FPE 30 April 2007
Sale of books to SPHPL	120	99	111	68

Please refer to Section 7.4 for further details on SPHPL.

The Directors and the substantial shareholders of BHS have provided undertakings that all the business transactions between the Group the Directors and substantial shareholders and persons connected to them and the key management of BHS, shall be based on an arm's length basis and on normal commercial terms which are not more favorable to related parties than those generally available to the public, and are not to the detriment of the minority shareholders. The Audit Committee will supervise the terms of related party transactions, and the Directors of BHS will report related party transactions, if any, annually in the annual report of BHS.

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7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (*cont'd*)

7.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Directors have confirmed that to their best knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which the corporation or any of our subsidiaries was a party in respect of the past three (3) financial years ended 30 June 2004 to 2006 and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

7.3 OUTSTANDING LOANS MADE BY CORPORATION OR ANY OF ITS PARENT OR SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed in Section 7.1 (b), there is no outstanding loan (including guarantees of any kind) made by us or any of our subsidiaries to or for the benefit of related parties for the past three (3) financial years ended 30 June 2004 to 2006 and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

7.4 INTEREST IN SIMILAR BUSINESS

Save as disclosed below and in Section 5.6 and to the best of knowledge and belief of our Directors and substantial shareholders, none of our Directors or substantial shareholders are interested, directly or indirectly in any business carrying on a similar trade as our Company and our subsidiaries:

Name of Company with Similar Business	Principal Activities	Name of common Directors / substantial shareholders/ key management	Nature of Interest	No of shares held in the company			
				Direct	(%)	Indirect	(%)
SPHPL	Publishing and Trading	Heng Song Khoon	Director & substantial shareholder	230,000	65.71	120,000 ⁽¹⁾	34.29
		Liew Sai Ying	Director & substantial shareholder	120,000	34.29	230,000 ⁽²⁾	65.71

Notes:

⁽¹⁾ Deemed interest by virtue of his spouse, Liew Sai Ying's interest in SPHPL.

⁽²⁾ Deemed interest by virtue of her spouse, Heng Song Khoon's interest in SPHPL.

SPHPL publishes examination guide books which targets the Singapore market only. All transactions between BHS and SPHPL are undertaken on an arm's length basis.

To mitigate any potential conflict of interest, the Promoter, Director and/or Substantial shareholder have provided written undertakings not to be involved in any new business in the future, which will give rise to competition/conflict with the current business of the Group.

7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (*cont'd*)

7.5 PROMOTIONS OF ANY MATERIAL ASSETS ACQUIRED/TO BE ACQUIRED

Save for the Acquisitions, none of the Directors and substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or any of our subsidiaries for the past three (3) financial years ended 30 June 2004 to 2006 and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

7.6 CONTRACTS OR ARRANGEMENTS IN WHICH THE DIRECTORS OR SUBSTANTIAL SHAREHOLDERS IS INTERESTED AND SIGNIFICANT IN RELATION TO THE BUSINESS OF OUR GROUP

Save as disclosed in Section 7.1 of this Prospectus, none of our Directors and/or substantial shareholders have any material interest in any contract or arrangement, which is significant in relation to the business of our Group.

7.7 RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

The Company would, in the ordinary course of its business, enter into transactions, including but not limited to the transactions set out in Section 7.1 of this Prospectus, with persons which are considered "related party" as defined in Chapter 10 of the Listing Requirements of the Bursa Securities. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Under Chapter 10 of the Listing Requirements of the Bursa Securities, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day to day operations such as supplies and materials, which may be carried out with the listed company's interested persons.

Due to the time-sensitive nature of commercial transactions, the shareholders mandate will enable our Group, in its normal course of business, to enter related party transactions, provided such related party transactions are made at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and will not be detrimental to our minority shareholders.

Transactions, which do not fall within the ambit of the shareholders' mandate, shall be subject to the relevant provisions of the Listing Requirements.

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7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (cont'd)

7.8 DECLARATION BY THE ADVISERS

PIVB hereby confirms that as at the date of the Prospectus, there are no existing or potential conflicts of interest in its capacity as Adviser, Managing Underwriter, Underwriter and Placement Agent to our Group for the Offer for Sale and Public Issue.

Messrs. Azman Davidson & Co hereby confirm that there is no existing or potential conflict of interest with respect of their capacity as Solicitors to our Group for the Offer for Sale and Public Issue and due diligence respectively.

Messrs. Ernst & Young hereby confirm that there is no existing or potential conflict of interest with respect of their capacity as Auditors and Reporting Accountants to our Group for the Offer for Sale and Public Issue.

Dun & Bradstreet (D&B) Malaysia Sdn Bhd hereby confirms that there are no existing or potential conflicts of interest with respect to their capacity as Independent Market Researcher to our Group for the Offer for Sale and Public Issue.

Raine & Horne International Zaki + Partners Sdn. Bhd. hereby confirms that there are no existing or potential conflicts of interest with respect to their capacity as Valuer to our Group for the Offer for Sale and Public Issue.

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8. OTHER INFORMATION CONCERNING THE COMPANY/GROUP

8.1 PROPERTY

A summary of the property owned by our Group as at 24 September 2007, being the latest practicable date prior to the printing of this Prospectus is as follows:

Name of Registered Owner / Postal Address / Title Identification	Description / Tenure	Land area/ Built up area (Sq meter)	Restriction in Interest/ Encumbrances	Audited net Book Value @ 30.06.2006 (RM)	Open Market Value/ Date of Valuation (RM)
BHS Book Printing Sdn. Bhd. HS(M) 13156 PT 23677 Mukim of Ceras District of Hulu Langat Selangor Darul Ehsan Address: PT 23677 Jalan Ceras Jaya 1/1 Kawasan Perusahaan Ceras Jaya, Ceras Selangor Darul Ehsan	A parcel of vacant industrial land / Leasehold interest for a term of 99 years expiring on 30 December 2098	8,510 / —	The land cannot be transferred, leased or charged except with the consent of the State Authority / Nil	3,024,179	3,400,000 / 18.01.2007

Save as disclosed above, our Directors have confirmed that there are no restrictions in interest or encumbrances nor breach of land use conditions for the property owned by our Group.

The valuation of the abovementioned property have been carried out by Messrs Raine & Horne International Zaki + Partners Sdn Bhd, a firm of independent registered valuers, using the Comparison Method of Valuation in arriving at the market value. The valuation was used as the basis to arrive at the adjusted audited NTA of BBB for the purposes of the Acquisition and Transfers. The revaluation surplus (net of deferred taxation) amounting to RM274,349 arising from the abovementioned property will not be incorporated into the audited financial statements of BBB and our Company.

The Valuation Certificate is set out in Section 11 of this Prospectus.

There were no purchases of landed properties by our Group during the two (2) years preceding the date of this Prospectus.

8. OTHER INFORMATION CONCERNING THE COMPANY/GROUP (cont'd)

The summary of the information on buildings tenanted by our Group as at 24 September 2007, being the latest practicable date prior to the printing of this Prospectus is as follows:

Registered owner/Lessor Sdn Bhd	Postal address/ Title	Tenant	Approximate age of building (years)	Description/ Existing use	Monthly rentals (RM)	Tenancy period		Date of Certificate of Fitness
						Start date	Expiry date	
Rakan Bersatu Sdn Bhd	Ground Floor, Lot 17-17 Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	BBP	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994
Rakan Bersatu Sdn Bhd	Ground Floor, Lot 17-18 Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	BBP	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994
Rakan Bersatu Sdn Bhd	Ground Floor, Lot 17-19 Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	BBP	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994
Rakan Bersatu Sdn Bhd	Ground Floor, Lot 17-22 Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	Star	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994
Rakan Bersatu Sdn Bhd	1 st Floor, Lot 17-22 Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	Sistem	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994
Rakan Bersatu Sdn Bhd	Ground Floor, Lot 17-23 Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	BBP	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994

8. OTHER INFORMATION CONCERNING THE COMPANY/GROUP (cont'd)

Registered owner/Lessor	Postal address/ Title	Tenant	Approximate age of building (years)	Description/ Existing use	Monthly rentals (RM)	Tenancy period		Date of Certificate of Fitness
						Start date	Expiry date	
Rakan Bersatu Sdn Bhd	1 st Floor, Lot 17-23 Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	Yakin	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994
Rakan Bersatu Sdn Bhd	Ground Floor, Lot 17-23A Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	BBP	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994
Rakan Bersatu Sdn Bhd	Ground Floor, Lot 17-25 Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	Sistem	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994
Rakan Bersatu Sdn Bhd	Ground Floor, Lot 17-27 Jalan Cheras Jaya 1/1, Bersatu Industrial Park, Cheras Jaya 43200 Cheras, Selangor Darul Ehsan	Sistem	13	Industrial lot	4,080.00	01.07.2005	30.06.2008	13.09.1994

The buildings listed above have been issued with a certificate of fitness and they have complied with current statutory requirements, land rules or building regulations.

8. OTHER INFORMATION CONCERNING THE COMPANY/GROUP (cont'd)

8.2 MATERIAL PLANT AND EQUIPMENT

As at 24 September 2007, being the latest practicable date prior to the printing of this Prospectus our Group's material plant and equipment comprise the following:

Type of Machine	Description/Purpose	Capacity	No. of Units	Net book value/market value (RM)
Printing	Komori Web Offset 4-Colour Model: System 40B (LR-440B)	30,000 impression/hour	1	498,000
Printing	Toshiba Perfecting Web-Offset Press Model: OA-4B27-500	20,000 impression/hour	1	270,000
Printing	Toshiba Web-Offset Press Model: OA-2AIL	20,000 impression/hour	1	219,000
Printing	Komori Web Offset 4-Colour Model: System 40 (LR-440B)	30,000 impression/hour	1	1,973,000
Printing	Heidelberg Speedmaster 8-Colour Model: SM102-8P	13,000 impression/hour	1	7,461,000
Binding	Osako Wire Stitching Machine Model: 368 SN	10,000 books/hour	1	294,000
Pre-Press	C/P System Model: CREO Trendsetter Quantum 800	15 plates/hour	1	202,000

9. FINANCIAL INFORMATION

9.1 HISTORICAL FINANCIAL INFORMATION

PROFORMA CONSOLIDATED INCOME STATEMENTS

The following table sets out a summary of the proforma consolidated income statements of our Group for the past three (3) financial years ended 30 June 2004 to 2006 and for the ten (10) months period ended 30 April 2007 based on the audited results of our Company and subsidiaries, which have been prepared on the assumption that the current structure of our Group had been in existence throughout the periods under review. The proforma consolidated income statement for the ten (10) months financial period ended 30 April 2006 has not been audited and has been prepared for illustrative purposes only as a comparison to the proforma consolidated income statement for the ten (10) months financial period ended 30 April 2007. This proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the proforma consolidated financial information set out in Section 9.10 of this Prospectus.

	Audited financial year ended 30 June			Unaudited ten (10) months FPE 30 April 2006	Audited ten (10) months FPE 30 April 2007
	2004 (RM'000)	2005 (RM'000)	2006 (RM'000)	2006 (RM'000)	2007 (RM'000)
Revenue	29,038	34,471	35,784	31,225	31,481
Gross Profit	9,125	9,580	10,316	9,426	8,220
EBIDTA	6,384	8,023	8,882	8,084	7,214
Interest expense	(526)	(407)	(555)	(434)	(313)
Depreciation	(1,704)	(1,828)	(1,917)	(1,359)	(1,486)
PBT	4,154	5,788	6,410	6,291	5,415
Taxation	(543)	(964)	(1,526)	(1,521)	(875)
PAT	3,611	4,824	4,884	4,770	4,540
No. of ordinary shares assumed in issue ('000) #	60,000	60,000	60,000	60,000	60,000
Gross EPS (sen) @	6.92	9.65	10.68	12.58	10.83
Net EPS (sen) @	6.02	8.04	8.14	9.54	9.08
Gross profit margin (%)	31.42	27.79	28.83	30.19	26.11
Net profit margin (%)	12.44	13.99	13.65	15.28	14.42

Notes:

- (i) *The financial statements used in the preparation of the proforma consolidated results were prepared in accordance with applicable Financial Reporting Standards in Malaysia and presented on a basis consistent with the accounting policies normally adopted by our subsidiaries.*
- (ii) *There were no amortisation, share of profits of associated corporations and joint ventures, minority interests, extraordinary or exceptional items during the financial years and period under review.*
 - # *Being the number of BHS Shares assumed in issue after the Acquisitions, Capitalisation of Advances, Rights Issue and Offer for Sale but before the Public Issue.*
 - @ *The gross and net EPS of our Group are computed based on annualised PBT and PAT respectively, and the number of BHS Shares assumed in issue after the Acquisitions, Capitalisation of Advances, Rights Issue and Offer for Sale but before the Public Issue.*

The financial statements of our Group for the past three (3) financial years ended 30 June 2004 to 2006 and for the audited ten (10) months FPE 30 April 2007 have been reported without any audit qualification.

9. FINANCIAL INFORMATION (cont'd)

PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets of our Group as at 30 April 2007 as set out below have been prepared for illustrative purposes only and is based on the audited balance sheet of BHS and our subsidiaries as at 30 April 2007, to show the effects on the balance sheet of our Group, had the Flotation Exercise been effected on that date and that we had been in existence throughout the period under review. The proforma consolidated balance sheets have been prepared on accounting principles and bases consistent with those adopted in the preparation of audited financial statements of our Company and subsidiaries, which have been prepared in accordance with the applicable Financial Reporting Standards in Malaysia. The proforma consolidated balance sheets should be read together with the accompanying notes and assumptions included in the full set of the proforma consolidated financial information set out in Section 9.10 of this Prospectus.

Company	Group			
	Proforma I After Acquisition of Sistem/After Acquisitions of BBP and Star	Proforma II After Proforma I and Capitalisation of Advances	Proforma III After Proforma II and Rights Issue/ Offer for Sale	Proforma IV After Proforma III and Public Issue
Audited as at 30 April 2007	RM '000	RM '000	RM '000	RM '000
NON-CURRENT ASSETS				
Property, plant and equipment	-	16,565	16,565	16,565
Intangible assets	-	747	747	747
Other investments	-	13	13	13
Deferred tax asset	-	23	23	23
Total Non-Current Assets	-	17,348	17,348	17,348
CURRENT ASSETS				
Inventories	-	7,715	7,715	7,715
Trade receivables	-	** 14,013	** 14,013	** 14,013
Other receivables	628	841	841	841
Tax recoverable	-	332	332	332
Cash and bank balances	*	1,870	1,870	6,245
Total Current Assets	628	24,771	24,771	29,146
CURRENT LIABILITIES				
Trade payables	-	2,303	2,303	2,303
Other payables	639	7,952	7,952	7,952
Amount due to holding company	-	4,920	-	-
Borrowings	-	3,435	3,435	3,435
Provision for taxation	-	25	25	25
Total Current Liabilities	639	18,635	13,715	13,715
NET CURRENT (LIABILITIES)/ ASSETS				
	(11)	6,136	11,056	15,431
	(11)	23,484	28,404	44,679

9. FINANCIAL INFORMATION (cont'd)

Company	< ----- Group ----- >				
	Proforma I After Acquisition of Sistem/After Acquisitions of BBP and Star	Proforma II After Proforma I and Capitalisation of Advances	Proforma III After Proforma II and Rights Issue/ Offer for Sale	Proforma IV After Proforma III and Public Issue	
Audited as at 30 April 2007	RM '000	RM '000	RM '000	RM '000	RM '000
SHARE CAPITAL	*	20,705	25,625	30,000	40,000
SHARE PREMIUM (ACCUMULATED LOSSES)/ RETAINED PROFITS/	-	-	-	-	1,900
	(11)	** 1,096	** 1,096	** 1,096	** 1,096
	(11)	21,801	26,721	31,096	42,996
DEFERRED AND LONG TERM LIABILITIES					
Borrowings	-	53	53	53	53
Deferred tax liabilities	-	1,630	1,630	1,630	1,630
Total Deferred and Long Term Liabilities	-	1,683	1,683	1,683	1,683
	(11)	23,484	28,404	32,779	44,679
NET TANGIBLE (LIABILITIES)/ASSETS	(11)	21,053	25,973	30,349	42,249
NO. OF ORDINARY SHARES OF RM0.50 EACH IN ISSUE	4	41,409,543	51,249,543	60,000,000	80,000,000
NET TANGIBLE (LIABILITIES)/ASSETS PER ORDINARY SHARE (RM)	(2,649)	0.51	0.51	0.51	0.53

Notes:

* Represents RM2

** After allowance for doubtful debts amounting to RM0.688 million made in connection with the condition imposed on the BHS Group that all trade debtors which have been outstanding for more than six (6) months be provided for.

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9. FINANCIAL INFORMATION (cont'd)

PROFORMA CONSOLIDATED CASH FLOW STATEMENTS

The proforma consolidated cash flow statements of our Group for the ten (10) months period ended 30 April 2007 as set out below have been prepared based on the audited results of our Company and subsidiaries and on the assumption that the current structure of our Group had been in existence throughout the period under review. The proforma consolidated cash flow statements for the ten (10) months financial period ended 30 April 2006 has not been audited and has been prepared for illustrative purposes only as a comparison to the proforma consolidated cash flow statements for the ten (10) months financial period ended 30 April 2007. The proforma consolidated cash flow statements are prepared for illustrative purposes only and should be read together with the accompanying notes and assumptions included in the full set of the proforma consolidated financial information set out in Section 9.10 and the Accountants' Report set out in Section 10 of this Prospectus.

	Proforma Group	
	Ten (10) months FPE 30 April 2006 RM '000	Ten (10) months FPE 30 April 2007 RM '000
Cash Flows from Operating Activities		
Profit before taxation	6,291	5,415
Adjustments for:		
Depreciation	1,359	1,485
Interest expense	434	313
Allowance for doubtful debts	-	367
Gain on disposal of property, plant and equipment	-	(492)
Inventories written down	-	33
Inventories written off	-	135
Dividend Income	(1)	(1)
Operating profit before working capital changes	8,083	7,255
(Increase)/Decrease in inventories	(3,088)	5,126
Increase in receivables	(1,046)	(1,171)
Decrease in payables	(1,135)	(902)
Decrease in amount due to holding company	(1,102)	-
Cash generated from operations	1,712	10,308
Tax paid	(1,105)	(944)
Interest paid	(434)	(313)
Net cash generated from operating activities	173	9,051
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(6)	(8,044)
Proceeds from disposal of property, plant and equipment	-	1,180
Net dividend income received	1	1
Net cash used in investing activities	(5)	(6,863)
Cash Flows from Financing Activities		
Net repayment of term loans	(722)	(916)
Net repayment of hire purchase payables	(20)	(17)
Net cash used in financing activities	(742)	(933)
Net (decrease)/increase in cash and cash equivalents	(574)	1,255
Cash and cash equivalents at 1 July	482	391
Cash and cash equivalents at 30 April	(92)	1,646

9. FINANCIAL INFORMATION (cont'd)

9.2 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION

9.2.1 Segmental Analysis of Revenue, Gross Profit ("GP") & PBT

Analysis of Revenue by Individual Companies:

	Financial Year Ended 30 June			Ten (10) months FPE 30 April	
	2004	2005	2006	2006	2007
	RM'000	RM'000	RM'000	RM'000	RM'000
BHS	-	-	-	-	-
Sistem	10,645	8,936	5,582	5,073	5,226
BBP	22,116	29,108	31,299	27,038	27,501
Star	881	1,126	1,736	1,133	2,252
Yakin	143	371	1,696	1,354	886
SPH	-	-	-	-	-
Multimedia	-	-	-	-	-
	33,785	39,541	40,313	34,598	35,865
Consolidated adjustments	(4,747)	(5,070)	(4,529)	(3,373)	(4,384)
Proforma Consolidated Revenue of BHS	29,038	34,471	35,784	31,225	31,481

Analysis of Revenue by Products:

	Financial Year Ended 30 June			Ten (10) months FPE 30 April	
	2004	2005	2006	2006	2007
	RM'000	RM'000	RM'000	RM'000	RM'000
Publishing					
Textbooks	4,733	5,106	1,977	1,342	1,175
Examination Guide books	5,723	4,096	5,082	4,849	4,809
Children's books	37	5	8	1	(2)
Kindergarten Books	295	71	202	230	107
Children's dictionaries	~	3	29	24	2
Language improvement books	-	26	(20)*	(19)*	21
SUB-TOTAL	10,788	9,307	7,278	6,427	6,112
Printing					
Books	5,832	8,962	7,462	7,076	8,160
Magazines	15,080	18,286	21,192	18,097	15,921
Leaflets/Brochures	1,204	1,776	1,172	926	3,420
Directories/Prospectus	-	84	933	939	-
SUB-TOTAL	22,116	29,108	31,299	27,038	27,501
Binding and others					
Books	294	353	462	237	438
Magazines	587	706	925	605	856
Plate processing	-	67	349	291	958
SUB-TOTAL	881	1,126	1,736	1,133	2,252
TOTAL	33,785	39,541	40,313	34,598	35,865
Consolidated adjustments	(4,747)	(5,070)	(4,529)	(3,373)	(4,384)
Proforma Consolidated Revenue of BHS	29,038	34,471	35,784	31,225	31,481

Notes:

~ Negligible

* Sales made in previous year were returned during the year. No adjustments were made as the amount is immaterial.

9. FINANCIAL INFORMATION (cont'd)

Analysis of Revenue by Business Activity:

	Financial Year Ended 30 June			Ten (10) months FPE 30 April	
	2004	2005	2006	2006	2007
	RM'000	RM'000	RM'000	RM'000	RM'000
Publishing	10,788	9,307	7,278	6,427	6,112
Printing	22,116	29,108	31,299	27,038	27,501
Binding and others	881	1,126	1,736	1,133	2,252
	33,785	39,541	40,313	34,598	35,865
Consolidated adjustments	(4,747)	(5,070)	(4,529)	(3,373)	(4,384)
Proforma Consolidated Revenue of BHS	29,038	34,471	35,784	31,255	31,481

Analysis of Revenue by Markets / Geographical Location:

	Financial Year Ended 30 June			Ten (10) months FPE 30 April	
	2004	2005	2006	2006	2007
	RM'000	RM'000	RM'000	RM'000	RM'000
Local	33,053	35,808	35,517	30,016	30,534
Export	732	3,733	4,796	4,582	5,331
	33,785	39,541	40,313	34,598	35,865
Consolidated adjustments	(4,747)	(5,070)	(4,529)	(3,373)	(4,384)
Proforma Consolidated Revenue of BHS	29,038	34,471	35,784	31,255	31,481

Analysis of GP by Individual Companies:

	Financial Year Ended 30 June			Ten (10) months FPE 30 April	
	2004	2005	2006	2006	2007
	RM'000	RM'000	RM'000	RM'000	RM'000
BHS	-	-	-	-	-
Sistem	5,501	3,832	2,808	2,761	2,658
BBP	3,437	5,152	5,689	5,322	4,217
Star	127	373	974	517	1,119
Yakin	60	223	845	826	226
SPH	-	-	-	-	-
Multimedia	-	-	-	-	-
	9,125	9,580	10,316	9,426	8,220
Consolidated adjustments	-	-	-	-	-
Proforma Consolidated GP of BHS	9,125	9,580	10,316	9,426	8,220

9. FINANCIAL INFORMATION (cont'd)

Analysis of GP Margin by Individual Companies:

	Financial Year Ended 30 June			Ten (10) months FPE 30 April	
	2004 (%)	2005 (%)	2006 (%)	2006 (%)	2007 (%)
BHS	NA	NA	NA	NA	NA
Sistem	51.7	42.9	50.3	54.4	50.9
BBP	15.5	17.7	18.2	19.7	15.3
Star	14.4	33.1	56.1	45.6	49.7
Yakin	41.8	60.0	49.8	61.0	25.5
SPH	NA	NA	NA	NA	NA
Multimedia	NA	NA	NA	NA	NA
Proforma Consolidated GP Margin of BHS	31.4	27.8	28.8	30.2	26.1

Analysis of PBT by Individual Companies:

	Financial Year Ended 30 June			Ten (10) months FPE 30 April	
	2004 RM'000	2005 RM'000	2006 RM'000	2006 RM'000	2007 RM'000
BHS	NA	NA	(6)	(4)	(4)
Sistem	1,747	751	3,701	674	744
BBP	2,705	4,598	4,741	4,521	3,664
Star	(94)	219	743	338	900
Yakin	(191)	95	678	764	116
SPH	(3)	(3)	(2)	(1)	(2)
Multimedia	(10)	(17)	(11)	(1)	(3)
	4,154	5,643	9,844	6,291	5,415
Consolidated adjustments	-	145	(3,434)	-	-
Proforma Consolidated PBT of BHS	4,154	5,788	6,410	6,291	5,415

Analysis of PBT Margin by Individual Companies:

	Financial Year Ended 30 June			Ten (10) months FPE 30 April	
	2004 (%)	2005 (%)	2006 (%)	2006 (%)	2007 (%)
BHS	NA	NA	NA	NA	NA
Sistem	16.4	8.4	66.3	13.3	14.2
BBP	12.2	15.8	15.1	16.7	13.3
Star	(10.7)	19.5	42.8	29.8	40.0
Yakin	(133.9)	25.7	40.0	56.4	13.1
SPH	NA	NA	NA	NA	NA
Multimedia	NA	NA	NA	NA	NA
Proforma Consolidated PBT Margin of BHS	14.3	16.8	17.9	20.1	17.2

9. FINANCIAL INFORMATION (cont'd)

9.2.2 Overview of Revenue and Operating Profit

The financial analysis and commentaries in respect of our Group are presented for illustrative purposes only and on the assumption that our Group had been in existence throughout the financial years under review.

Our Company was only incorporated on 30 December 2005 and accordingly, the first audited financial statements cover the period from 30 December 2005 to 30 June 2006. As such, there is no commentary on past performance at the company level for the financial years under review. Our Company is principally engaged in investment holding and provision of management services.

FINANCIAL YEAR ENDED 30 JUNE 2004

Our proforma revenue increased by RM2.0 million or 7% from RM27.0 million in FYE2003 to RM29.0 million in FYE2004 mainly attributed by the increases in the revenue of Sistem and BBP. During the FYE2004, Sistem secured a project from MOE to publish *Science Form 3* textbook. This project, together with the increase in purchases from MOE, led to an increase in Sistem's revenue by 23%. The increase in magazine printing orders obtained by BBP from Measat Publication Sdn Bhd for *I-Feel*, Life Publishers Berhad for *Rod & Line*, Perception Media Sdn Bhd for *Cine Fashion* and *Brand Equity*, Executive Mode Sdn Bhd for *Accountants Today* and Vertivest Sdn Bhd for *Yame* led mainly to the increase in BBP's revenue by 5% during the financial year. The increases in the revenue of Sistem and BBP were partly offset by a further decline in the revenue of Yakin during the financial year as there was no publication of new revision books by Yakin. On the other hand, Star's revenue increased mainly due to the increase in binding services performed for BBP during the financial year. There was no revenue contributed by SPH as SPH's operations were transferred to Sistem in order to consolidate our business activities.

Our proforma GP margin increased from 30% in FYE2003 to 31% in FYE2004 mainly due to the increase in the GP margin of Sistem. This was mainly attributed to the increase in local sales, thus yielding a higher GP margin compared to overseas sales, which have higher freight costs.

Our proforma PBT increased by RM0.9 million or 27% from RM3.3 million in FYE2003 to RM4.2 million in FYE2004 mainly due to the increase in revenue and GP margin during the financial year.

There were no amortisation, share of profits of associated corporations and joint ventures, minority interests, extraordinary or exceptional items for FYE2004.

FINANCIAL YEAR ENDED 30 JUNE 2005

Our proforma revenue increased by RM5.5 million or 19% from RM29.0 million in FYE2004 to RM34.5 million in FYE2005 mainly due the increase in revenue of BBP of 32%. BBP had successfully secured printing orders from new clients, namely Aeon Co (M) Berhad for the printing of *Pearl*, a bi-monthly magazine as well as Telekom Malaysia

9. FINANCIAL INFORMATION (cont'd)

Berhad for the printing of directories. There was also an increase in printing orders for BBP from Measat Publication Sdn Bhd ("Measat") for *Astro Guide* as a result of an increase in Measat's customer base. Furthermore, BBP had also successfully secured printing orders from several African publishers for the printing of educational books. The increase in our proforma revenue was also contributed by an increase in the revenue of Yakin by 160% which was attributed to the publication of new series of examination guide books during the financial year. These increases were partly offset by a decrease in the revenue of Sistem by 16% as Sistem did not publish any new textbook and there was also a reduction in publication of revision books during the financial year. Our revenue arising from our binding activities, via Star had increased accordingly by 28% due to increased demand by BBP for binding services in line with the increase in BBP's printing orders.

Our proforma GP margin decreased from 31% in FYE2004 to 28% in FYE2005 mainly attributed to the decrease in Sistem's GP margin due to the increase in cost of sales arising from higher paper costs and an increase in multimedia expenses for the inclusion of CD-Rom for the Science textbooks as well as lower sales of higher margin school textbooks in Malaysia.

Our proforma PBT increased by 39% in FYE2005 as the decline in GP margin as well as lower sales of higher margin school textbooks in Malaysia were outweighed by the increase in revenue by 19% during the financial year. In addition, the increase in PBT was also contributed by the partial recovery of debts written off in prior financial years, gain made on disposal of machinery and income earned from disposal of scrap paper.

There were no amortisation, share of profits of associated corporations and joint ventures, minority interests, extraordinary or exceptional items for FYE2005.

FINANCIAL YEAR ENDED 30 JUNE 2006

Our proforma revenue for FYE2006 increased by 4% principally attributed to the increases in the revenue of both BBP and Yakin which recorded an increase of 8% and 357% respectively. During the FYE2006, BBP received an increase of printing orders from Aeon Co (M) Berhad and Measat Publications Sdn Bhd as well as orders from various African publishers for the printing of educational books. The significant increase in the revenue of Yakin of 357% was attributed to the publication of new titles of revision books during the financial year as part of the group's strategy to reposition its publishing business. These increases in revenue were partly offset by a further decline in the revenue of Sistem by 38% during the financial year mainly due to the decrease in the sales of school textbooks. In line with increased printing by BBP, Star's revenue increased as a result of higher binding services performed for BBP.

Our GP margin in the FYE2006 increased marginally to 29% from 28% in FYE2005. Our Group recorded a further improvement in proforma PBT to RM6.4 million in FYE2006 principally due to the increase in revenue during the financial year by 4%.

There were no amortisation, share of profits of associated corporations and joint ventures, minority interests, extraordinary or exceptional items for FYE2006.

9. FINANCIAL INFORMATION (cont'd)

TEN (10) MONTHS FINANCIAL PERIOD ENDED 30 APRIL 2007

Our proforma revenue for the ten (10) months FPE 30 April 2007 increased by 1% over the corresponding period in 2006⁽¹⁾. This was mainly attributed to an increase in sales by BBP. The GP margin had also decreased by 4.1% to 26.1% partially due to the higher depreciation charge on the purchase of a new machine which has yet to generate sales as well as the higher production costs incurred by the Publishing division. The PBT margin of our Group had also decreased by 2.9% to 17.2%.

As a result, our Group recorded PBT of RM5.4 million in the ten (10) months FPE 30 April 2007 compared with the corresponding period in 2006 of RM6.3 million and PAT of RM4.5 million for the ten (10) months FPE 30 April 2007 compared with RM4.8 million in the corresponding period in 2006.

Note:

- ⁽¹⁾ *The financial figures for the ten (10) months FPE 30 April 2006 are unaudited and is provided for illustration and comparison purposes only.*

9.2.3 Impact of Foreign Exchange / Interest Rates on Operating Profits**Foreign Exchange**

Our Group is exposed to foreign currency risk as part of our sales and purchases are denominated in USD. Our Group import paper from overseas in USD and export printed books in USD and Euro. To the extent that our sales and purchases are not naturally matched in the same currency and that this shortfall gives rise to the timing differences between the transaction and payment dates, any significant fluctuation in the exchange rates may have a material impact on our Group's financial performance.

Our Group does not use derivative financial instruments to hedge its foreign currency risk. However, any significant fluctuation in the exchange rates of the USD against RM arising from timing differences is mitigated by maintaining a USD denominated bank account for sales receipts from which the payments are made for imported purchases denominated in USD.

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9. FINANCIAL INFORMATION (cont'd)

Interest Rates

Based on the past three (3) financial years ended 30 June 2004 to 2006 and for the ten (10) months FPE 30 April 2007, changes to interest rates would not have a material impact on our operating profit. The interest cover as compared to operating profit before interest and taxation ranged between 8.9 times and 18.3 times.

The following table sets out the interest expense and profit before interest and taxation for the past three (3) financial years ended 30 June 2004 to 2006 and for the ten (10) months FPE 30 April 2007:

	Financial Year Ended 30 June			Ten (10) months FPE 30 April	
	2004 RM'000	2005 RM'000	2006 RM'000	2006 RM'000	2007 RM'000
Interest expense	526	407	555	434	313
Profit before interest and taxation	4,680	6,195	6,965	6,725	5,728
Interest coverage (times)	8.9	15.2	12.6	15.5	18.3

9.2.4 Taxation

The lower effective tax rate of our proforma Group for the FYE2004 of 13% was principally attributable to BBP utilising its capital allowances and reinvestment allowances which were brought forward. The lower effective tax rate of our proforma Group for the FYE2005 of 17% was principally attributable to the overprovision of tax credited back to the financial statements of Sistem, and BBP and Star utilising its capital allowances and reinvestment allowances which were brought forward. Also, there was no taxation charge for Yakin for FYE2005 due to the utilisation of capital allowances and unabsorbed tax losses brought forward.

The lower effective tax rate of our proforma Group for FYE2006 of 24% was principally attributed to the lower effective tax rate of Star which was 7% mainly due to the utilisation of capital allowances and reinvestment allowances brought forward, and no taxation charge for Yakin due to the utilisation of capital allowances and unabsorbed tax losses brought forward. The lower effective tax rate for the ten (10) months FPE 30 April 2007 of 16% was mainly due to the capital allowances and the reinvestment allowances claim by BBP on the purchase of a new machinery.

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9. FINANCIAL INFORMATION (cont'd)

9.3 TREND INFORMATION

The primary factors which have affected and are expected to continue to affect our revenue and profitability include but are not limited to the following:

- (i) Competition – Generally, local printers and publishers face a key challenge in their ability to compete to differentiate themselves in a competitive market. The current situation where there is widespread price undercutting will result in lower profit margins, and where capacity exceeds demand, the ultimate effect on the industry is to force selling prices down. This is especially so given the need to incur higher costs involved in purchasing printing machinery with the latest technology and higher speeds to achieve better productivity and quality levels, as well as reduce turnaround time, so as to remain competitive.
- (ii) Raw material costs – We are exposed to the risk of fluctuations in prices of raw materials especially on the paper price as it is the main raw material used in our Group's operation. Prices of paper are determined by the prices of the primary raw materials, namely pulp and waste paper. Being industrial commodities, waste paper and pulp are subject to fluctuation in prices. For the ten (10) months FPE 30 April 2007, paper accounted for approximately 56% of the total purchases of our Group. Apart from paper, the next largest proportion of raw materials purchased are printing inks, which accounts for 7% of the total purchases of our Group for the ten (10) months FPE 30 April 2007. Ink prices are related to the costs of chemicals, fuel, environmental compliance and transportation.

Save as disclosed above and in Section 3 of this Prospectus, our Directors are not aware of any significant trends in revenue, costs, and selling prices of services or other trends, uncertainties, demands, commitments or events that are reasonably likely to have a material favourable or unfavourable impact on our financial performance, position and operations that would cause the financial information disclosed in this Prospectus to be not necessarily indicative of our future financial position.

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9. FINANCIAL INFORMATION (*cont'd*)

9.4 LIQUIDITY AND CAPITAL RESOURCES

(i) Working Capital

Our business operations have been financed through a combination of shareholders' equity, bank borrowings, finance leases and internally-generated funds.

As at 24 September 2007, being the latest practicable date prior to the printing of this Prospectus, our material unutilised sources of liquidity comprise mainly of cash and bank balances and unutilised short-term borrowings amounting to approximately RM4.0 million and RM2.9 million respectively.

Our Directors are of the opinion that, after taking into account our existing unutilised sources of liquidity and the net proceeds from the Rights Issue and the Public Issue, our Group will have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.

(ii) Cash Flows

For the purposes of providing an illustration of our cash flows, a summary of our Group's cash flow for the ten (10) months FPE 30 April 2007 are set out as follows:

	Ten (10) months FPE 30 April 2007
	RM'000
Net cash generated from operating activities	9,051
Net cash used in investing activities	(6,863)
Net cash used in financing activities	(933)
Net increase in cash and cash equivalents	1,255
Cash and cash equivalents at 1 July 2006	391
Cash and cash equivalents at 30 April 2007	1,646

Brief commentaries on our consolidated cash flows statement for the ten (10) months FPE 30 April 2007 is set out below.

Net cash generated from operating activities

The net cash generated from operating activities of RM9.1 million were mainly attributable to PBT of RM5.4 million adjusted for the following:

- non-cash items of RM1.8 million;
- decrease in inventories of RM5.1 million coupled with an increase in receivables of RM1.2 million and a decrease in payables of RM0.9 million; and
- tax and interest paid of RM1.3 million.

Net cash used in investing activities

Net cash used in investing activities of approximately RM6.9 million was mainly attributable to the purchase of property, plant and equipment including the new printing machine purchased in April 2007.

9. FINANCIAL INFORMATION (cont'd)

Net cash used in financing activities

Net cash used in financing activities of approximately RM0.9 million was mainly attributable to the repayment of term loans.

(iii) Borrowings

As at 24 September 2007, being the latest practicable date prior to the printing of this Prospectus, the total outstanding borrowings (which are all interest bearing) of our Group in the form of term loans, trust receipts, letters of credit, overdrafts, banker's acceptance and hire purchase financing amounted to approximately RM7.8 million. Of this amount, approximately RM0.3 million is in the form of long-term interest bearing borrowings, whilst the remainder of approximately RM7.5 million is in the form of short-term interest bearing borrowings.

Our Group has no foreign currency borrowings.

Our Group has also not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the FYE2006 and up to 24 September 2007, being the latest practicable date prior to the printing of this Prospectus.

Based on our Group's proforma consolidated balance sheet at 30 April 2007 (after adjusting for the Flotation Exercise, estimated listing expenses and utilisation of proceeds raised from the Public Issue), our gearing ratio is 0.1 time.

(iv) Key Financial Ratios

The following table sets out the key financial ratios of our Group for the past three (3) financial years ended 30 June 2004 to 2006 and for the ten (10) months FPE 30 April 2007:

	Financial Year Ended 30 June			Ten (10) months
	2004	2005	2006	FPE 30 April
	No. of days	No. of days	No. of days	No. of days
Trade receivables turnover period	113	148	146	170
Trade payables turnover period	42	51	54	36
Inventories turnover period	105	115	186	121

(v) Contingent Liabilities

As at 24 September 2007, being the latest practicable date prior to the printing of this Prospectus, our Group does not have any contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or net asset value of our Group.

(vi) Material Commitment

As at 24 September 2007, being the latest practicable date prior to the printing of this Prospectus, there are no material commitments for capital expenditure contracted or known to be contracted by our Group, which may have a substantial impact on our financial position.

9. FINANCIAL INFORMATION (cont'd)

(vii) Material Litigation/Arbitration

Saved as disclosed in Section 14.5, as at 24 September 2007, being the latest practicable date prior to the printing of this Prospectus, we are not engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of our Company or our subsidiaries.

9.5 CONSOLIDATED PROFIT ESTIMATE AND FORECAST

The consolidated profit estimate for the financial year ended 30 June 2007 and consolidated profit forecast for the financial year ending 30 June 2008 is as follows:

Financial Year Ended/Ending 30 June	Estimate 2007 RM'000	Forecast 2008 RM'000
Revenue	36,601	43,725
Consolidated PBT	*5,578	8,007
Taxation	(909)	(1,497)
Consolidated PAT	*4,669	6,510
Minority Interest ("MI")	-	-
Consolidated PAT after MI	*4,669	6,510
Enlarged issued share capital ('000)	80,000	80,000
Gross EPS (sen) ⁽¹⁾	6.97	10.01
Net EPS (sen) ⁽²⁾	5.84	8.14
Gross PE Multiple (times) ^(1 and 3)	9.76	6.79
Net PE Multiple (times) ^(2 and 3)	11.64	8.35

Notes:

* After allowance for doubtful debts amounting to RM0.688 million made in connection with the condition imposed on the BHS Group that all trade debtors which have been outstanding for more than six (6) months be provided for.

(1) Computed based on the consolidated PBT.

(2) Computed based on the consolidated PAT.

(3) Based on the Public Issue price of RM0.68 per Share.

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9. FINANCIAL INFORMATION (*cont'd*)

9.6 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST

(Prepared for inclusion in the Prospectus to be dated 29 October 2007)



AF: 0039

■ Chartered Accountants
4th Floor, Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

■ Phone : (03) 2144-2333
Fax : (03) 2144-0709
www.ey.com/my

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

3 October 2007

The Board of Directors
BHS Industries Berhad
312, 3rd Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

BHS INDUSTRIES BERHAD CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007 AND FINANCIAL YEAR ENDING 30 JUNE 2008

We have reviewed the consolidated profit estimate and forecast of BHS Industries Berhad ("BHS" or the "Company") and its subsidiaries, Pustaka Sistem Pelajaran Sdn Bhd, BHS Book Printing Sdn Bhd, Star CTP Imaging Sdn Bhd, Pustaka Yakin Pelajar Sdn Bhd, System Publishing House Sdn Bhd and System Multimedia and Internet Sdn Bhd (collectively referred to as the "BHS Group") for the financial year ended 30 June 2007 and financial year ending 30 June 2008 respectively as set out in the accompanying statement (which we have stamped for the purpose of identification), in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The consolidated profit estimate and forecast have been prepared for inclusion in the Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of BHS comprising 80,000,000 ordinary shares of RM0.50 each in BHS on the Second Board of Bursa Malaysia Securities Berhad.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the directors as set out in the accompanying statement and are presented on a basis consistent with the accounting policies adopted and disclosed by BHS and its subsidiaries in their audited financial statements for the financial period ended 30 April 2007. The directors of BHS are solely responsible for the preparation and presentation of the consolidated profit estimate and forecast and the assumptions on which the estimate and forecast are based.

A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material.

A Member of Ernst & Young Global

9. FINANCIAL INFORMATION (cont'd)



AF: 0039

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit estimate and forecast; and
- (b) in our opinion, the consolidated profit estimate and forecast, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with the accounting policies adopted and disclosed by BHS and its subsidiaries in their audited financial statements for the financial period ended 30 April 2007.

The accompanying consolidated profit estimate and forecast, together with this report have been prepared for inclusion in the Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of BHS comprising 80,000,000 ordinary shares of RM0.50 each in BHS on the Second Board of Bursa Malaysia Securities Berhad. This report is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

ERNST & YOUNG
AF:0039
Chartered Accountants

Kuala Lumpur, Malaysia

YEO ENG SENG
1212/12/08(J)
Partner

9. FINANCIAL INFORMATION (cont'd)

BHS INDUSTRIES BERHAD CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007 AND FINANCIAL YEAR ENDING 30 JUNE 2008

The Directors of BHS Industries Berhad estimate and forecast that the consolidated profit of BHS Industries Berhad ("BHS" or the "Company") and its subsidiaries, Pustaka Sistem Pelajaran Sdn Bhd ("Sistem"), BHS Book Printing Sdn Bhd ("BBP"), Star CTP Imaging Sdn Bhd ("Star"), Pustaka Yakin Pelajar Sdn Bhd ("Yakin"), System Publishing House Sdn Bhd ("SPH") and System Multimedia and Internet Sdn Bhd ("Multimedia") (collectively referred to as the "BHS Group") for the financial year ended 30 June 2007 and financial year ending 30 June 2008 will be as follows:

	Estimate Financial Year Ended 30 June 2007 RM'000	Forecast Financial Year Ending 30 June 2008 RM'000
Revenue	36,601	43,725
Profit before taxation	5,578 *	8,007
Taxation	(909)	(1,497)
Profit for the year	4,669 *	6,510
Number of ordinary shares of RM0.50 each in issue after the Proposed Public Issue	80,000,000	80,000,000
Earnings per share (sen)	5.84	8.14
Price-earnings multiple (times)	11.64	8.35

* After allowance for doubtful debts amounting to RM0.688 million made in connection with the condition imposed on the BHS Group that all trade debtors which have been outstanding for more than 6 months be provided for.

The principal bases and assumptions upon which the consolidated profit estimate and forecast have been prepared are as follows:

1. It is assumed that demand and prices of the BHS Group's products and services will be in line with estimate and forecast levels.
2. There will be no material deviation in the estimated and forecasted cost of sales and overheads.
3. There will be no material changes in the structure and principal activities of the BHS Group.
4. There will be no material changes in the management, business and accounting policies currently adopted.



9. FINANCIAL INFORMATION (cont'd)

5. There will be no significant changes in the current demand and in prevailing market conditions in Malaysia and overseas which will adversely affect the BHS Group's performance and businesses of its major customers and suppliers.
6. It is assumed that the current statutory income tax rates will prevail. In addition, there will be no material changes in the present legislation or regulations, rates and bases of duties, levies and other taxes affecting the BHS Group's activities.
7. There will not be any significant increase in the prices and supply of raw materials, wages and other related costs whether resulting from industrial disputes, adverse changes in the economic conditions or other abnormal factors which will adversely affect the operations of the BHS Group.
8. Existing financing facilities will remain available to the BHS Group and interest rates will not change significantly from those presently prevailing.
9. Exchange rates of foreign currencies will not substantially and adversely change from their present levels.
10. Inflation will remain at its current level.
11. Capital expenditure will be implemented as planned in line with estimate and forecast levels. In particular, it is assumed that one (1) printing machine of an estimated cost of RM15 million will be acquired in the financial year ending 30 June 2008; and that the acquisition will have a beneficial effect on the tax charge of the BHS Group.
12. There will be no material litigation against the BHS Group that will adversely affect its activities and performance or give rise to any material contingent liabilities that will affect its position and business.
13. All existing licences and permits granted to the BHS Group will not be withdrawn and will be renewed after expiry.
14. All existing contracts and agreements entered into by the BHS Group will remain in force.
15. The transactions in conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up capital of BHS on the Second Board of Bursa Malaysia Securities Berhad are as follows:
 - (i) Acquisition by BHS of the entire equity interest in Sistem comprising 3,618,890 ordinary shares of RM1.00 each in Sistem for a purchase consideration of RM20,704,769 satisfied by the issuance of 41,409,539 new ordinary shares of RM0.50 each in BHS at an issue price of RM0.50 per new ordinary share;
 - (ii) Acquisitions by BHS of the entire equity interest in BBP and Star comprising 3,950,000 and 150,000 ordinary shares of RM1.00 each respectively from Sistem for a purchase consideration of RM16,878,790 and RM924,000 respectively satisfied by way of cash;
 - (iii) Capitalisation of advances made by Harta Sistem Sdn Bhd ("Harta") to Sistem and BBP amounting to RM4,320,000 and RM600,000 respectively by the issuance of 9,840,000 new ordinary shares of RM0.50 each in BHS at an issue price of RM0.50 per new ordinary share;



9. FINANCIAL INFORMATION (cont'd)

15. (Contd.)

- (iv) Rights issue of 8,750,457 new ordinary shares of RM0.50 each in BHS on the basis of ten (10) new ordinary shares of RM0.50 each for approximately every fifty nine (59) existing ordinary shares of RM0.50 each held at an issue price of RM0.50 per new ordinary share to Harta for total cash proceeds of RM4,375,229;
- (v) Offer for sale of 19,600,000 existing ordinary shares of RM0.50 each in BHS at an offer price of RM0.68 per ordinary share to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI"); and
- (vi) Public issue for cash of 20,000,000 new ordinary shares of RM0.50 each in BHS at an issue price of RM0.68 per new ordinary share ("Public Issue") in the following manner:
 - (a) 6,000,000 Public Issue Shares will be made available for application by the Malaysian citizens, companies, societies, co-operatives and institutions;
 - (b) 6,000,000 Public Issue Shares will be reserved for application by the eligible directors, employees and business associates of BHS Group;
 - (c) 4,400,000 Public Issue Shares will be reserved for Bumiputera investors approved by MITI; and
 - (d) 3,600,000 Public Issue Shares will be reserved for private placement to identified investors.

Thereafter, the entire issued and paid-up share capital of BHS comprising 80,000,000 ordinary shares of RM0.50 each shall be listed on the Second Board of Bursa Malaysia Securities Berhad.

16. It is assumed that the Public Issue and the cash proceeds arising therefrom will be completed and received by November 2007.



9. FINANCIAL INFORMATION (cont'd)

9.7 DIRECTORS' ANALYSIS AND COMMENTARY ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST

Our Directors confirm that the consolidated profit estimate and forecast of our Group for the financial year ended 30 June 2007 and the financial year ending 30 June 2008, respectively and the underlying bases and assumptions set out in Section 9.6, have been reviewed by our Directors after due and careful enquiries, and that our Directors, having taken into account the future prospects of the industry, the future plans and strategies of our Group, its level of gearing, liquidity and working capital requirements, and our outstanding order book, are of the opinion that the consolidated profit estimate and forecast are achievable, and the assumptions made are reasonable.

Nevertheless, because of the subjective judgments and the inherent uncertainties of forecasts, and because events and circumstances frequently do not occur as predicted, actual results may significantly differ from the forecast.

9.8 SENSITIVITY ANALYSIS

The following sensitivity analysis of the consolidated profit estimate and forecast for the financial year ended 30 June 2007 and financial year ending 30 June 2008, respectively are prepared by our Group, and have not been independently verified by the Reporting Accountants. The analysis are prepared based on the assumptions set out in Section 9.6 assuming all other things remain unchanged, except for the 5% and 10% upward or downward variations revenue and the cost of sales and their related variables. Notwithstanding the impacts of the variations in the turnover and cost of sales as outlined here, there may exist other factors which have not been taken into account, while variations may have a significant effect, either positively or negatively, on the financials of our Group. The sensitivity analysis is as follows:

9.8.1 Variations in Revenue

Estimate for the financial year ended 30 June 2007

	Revenue RM'000	Cost of Sales RM'000	Gross Profit RM'000	PBT RM'000	PAT & After MI RM'000	GP Margin %
As Forecast	36,601	26,665	9,936	5,578	4,669	27.1
Up to 10%	40,261	29,350	10,911	6,553	5,739	27.1
Up to 5%	38,431	28,016	10,415	6,057	5,283	27.1
Down 5%	34,771	25,348	9,423	5,065	4,372	27.1
Down 10%	32,941	24,014	8,927	4,569	3,916	27.1

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9. FINANCIAL INFORMATION (cont'd)

Forecast for the financial year ending 30 June 2008

	Revenue RM'000	Cost of Sales RM'000	Gross Profit RM'000	PBT RM'000	PAT & After MI RM'000	GP Margin %
As Forecast	43,725	31,655	12,070	8,007	6,510	27.6
Up to 10%	48,098	34,823	13,275	9,212	7,814	27.6
Up to 5%	45,911	33,240	12,672	8,609	7,259	27.6
Down 5%	41,539	30,074	11,465	7,402	6,150	27.6
Down 10%	39,353	28,491	10,861	6,798	5,595	27.6

9.8.2 Variations in Cost of Sales

Estimate for the financial year ended 30 June 2007

	Revenue RM'000	Cost of Sales RM'000	Gross Profit RM'000	PBT RM'000	PAT & After MI RM'000	GP Margin %
As Forecast	36,601	26,665	9,936	5,578	4,669	27.1
Up to 10%	36,601	29,332	7,270	2,912	2,393	19.9
Up to 5%	36,601	27,998	8,603	4,245	3,618	23.5
Down 5%	36,601	25,332	11,269	6,911	6,069	30.8
Down 10%	36,601	23,999	12,603	8,245	7,294	34.4

Forecast for the financial year ending 30 June 2008

	Revenue RM'000	Cost of Sales RM'000	Gross Profit RM'000	PBT RM'000	PAT & After MI RM'000	GP Margin %
As Forecast	43,725	31,655	12,070	8,007	6,510	27.6
Up to 10%	43,725	34,821	8,905	4,842	3,797	20.4
Up to 5%	43,725	33,238	10,487	6,424	5,252	24.0
Down 5%	43,725	30,072	13,653	9,590	8,161	31.2
Down 10%	43,725	28,490	15,236	11,173	9,615	34.8

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9. FINANCIAL INFORMATION (*cont'd*)

9.9 DIVIDEND FORECAST AND POLICY

Our Directors have considered the general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. The actual dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors. We may, by ordinary resolution of the shareholders, declare dividends at a general meeting, but no dividend shall exceed the amount recommended by our Board of Directors.

In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account various factors including:

- (i) our expected results of operations;
- (ii) required and expected interest expense and taxation, cash flows, our profits and return on equity and retained earnings;
- (iii) our projected levels of capital expenditure and other investment plans;
- (iv) the prevailing interest rates and yields of the financial market; and
- (v) the level of our cash, marketable financial assets and level of indebtedness.

It will be the policy of our Directors in recommending dividends to allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Our Board does not intend to recommend any dividend for the FYE2007 and FYE2008.

You should note that future dividends proposed and declared, may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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9. FINANCIAL INFORMATION (cont'd)

9.10 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in the Prospectus to be dated 29 October 2007)



AF: 0039

■ Chartered Accountants

4th Floor, Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

■ Phone : (03) 2144-2333

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Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

3 October 2007

The Board of Directors
BHS Industries Berhad
312, 3rd Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

BHS INDUSTRIES BERHAD PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

We report on the accompanying pro forma consolidated financial information of BHS Industries Berhad ("BHS" or the "Company") and its subsidiaries, Pustaka Sistem Pelajaran Sdn Bhd ("System"), BHS Book Printing Sdn Bhd ("BBP"), Pustaka Yakin Pelajar Sdn Bhd ("Yakin"), Star CTP Imaging Sdn Bhd ("Star"), System Publishing House Sdn Bhd ("SPH") and System Multimedia and Internet Sdn Bhd ("Multimedia") (collectively referred to as the "BHS Group"), which has been prepared by the directors of BHS, which we have stamped for the purpose of identification.

The pro forma consolidated financial information which consists of the following:

- (i) Pro Forma Consolidated Balance Sheets as at 30 April 2007;
- (ii) Pro Forma Consolidated Income Statements for the three (3) financial years ended 30 June 2004 to 2006 and the financial period ended 30 April 2007;
- (iii) Pro Forma Consolidated Cash Flow Statement for the financial period ended 30 April 2007; and
- (iv) Pro Forma Consolidated Statement of Assets and Liabilities as at 30 April 2007

of the BHS Group, have been prepared for illustrative purposes only, for the inclusion in the Prospectus of BHS to be dated 29 October 2007 in connection with the following:

- (i) The public issue of 20,000,000 new ordinary shares of RM0.50 each in BHS at an issue price of RM0.68 per share; and
- (ii) Thereafter, the listing of the entire issued and paid-up share capital of BHS comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Malaysia Securities Berhad.

9. FINANCIAL INFORMATION (*cont'd*)



AF: 0039

It is the responsibility solely of the directors of BHS to prepare the pro forma consolidated financial information in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings (“the Guidelines”).

It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the pro forma consolidated financial information with the responsible officers of BHS. Our work involves no independent examination of any of the underlying financial information other than our audit of the financial statements of BHS for the financial period since its incorporation on 30 December 2005 to 30 June 2006 and the financial period ended 30 April 2007, and the financial statements of Sistem, BBP, Star, Yakin, SPH and Multimedia for the financial years ended 30 June 2005 to 2006 and the financial period ended 30 April 2007 respectively, on which we reported to the members of the respective companies, as of the date of our report.

Our work has not been carried out in accordance with applicable Approved Standards on Auditing in Malaysia and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

In our opinion:

- (i) the pro forma consolidated financial information has been properly prepared on the bases stated and such bases are consistent with the accounting policies normally adopted by the BHS Group;
- (ii) the financial statements used in the preparation of the pro forma consolidated financial information have been properly prepared in accordance with applicable Financial Reporting Standards in Malaysia; and
- (iii) each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate for the purposes of preparing such financial information.

This letter has been prepared solely for the purposes stated above, in connection with the listing of and quotation for the entire issued and paid-up share capital of BHS on the Second Board of Bursa Malaysia Securities Berhad. This letter is not to be reproduced, referred to in any other document, or relied upon or used for any other purpose without our prior written consent.

Yours faithfully

ERNST & YOUNG
AF:0039
Chartered Accountants

YEOH ENG SENG
1212/12/08(J)
Partner

Kuala Lumpur, Malaysia

9. FINANCIAL INFORMATION (cont'd)

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1.0 INTRODUCTION

The pro forma consolidated financial information, for which the directors of BHS are solely responsible, has been prepared for illustrative purposes only, for the purpose of inclusion in the Prospectus of BHS to be dated 29 October 2007 in connection with the listing scheme as referred to in Note 2.0 below and may not, because of its nature, give a true picture of the actual financial position and results of the BHS Group. Further, such financial information does not purport to predict the future financial position and results of the BHS Group.

2.0 LISTING SCHEME

The transactions in conjunction with and as an integral part of the listing and quotation of the entire issued and paid-up share capital of BHS on the Second Board of Bursa Malaysia Securities Berhad are as follows:

- (i) Acquisition by BHS of the entire equity interest in Sistem comprising 3,618,890 ordinary shares of RM1.00 each in Sistem for a purchase consideration of RM20,704,769 satisfied by the issuance of 41,409,539 new ordinary shares of RM0.50 each in BHS at an issue price of RM0.50 per new ordinary share;

As at 30 April 2007, Sistem owns 100% of the equity interest in five (5) subsidiaries namely, BBP, Star, Yakin, SPH and Multimedia.

- (ii) Acquisitions by BHS of the entire equity interest in BBP and Star comprising 3,950,000 and 150,000 ordinary shares of RM1.00 each respectively from Sistem for a purchase consideration of RM16,878,790 and RM924,000 respectively satisfied by way of cash;
- (iii) Capitalisation of advances made by Harta Sistem Sdn Bhd ("Harta") to Sistem and BBP amounting to RM4,320,000 and RM600,000 respectively by the issuance of 9,840,000 new ordinary shares of RM0.50 each in BHS at an issue price of RM0.50 per new ordinary share;
- (iv) Rights issue of 8,750,457 new ordinary shares of RM0.50 each in BHS on the basis of ten (10) new ordinary shares of RM0.50 each for approximately every fifty nine (59) existing ordinary shares of RM0.50 each held at an issue price of RM0.50 per new ordinary share to Harta for total cash proceeds of RM4,375,229;
- (v) Offer for sale of 19,600,000 existing ordinary shares of RM0.50 each in BHS at an offer price of RM0.68 per ordinary share to Bumiputera investors ("Offer for Sale") approved by the Ministry of International Trade and Industry ("MITI"); and



9. FINANCIAL INFORMATION (*cont'd*)

2.0 LISTING SCHEME (CONTD.)

- (vi) Public issue for cash of 20,000,000 new ordinary shares of RM0.50 each in BHS at an issue price of RM0.68 per new ordinary share ("Public Issue") in the following manner:
- (a) 6,000,000 Public Issue Shares will be made available for application by the Malaysian citizens, companies, societies, co-operatives and institutions;
 - (b) 6,000,000 Public Issue Shares will be reserved for application by the eligible directors, employees and business associates of BHS Group;
 - (c) 4,400,000 Public Issue Shares will be reserved for Bumiputera investors approved by MITI; and
 - (d) 3,600,000 Public Issue Shares will be reserved for private placement to identified investors.

Thereafter, the entire issued and paid-up share capital of BHS comprising 80,000,000 ordinary shares of RM0.50 each shall be listed on the Second Board of Bursa Malaysia Securities Berhad ("Listing").

Save for the Offer for Sale and Public Issue, the above transactions have been completed.



9. FINANCIAL INFORMATION (cont'd)

3.0 PRO FORMA CONSOLIDATED BALANCE SHEETS OF BHS AS AT 30 APRIL 2007

Company	Group			
	Pro Forma I After Dividends / Acquisition of Sistem / Acquisitions of BBP and Star RM	Pro Forma II After Pro Forma I and Capitalisation of Advances RM	Pro Forma III After Pro Forma II and Rights Issue / Offer for Sale RM	Pro Forma IV After Pro Forma III and Public Issue RM
Non-Current Assets				
Property, plant and equipment	-	16,565,015	16,565,015	16,565,015
Intangible assets	-	747,183	747,183	747,183
Other investments	-	12,688	12,688	12,688
Deferred tax asset	-	23,415	23,415	23,415
	-	17,348,301	17,348,301	17,348,301
Current Assets				
Inventories	-	7,715,062	7,715,062	7,715,062
Trade receivables	-	* 14,012,828	* 14,012,828	* 14,012,828
Other receivables	627,946	840,637	840,637	840,637
Tax recoverable	-	332,270	332,270	332,270
Cash and bank balances	2	1,870,139	1,870,139	18,145,368
	627,948	24,770,936	24,770,936	29,146,165
			29,146,165	41,046,165
Current Liabilities				
Trade payables	-	2,303,106	2,303,106	2,303,106
Other payables	638,545	7,952,080	7,952,080	7,952,080
Amount due to holding company	-	4,920,000	-	-
Borrowings	-	3,435,358	3,435,358	3,435,358
Taxation	-	24,801	24,801	24,801
	638,545	18,635,345	13,715,345	13,715,345
Net Current (Liabilities)/Assets				
	(10,597)	6,135,591	11,055,591	27,330,820
	(10,597)	23,483,892	28,403,892	32,779,121
Financed by:				
Share capital	2	20,704,771	25,624,771	30,000,000
Share premium	-	-	-	1,900,000
(Accumulated losses)/retained profits	(10,599)	* 1,095,751	* 1,095,751	* 1,095,751
	(10,597)	21,800,522	26,720,522	31,095,751
Borrowings	-	53,614	53,614	53,614
Deferred tax liabilities	-	1,629,756	1,629,756	1,629,756
	-	1,683,370	1,683,370	1,683,370
	(10,597)	23,483,892	28,403,892	32,779,121
Net Tangible (Liabilities)/Assets				
	(10,597)	21,053,339	25,973,339	42,248,568
No. of ordinary shares of RM0.50 each in issue				
	4	41,409,543	51,249,543	60,000,000
Net Tangible (Liabilities)/Assets per ordinary share				
	(2,649.25)	0.51	0.51	0.70

* After allowance for doubtful debts amounting to RM688,024 made in connection with the condition imposed on the BHS Group that all trade debtors which have been outstanding for more than 6 months be provided for



9. FINANCIAL INFORMATION (cont'd)

3.1 Notes to the Pro Forma Consolidated Balance Sheets of BHS

The pro forma consolidated balance sheets of the BHS Group as at 30 April 2007, for which the directors of BHS are solely responsible, have been prepared for illustrative purposes to show the effects of the transactions as described in Note 2.0 on the consolidated balance sheets of BHS had they been implemented and completed on that date, and are based on the audited balance sheets of BHS, Sistem, BBP, Star, Yakin, SPH and Multimedia as at 30 April 2007.

The pro forma consolidated balance sheets have been prepared based on the accounting principles and bases consistent with those adopted by BHS, Sistem, BBP, Star, Yakin, SPH and Multimedia in the preparation of the audited financial statements as at 30 April 2007 which have been prepared in accordance with applicable Financial Reporting Standards in Malaysia, and by way of incorporating the following adjustments:

(i) **Pro Forma I** incorporates the effects of the following transactions:

- (a) Acquisition by BHS of the entire equity interest in Sistem comprising 3,618,890 ordinary shares of RM1.00 each in Sistem for a purchase consideration of RM20,704,769 satisfied by the issuance of 41,409,539 new ordinary shares of RM0.50 each in BHS at an issue price of RM0.50 per new ordinary share.

The Acquisition of Sistem was accounted for as a business combination involving entities under common control.

Prior to the Acquisition of Sistem by BHS, a dividend amounting to RM2.75 million will be paid by Sistem to its existing shareholder, Harta; and

- (b) Acquisitions by BHS of the entire equity interest in BBP and Star comprising 3,950,000 and 150,000 ordinary shares of RM1.00 each respectively from Sistem for a purchase consideration of RM16,878,790 and RM924,000 respectively satisfied by way of cash.

(ii) **Pro Forma II** incorporates the effects of the capitalisation of advances made by Harta to Sistem and BBP amounting to RM4,320,000 and RM600,000 respectively by the issuance of 9,840,000 new ordinary shares of RM0.50 each in BHS at an issue price of RM0.50 per new ordinary share ("Capitalisation of Advances");

(iii) **Pro Forma III** incorporates the effects of the following transactions:

- (a) Rights issue of 8,750,457 new ordinary shares of RM0.50 each in BHS on the basis of ten (10) new ordinary shares of RM0.50 each for approximately every fifty nine (59) existing ordinary shares of RM0.50 each held at an issue price of RM0.50 per new ordinary share ("Rights Issue") to Harta for total cash proceeds of RM4,375,229; and
- (b) Offer for sale of 19,600,000 existing ordinary shares of RM0.50 each in BHS at an offer price of RM0.68 per ordinary share to Bumiputera investors ("Offer for Sale") approved by the Ministry of International Trade and Industry ("MITI").



9. FINANCIAL INFORMATION (cont'd)

3.1 Notes to the Pro Forma Consolidated Balance Sheets of BHS (Contd.)

- (iv) **Pro Forma IV** incorporates the effects of the public issue for cash of 20,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.68 per new ordinary share ("Public Issue").

Thereafter, the entire issued and paid-up share capital of BHS comprising 80,000,000 ordinary shares of RM0.50 each shall be listed on the Second Board of Bursa Malaysia Securities Berhad ("Listing").

Estimated listing expenses amounting to approximately RM1.7 million have been debited against the share premium account.

The net cash proceeds of RM16.275 million (after deducting estimated expenses relating to the Listing of RM1.7 million) to be received from the Rights Issue and Public Issue are assumed to be utilised as follows:

	RM'000
Expansion plan – acquisitions of machinery	15,000
Working capital	1,275
	<u>16,275</u>

The effects of the above pro forma adjustments on the share capital, share premium and retained earnings of BHS are summarised as follows:

	Share Capital RM	Share Premium RM	(Accumulated Losses)/ Retained Profits RM	Total RM
At 30 April 2007	2	-	(10,599)	(10,597)
Dividends/acquisition of Sistem/acquisitions of BBP and Star	20,704,769	-	* 1,106,350	21,811,119
Pro Forma I	20,704,771	-	* 1,095,751	21,800,522
Capitalisation of advances	4,920,000	-	-	4,920,000
Pro Forma II	25,624,771	-	* 1,095,751	26,720,522
Rights issue	4,375,229	-	-	4,375,229
Pro Forma III	30,000,000	-	* 1,095,751	31,095,751
Public issue	10,000,000	1,900,000	-	11,900,000
Pro Forma IV	40,000,000	1,900,000	* 1,095,751	42,995,751

- * After allowance for doubtful debts amounting to RM688,024 made in connection with the condition imposed on the BHS Group that all trade debtors which have been outstanding for more than 6 months be provided for.



9. FINANCIAL INFORMATION (cont'd)

4.0 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2004 TO 2006 AND THE FINANCIAL PERIOD ENDED 30 APRIL 2007

	Financial year ended 30 June			Period from
	2004	2005	2006	1.7.2006 to 30.4.2007
	RM	RM	RM	RM
Revenue	29,038,205	34,471,454	35,783,760	31,480,638
Cost of sales	(19,913,391)	(24,891,517)	(25,468,015)	(23,260,245)
Gross profit	9,124,814	9,579,937	10,315,745	8,220,393
Other income	326,949	571,611	279,915	691,373
Administrative and other operating expenses	(4,772,344)	(3,955,924)	(3,630,914)	(3,183,249)
Profit from operations	4,679,419	6,195,624	6,964,746	5,728,517
Finance costs	(525,712)	(407,441)	(554,800)	(313,045)
Profit before taxation	4,153,707	5,788,183	6,409,946	5,415,472
Taxation	(542,640)	(964,360)	(1,526,277)	(875,231)
Profit after taxation	3,611,067	4,823,823	4,883,669	4,540,241
Earnings before interest, depreciation and tax	6,383,668	8,023,826	8,881,505	7,214,064
Gross profit margin (%)	31.42	27.79	28.83	26.11
Profit after taxation margin (%)	12.44	13.99	13.65	14.42
Effective tax rate (%)	13.06	16.66	23.81	16.16
No. of ordinary shares of RM0.50 each in issue after Public Issue	80,000,000	80,000,000	80,000,000	80,000,000
Earnings per share (sen)				
- Basic	4.51	6.03	6.10	5.68
- Diluted	*	*	*	*

* Diluted earnings per share is not provided as there were no potential ordinary shares to be issued throughout the financial years/period under review.



9. FINANCIAL INFORMATION (cont'd)

4.1 Notes to the Pro Forma Consolidated Income Statements For The Financial Years Ended 30 June 2004 to 2006 and The Financial Period Ended 30 April 2007

The pro forma consolidated income statements of the BHS Group for the financial years ended 30 June 2004 to 2006, and the financial period ended 30 April 2007, for which the directors of BHS are solely responsible, have been prepared for illustrative purposes to show the effects of the transactions as described in Note 2.0 on the consolidated income statements of BHS Group had these been implemented and completed on that date, and are based on the audited financial statements of BHS, Sistem, BBP, Star, Yakin, SPH and Multimedia for the relevant periods under review.

The pro forma consolidated income statements have been prepared in accordance with applicable Financial Reporting Standards in Malaysia, and on accounting policies and bases consistent with those adopted by BHS, Sistem, BBP, Star, Yakin, SPH and Multimedia in the preparation of the audited financial statements for the financial period ended 30 April 2007.

The pro forma consolidated income statements of the BHS Group for the financial years ended 30 June 2004 to 2006, and the financial period ended 30 April 2007 have been prepared based on the following assumptions:

- (a) The BHS Group has been in existence since 1 July 2003;
- (b) All material intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the pro forma consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered;
- (c) The issued and paid-up share capital of BHS of 80,000,000 ordinary shares of RM0.50 each is after the Public Issue referred to in Note 2.0; and
- (d) The earnings per share is computed as profit after taxation over the number of ordinary shares assumed to be in issue immediately after the Public Issue.



9. FINANCIAL INFORMATION (cont'd)

4.2 Pro Forma Consolidated Income Statement For The Financial Year Ended 30 June 2004

	BHS [#] RM	Sistem Group [^] RM	Total RM	Pro forma Adjustment* RM	Pro forma Group 2004 RM
Revenue	-	29,038,205	29,038,205		29,038,205
Cost of sales	-	(19,913,391)	(19,913,391)		(19,913,391)
Gross profit	-	9,124,814	9,124,814		9,124,814
Other income	-	326,949	326,949		326,949
Administrative and other operating expenses	-	(4,772,344)	(4,772,344)		(4,772,344)
Profit from operations	-	4,679,419	4,679,419		4,679,419
Finance costs	-	(525,712)	(525,712)		(525,712)
Profit before taxation	-	4,153,707	4,153,707		4,153,707
Taxation	-	(542,640)	(542,640)		(542,640)
Profit after taxation	-	3,611,067	3,611,067		3,611,067
Number of shares in issue had the BHS Group been in existence					80,000,000
Earnings per share (sen)					4.51

As BHS was incorporated on 30 December 2005, its first set of audited financial statements was prepared for financial period ended 30 June 2006.

^ The income statement of the Sistem Group for the financial year ended 30 June 2004 is based on the audited income statements of Sistem, BBP, Star, Yakin, SPH and Multimedia for the financial year ended 30 June 2004.

* There are no material intragroup transactions and balances that require elimination on consolidation and there is no pro forma adjustment on the acquisition of subsidiaries as the resulting unrealised gains are fully eliminated on consolidation.



9. FINANCIAL INFORMATION (cont'd)

4.3 Pro Forma Consolidated Income Statement For The Financial Year Ended 30 June 2005

	BHS [#]	Sistem	Total	Pro forma	Pro forma
	RM	Group [^]	RM	Adjustment*	Group
	RM	RM	RM	RM	2005
					RM
Revenue	-	34,471,454	34,471,454		34,471,454
Cost of sales	-	(24,891,517)	(24,891,517)		(24,891,517)
Gross profit	-	9,579,937	9,579,937		9,579,937
Other income	-	571,611	571,611		571,611
Administrative and other operating expenses	-	(3,955,924)	(3,955,924)		(3,955,924)
Profit from operations	-	6,195,624	6,195,624		6,195,624
Finance costs	-	(407,441)	(407,441)		(407,441)
Profit before taxation	-	5,788,183	5,788,183		5,788,183
Taxation	-	(964,360)	(964,360)		(964,360)
Profit after taxation	-	4,823,823	4,823,823		4,823,823
Number of shares in issue had the BHS Group been in existence					80,000,000
Earnings per share (sen)					6.03

As BHS was incorporated on 30 December 2005, its first set of audited financial statements was prepared for financial period ended 30 June 2006.

^ The income statement of the Sistem Group for the financial year ended 30 June 2005 is based on the audited income statements of Sistem, BBP, Star, Yakin, SPH and Multimedia for the financial year ended 30 June 2005.

* There are no material intragroup transactions and balances that require elimination on consolidation and there is no pro forma adjustment on the acquisition of subsidiaries as the resulting unrealised gains are fully eliminated on consolidation.



9. FINANCIAL INFORMATION (cont'd)

4.4 Pro Forma Consolidated Income Statement For The Financial Year Ended 30 June 2006

	BHS [#]	Sistem Group [^]	Total	Pro forma Adjustment*	Pro forma Group 2006
	RM	RM	RM	RM	RM
Revenue	-	35,783,760	35,783,760		35,783,760
Cost of sales	-	(25,468,015)	(25,468,015)		(25,468,015)
Gross profit	-	10,315,745	10,315,745		10,315,745
Other income	-	279,915	279,915		279,915
Administrative and other operating expenses	(6,466)	(3,624,448)	(3,630,914)		(3,630,914)
(Loss)/profit from operations	(6,466)	6,971,212	6,964,746		6,964,746
Finance costs	-	(554,800)	(554,800)		(554,800)
(Loss)/profit before taxation	(6,466)	6,416,412	6,409,946		6,409,946
Taxation	-	(1,526,277)	(1,526,277)		(1,526,277)
(Loss)/profit after taxation	(6,466)	4,890,135	4,883,669		4,883,669
Number of shares in issue had the BHS Group been in existence					<u>80,000,000</u>
Earnings per share (sen)					<u>6.10</u>

BHS's first set of audited financial statements was prepared from its date of incorporation on 30 December 2005 to 30 June 2006.

^ The income statement of the Sistem Group for the financial year ended 30 June 2006 is based on the audited income statements of Sistem, BBP, Star, Yakin, SPH and Multimedia for the financial year ended 30 June 2006.

* There are no material intragroup transactions and balances that require elimination on consolidation and there is no pro forma adjustment on the acquisition of subsidiaries as the resulting unrealised gains are fully eliminated on consolidation.



9. FINANCIAL INFORMATION (cont'd)

4.5 Pro Forma Consolidated Income Statement For The Financial Period Ended 30 April 2007

	BHS [#] RM	Sistem Group [^] RM	Total RM	Pro forma Adjustment* RM	Pro forma Group Period from 1.7.2006 to 30.4.2007 RM
Revenue	-	31,480,638	31,480,638		31,480,638
Cost of sales	-	(23,260,245)	(23,260,245)		(23,260,245)
Gross profit	-	8,220,393	8,220,393		8,220,393
Other income	-	691,373	691,373		691,373
Administrative and other operating expenses	(4,133)	(3,179,116)	(3,183,249)		(3,183,249)
(Loss)/profit from operations	(4,133)	5,732,650	5,728,517		5,728,517
Finance costs	-	(313,045)	(313,045)		(313,045)
(Loss)/profit before taxation	(4,133)	5,419,605	5,415,472		5,415,472
Taxation	-	(875,231)	(875,231)		(875,231)
(Loss)/profit after taxation	(4,133)	4,544,374	4,540,241		4,540,241
Number of shares in issue had the BHS Group been in existence					<u>80,000,000</u>
Earnings per share (sen)					<u>5.68</u>

The income statement of BHS for the financial period ended 30 April 2007 is based on the audited income statement of BHS for the financial period ended 30 April 2007.

^ The income statement of the Sistem Group for the financial period ended 30 April 2007 is based on the audited income statements of Sistem, BBP, Star, Yakin, SPH and Multimedia for the financial period ended 30 April 2007.

* There are no material intragroup transactions and balances that require elimination on consolidation and there is no pro forma adjustment on the acquisition of subsidiaries as the resulting unrealised gains are fully eliminated on consolidation.



9. FINANCIAL INFORMATION (cont'd)

5.0 PRO FORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2007

The pro forma consolidated cash flow statement of the BHS Group for the financial period ended 30 April 2007, for which the directors of BHS are solely responsible, has been prepared for illustrative purposes to show the effects of the transactions as described in Note 2.0 on the pro forma consolidated cash flow statement had these been implemented and completed on that date, and is based on the audited financial statements of BHS, Sistem, BBP, Star, Yakin, SPH and Multimedia for the financial period ended 30 April 2007, on the assumption that the BHS Group had been in existence throughout the financial period under review.

The pro forma consolidated cash flow statement has been prepared in accordance with applicable Financial Reporting Standards in Malaysia, and on accounting policies and bases consistent with those adopted by BHS, Sistem, BBP, Star, Yakin, SPH and Multimedia in the preparation of the audited financial statements for the financial period ended 30 April 2007. The pro forma cash flow statement should be read in conjunction with the basis of preparation of the pro forma consolidated balance sheets, pro forma income statements and their respective notes, as set out in Notes 3 and 4.

	Period from 1.7.2006 to 30.4.2007 RM
Cash Flows From Operating Activities	
Profit before taxation	5,415,472
Adjustments for:	
Depreciation	1,485,547
Interest expense	313,045
Allowance for doubtful debts	366,659
Gain on disposal of property, plant and equipment	(492,498)
Inventories written down	33,000
Inventories written off	134,913
Dividend income	(875)
Operating profit before working capital changes	<u>7,255,263</u>
Decrease in inventories	5,125,637
Increase in receivables	(1,171,090)
Decrease in payables	(901,907)
Cash generated from operations	<u>10,307,903</u>
Tax paid	(943,888)
Interest paid	(313,045)
Net cash generated from operating activities	<u>9,050,970</u>



9. FINANCIAL INFORMATION (cont'd)

5.0 PRO FORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2007 (CONTD.)

	Period from 1.7.2006 to 30.4.2007 RM
Cash Flows From Investing Activities	
Purchase of property, plant and equipment	(8,044,181)
Proceeds from disposal of property, plant and equipment	1,180,000
Net dividend income received	875
Net cash used in investing activities	<u>(6,863,306)</u>
Cash Flows From Financing Activities	
Proceeds from issuance of new shares	17,975,229
Listing expenses paid	(1,700,000)
Net repayment of term loans	(915,634)
Net repayment of hire purchase payables	(17,505)
Net cash generated from financing activities	<u>15,342,090</u>
Net increase in cash and cash equivalents	17,529,754
Cash and cash equivalents at 1 July	390,926
Cash and cash equivalents at 30 April	<u>17,920,680</u>
Cash and cash equivalents comprise:	
Cash and bank balances	18,145,368
Bank overdrafts	(224,688)
	<u>17,920,680</u>



9. FINANCIAL INFORMATION (cont'd)

6.0 PRO FORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 2007

The pro forma statement of assets and liabilities of the BHS Group as at 30 April 2007, for which the directors of BHS are solely responsible, have been prepared for illustrative purposes to show the effects of the transactions as described in Note 2.0 had these been implemented and completed on the date, and are based on the audited financial statements of BHS, Sistem, BBP, Star, Yakin, SPH and Multimedia as at 30 April 2007, on the assumption that the BHS Group had been in existence throughout the financial period under review.

The pro forma statement of assets and liabilities has been prepared in accordance with applicable Financial Reporting Standards in Malaysia, and on accounting policies and bases consistent with those adopted by BHS, Sistem, BBP, Star, Yakin, SPH and Multimedia in the preparation of the audited financial statements as at 30 April 2007. The pro forma statement of assets and liabilities should be read in conjunction with the basis of preparation of the pro forma consolidated balance sheets and notes thereon as set out in Note 3.

	Note	Group RM
Non-Current Assets		
Property, plant and equipment	6.1.1	16,565,015
Intangible assets	6.1.2	747,183
Other investments	6.1.3	12,688
Deferred tax asset	6.1.4	23,415
		<u>17,348,301</u>
Current Assets		
Inventories	6.1.5	7,715,062
Trade receivables	6.1.6	* 14,012,828
Other receivables	6.1.7	840,637
Tax recoverable		332,270
Cash and bank balances		18,145,368
		<u>41,046,165</u>
Current Liabilities		
Trade payables		2,303,106
Other payables	6.1.8	7,952,080
Borrowings	6.1.9	3,435,358
Taxation		24,801
		<u>13,715,345</u>
Net Current Assets		<u>27,330,820</u>
		<u>44,679,121</u>
Financed by:		
Share capital		40,000,000
Share premium		1,900,000
Retained profits		* 1,095,751
Shareholders' funds		<u>42,995,751</u>
Borrowings	6.1.9	53,614
Deferred tax liabilities	6.1.11	1,629,756
		<u>1,683,370</u>
		<u>44,679,121</u>

* After allowance for doubtful debts amounting to RM688,024 made in connection with the condition imposed on the BHS Group that all trade debtors which have been outstanding for more than 6 months be provided for.



9. FINANCIAL INFORMATION (cont'd)

6.1 Notes to the Pro Forma Statement of Assets and Liabilities as at 30 April 2007**6.1.1 Property, Plant and Equipment**

Net book value	RM
Leasehold land	3,372,755
Factory equipment, plant and machinery	12,873,815
Renovation and signboard	10,485
Office equipment, furniture and fittings and electrical installations	148,840
Computers	126,239
Motor vehicles	32,881
	<u>16,565,015</u>

- (a) Included in property, plant and equipment of the BHS Group as at 30 April 2007 is a motor vehicle held under hire purchase arrangement, with a net book value of RM32,879.
- (b) Included in property, plant and equipment of the BHS Group as at 30 April 2007 are factory equipment, plant and machinery pledged for borrowings, with net book values amounting to RM4,305,916.

6.1.2 Intangible Assets

	RM
Development costs	<u>747,183</u>

6.1.3 Other Investments

	RM
Shares quoted in Malaysia, at cost	21,149
Less: Accumulated impairment losses	<u>(8,461)</u>
	<u>12,688</u>



9. FINANCIAL INFORMATION (cont'd)

6.1 Notes to the Pro Forma Statement of Assets and Liabilities as at 30 April 2007 (Contd.)

6.1.4 Deferred Tax Asset

	RM
At 1 July 2006/30 April 2007	<u>(23,415)</u>
Presented after appropriate offsetting as follows:	
Deferred tax asset	(24,024)
Deferred tax liability	<u>609</u>
	<u>(23,415)</u>

The components and movements of deferred tax assets of the BHS Group during the financial period prior to offsetting are as follows:

Deferred tax liability of the BHS Group

	Property, Plant and Equipment RM
At 1 July 2006	187
Recognised in the income statement	<u>422</u>
At 30 April 2007	<u>609</u>

Deferred tax asset of the BHS Group

	Unused Tax Losses and Unabsorbed Capital Allowances RM
At 1 July 2006	(23,602)
Recognised in the income statement	<u>(422)</u>
At 30 April 2007	<u>(24,024)</u>



9. FINANCIAL INFORMATION (cont'd)

6.1 Notes to the Pro Forma Statement of Assets and Liabilities as at 30 April 2007 (Contd.)

6.1.5 Inventories

	RM
Cost	
Raw materials	5,593,154
Finished goods	1,975,407
	<u>7,568,561</u>
Net realisable value	
Finished goods	146,501
	<u>7,715,062</u>

6.1.6 Trade Receivables

	RM
Trade receivables	15,086,803
Less: Allowance for doubtful debts	* (1,073,975)
	<u>14,012,828</u>

- * After allowance for doubtful debts amounting to RM688,024 made in connection with the condition imposed on the BHS Group that all trade debtors which have been outstanding for more than 6 months be provided for.
- (a) Included in trade receivables are amounts totalling RM679,275 due from companies in which the directors have interest.
- (b) A director of the BHS Group had provided undertakings to pay to a subsidiary company the outstanding amounts of trade debts or the amounts as reduced by any sum subsequently received from the said trade receivables amounting to RM618,545.

Subsequent to 30 April 2007, the director has fulfilled these undertakings.

6.1.7 Other Receivables

Included in other receivables are rental deposits amounting to RM40,800 placed with a company in which the directors have interest.



9. FINANCIAL INFORMATION (cont'd)

6.1 Notes to the Pro Forma Statement of Assets and Liabilities as at 30 April 2007 (Contd.)

6.1.8 Other Payables

- (a) Included in other payables are amounts totalling RM15,455 due to directors of the BHS Group.

The amounts due to directors are unsecured, interest-free and have no fixed term of repayment.

- (b) Included in other payables is an amount of RM7,380,000 that forms part of the consideration payable for the acquisition of a printing machine.

6.1.9 Borrowings

	RM
Short Term Borrowings (Secured)	
Bank overdrafts	2,974,688
Term loans	450,185
Hire purchase payables (Note 6.1.10)	10,485
	<u>3,435,358</u>
Long Term Borrowings (Secured)	
Term loans	53,614
	<u>53,614</u>
Total Borrowings (Secured)	
Bank overdrafts	2,974,688
Term loans	503,799
Hire purchase payables (Note 6.1.10)	10,485
	<u>3,488,972</u>
 Maturity of borrowings (excluding hire purchase):	
Within one year	3,424,873
More than 1 year and less than 2 years	53,614
	<u>3,478,487</u>

- (a) The bank borrowings are secured by way of the following:
- (i) fixed legal charge over certain properties of a company in which the directors have interest;
 - (ii) joint and several guarantee of directors of the BHS Group;
 - (iii) corporate guarantee by a company in which the directors have interest;
 - (iv) facilities agreements; and
 - (v) specific debenture on certain plant and machineries of the BHS Group;



9. FINANCIAL INFORMATION (cont'd)

6.1 Notes to the Pro Forma Statement of Assets and Liabilities as at 30 April 2007 (Contd.)

6.1.9 Borrowings (Contd.)

- (b) The bank overdrafts bear interest at 1.75% per annum above the base lending rate of the bank.
- (c) The term loans obtained from local licensed banks bear interest at rates ranging from 1.0% to 1.75% per annum above the base lending rate of the banks and 2.75% to 3.50% per annum above the Bank Negara Malaysia Funding Rate.

6.1.10 Hire Purchase Payables

	RM
Minimum lease payments:	
Not later than 1 year	12,060
Less: Future finance charges	<u>(1,575)</u>
Present value of finance lease liabilities	<u>10,485</u>
Present value of finance lease liabilities	
Not later than 1 year	<u>10,485</u>
Analysed as:	
Due within 12 months	<u>10,485</u>

The hire purchase liabilities bear interest at rate of 5.0% per annum.

6.1.11 Deferred Tax Liabilities

	RM
At 1 July 2006	1,215,284
Recognised in income statement	<u>414,472</u>
At 30 April 2007	<u>1,629,756</u>
Presented after appropriate offsetting as follows:	
Deferred tax assets	(8,721)
Deferred tax liabilities	<u>1,638,477</u>
	<u>1,629,756</u>



9. FINANCIAL INFORMATION (cont'd)

6.1 Notes to the Pro Forma Statement of Assets and Liabilities as at 30 April 2007 (Contd.)**6.1.11 Deferred Tax Liabilities (Contd.)**

The components and movements of deferred tax liabilities of the BHS Group during the financial period prior to offsetting are as follows:

Deferred tax liabilities of the BHS Group

	Property, Plant and Equipment RM
At 1 July 2006	1,215,284
Recognised in the income statement	<u>423,193</u>
At 30 April 2007	<u>1,638,477</u>

Deferred tax assets of the BHS Group

	Allowance for Doubtful Debts RM
At 1 July 2006	-
Recognised in the income statement	<u>(8,721)</u>
At 30 April 2007	<u>(8,721)</u>



9. FINANCIAL INFORMATION (cont'd)

9.11 TRADE RECEIVABLES AGEING ANALYSIS AS AT 30 APRIL 2007

Our trade receivables mainly comprise of our customers for printing as well as the individual bookshops for publishing. Our Group's normal credit period is between 30 to 120 days. However, we may at our discretion extend the credit period on a case to case basis. The following is the ageing analysis of our Group's trade receivables as of 30 April 2007 which amounted to RM14.7 million and subsequent collection up to 3 September 2007, being the latest practicable date prior to the printing of this Prospectus.

	Trade receivables ageing analysis						Total	Allowance for doubtful debts	As at 30 April 2007
	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	>180 days			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000			
As at 30 April 2007	3,000	3,349	1,369	1,863	2,700	2,806	15,087	(386)	14,701
<i>Less:</i> Settlement subsequent to 30 April 2007 and up to 3 September 2007	(1,714)	(1,922)	(524)	(1,364)	(1,512)	(1,801)	(8,837)	-	(8,837)
Balance	1,286	1,427	845	499	1,188	1,005	6,250	(386)	5,864

As at 30 April 2007, the trade receivables which has exceeded the normal credit period of 120 days amounted to RM5.5 million (representing approximately 36% of the total trade receivables). Of this amount, RM3.3 million (representing 60% of the total trade receivables that has exceeded the credit period) have been collected up to 3 September 2007. The abovementioned RM5.5 million and RM3.3 million includes the payment made by a director of the Group who has fulfilled his undertakings to pay a subsidiary company the outstanding amounts of RM618,545 of the trade debts. The Directors are confident that the balance trade receivables exceeding the normal credit period of 120 days which is outstanding as at 3 September 2007 amounting to RM2.2 million are recoverable based on the past payment history of the debtors and their progress settlement made to-date.

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