

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus ("AP") unless stated otherwise.

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your BHS Shares, you should at once hand this AP together with the NPA and RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd (118401-V) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

A copy of this AP has been registered with the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the Rights Issue with Warrants. A copy of this AP, together with the NPA and RSF has also been lodged with the Companies Commission of Malaysia, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM held on 14 August 2015. Approval has also been obtained from Bursa Securities vide its letter dated 19 June 2015 for, amongst others, the admission of the Warrants to the official list of Bursa Securities and the listing of and quotation for the Rights Shares and the Warrants as well as the new BHS Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. The admission of the Warrants and the listing of and quotation for all the said new securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

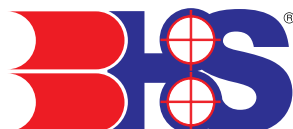
Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed herein. Admission to the official list of Bursa Securities and the listing of and quotation for the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

Our Board has seen and approved all the documentation relating to the Rights Issue with Warrants, including this AP, together with the NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in these documents false or misleading.

This AP together with the NPA and RSF are only despatched to our Entitled Shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 9 September 2015. This AP together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders (as defined herein) and/or their renounee(s) and/or their transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither BHS nor RHBIB shall accept any responsibility or liability in the event that any acceptance and/or renunciation made by the Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

RHBIB, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.



BHS INDUSTRIES BERHAD

(Company No. 719660-W)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 106,666,666 NEW ORDINARY SHARES OF RM0.25 EACH IN BHS INDUSTRIES BERHAD ("BHS SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) EXISTING BHS SHARES HELD AT 5.00 P.M. ON 9 SEPTEMBER 2015, TOGETHER WITH UP TO 213,333,332 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED, AT AN ISSUE PRICE OF RM0.42 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

Principal Adviser and Underwriter



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement date.....	:	Wednesday, 9 September 2015 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights.....	:	Thursday, 17 September 2015 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights.....	:	Tuesday, 22 September 2015 at 4.00 p.m.
Last date and time for acceptance and payment.....	:	Monday, 28 September 2015 at 5.00 p.m.*
Last date and time for excess application and payment.....	:	Monday, 28 September 2015 at 5.00 p.m.*

* or such later date and time as our Board may determine and announce, after consultation with the Underwriter, not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 9 September 2015

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this AP unless stated otherwise.

THIS AP HAS BEEN REGISTERED WITH THE SC. THE REGISTRATION OF THIS AP SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS AP.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS AND THE NEW BHS SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THIS AP, TOGETHER WITH THE NPA AND RSF IS SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF SUCH DOCUMENTS AND HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON SUCH DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THIS AP, TOGETHER WITH THE NPA AND RSF MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS AP, TOGETHER WITH THE NPA AND RSF HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS FOR THE RIGHTS ISSUE WITH WARRANTS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN SUCH DOCUMENTS.

DEFINITIONS

The following definitions shall apply throughout this Abridged Prospectus unless the context requires otherwise:

“Act”	: Companies Act, 1965
“Allocation”	: Allocation of ESOS options to the executive Directors and non-executive Directors of BHS pursuant to the ESOS
“AP”	: This Abridged Prospectus dated 9 September 2015
“BHS” or the “Company”	: BHS Industries Berhad (719660-W)
“BHS Group” or the “Group”	: BHS and its subsidiaries, collectively
“BHS Share(s)” or “Share(s)”	: Ordinary share(s) of RM0.25 each in BHS
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of BHS
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“CDS”	: Central Depository System
“CDS Account”	: A securities account established by Bursa Depository for a depositor to record the deposits or withdrawals of securities or for dealings in such securities by the depositor
“CMSA”	: Capital Markets and Services Act, 2007
“Code”	: Malaysian Code on Take-Overs and Mergers, 2010
“Corporate Exercises”	: Diversification, Rights Issue with Warrants, ESOS, Allocation and Increase in Authorised Share Capital, collectively
“Dato’ Lim”	: Dato’ Lim Thiam Huat
“Deed Poll”	: The deed poll executed by our Company on 21 August 2015 constituting the Warrants
“Director(s)”	: A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 4 of the Act
“Diversification”	: Diversification of the existing core businesses of BHS Group to include the utilisation and sub-licensing of paper pulp making technology, manufacturing of Renewable Paper Pulp Products, and other related activities
“EBITDA”	: Earnings before interest, taxation, depreciation and amortisation
“EGM”	: Extraordinary General Meeting
“EFB”	: Empty fruit bunches
“Entitled Shareholder(s)”	: The shareholder(s) of BHS whose names appear in the Record of Depositors of BHS on the Entitlement Date for the Rights Issue with Warrants

DEFINITIONS (Cont'd)

"Entitlement Date"	: 9 September 2015 at 5.00 p.m., being the date and time on which the Entitled Shareholders must appear on BHS's Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue with Warrants
"EPS"	: Earnings per Share
"ESOS"	: Employees' Share Option Scheme
"Excess Rights Shares with Warrants"	: Rights Shares with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable) prior to excess application pursuant to the Rights Issue with Warrants
"FELDA"	: Federal Land Development Authority
"FYE"	: Financial year ended/ ending
"GST"	: Malaysian Goods and Services Tax
"Increase in Authorised Share Capital"	: Increase in the authorised share capital of BHS from RM100,000,000 comprising 400,000,000 Shares to RM250,000,000 comprising 1,000,000,000 Shares
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"LPD"	: 10 August 2015, being the latest practicable date prior to the issuance of this AP
"Market Day(s)"	: Any day between Mondays and Fridays (inclusive), excluding public holidays, and a day on which Bursa Securities is open for trading of securities
"Maximum Scenario"	: Assuming that all the 12,494,900 treasury shares held as at the LPD are resold in the market prior to the Entitlement Date
"MFRS"	: Malaysian Financial Reporting Standard 2 – Share-based Payment
"Minimum Scenario"	: Assuming that all the 12,494,900 treasury shares held as at the LPD are not resold in the market prior to the Entitlement Date
"NA"	: Net assets
"NPA"	: Notice of Provisional Allotment dated 9 September 2015 issued by BHS, notifying the Entitled Shareholders that his/ her provisional allotment of Rights Shares has been credited into his or her CDS Account
"PAC(s)"	: Parties acting in concert pursuant to Sections 216(2) and 216(3) of the CMSA
"PAT"	: Profit after taxation
"PBT"	: Profit before taxation
"PRC RBMP Technology"	: Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology
"Provisional Allotment"	: Rights Shares with Warrants provisionally allotted to the Entitled Shareholders and/or their renounee(s) (if applicable) pursuant to the Rights Issue with Warrants

DEFINITIONS (Cont'd)

“Record of Depositors”	: A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“Renewable Paper Pulp Products”	: Renewable paper pulp products generated from EFB using the PRC RBMP Technology
“RHBIB”, the “Principal Adviser” or the “Underwriter”	: RHB Investment Bank Berhad (19663-P)
“Rights Share(s)”	: New BHS Shares to be issued pursuant to the Rights Issue with Warrants
“Rights Issue with Warrants”	: Renounceable rights issue of up to 106,666,666 BHS Shares on the basis of one (1) Rights Share for every three (3) existing BHS Shares held on the Entitlement Date, together with up to 213,333,332 Warrants on the basis of two (2) Warrants for every one (1) Rights Share subscribed, at an issue price of RM0.42 per Rights Share payable in full upon acceptance
“RM” and “sen”	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
“RSF”	: Rights Subscription Form issued by BHS, which is to be used by the Entitled Shareholders, renouncee(s) and other permitted investors to subscribe or accept the Provisional Allotment
“Rules of Bursa Depository”	: Rules of a central depository as defined in the Securities Industry (Central Depository) Act, 1991
“SC”	: Securities Commission Malaysia
“SGD”	: Singaporean Dollar, the lawful currency of Singapore
“TERP”	: Theoretical ex-rights price
“Underwriting Agreement”	: Underwriting agreement entered into between BHS and the Underwriter dated 21 August 2015
“Underwritten Shares”	: The portion of Rights Shares of up to 30,674,075 representing fifty percent (50%) of the remaining Rights Shares for which no irrevocable written undertaking has been obtained from any Entitled Shareholders
“USD”	: United States Dollar, the lawful currency of the United States of America
“VWAMP”	: Volume weighted average market price
“Warrant(s)”	: Free detachable warrant(s) to be issued pursuant to the Rights Issue with Warrants

Any reference to “our Company” and “BHS” in this AP are to BHS Industries Berhad, references to “our Group” is to our Company and our subsidiaries and references to “we”, “us”, “our” and “ourselves” in this AP are to our Company and, save where the context requires otherwise, our subsidiaries. All references to “you” in this AP are to our Entitled Shareholders.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

DEFINITIONS (Cont'd)

Any reference in this AP to any statute is a reference to that statute as for the time being amended or re-enacted.

Any reference to a time of day in this AP shall be a reference to Malaysian time, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company such as quarterly results and annual reports, are due to rounding.

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TABLE OF CONTENTS

	Page
CORPORATE DIRECTORY	viii
LETTER TO OUR ENTITLED SHAREHOLDERS CONTAINING:	
1. INTRODUCTION	1
2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS	3
2.1 Particulars of the Rights Issue with Warrants	3
2.2 Basis of determining and justification for the issue price of the Rights Share and the exercise price of the Warrants	4
2.3 Ranking of the Rights Shares and new BHS Shares to be issued from the exercise of Warrants	5
2.4 Principal terms of the Warrants	5
3. RATIONALE AND JUSTIFICATIONS FOR THE RIGHTS ISSUE WITH WARRANTS	7
4. UTILISATION OF PROCEEDS	7
5. IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENT	9
6. RISK FACTORS	11
6.1 Risks relating to our Group	11
6.2 Risks relating to the Rights Issue with Warrants	15
6.3 Forward-looking statements	16
7. INDUSTRY OVERVIEW AND PROSPECTS OF OUR GROUP	17
7.1 Overview and prospects of the Malaysian economy	17
7.2 Overview and prospects of the Malaysian oil palm biomass industry	17
7.3 Overview and prospects of the Malaysian pulp and paper industry	18
7.4 Advantages and disadvantages of wood free pulp and paper using the PRC RBMP Technology	20
7.5 Information on the standard or quality of wood free pulp and paper	21
7.6 Overview and prospects of BHS Group	22
8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS	23
8.1 Issued and paid-up share capital	23
8.2 NA per Share and gearing	24
8.3 Earnings and EPS	26
9. DETAILS OF OTHER CORPORATE EXERCISES	27
10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS	27
10.1 Working capital	27
10.2 Borrowings	27
10.3 Material commitments and contingent liabilities	27

TABLE OF CONTENTS (Cont'd)

	Page
11. INSTRUCTIONS FOR ACCEPTANCE, SALE/ TRANSFER, EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS	28
11.1 General	28
11.2 NPA	28
11.3 Last date and time for acceptance and payment	28
11.4 Procedure for full acceptance and payment	28
11.5 Procedure for part acceptance by the Entitled Shareholders	30
11.6 Procedure for sale/ transfer of the Provisional Allotment	31
11.7 Procedure for acceptance by renouncee(s) and/or transferee(s)	31
11.8 Procedure for application of Excess Rights Shares with Warrants	32
11.9 Form of issuance	33
11.10 Laws of foreign jurisdictions	34
12. TERMS AND CONDITIONS	36
13. FURTHER INFORMATION	36
 APPENDICES	
I CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 14 AUGUST 2015	37
II INFORMATION ON OUR COMPANY	44
III PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON	60
IV EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS	74
V AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON	102
VI UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015	167
VII DIRECTORS' REPORT	177
VIII ADDITIONAL INFORMATION	178

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Occupation
Dato' Sohaimi Bin Shahadan <i>(Non-Independent Non-Executive Chairman)</i>	No. 15, Jalan DM 3 Taman Desa Moccis 47000 Sungai Buloh Selangor Darul Ehsan	Malaysian	Company Director
Dato' Lim Thiam Huat <i>(Managing Director)</i>	7, Jalan Sungai Beranang 32/52 Seksyen 32, Bukit Rimau 40460 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Koo Thiam Yoong <i>(Executive Director)</i>	No. 12, TR 9/9 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Chew Yuit Yoo <i>(Senior Independent Non-Executive Director)</i>	22-1C Puteri Apartment Taman Setiawangsa 54200 Kuala Lumpur	Malaysian	Company Director
Dato' Dr Koe Seng Kheng <i>(Independent Non-Executive Director)</i>	11, Jalan DP 1 Taman Desa Permai Sungai Long 43000 Kajang Selangor Darul Ehsan	Malaysian	Company Director
Thiang Chew Lan <i>(Independent Non-Executive Director)</i>	90, Jalan Hujan Manik Overseas Union Garden 58200 Kuala Lumpur	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Chew Yuit Yoo	Chairperson	Senior Independent Non-Executive Director
Thiang Chew Lan	Member	Independent Non-Executive Director
Dato' Dr Koe Seng Kheng	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

- HEAD/ MANAGEMENT OFFICE** : Lot 17-22 & Lot 17-23, Jalan Satu
Bersatu Industrial Park, Cheras Jaya
43200 Cheras
Kuala Lumpur
- Tel: (603) 9014 7017
Fax: (603) 9074 5226
Email: bhsprint@tm.net.my
- Website: bhs.listedcompany.com
- REGISTERED OFFICE** : 802, 8th Floor, Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
- Tel : (603) 7803 1126
Fax : (603) 7806 1387
- COMPANY SECRETARIES** : Kang Shew Meng (MAICSA 0778565)
Seow Fei San (MAICSA 7009732)
Epsilon Advisory Services Sdn Bhd
802, 8th Floor, Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
- Tel : (603) 7803 1126
Fax : (603) 7806 1387
- SHARE REGISTRAR** : Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
- Tel : (603) 2264 3883
Fax : (603) 2282 1886
- AUDITORS AND
REPORTING ACCOUNTANTS** : Russell Bedford LC & Company (AF1237)
10th Floor, Bangunan Yee Seng
15, Jalan Raja Chulan
50200 Kuala Lumpur
- Tel : (603) 2031 8223
Fax : (603) 2031 4223
- DUE DILIGENCE SOLICITORS** : Maylee Gan & Tai
Advocates & Solicitors
No. 12, 1st Floor, Jalan BK 1/17
Bandar Kinrara Industrial Park
47180 Puchong
Selangor Darul Ehsan
- Tel : (603) 8071 5998
Fax : (603) 8071 5972

CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKER** : Public Bank Berhad (6463-H)
Menara Public Bank
No. 146, Jalan Ampang
50450 Kuala Lumpur
- Tel: (603) 2176 6000
Fax: (603) 2163 9917
- PRINCIPAL ADVISER AND UNDERWRITER** : RHB Investment Bank Berhad (19663-P)
Level 9, Tower One, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
- Tel: (603) 9287 3888
Fax: (603) 9287 2233/ 3355
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

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BHS INDUSTRIES BERHAD

(Company No. 719660-W)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office
802, 8th Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

9 September 2015

The Board of Directors

Dato' Sohaimi Bin Shahadan (*Non-Independent Non-Executive Chairman*)
Dato' Lim Thiam Huat (*Managing Director*)
Koo Thiam Yoong (*Executive Director*)
Chew Yuit Yoo (*Senior Independent Non-Executive Director*)
Dato' Dr Koe Seng Kheng (*Independent Non-Executive Director*)
Thiang Chew Lan (*Independent Non-Executive Director*)

To: The Entitled Shareholders of BHS Industries Berhad

Dear Sir/ Madam,

RIGHTS ISSUE WITH WARRANTS

1. INTRODUCTION

On 29 April 2015, RHBIB had, on behalf of our Board, announced that our Company proposed to undertake the following:

- (i) Diversification;
- (ii) Rights Issue with Warrants;
- (iii) ESOS; and
- (iv) Increase in Authorised Share Capital.

On 22 June 2015, RHBIB on behalf of our Board, announced that Bursa Securities had vide its letter dated 19 June 2015, approved the following:

- (i) listing of up to 106,666,666 Rights Shares to be issued pursuant to the Rights Issue with Warrants;
- (ii) admission to the official list and the listing of and quotation for up to 213,333,332 Warrants to be issued pursuant to the Rights Issue with Warrants;
- (iii) listing of up to 213,333,332 new BHS Shares to be issued arising from the exercise of the Warrants;
- (iv) listing of such number of additional new BHS Shares, representing up to ten percent (10%) of the issued and paid-up ordinary share capital of BHS (excluding treasury shares), to be issued pursuant to the ESOS.

The approval granted by Bursa Securities for the Corporate Exercises is subject to the following conditions:

Conditions	Status of compliance
(i) BHS and RHBIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Corporate Exercises;	Noted.
(ii) BHS and RHBIB to inform Bursa Securities upon the completion of the Corporate Exercises;	To be complied.
(iii) BHS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed;	To be complied.
(iv) BHS to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders at the EGM for the Corporate Exercises;	Complied.
(v) in respect of the ESOS, RHBIB is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation; and	To be complied.
(vi) payment of additional listing fees pertaining to the exercise of Warrants and ESOS options. In this respect, BHS is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants and ESOS respectively as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

On 30 June 2015, RHBIB had, on behalf of BHS, announced that our Company had on even date received a letter from Pelaburan MARA Berhad, a substantial shareholder of BHS, stating that it wishes to retract its irrevocable undertaking to subscribe in full for the Rights Shares based on its entitlement in relation to the Rights Issue with Warrants as it will not be able to proceed with the undertaking to subscribe for the Rights Shares as scheduled based on the estimated timeframe indicated in our Company's announcement dated 29 April 2015. In addition to Dato' Lim's earlier additional irrevocable undertaking to subscribe for fifty percent (50%) of all the remaining Rights Shares which are not subscribed by the other Entitled Shareholders, our Company had on the same date also announced that our Company has further procured new irrevocable and unconditional additional undertaking from Dato' Lim to subscribe for the Rights Shares to include Pelaburan MARA Berhad's previous irrevocable undertaking of 13,925,925 Rights Shares.

Our Board is pleased to inform you that, at the EGM held on 14 August 2015, our shareholders had approved the Corporate Exercises. A certified true extract of the ordinary resolutions pertaining to the Corporate Exercises which was passed at the said EGM, is set out in Appendix I of this AP.

On 24 August 2015, RHBIB had on behalf of our Board announced the Entitlement Date and other relevant dates pertaining to the Rights Issue with Warrants.

The listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

While our Board invites your participation in the Rights Issue with Warrants, you are advised to refer to the Risk Factors as disclosed in Section 6 of this AP in making your investment decision.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or RHBIB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Particulars of the Rights Issue with Warrants

The Rights Issue with Warrants entails an issuance of up to 106,666,666 new BHS Shares on the basis of one (1) Rights Share for every three (3) existing BHS Shares held on the Entitlement Date, together with up to 213,333,332 Warrants on the basis of two (2) Warrants for every one (1) Rights Share subscribed, at an issue price of RM0.42 per Rights Share, by the Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable).

The issued and paid-up share capital of BHS as at the LPD is RM80,000,000 comprising 320,000,000 BHS Shares, which includes 12,494,900 Shares held as treasury shares. Assuming all the 12,494,900 treasury shares held as at the LPD are resold in the market prior to the Entitlement Date, a total of 106,666,666 Rights Shares together with 213,333,332 Warrants will be issued in the event all the Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable) fully subscribe for their entitlements under the Rights Issue with Warrants. In addition, a total of 213,333,332 new BHS Shares will be issued upon the full exercise of the Warrants.

The Rights Shares will be provisionally allotted to the shareholders of BHS whose names appear in the Record of Depositors of our Company on the Entitlement Date.

The Warrants which are exercisable into new BHS Shares, are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders who subscribe for the Rights Shares. Each Warrant will entitle its holder to subscribe for one (1) new BHS Share at an exercise price of RM0.60 per Warrant. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The Warrants will be issued in registered form and constituted by the Deed Poll.

The entitlements for the Rights Shares and the Warrants are renouneable in full or in part. Accordingly, the renunciation of the Rights Shares by the Entitled Shareholders will consequently result in the renunciation of the Warrants as the Warrants are issued together with the Rights Shares pursuant to the Rights Issue with Warrants. The Rights Shares and the Warrants cannot be renounced separately. If an Entitled Shareholder decides to subscribe for only part of his Rights Shares entitlements, such Entitled Shareholder shall then be entitled to the Warrants in the proportion to the Rights Shares subscribed by him.

The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable). It is the intention of our Board to allocate the excess Rights Shares with Warrants in a fair and equitable manner on a basis as set out in Section 11.8 of this AP.

Any fractional entitlement of the Rights Shares and Warrants under the Rights Issue with Warrants will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem expedient or in the best interests of our Company.

As you are an Entitled Shareholder and the BHS Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares together with the Warrants which you are entitled to subscribe in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this AP, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for Excess Rights Shares with Warrants if you so choose to.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants.

We will allot and issue Rights Shares with Warrants, despatch notices of allotment to the allottees and make an application for the quotation of the Rights Shares and Warrants within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares with Warrants. The Rights Shares and Warrants will then be listed and quoted on the Main Market of Bursa Securities two (2) Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis of determining and justification for the issue price of the Rights Share and the exercise price of the Warrants

(i) Issue price of the Rights Shares

Our Board has fixed the issue price of the Rights Shares at RM0.42 per Rights Share. This represents a discount of approximately RM0.21 or 33.33% to the five (5)-day VWAMP of BHS Shares up to and including 21 April 2015 of RM0.63, which is the latest practicable date prior to the announcement of the Corporate Exercises on 29 April 2015.

The Rights Issue with Warrants has been deliberated by our Board on 21 April 2015, which is six (6) market days prior to the announcement of the Corporate Exercises, and was subsequently approved by our Board on 29 April 2015, which is the date of the announcement of the Corporate Exercises. Our Board had resolved to fix the issue price based on the five (5)-day VWAMP up to and including 21 April 2015. The issue price of RM0.42 per Rights Share has been arrived at after taking into consideration the following:

- (a) our Board is of the view that this discount will provide the existing shareholders with an attractive opportunity to further increase their equity participation in our Company at a discount to the prevailing market price of BHS Shares; and
- (b) the funding requirements of BHS Group as set out in Section 4 of this AP.

The issue price of RM0.42 per Rights Share represents:

- (a) a discount of approximately RM0.18 or 29.41% to the last transacted price of BHS Shares on 28 April 2015 of RM0.595, being the last day on which BHS Shares were traded, prior to the date of announcement of the Corporate Exercises; and
- (b) a discount of approximately RM0.16 or 27.59% to the five (5)-day VWAMP of BHS Shares up to and including the LPD of RM0.58.

(ii) Exercise price of the Warrants

Our Board has fixed the exercise price of the Warrants at RM0.60 per Warrant. The exercise price of RM0.60 has been arrived at after taking into consideration the following:

- (a) the TERP of RM0.58 based on the five (5)-day VWAMP of BHS Shares up to and including 21 April 2015 of RM0.63, which is the latest practicable date prior to the announcement of the Corporate Exercises; and
- (b) the future prospects of BHS Group as set out in Section 7.6 of this AP.

The exercise price of RM0.60 per Warrant represents:

- (a) a premium of approximately RM0.02 or 3.45% to the TERP of RM0.58 based on the five (5)-day VWAMP of BHS Shares up to and including 21 April 2015 of RM0.63, which is the latest practicable date prior to the announcement of the Corporate Exercises on 29 April 2015; and
- (b) a premium of approximately RM0.02 or 3.45% to the five (5)-day VWAMP of BHS Shares up to and including the LPD of RM0.58.

Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable) should note that the market price of our Shares is subject to occurrence of market forces and other uncertainties in addition to the risk factors set out in Section 6 of this AP, which may affect the price of our Shares being traded. Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable) should form their own views on the valuation of the Rights Shares and Warrants before deciding to invest in the Rights Shares and Warrants.

2.3 Ranking of the Rights Shares and new BHS Shares to be issued from the exercise of Warrants

The Rights Shares and new BHS Shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing BHS Shares, save and except that they will not be entitled to any dividend, rights, allotment and/or any other distribution that may be declared, made or paid to shareholders, the entitlement date of which is prior to the allotment date of the Rights Shares and new BHS Shares to be issued pursuant to the exercise of the Warrants, respectively.

2.4 Principal terms of the Warrants

The principal terms of the Warrants to be issued pursuant to the Rights Issue with Warrants are set out as follows:

- Issue size : Up to 213,333,332 new Warrants to be issued in conjunction with the Rights Issue with Warrants to the Entitled Shareholders on the basis of two (2) Warrants for every one (1) Rights Share successfully subscribed
- Form and Denomination : The Warrants which are issued with the Rights Share are immediately detachable from the Rights Share and will be separately traded from the Rights Share. The Warrants will be issued in registered form and constituted by the Deed Poll
- Exercise Rights : Subject to any adjustments in accordance with the provisions of the Deed Poll, each Warrant holder will have the right to subscribe for new BHS Shares on the basis of one (1) new BHS Share for one (1) Warrant at the Exercise Price, at any time during the Exercise Period
- Exercise Period : The Warrants may be exercised at any time during a period not exceeding five (5) years from the date of issue of the Warrants and ending at 5.00 pm on the Expiry Date
- Exercise Price : The exercise price of the Warrants has been fixed at RM0.60 per Warrant subject to further adjustments in accordance with the provisions of the Deed Poll
- Expiry Date : The day falling immediately before the fifth (5th) anniversary of the date of issue of the Warrants and if such date is not a market day, then the next market day. Any Warrants which is not exercised and delivered to our Company's share registrar by the Expiry Date of the Exercise Period will lapse thereafter and cease to be valid for all purposes

- Mode of exercise : The Warrant holder must lodge at the specified office of the share registrar the exercise form, as set out in the Deed Poll, duly completed and signed, and duly stamped together with payment of the Exercise Price by banker's draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia
- Board lot : A board lot of the Warrants for trading on Bursa Securities will be one hundred (100) Warrants carrying the right to subscribe for one hundred (100) new BHS Shares at any time during the Exercise Period, or in such other denomination Bursa Securities may prescribe from time to time
- Listing status : The approval from Bursa Securities has been obtained for the admission of the Warrants to the official list of Bursa Securities, and for the listing of and quotation for the Warrants and new BHS Shares arising from the exercise of Warrants
- Ranking of new BHS Shares arising from the exercise of the Warrants : The new BHS Shares to be issued pursuant to the exercise of the Warrants, shall upon allotment and issuance, rank *pari passu* in all respects with the existing BHS Shares, save and except that they will not be entitled to any dividend, rights, allotment, and/or other distribution that may be declared, made or paid, the entitlement date of which is prior to the allotment date of the new BHS Shares to be issued pursuant to the exercise of the Warrants
- Rights of Warrant holder(s) to participate in any distributions and/or offers of further securities : The Warrant holder is not entitled to vote in any general meeting of our Company or to participate in any distribution and/or offer of further securities in our Company unless and until the Warrant holder becomes a shareholder by exercising his/ her Warrants into new BHS Shares
- Rights in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of our Company, or there is a compromise or arrangement, then:
- (i) whether or not is for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies pursuant to a scheme of arrangement to which the Warrant holders, or some person designated by them for such purpose by special resolution, is a party, the terms of such scheme of arrangement shall be binding on all the Warrant holders; and
 - (ii) in any other case every Warrant holder shall be entitled (subject to provisions of the Deed Poll) at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of our Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants to our Company, to elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement exercised the Exercise Rights represented by his Warrants to the extent specified in the exercise notice(s) and had on such date been the holder of the BHS Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly. Our Company must give notice to the Warrant holders in accordance with the relevant provision of the Deed Poll.
- Subject to the above, if our Company is wound up or an order has been granted for such compromise or arrangement, all Exercise Rights which have not been exercised within six (6) weeks of the passing of the resolution for winding-up or before the court order shall lapse and the Warrants will cease to be valid for any purpose
- Modifications to the terms of the Warrants : Other than as provided in the Deed Poll, no amendment, deletion or addition may be made to the provisions of the Deed Poll (including the warrant certificate) without the sanction of a special resolution. Any modification, amendment, deletion or addition to the Deed Poll may be effected only by a deed executed by our Company and expressed to be supplemental to the Deed Poll and the approvals of the relevant authority has been obtained

Adjustments in the Exercise Price and/or number of Warrants	:	The Exercise Price of the Warrants, and the number of Warrants may from time to time be adjusted, calculated or determined by our Board in consultation with the advisers and certified by the auditors in accordance with the provisions of the Deed Poll, in the event of consolidation or subdivision, capital distribution or issue of shares or any other events
Deed Poll	:	The Warrants will be constituted by the Deed Poll
Governing law	:	Laws and regulations of Malaysia
Transferability	:	The Warrant holders may transfer the Warrants in the manner provided under the provisions of the Deed Poll, the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the Rules of Bursa Depository

3. RATIONALE AND JUSTIFICATIONS FOR THE RIGHTS ISSUE WITH WARRANTS

Pursuant to the Diversification, our Board proposed to undertake a fund raising exercise for the investment in the project. After due consideration of the various funding options available to our Company, our Board is of the opinion that the Rights Issue with Warrants is the most appropriate avenue of fund raising for BHS, taking into consideration the following:

- (i) the Rights Issue with Warrants will enable our Company to immediately raise the requisite funds for our Group for purposes of the proposed utilisation as set out in Section 4 of this AP;
- (ii) the Rights Issue with Warrants will enable our Company to raise funds without incurring interest cost as compared to bank borrowings; and
- (iii) the Warrants to be issued pursuant to the Rights Issue with Warrants will provide our shareholders with an incentive to subscribe for the Rights Shares. The Entitled Shareholders may also benefit from the potential capital appreciation of the Warrants. The Warrants will allow the Entitled Shareholders to increase their equity participation in our Company at a predetermined price over the tenure of the Warrants. In addition, our Company would also be able to raise further proceeds as and when any of the Warrants are exercised.

Our Board envisages that BHS Group will incur capital expenditure of approximately RM55.00 million to embark on the project. The Rights Issue with Warrants is expected to raise gross proceeds of approximately RM44.80 million under the Maximum Scenario, whilst the balance will be funded from internally generated funds. Based on the unaudited financial results of BHS Group as at 30 June 2015, the cash and bank balances stood at RM10.31 million. BHS Group intends to utilise the available cash flow to fund its day-to-day working capital requirements and to partially fund the abovementioned project.

4. UTILISATION OF PROCEEDS

Based on the issue price of the Rights Shares at RM0.42 per Rights Share, the Rights Issue with Warrants is expected to raise gross proceeds of approximately RM43.05 million under the Minimum Scenario and approximately RM44.80 million under the Maximum Scenario. The proceeds are expected to be utilised in the following manner:

	Minimum Scenario RM'000	Maximum Scenario RM'000	Expected timeframe for the utilisation of proceeds
Acquisition of land ⁽¹⁾	7,000	7,000	Within twenty-four (24) months from the date of receipt of the Rights Shares proceeds
Purchase of machineries and equipment and other ancillary facilities ⁽²⁾	35,051	36,800	Within twenty-four (24) months from the date of receipt of the Rights Shares proceeds
Estimated expenses in relation to the Corporate Exercises ⁽³⁾	1,000	1,000	Within six (6) months from the date of receipt of the Rights Shares proceeds
TOTAL	43,051	44,800	

Notes:

- (1) Pursuant to the Diversification, our Group intends to set up a plant for the manufacture, sale and dealing with Renewable Paper Pulp Products, on a land to be acquired.

As at the LPD, our Board is still deliberating on the exact location for the land acquisition, should opportunities for acquisition of land arise, our Board will ensure that all relevant regulatory and disclosure requirements, including the Listing Requirements, will be complied with and the approval of our Company's shareholders will be sought, where relevant. Our Company will immediately make the necessary announcement to Bursa Securities upon the acquisition of land.

Any shortfall or excess in funds allocated for acquisition of land will be funded from or used for the purchase of machineries and equipment and other ancillary facilities.

- (2) In the FYE 30 June 2014, BHS Group utilised approximately 9,000 metric tons of wood free paper. Our Group intends to utilise part of the proceeds raised for the purchase of machineries and equipment and other ancillary facilities for the purpose of the manufacture of approximately 10,000 metric tons of wood free paper to be produced from the Renewable Paper Pulp Products:

	Minimum Scenario *	Maximum Scenario *
	RM'000	RM'000
Machineries and equipment for feed preparation, paper-making, bleaching, washing, drying, packaging, chemical storage, control system, water treatment system, black liquor pelletised system, spare parts and testing facilities	34,700	34,700
Other ancillary facilities such as steam boiler, chemical treatment equipment and steam cooking equipment	351	2,100
TOTAL	35,051	36,800

- * Our Board had on 3 June 2015 announced that Nextgreen Pulp & Paper Sdn Bhd, a wholly-owned subsidiary of our Company, had on even date, entered into a sale and purchase agreement with China-Shaanxi Zhisen Pulp & Paper Engineering Co Limited to acquire the pulp production line to be set up in Malaysia for a total purchase consideration of RM17,799,200 ("**Pulp Production Line Acquisition**"), which will be financed by the proceeds raised from the Rights Issue with Warrants allocated for the purchase of machineries and equipment and other ancillary facilities. The pulp production line shall comprise of a feed preparation and pulp making system together with spare parts, tools, technical documents, manuals and related technical services and technical training for installation, commissioning, trial production run and operation and maintenance of such production line. The feed preparation and pulp making system incorporates the PRC RBMP Technology of using EFB, the by-product of crude palm oil mills manufacturing process, to manufacture paper pulp products. The Pulp Production Line Acquisition is conditional upon BHS obtaining the approval from our shareholders for the Diversification at the EGM held on 14 August 2015.

The Pulp Production Line Acquisition forms part of the machineries and equipment and other ancillary facilities required for the purpose of the manufacture of approximately 10,000 metric tons of wood free paper to be produced from the Renewable Paper Pulp Products. The balance of RM17,251,800 (under the Minimum Scenario) or RM19,000,800 (under the Maximum Scenario) from the proceeds raised from the Rights Issue with Warrants will be utilised to partially fund the acquisition of the remaining machineries and equipment and other ancillary facilities required. As at the LPD, our Board has yet to finalise the acquisition of the remaining machineries and equipment and other ancillary facilities required.

The difference between the proceeds raised from the Rights Issue with Warrants under the Minimum Scenario and the Maximum Scenario will be adjusted from proceeds allocated for the purchase of machineries and equipment and other ancillary facilities. The actual utilisation for each component as stated above may differ at the time of utilisation. Any shortfall in funds allocated for the purchase of machineries and equipment and other ancillary facilities will be funded from internally generated funds. Any excess in funds allocated for the purchase of machineries and equipment and other ancillary facilities will be used for the working capital of BHS Group.

- (3) The expenses relating to the Corporate Exercises comprising professional fees, fees payable to the relevant authorities and other related expenses are estimated to be at RM1,000,000. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for the purchase of machineries and equipment and other ancillary facilities.

Our Board envisages that BHS Group will incur capital expenditure of approximately RM55.00 million to embark on the project. The Rights Issue with Warrants is expected to raise gross proceeds of approximately RM44.80 million under the Maximum Scenario, whilst the balance of RM10.20 million which will be utilised for the construction of the factory, will be funded from internally generated funds.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in interest-bearing deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used for the purchase of machineries and equipment and other ancillary facilities.

The proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants. Such proceeds will be utilised for BHS Group's working capital requirements.

5. IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

Our Board has determined to undertake the Rights Issue with Warrants on a full subscription basis after taking into consideration the level of funds that we wish to raise from the Rights Issue with Warrants, which will be channelled towards the proposed utilisation as set out in Section 4 of this AP.

In order to meet the purposes of the proposed utilisation, BHS had procured irrevocable and unconditional undertakings from Dato' Lim, Pelaburan MARA Berhad and FELDA, who are substantial shareholders of BHS, to subscribe in full for their entitlements on the Rights Shares arising from the Rights Issue with Warrants based on their shareholdings as at the LPD.

On 30 June 2015, RHBIB had, on behalf of our Board, announced that our Company had on even date received a letter from Pelaburan MARA Berhad stating that it wishes to retract its irrevocable undertaking to subscribe in full for the Rights Shares in relation to the Rights Issue with Warrants as it will not be able to proceed with the undertaking to subscribe for the Rights Shares as scheduled based on the estimated timeframe indicated in our Company's announcement dated 29 April 2015.

The irrevocable and unconditional undertakings received by BHS from Dato' Lim and FELDA ("**Undertaking Shareholders**"), to subscribe in full for their entitlements on the Rights Shares arising from the Rights Issue with Warrants based on their shareholdings as at the LPD ("**Entitlement Undertakings**"), remain unchanged.

The Undertaking Shareholders shall subscribe in full for any additional entitlement of the Rights Issue with Warrants in the event they increase their shareholding in BHS, prior to the Entitlement Date.

BHS has procured additional irrevocable and unconditional undertaking from Dato' Lim to subscribe for fifty percent (50%) of all the remaining Rights Shares which are not subscribed by the other Entitled Shareholders ("**Additional Undertaking**") and has further procured new irrevocable and unconditional additional undertaking from Dato' Lim to subscribe for the Rights Shares to include Pelaburan MARA Berhad's previous irrevocable undertaking of 13,925,925 Rights Shares ("**New Additional Undertaking**"). Collectively, the Additional Undertaking and New Additional Undertaking are referred to as the "**Revised Additional Undertakings**".

The details of the Entitlement Undertakings and the Revised Additional Undertakings are set out below:

Minimum Scenario:

Undertaking Shareholders	No. of BHS Shares held as at the LPD		Entitlement Undertakings		Revised Additional Undertakings		No. of Rights Shares undertaken		No. of Warrants entitled	Cash required to subscribe for Rights Shares (RM)
	% ⁽¹⁾	% ⁽²⁾	% ⁽¹⁾	% ⁽²⁾	% ⁽²⁾	% ⁽²⁾				
Dato' Lim	60,859,996	19.79	20,286,665	19.79	42,517,518 ⁽³⁾	41.48	62,804,183	61.27	125,608,366	26,377,757
FELDA	33,317,776	10.83	11,105,925	10.83	-	-	11,105,925	10.83	22,211,850	4,664,489
TOTAL	94,177,772	30.62	31,392,590	30.62	42,517,518	41.48	73,910,108	72.10	147,820,216	31,042,246

Notes:

- (1) Based on the issued and paid-up share capital of 320,000,000 BHS Shares and excluding 12,494,900 treasury shares as at the LPD.
- (2) Based on the 102,501,700 Rights Shares to be issued under the Minimum Scenario.
- (3) Dato' Lim's Revised Additional Undertakings include Pelaburan MARA Berhad's entitlement on the Rights Shares based on its shareholdings as at the LPD of 13,925,925 Rights Shares, and fifty percent (50%) of all the remaining Rights Shares issued under the Minimum Scenario which are not subscribed by the other Entitled Shareholders.

Maximum Scenario:

Undertaking Shareholders	No. of BHS Shares held as at the LPD		Entitlement Undertakings		Revised Additional Undertakings		No. of Rights Shares undertaken		No. of Warrants entitled	Cash required to subscribe for Rights Shares (RM)
	% ⁽¹⁾		% ⁽²⁾		% ⁽²⁾		% ⁽²⁾			
Dato' Lim	60,859,996	19.79	20,286,665	19.02	44,600,001 ⁽³⁾	41.81	64,886,666	60.83	129,773,332	27,252,400
FELDA	33,317,776	10.83	11,105,925	10.41	-	-	11,105,925	10.41	22,211,850	4,664,489
TOTAL	94,177,772	30.62	31,392,590	29.43	44,600,001	41.81	75,992,591	71.24	151,985,182	31,916,889

Notes:

- (1) Based on the issued and paid-up share capital of 320,000,000 BHS Shares and excluding 12,494,900 treasury shares as at the LPD.
- (2) Based on the 106,666,666 Rights Shares to be issued under the Maximum Scenario.
- (3) Dato' Lim's Revised Additional Undertakings include Pelaburan MARA Berhad's entitlement on the Rights Shares based on its shareholdings as at the LPD of 13,925,925 Rights Shares, and fifty percent (50%) of all the remaining Rights Shares issued under the Maximum Scenario which are not subscribed by the other Entitled Shareholders.

The Undertaking Shareholders had provided their respective confirmations that they have sufficient financial resources to subscribe for the Rights Shares entitlements pursuant to their Entitlement Undertakings and Revised Additional Undertakings. The said confirmations have been respectively verified by RHBIB, the Principal Adviser for the Corporate Exercises.

As the Rights Issue with Warrants will be undertaken on a full subscription basis, our Company had on 21 August 2015 entered into an Underwriting Agreement with the Underwriter to underwrite up to 30,674,075 Rights Shares representing fifty percent (50%) of the remaining Rights Shares for which no irrevocable written undertaking has been obtained from any Entitled Shareholders, based on the terms and conditions of the Underwriting Agreement.

The underwriting commission is 2.50% of the value of the Underwritten Shares, amounting to approximately RM322,078 payable to the Underwriter. The underwriting commission payable to the Underwriter and all other costs in relation to the underwriting arrangement will be fully borne by our Company at arm's length and based on normal commercial terms.

Take-over implications

Pursuant to the Entitlement Undertakings, Revised Additional Undertakings and underwriting arrangement, the Undertaking Shareholders, based on their shareholdings as at the LPD, will not trigger any mandatory general offer obligation pursuant to the Code following the subscription of the Rights Shares with Warrants.

Pursuant to the Code, a person and/or the PACs will be obliged under Part III of the Code to make a mandatory general offer for the remaining shares of our Company not already owned by the person/ them ("**Potential MGO**") if:

- (i) the person and/or the PACs has obtained control in our Company; or
- (ii) the person and/or the PACs hold more than thirty-three percent (33%) but not more than fifty percent (50%) of the voting shares of our Company and have acquired more than two percent (2%) of the voting shares of our Company in any six (6) months period.

Based on the assumption that only the Undertaking Shareholders subscribe in full their Entitlement Undertakings and no other Entitled Shareholders subscribe for the Rights Shares, Dato' Lim shall subscribe for Pelaburan MARA Berhad's previous irrevocable undertaking of 13,925,925 Rights Shares and fifty percent (50%) of all the remaining Rights Shares which are not subscribed by the other Entitled Shareholders pursuant to the Revised Additional Undertakings. Under such scenario and in the event that Dato' Lim exercises all their Warrants into new BHS Shares and no other Warrant holders exercise their Warrants, the shareholdings of Dato' Lim could potentially increase from 19.79% to 46.54% and thus may trigger a mandatory general offer under Part III of the Code.

For information purpose, in the event Dato' Lim exercise all the ESOS options granted to him and no other eligible persons exercise their ESOS options, Dato' Lim's shareholdings in BHS could further increase from 46.54% to 47.07% and thus triggering a mandatory general offer under Part III of the Code, assuming the ESOS options to be granted represent ten percent (10%) of the issued and paid-up share capital of BHS after taking into account the effects of the full exercise of the Warrants by Dato' Lim and no other Warrant holders exercise their Warrants.

However, the actual shareholdings of Dato' Lim would depend on, amongst others, the timing and actual number of Warrants and ESOS options exercised into new BHS Shares (on the assumption that Dato' Lim does not dispose any of their existing or acquire any new BHS Shares).

In relation to the above, Dato' Lim may make an application to the SC to seek an exemption for Dato' Lim under Paragraph 16.1 of Practice Note 9 of the Code from the obligation to extend a mandatory take-over offer for the remaining BHS Shares not already owned by him.

Dato' Lim has confirmed that, to the extent applicable, he will at all times observe and ensure compliance with the Code.

6. RISK FACTORS

You and/or your renounee(s) and/or your transferee(s) (if applicable) should carefully consider the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue with Warrants.

6.1 Risks relating to our Group

(i) Operating/ business risk

Our Group are in the printing and publishing industry. The Diversification will result in BHS Group's core business to include the utilisation and sub-licensing of paper pulp making technology, manufacturing of Renewable Paper Pulp Products, and other related activities. BHS Group will then be subjected to new challenges and risks arising from the pulp and paper industry which BHS had not been exposed to in the past. These may include manufacturing capabilities, competition from new entrants and dependency on supply of EFB as raw materials. Nevertheless, Dato' Lim, the Managing Director of BHS, has the necessary expertise and knowledge in the green technology industry, enabling our Group to partly mitigate the operational/ business risks arising from the wood free pulp and paper business. BHS shall also endeavour to keep abreast with the latest development in the pulp and paper sector and the general economic conditions to enable our Board to take appropriate measures it deems fit to mitigate the risk.

Notwithstanding the above, there is no assurance that any changes to the abovementioned factors, which are beyond our Board's control, will not materially affect BHS's business and financial conditions.

(ii) Diversification risk

BHS Group does not have any commercial experience in manufacturing Renewable Paper Pulp Products, save for Dato' Lim's experience in the prototype of the products manufacturing. As a result, it may take our Company longer than it anticipates to start the manufacturing of the wood free pulp and paper on a commercial scale. BHS Group may also face difficulties in being proficient in the wood free pulp and paper manufacturing process, resulting in the production of wood free pulp and paper that does not meet the required specifications. BHS Group's lack of experience in the manufacturing of wood free pulp and paper may also result in its operational cost being higher than anticipated.

BHS Group's business operations and/or financial performance in this area will be adversely affected should they fail to overcome the abovementioned problems. To mitigate such risk, BHS may engage Green Patent Technologies Sdn Bhd ("**GPT**") for consultancy services, of which are included in the license granted pursuant to the Master License Agreement (as defined herein).

(iii) Dependence on key personnel

BHS Group's success in the pulp and paper industry depends largely on the abilities, skills, experience, competency and efforts of the key personnel, i.e. Dato' Lim and other senior personnel of BHS Group to be appointed to manage our Group's projects. The loss of any of the said relevant key management personnel without any timely replacement, or the inability of our Group to attract and retain other qualified personnel could adversely affect our Group's pulp and paper operations and consequently, our revenue and profitability. Dato' Lim has the relevant experience which will be instrumental in the growth and expansion of our Group's business in the pulp and paper industry.

With Dato' Lim's supervision in the pulp and paper operations and his experience, who is also the Managing Director and substantial shareholder of BHS, the risk of his discontinuation in service should be minimal in view of his commitment and interest in our Group. To avoid over-dependence on any key personnel, our Group will adopt appropriate approaches to retain key personnel and strives to attract qualified and experience employees, as well as to address our Group's succession planning programme, by grooming the junior personnel, competitive remuneration packages, training, conducive working environment, rewarding its employees via the ESOS to be implemented and creating opportunities for career growth. This will in turn help to ensure continuity and competency of the management team.

(iv) Termination or non-renewal of Master License Agreement

On 10 November 2014, System Publishing House Sdn Bhd, a wholly-owned subsidiary of BHS, entered into an agreement with GPT to acquire a master license technology for a cash consideration of RM500,000 ("**Master License Agreement**"). The Master License Agreement confers on BHS Group the sole exclusive and non-transferable right to operate the PRC RBMP Technology in Malaysia.

The license granted pursuant to the Master License Agreement shall be for an initial term of fifteen (15) years commencing the date when the factory or plant to be constructed and commissioned by System Publishing House Sdn Bhd is commissioned and the date of the first production, and may be renewed for a further term subject to, amongst others, BHS or the sub-licensee(s) has performed all its obligations under the Master License Agreement and the parties shall enter into a new agreement in respect of the further term upon terms and conditions to be agreed.

In addition, the intellectual property rights of the PRC RBMP Technology belong to GPT and has an expiry of up to fifteen (15) years from the date of the signing of the Master License Agreement. In the event the patents either lapse or are rejected or otherwise fail to be registered by any competent authority in Malaysia, the Master License Agreement shall be terminated.

Our Board is of the view that the termination or non-renewal of the Master License Agreement is not expected to have a material impact on the operating or financial performance of BHS Group as we will continue with our Group's existing core business in the printing of books and magazines and publishing of books in the same manner. Further, in the event the patents expire and GPT is not able to renew it, the PRC RBMP Technology will not be patent protected, our Group is still able to continue using such technology except that it may be subjected to competition from other players in the market.

(v) Dependency on supply of EFB as raw materials

The PRC RBMP Technology uses EFB, the by-product of crude palm oil mills manufacturing process, to manufacture paper pulp products and thus, is dependent on the oil palm industry for the constant supply of EFB as raw material. The increasing usage and applications for EFB over the years may reduce the ease of sourcing ready supply of EFB. This may translate to higher cost as sources of supply become more fragmented and possibly further from the manufacturing plant. In addition, cost of EFB may increase as demand for EFB increases due to increasing usage and application.

As BHS Group is exposed to the risk of fluctuations in prices and supply of EFB raw material, BHS is currently exploring the opportunities to enter into long term contract(s) for the supply of EFB as raw material to ensure the supply of EFB as raw material is secured and to build long term relationships with raw material supplier(s). However, as Malaysia is one of the world's largest producers of palm oil, potentially there is a large and low cost supply of EFB for BHS's manufacturing plant. Notwithstanding the above, there is no assurance that BHS will not be affected by fluctuations in raw material prices in the future.

(vi) Failure to obtain or renew the necessary operating licenses and approval

BHS Group requires various permits and licenses to operate the business and facilities. However, some of these permits and licenses are subject to periodic review and renewal by the relevant government authorities, In addition, the standards of compliance required in relation thereto may from time to time be subject to changes. Non-renewal of our permits and licenses and/or changes imposed on the terms and conditions of licensing may have a material adverse effect on our Group's operations and profitability.

Our Group has not experienced any difficulty in maintaining the relevant licenses and permits in the past and does not expect any problems in renewing or obtaining such licenses and approvals. Although BHS Group will take the appropriate steps to comply with the requirements in obtaining such permits and licenses, there can be no assurance that the relevant authorities will issue or renew such permits and licenses or grant approvals within the timeframe required.

(vii) Foreign exchange risk

Our Group operates internationally and is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from sales and purchases give rise to foreign exchange exposures. Any significant fluctuations in the exchange rates may have a material impact on our Group's financial performance.

The risk of foreign currency exchange fluctuation is, to a certain extent, mitigated by the managed float mechanism adopted by the BNM on the RM versus the USD conversion rate since the de-pegging of the RM. This may prevent any extreme fluctuations of the RM vis-à-vis USD. Our management is constantly monitoring our Group's foreign exchange exposure and will take necessary steps to minimise the exchange rate exposure if needed. As at the LPD, our Group does not have any hedging on foreign exchange currencies. There can be no assurance that any future significant fluctuations in exchange rates will not materially or adversely affect our operations or our ability to pass on the foreign exchange risk to our customers. However, our Board is of the view that the above risk is to a certain extent mitigated by natural hedging where import purchases are settled in foreign currency derived from export proceeds.

(viii) Political, economic and regulatory risk

Adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial prospects of BHS Group. Amongst the political, economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules and regulation, changes in interest rates, inflation and taxation and political leadership.

Whilst our Group will continue to take effective measures such as prudent financial management, efficient operating procedures and review its business development strategies in response to the changes in political, economic and regulatory conditions, there is no assurance that adverse political and economic factors will not materially affect our Group's operations, financial performance and future prospects.

(ix) Sensitivity to economic downturn

Our Group is facing present world economic outlook which is uncertain. Any slowdown in the growth of the printing and publishing industry and other general world-wide economic activities could materially and adversely affect our Group's operating result and financial condition. Nevertheless, our Group has established and continues to expand its customer base (domestic and foreign) as a means to diversify or spread the risks associated with adverse effects related to economic downturns such as default in payments by customers and a decrease in demand for a particular product or service.

Despite the measures taken by our Group to mitigate risks relating to economic slowdowns, there is no assurance that any economic downturn will not have a material adverse effect on our Group's operations and financial performance.

(x) Competition from new entrants

Although the manufacturing of Renewable Paper Pulp Products has a high barrier to entry due to the expertise, research and development required, any breakthrough in technologies will lead to eventual competition for newer technologies and raw materials.

BHS Group will constantly explore new methods to enhance, improve the efficiency and performance, and reduce the costs of production of the PRC RBMP Technology to mitigate such risks in response to the changing market conditions as well as adopting different concepts to convey BHS Group's message across to the target market.

Whilst our Group continuously seeks to remain competitive by taking such pro-active measures, there can be no assurance that these measures will be effective to mitigate the effects of competition on BHS Group's manufacturing of Renewable Paper Pulp Products.

(xi) Environmental risk

As a result of the Diversification, BHS Group will be exposed to environmental risk inherent in the pulp and paper industry. There is significant environmental impact resulting from the pulp and papermaking process. Some of the common wastes include liquid effluents, solid wastes and air emissions. Our Company will have to adhere to the environmental framework within which the industry operates, as set out by the Department of Environment.

As the manufacturing of Renewable Paper Pulp Products is viewed as a green technology, failure to adhere to the environmental regulations will subject BHS Group to negative publicity from non-governmental organisations concerned on the environment, which in turn have an adverse impact on the reputation and future prospects of our Company.

Nevertheless, our Company will ensure that proper measures are in place, including amongst others, the construction of a wastewater treatment system, to minimise the environmental impact. BHS Group shall also endeavour to keep abreast with the changes in environmental framework.

6.2 Risks relating to the Rights Issue with Warrants**(i) Market risk**

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, the liquidity of our Shares, the volatility of equity markets, the outlook of the industry which we operate in and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of the Rights Shares or the TERP of our Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

Shareholders should also consider carefully that each Warrant derives its value from giving its holder the rights to subscribe for new BHS Shares at a pre-determined exercise price over the exercise period. The Warrants have a finite lifespan during which tenure the holders can exercise the subscription rights comprised in the Warrants. If the sum of the price of the Warrants as quoted on Bursa Securities and the exercise price of the Warrants is higher than the market price of BHS Shares, the Warrants are deemed to be 'out-of-the-money'. The value of the Warrants is directly related to the market price of BHS Shares. The higher the market price of BHS Shares exceeds the exercise price of the Warrants, the higher the value of the Warrants will be.

There can be no assurance that the Warrants will be 'in-the-money' upon listing of the Warrants on the Main Market of Bursa Securities. Shareholders are reminded, however, that other factors may also affect the market price of our Shares. Other than the fundamentals of our Group, the future price performance of the Warrants will also depend on various external factors as mentioned above.

(ii) No prior market for Warrants

Prior to the Rights Issue with Warrants, there has been no established trading market for our Warrants. The market price of our Warrants on Bursa Securities will depend on, amongst others, the prevailing stock market sentiments, the volatility of the stock market, future profitability of our Group, as well as the future prospects of the industry in which our Group operates. No assurance can be given that an active market will develop upon listing of our Warrants on Bursa Securities, or if developed, that such market will sustain. There can also be no assurance that the market price of our Warrants will be maintained at any particular level subsequent to their issue.

(iii) Delay in or abortion of the Rights Issue with Warrants

There is a risk that the Rights Issue with Warrants may be aborted or delayed on the occurrence of any one or more of the following events:

- (a) material adverse change of events/ circumstances, which are beyond the control of our Company and RHBIB, arising during the implementation of the Rights Issue with Warrants; and
- (b) the Underwriter may terminate the Underwriting Agreement on the occurrence of any of the termination events set out in the Underwriting Agreement, which include, amongst others, events which may materially prejudice the success of the Rights Issue with Warrants, have a material adverse effect on the condition (financial or otherwise), business, management, prospects, results of operations, properties or assets of our Group as a whole which in the reasonable opinion of the Underwriter would be likely to be materially adverse to proceed with the Rights Issue with Warrants on the terms and in the manner contemplated in the Underwriting Agreement.

In this respect, our Company will exercise our best endeavours to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/ events will not cause a delay in or the abortion of the Rights Issue with Warrants. Pursuant to Section 243 of the CMSA, in the event that the Rights Issue with Warrants is aborted, our Company will repay without interest all monies received from the applicants in pursuance to this AP, and if any such monies not repaid within fourteen (14) days after it becomes liable, our officers shall be jointly and severally liable to repay such money with interest at the rate of ten percent (10%) per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

(iv) Potential dilution

Entitled Shareholders who do not or are not able to accept the provisional Rights Shares with Warrants will have their proportionate percentage of shareholdings and voting interests in our Company reduced in the enlarged issued and paid-up share capital of our Company. Pursuant thereto, their proportionate entitlement to any dividend, rights, allotment, and/or other distribution that we may declare, make or pay will correspondingly be diluted.

6.3 Forward-looking statements

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may affect the actual results, performance or achievements implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

Further, and save as required by law or relevant regulations, none of our Directors and/or any advisers are under any obligation to update any forward-looking statements included in this AP, or to publicly announce any revision to those forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Certain information in this AP are extracted or derived from available government publications or other publicly available sources. Neither we nor any adviser has independently verified such information.

7. INDUSTRY OVERVIEW AND PROSPECTS OF OUR GROUP

7.1 Overview and prospects of the Malaysian economy

The Malaysian economy recorded a growth of 4.9% in the second quarter of 2015 (1Q 2015: 5.6%), driven mainly by private sector demand. On the supply side, growth was underpinned by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.1% (1Q 2015: 1.2%).

The private sector remained the key driver of growth during the quarter. Private consumption expanded at a more moderate rate of 6.4% (1Q 2015: 8.8%) as households adjust to the implementation of the GST. Private investment grew more moderately by 3.9% (1Q 2015: 11.7%), due to a decline in spending on machinery and equipment, especially in the transportation segment, and slower investment in dwelling services.

The Malaysian economy is expected to remain on a steady growth path, with domestic demand continuing to be the key driver of growth. Private consumption is expected to continue to adjust to the introduction of the GST, although wage growth and stable labour market conditions would provide support to household spending. Investment activity will be supported by capital spending in the manufacturing and services sectors, as well as for infrastructure projects. These developments will contribute towards offsetting the weaker performance of the external sector.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2015, BNM)

7.2 Overview and prospects of the Malaysian oil palm biomass industry

Pursuant to Malaysian Government's Third Industrial Master Plan (IMP3) to achieve long term global competitiveness, strategic thrusts have been set to strengthen Malaysia's position as a competitive, reliable and technologically capable producer and exporter of palm oil products. The strategic thrusts include, amongst others, to expand and diversify into a wider range of higher value-added palm oil products for the international market and enhancing research and development in palm oil and commercialisation of research findings through collaborations with multinational corporations.

The application of oil palm biomass products in the pulp and paper industry is one of the targeted growth areas to be promoted. Further research on the economic and commercial feasibilities of research findings will be encouraged to reduce the risk in commercialising innovations such as pulp. To accelerate the commercialisation of technologies, the Government will provide assistance for such ventures.

(Source: Oil-Palm Based Industry, Third Industrial Master Plan (IMP3) 2006 – 2020, Ministry of International Trade and Industry)

Malaysia has recognised green technology as one of the key drivers of national economic growth. To achieve this, the Government is currently reorienting its policies to promote and develop green production.

In developing the Green Industry in Malaysia, the Malaysian Government had introduced the National Green Technology Policy on 24 July 2009. The policy focused on four (4) pillars, namely energy, environment, economy and social. Green technology shall be a driver to accelerate the national economy and promote sustainable development.

Going green can unlock opportunities for economic growth by contributing to fiscal consolidation, enhancing productivity through greater efficiency in the use of natural resources, opening up new markets for green technologies, goods and services.

Using resources productively is what makes for competitiveness today. Increasingly, nations and companies that are most competitive are not those with access to the lowest cost inputs but those employ the most advanced technology and methods in using their inputs.

(Source: Green Technology, Malaysia External Trade Development Corporation's website at <http://www.matrade.gov.my/en/foriegn-buyers-section/70-industry-write-up--services/555-green-technology-services>)

To strengthen the development of green technology, the Government will provide investment tax allowance for the purchase of green technology equipment and income tax exemption on the use of green technology services and system.

(Source: Budget Speech 2014 at www.treasury.gov.my)

7.3 Overview and prospects of the Malaysian pulp and paper industry

Overview of the Malaysian pulp and paper industry

Throughout the world, over 300 million tons of paper-based products were manufactured and used in year 2014. The United States is the biggest manufacturer and user of paper and paper-based products and used a third – about 100 million tons – of the amount produced worldwide. Worldwide paper production was valued at USD500 billion.

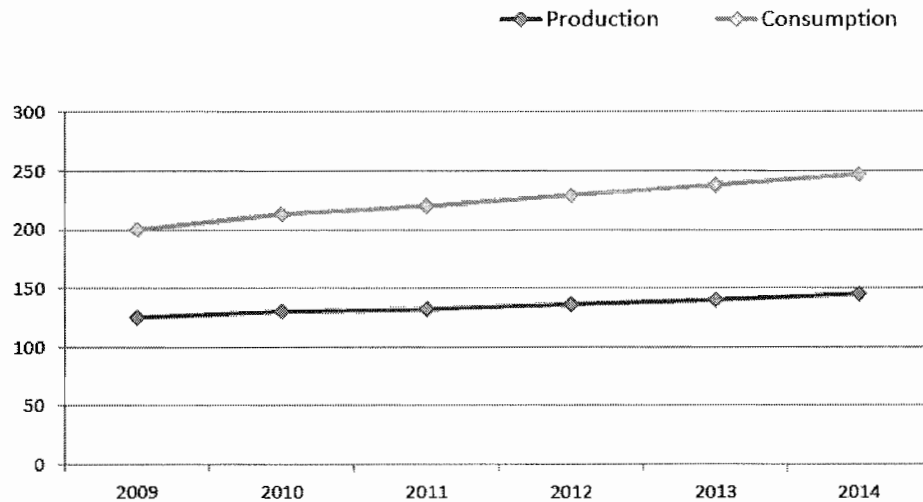
The production and consumption balance for pulp and paper in Malaysia are as follows:

Category	2014 (million tons)
Pulp/ paper/ paperboard	
Total pulp/ paper/ paperboard production	1.943
Corrugated/ packaging	1.350
Writing and printing	0.270
Others	0.323
Import	1.550
Export	0.315
Net consumption	3.178
Per capita consumption (kg/year/person)	109.0
Wood pulp	
Production	0.145
Import	0.102
Export	0.0
Consumption/ usage	0.247
Paper/ paperboard	
Production	1.798
Consumption	2.930

Malaysia is making progress with several large-scale capacity projects and is on the way to becoming a major player in the regional pulp and paper industry.

Some Malaysian mills have started to look for equipment from Europe, Taiwan and Korea to expand their production capacity by 100-200 tons/day. The mills are looking to expand on the back of an improving Malaysian economy and increasing demand.

The production and consumption of wood pulp in Malaysia from 2009 to 2014 (in 'thousand tons) are as follows:



Source: FAO Statistics Division, Company Database, www.doe.gov

The industry main goal is to become self-sufficient. At present, Malaysia depends heavily on imports, particularly for newsprint, printing/ writing papers and industrial papers, such as kraftliner and medium.

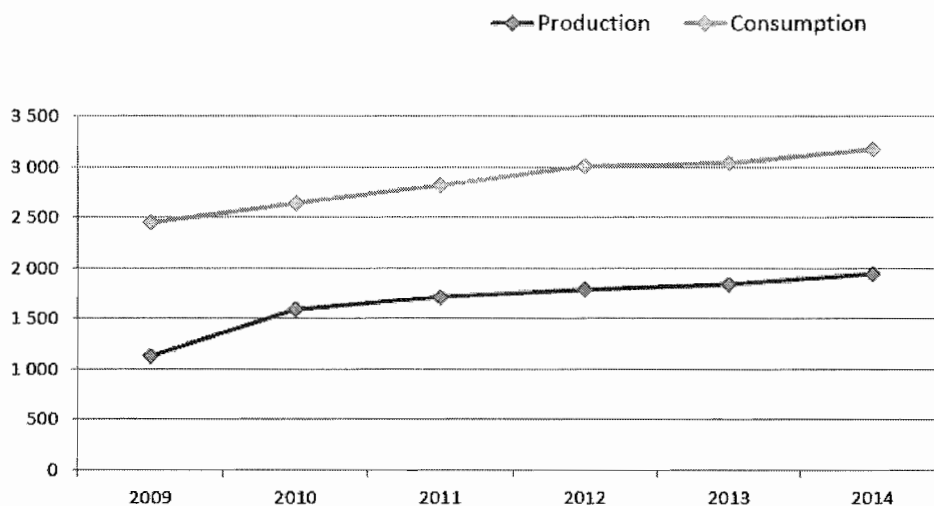
Paper consumption in Malaysia ranges from cigarette paper, joss paper, Kraft paper, newsprint, tissue paper to writing/printing paper. However, Kraft paper registers the highest consumption out of a total consumption.

The country is a net importer of pulp, paper, and paperboard, and progressively tends to decrease its dependency. However, the self-sufficiency is growing at a slow rate. All the paper mills of the country are small by the world industry standards, none producing more than 350,000 tons per year. The small Malaysian paper mills survive by focusing on niche markets at the national scale. The national pulp and paper industry strategy is to remain domestic-market oriented.

Pulp and paper are manufactured from raw materials containing cellulose fibres, wood, recycled paper, and agricultural residues.

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The production and consumption of total pulp/ paper/ paperboard in Malaysia from 2009 to 2014 (in 'thousand tons) are as follows:



Source: FAO Statistics Division, Company Database, www.doe.gov

(Source: Pulp and Paper Industry in Malaysia: Business Report 2015, BAC Reports)

Overview of the Malaysian paper industry

In recent years, the Malaysian paper industry has progressively doubled its production capacity, with a recorded ninety percent (90%) self-sufficiency in the supply of paper and paper products. There are twenty three (23) paper mills with a total production capacity of about 1.9 million metric tons annually. Wastepaper is the main raw material used by industries to produce their paper products.

The domestic printing and publishing industry consists mainly of small and medium-scale domestic-oriented manufacturers. There are currently about 1,000 companies in operations, mainly engaged in general printing. Imports of paper and paper products amounted to RM5.7 billion in 2014 compared with RM3.0 billion in exports.

In 2014, a total of seventeen (17) projects were approved with investments of RM904.3 million, an increase of thirty six percent (36%) compared with RM574.5 million in investments approved in 2013. Nine (9) of the projects approved were expansion/ diversification projects with investments of RM706.1 million (57.4%), while the other eight (8) were new projects with investments of RM198.2 million (22%). Foreign investments amounted to RM555.8 million (61.5%), while RM348.5 million (38.5%) were contributed by domestic investments.

The highest investments were recorded in the paper products sub-sector with RM816.8 million (ten (10) projects) followed by the printing and publishing sub-sector with RM72.5 million (four (4) projects).

(Source: Malaysia Investment Performance Report 2014, Malaysian Investment Development Authority)

7.4 Advantages and disadvantages of wood free pulp and paper using the PRC RBMP Technology

Malaysia has a ready source of EFB biomass as there is a large density of palm oil mills that produces a huge amount of EFB. Our Company view that the best approach would be to engage the palm oil mills to supply the EFB for the PRC RBMP Technology. The efficient transportation of EFB raw materials from supply sites (i.e. palm oil mills) to the processing mills and to the processing facilities is critical in today's competitive environment. The location of the processing facilities is critical as excess costs may be incurred if such facilities are not strategically located.

The use of EFB, a bio waste, reduces the need to harvest more trees as raw materials for pulp and paper production and thus contributes positively towards ecology and forest conservation. The environmentally responsible and sustainable product will appeal to increasingly more manufacturers, retailers and consumers as more and more people becomes aware of the need for environmentally friendly products, and globally, companies are under increasing pressure to comply with stringent environmental laws. It is also in line with the national environmental policies and drive towards waste reuse and recycling, whereby EFB, which is an oil palm processing waste, is utilised as feedstock for pulp and paper products.

In addition to the positive contribution to our Company's printing services, there are more than 400 palm oil mills in Malaysia that are having major issues in disposing the EFB wastes from their daily production and getting relentless criticism from the western countries for polluting the environment. The biomass organic waste, i.e. EFB, are usually deposited in dedicated landfills by the palm oil mills located within the palm oil estates, and are left to decay in these landfills. The methane emissions expected from the degradation of the deposition of EFB can be reduced by converting the EFB waste to a valuable and sustainable paper and pulp commodity made from EFB through the usage of the PRC RBMP Technology.

However, as there are many oil palm plantations in Malaysia, the government is encouraging the usage of EFB to produce renewable energy through the provision of tax incentives, sales tax and import duty exemption. These measures encourage other industries to consume and/or utilise EFB for the manufacture of mats, mattresses and cushions, reinforcement for building materials, for example concrete, soil erosion and stabilisation, brick manufacturing, moulded products, mulching in plantation and power generation etc. Thus, increasing the demand for EFB which may lead to increase in EFB price in the long run.

7.5 Information on the standard or quality of wood free pulp and paper

EFB is a promising raw material for pulp and paper production. Since the 1970s, the suitability of oil palm biomass as a raw material for papermaking has been explored using a variety of pulp methods papermaking process (Killsman et al. 1966).

EFB fibre resembles to some extent many hardwood fibres, being short fibred material with fibre length of 0.82mm and coefficient of suppleness of 0.77 as compared to the Malaysian hardwood of 1.28mm and 0.77 respectively.

EFB fibre morphology is favourable for paper making. The EFB fibre length produced from the PRC RBMP Technology is at least 1.20mm which depicts the strength and durability of the paper quality. The EFB fibre length produced by the PRC RBMP Technology was tested and verified by Forest Research Institute of Malaysia ("FRIM"). A comparison of the current research on the pre-treated EFB as raw material performed by FRIM and the PRC RBMP Technology is as follows:

Description	Fibre diameter (µm)	Cell wall thickness (µm)	Fibre length (mm)
Current research on pre-treated EFB as raw material	27.0	-	0.82
Sample fibres using the PRC RBMP Technology			
Corrugated base paper manufactured from oil palm EFB	15.53	3.33	1.75
Bleached white paper manufactured from oil palm EFB	14.80	2.94	1.63
Corrugated base paper pulp manufactured from oil palm EFB	14.48	2.80	1.72
Bleached white paper pulp manufactured from oil palm EFB	13.50	2.85	1.90

Due to the resemblance to hardwood and the advancement of the PRC RBMP Technology, the EFB fibre is equivalent to natural hardwood fibre and serves as a good alternate source to paper manufacturing sub-sectors such as corrugated medium paper (brown paper), newsprint, printing/ writing paper, tissue paper and joss paper.

7.6 Overview and prospects of BHS Group

While the geopolitical and the global economy are facing great uncertainties presently, our Board and management are working hand in hand to formulate strategies and are taking steps to move forward in the best interest of BHS Group and the shareholders.

Two major areas of concern are the cost of paper in the long run and the environmental impact of the paper industry. Maintaining the present trend of the paper consumption in Malaysia may not be sustainable as Malaysia currently imports twenty percent (20%) of pulp and paper from overseas to fulfil its domestic needs. The forests in the world are dwindling at a great exponential rate due to logging to cope with the global demand for pulp and paper. As such BHS Group is planning to move away in the long term from the reliance on natural resources from the forest.

On 10 November 2014, System Publishing House Sdn Bhd, a wholly-owned subsidiary of BHS, entered into the Master License Agreement which confers on BHS Group the sole exclusive and non-transferable right to operate the PRC RBMP Technology in Malaysia. This technology presents BHS Group an opportunity to tap into the vast EFB waste resources to support its printing business and transform the printing business into a sustainable business in the future. In addition, BHS Group is also studying other opportunities which may arise from the PRC RBMP Technology to create new business platform for the Group in the future.

(Source: BHS Annual Report 2014)

Our Board, in view of the government initiatives and support for green technology and application of oil palm biomass products in the pulp and paper industry, is of the view that such positive prospects will bode well for BHS Group's venture in the wood free pulp and paper industry which in turn, will contribute positively to the future financial performance of BHS Group.

As paper represents a large percentage of the total production cost for BHS Group, it aims to be a low cost manufacturer of Renewable Paper Pulp Products by using oil palm EFB as the main source of virgin fibre. EFB is a biomass waste generated by the oil palm industry and therefore the fibre derived from EFB is cost competitive.

The PRC RBMP technology opens a unique platform to tap into uncharted business opportunities. Our Company will have a major competitive advantage over its other printing competitors by providing clients in Malaysia and overseas a choice of using paper manufactured from a sustainable source at competitive rate. It augurs well for our Company's printing clients as globally companies are under increasing pressure to comply with stringent environment laws and therefore will view this service of sustainable paper favourably.

Our Board estimates that the project (including the construction of factory, installation, testing and commissioning of the production line) will take up to twenty-four (24) months to be commercially operational from the date of receipt of the Rights Shares proceeds. Upon being proficient in the wood free pulp and paper manufacturing process, BHS Group, being the licensee of the Master License Agreement, intends to replicate similar model and market the PRC RBMP Technology to palm oil mills or third parties, supply and fabricate equipment, construct facilities for the manufacturing of Renewable Paper Pulp Products tailored to the palm oil mill's specifications, trade Renewable Paper Pulp Products and its manufactured by-products/ recycled wastes etc, all of which are expected to contribute positively to the future earnings of BHS Group. In the event there is demand for the PRC RBMP Technology and should opportunities arise, our Group may enter into joint venture(s) or other business arrangement(s) for the supply and fabrication of equipment and construction of facilities for the manufacturing of Renewable Paper Pulp Products.

The market price for pulp varies according to the type of wood and the country of origin. In BHS's case, the price of bleached hardwood kraft from Brazil and Chile fetched approximately USD640 to USD660 per ton in June 2015 as compared with USD550 to USD560 per ton a year ago. Our Board is of the view that the global demand for pulp and paper is growing annually and the supply for wood pulp and paper may not be able to match the growth as it has been restricted by the fast dwindling forest reserve. Therefore, it is expected that in the mid and long term, the price of pulp and paper will be trending upwards.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Issued and paid-up share capital

The Diversification, Allocation and Increase in Authorised Share Capital will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of our Company, and the NA per Share, gearing, earnings and EPS of BHS Group.

The proforma effects of the Rights Issue with Warrants on the issued and paid-up share capital of BHS are set out below:

	Minimum Scenario		Maximum Scenario	
	No. of BHS Shares	RM	No. of BHS Shares	RM
Existing issued and paid-up share capital as at the LPD	320,000,000	80,000,000	320,000,000	80,000,000
Less: Treasury shares held as at the LPD	(12,494,900)	-	-	-
	307,505,100	80,000,000	320,000,000	80,000,000
To be issued pursuant to the Rights Issue with Warrants	102,501,700	25,625,425	106,666,666	26,666,667
	410,006,800	105,625,425	426,666,666	106,666,667
To be issued upon the full exercise of Warrants pursuant to the Rights Issue with Warrants	205,003,400	51,250,850	213,333,332	53,333,333
	615,010,200	156,876,275	639,999,998	160,000,000
To be issued upon the full exercise of ESOS options to be granted pursuant to the ESOS *	61,501,020	15,375,255	63,999,999	16,000,000
Enlarged issued and paid-up share capital	676,511,220	172,251,530	703,999,997	176,000,000

Note:

* Assuming that the aggregate Shares to be issued pursuant to the exercise of the ESOS options amount to ten percent (10%) of the issued and paid-up share capital of our Company subsequent to the full exercise of Warrants pursuant to the Rights Issue with Warrants.

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8.2 NA per Share and gearing

The ESOS is not expected to have an immediate effect on the NA per Share and gearing of our Group until such time when the ESOS options to be granted under the ESOS are exercised. The effects on the NA per Share and gearing of our Group will depend on, amongst others, the option price, the number of new BHS Shares to be issued and allotted upon the exercise of the ESOS options and the potential effect on the future earnings of our Group arising from the adoption of the MFRS 2 as set out in Section 8.3 of this AP.

For illustration purposes, the proforma effects of the Rights Issue with Warrants and ESOS on the consolidated NA per Share and gearing of BHS based on the audited consolidated statements of financial position of BHS as at 30 June 2014 (and assuming that the Rights Issue with Warrants had been effected on that date) are set out below:

Minimum Scenario:

	Audited as at 30 June 2014 RM	Proforma I After taking into account subsequent event after 30 June 2014 RM	Proforma II After Proforma I and the Rights Issue with Warrants RM	Proforma III After Proforma II and the full exercise of Warrants RM	Proforma IV After Proforma III and the grant of ESOS options RM	Proforma V After Proforma IV and the full exercise of ESOS options RM
Share capital	40,000,000	80,000,000 ⁽²⁾	105,625,425	156,876,275	156,876,275	172,251,530
Share premium	1,684,192	- ⁽²⁾	-	89,176,479 ⁽⁵⁾	89,176,479	114,391,898 ⁽⁷⁾
Warrants reserves	-	-	26,650,442 ⁽³⁾	-	-	-
Other reserve	-	-	(9,225,153) ⁽³⁾	-	-	-
Options reserve	-	-	-	-	11,070,184 ⁽⁶⁾	-
Foreign currency translation reserve	111,830	111,830	111,830	111,830	111,830	111,830
Merger reserve	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)
Fair value adjustment reserve	294,887	294,887	294,887	294,887	294,887	294,887
Treasury shares	(4,223,922)	(7,148,444) ⁽²⁾	(7,148,444)	(7,148,444)	(7,148,444)	(7,148,444)
Retained profits	52,953,756	24,020,025 ⁽²⁾	23,020,025 ⁽⁴⁾	23,020,025	11,949,841 ⁽⁶⁾	11,949,841
Shareholders fund/ NA	73,987,897	80,445,452	122,496,166	245,498,206	245,498,206	275,018,696
Number of Shares in issue (excluding treasury shares)	72,100,000 ⁽¹⁾	307,505,100 ⁽²⁾	410,006,800	615,010,200	615,010,200	676,511,220
NA per Share (RM)	1.03	0.26	0.30	0.40	0.40	0.41
Total borrowings (RM)	897,742	897,742	897,742	897,742	897,742	897,742
Gearing (times)	0.012	0.011	0.007	0.004	0.004	0.003

Notes:

- (1) Excluding 7,900,000 treasury shares as at 30 June 2014.
- (2) After taking into account the special share dividend which was completed on 20 November 2014 and the bonus issue and share split which were completed on 27 February 2015 and the share buy back after 20 May 2015 up to the LPD.
- (3) Computed based on the theoretical fair value of the Warrants which was derived from Black-Scholes option pricing model.
- (4) After taking into account the estimated expenses for the Corporate Exercises of RM1,000,000.
- (5) An amount of RM89,176,479 to be credited to the share premium account upon the full exercise of the Warrants.
- (6) Computed based on the theoretical fair value of the ESOS options which was derived from Black-Scholes option pricing model.
- (7) An amount of RM25,215,419 to be credited to the share premium account upon the full exercise of the ESOS options.

Maximum Scenario:

	Audited as at 30 June 2014 RM	Proforma I After taking into account subsequent event after 30 June 2014 RM	Proforma II After Proforma I and the Rights Issue with Warrants RM	Proforma III After Proforma II and the full exercise of Warrants RM	Proforma IV After Proforma III and the grant of ESOS options RM	Proforma V After Proforma IV and the full exercise of ESOS options RM
Share capital	40,000,000	80,000,000 ⁽²⁾	106,666,667	160,000,000	160,000,000	176,000,000
Share premium	1,684,192	- ⁽²⁾	-	92,799,999 ⁽⁵⁾	92,799,999	119,039,999 ⁽⁷⁾
Warrants reserves	-	-	27,733,333 ⁽³⁾	-	-	-
Other reserve	-	-	(9,600,000) ⁽³⁾	-	-	-
Options reserve	-	-	-	-	11,520,000 ⁽⁶⁾	-
Foreign currency translation reserve	111,830	111,830	111,830	111,830	111,830	111,830
Merger reserve	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)
Fair value adjustment reserve	294,887	294,887	294,887	294,887	294,887	294,887
Treasury shares	(4,223,922)	(7,148,444) ⁽²⁾	-	-	-	-
Retained profits	52,953,756	24,020,025 ⁽²⁾	23,020,025 ⁽⁴⁾	23,020,025	11,500,025 ⁽⁶⁾	11,500,025
Shareholders fund/ NA	73,987,897	80,445,452	131,393,896	259,393,895	259,393,895	290,113,895
Number of Shares in issue (excluding treasury shares)	72,100,000 ⁽¹⁾	307,505,100 ⁽²⁾	426,666,666	639,999,998	639,999,998	703,999,997
NA per Share (RM)	1.03	0.26	0.31	0.41	0.41	0.41
Total borrowings (RM)	897,742	897,742	897,742	897,742	897,742	897,742
Gearing (times)	0.012	0.011	0.007	0.003	0.003	0.003

Notes:

- (1) Excluding 7,900,000 treasury shares as at 30 June 2014.
- (2) After taking into account the special share dividend which was completed on 20 November 2014 and the bonus issue and share split which were completed on 27 February 2015 and the share buy back after 20 May 2015 up to the LPD.
- (3) Computed based on the theoretical fair value of the Warrants which was derived from Black-Scholes option pricing model.
- (4) After taking into account the estimated expenses for the Corporate Exercises of RM1,000,000.
- (5) An amount of RM92,799,999 to be credited to the share premium account upon the full exercise of the Warrants.
- (6) Computed based on the theoretical fair value of the ESOS options which was derived from Black-Scholes option pricing model.
- (7) An amount of RM26,240,000 to be credited to the share premium account upon the full exercise of the ESOS options.

8.3 Earnings and EPS

The Corporate Exercises are not expected to have any material effect on the earnings of BHS Group for the FYE 30 June 2015 as the Corporate Exercises are expected to be completed by the second (2nd) half of calendar year 2015 and the proceeds from the Rights Issue with Warrants are expected to be utilised within twenty-four (24) months from the date of receipt of the Rights Shares proceeds. As such, the Diversification is not expected to have any material effect on the earnings of BHS Group for the FYE 30 June 2016. Our Board expects the Diversification to contribute positively to the earnings of the BHS Group in the future financial years.

However, the Rights Issue with Warrants will result in a corresponding reduction in the EPS of BHS as a result of the increase in the number of BHS Shares in issue upon the completion of the Rights Issue with Warrants and as and when the Warrants are exercised into new BHS Shares. Notwithstanding that, the eventual degree of dilution will depend on the level of returns generated from the utilisation of proceeds to be raised.

The ESOS is not expected to have any immediate material effect on the earnings of BHS Group for the FYE 30 June 2015, save for the possible impact of MFRS 2. However, any potential effect on the EPS of BHS Group in the future would depend on the number of ESOS options granted and exercised, and the option price upon the exercise of the ESOS options as well as the possible impact of MFRS 2 on share-based payment.

Under MFRS 2 on the share-based payment effective 1 January 2012, the costs arising from the issuance of the ESOS options is measured by the fair value of the ESOS options, which is expected to vest at each offer date and is recognised in the profit or loss of BHS Group over the vesting period of the ESOS options, thereby reducing the earnings of BHS Group. However, it should be noted that the costs arising from the issuance of ESOS options do not represent cash outflow to our Company as it is merely an accounting treatment.

In addition, the issuance of the ESOS options will have a dilutive effect on BHS Group's EPS due to the increase in number of BHS Shares. Nevertheless, our Company has taken note of the potential impact of MFRS 2 on our Group's future earnings and shall take into consideration such impact in the allocation and granting of ESOS options to the eligible persons.

9. DETAILS OF OTHER CORPORATE EXERCISES

Save as disclosed below and the Rights Issue with Warrants (which is the subject matter of this AP), our Board confirms that there is no other outstanding corporate exercise announced by our Company, but not yet completed as at the LPD:

- (i) establishment of an ESOS of up to ten percent (10%) of the prevailing issued and paid-up ordinary share capital of BHS (excluding treasury shares) for the eligible executive Directors, non-executive Directors and employees of BHS Group to be implemented after the completion of the Rights Issue with Warrants; and
- (ii) Pulp Production Line Acquisition.

10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue with Warrants, cash in hand and banking facilities available, our Group will have adequate working capital to meet our current core business requirements within a period of twelve (12) months from the date of this AP.

10.2 Borrowings

As at the LPD, our Group has a total outstanding borrowing of approximately RM7.89 million, which is interest-bearing from a local financial institution. The details of the total outstanding borrowing (which have not been audited) are as follows:

	RM'000
Long term borrowing:	
Fixed loan	<u>7,887</u>

Save for the above, as at the LPD, our Group does not have any non-interest bearing borrowings from local financial institutions and interest bearing or non-interest bearing borrowings from foreign financial institutions.

There has not been any default on payments of either interests or principal sums by our Group, in respect of any borrowings during the FYE 30 June 2014 and for the subsequent financial period up to the LPD.

10.3 Material commitments and contingent liabilities

10.3.1 Material commitments

Save as disclosed below, as at the LPD, there is no material commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/ position of our Group:

	RM'000
Plant and equipment	
- Contracted but not provided for	<u>16,463</u>

Our Group intends to fund the abovementioned material commitment(s) from the proceeds to be raised from the Rights Issue with Warrants and/or internally generated funds.

10.3.2 Contingent liabilities

As at the LPD, there is no contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

11. INSTRUCTIONS FOR ACCEPTANCE, SALE/ TRANSFER, EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS

Full instruction for the acceptance of and payment for the provisional Rights Shares with Warrants as well as Excess Rights Shares with Warrants application and the procedures to be followed should you and/or your renounee(s) and/or your transferee(s) (if applicable) wish to sell or transfer all or any part of your/ his rights entitlements are set out in this AP and the RSF. You and/or your renounee(s) and/or your transferee(s) (if applicable) are advised to read this AP, the RSF and the notes and instructions printed therein carefully. In accordance with the CMSA, the RSF must not be circulated unless accompanied by this AP.

Acceptance and/or payment for the provisional Rights Shares with Warrants which do not conform strictly to the terms of this AP, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

11.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such Provisional Allotment into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for Excess Rights Shares with Warrants if you choose to do so.

11.2 NPA

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depository) Act, 1991 and therefore, all dealings in the Provisional Allotment will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. You and/or your renounee(s) and/or your transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

11.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Allotment is at **5.00 p.m. on 28 September 2015**, or such extended date and time as our Board may decide at their absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

11.4 Procedure for full acceptance and payment

Acceptance and payment for the Provisional Allotment must be made on the RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in these documents. Acceptances which do not conform to the terms of this AP, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/ TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) AND/OR YOUR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you and/or your renounee(s) and/or your transferee(s) (if applicable) wish to accept your entitlement, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST, COURIER or DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2264 3883
Fax: (603) 2282 1886

so as to arrive **not later than 5.00 p.m. on 28 September 2015**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board, after consultation with the Underwriter. A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by the Share Registrar for the Rights Shares with Warrants, you are advised to use one (1) reply envelope for each completed RSF.

One (1) RSF can only be used for acceptance of the Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF must be used for the acceptance of the Provisional Allotment standing to the credit of more than one (1) CDS Account. If successful, Rights Shares with Warrants subscribed by you and/or your renounee(s) and/or your transferee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotment is standing to the credit.

You and/or your renounee(s) and/or your transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise of one hundred (100) Rights Shares and one hundred (100) Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Warrants on the basis of two (2) Warrants for every one (1) Rights Share successfully subscribed. The minimum number of Rights Shares that can be subscribed or accepted is one (1) Rights Share, which will be accompanied with two (2) Warrants. The minimum number of Warrants that can be issued and allotted with the accepted Rights Shares is two (2) Warrants. Fractions of a Rights Shares with Warrants which may arise from the Rights Issue with Warrants will be disregarded and shall be dealt in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance and payment for the Provisional Allotment is not received by our Share Registrar by **5.00 p.m. on 28 September 2015**, being the last date and time for acceptance and payment, or any other extended date and time as may be determined and announced by our Board, after consultation with the Underwriter, not less than two (2) Market Days before the stipulated date and time at their discretion, you and/or your renounee(s) and/or your transferee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renounee(s) and/or your transferee(s) and it will be cancelled. In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for Excess Rights Shares with Warrants in the manner as set out in Section 11.8 of this AP. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

If you or your renounee(s) or your transferee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "BHS RIGHTS SHARES ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE FIELDS PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM AND/OR THEIR RENOUNCEE(S) AND/OR THEIR TRANSFEREE(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE OF ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

11.5 Procedure for part acceptance by the Entitled Shareholders

You are entitled to accept part of your Provisional Allotment. The minimum number of Rights Shares that can be subscribed or accepted is one (1) Rights Share which will be accompanied with two (2) Warrants.

You must complete both Parts I(a) and II of the RSF by specifying the number of Rights Shares with Warrants which you are accepting and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 11.4 of this AP.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAIN THEREIN.

The portion of the Provisional Allotment that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the Provisional Allotment.

11.6 Procedure for sale/ transfer of the Provisional Allotment

As the Provisional Allotment are prescribed securities, you may sell/ transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. To dispose of all or part of your entitlement to the Provisional Allotment, you may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the Provisional Allotment, you may still accept the balance of the Provisional Allotment by completing the RSF. Please refer to Section 11.4 of this AP for the acceptance and payment.

In selling/ transferring all or part of your Provisional Allotment, you and/or your renounee(s) and/or your transferee(s) (if applicable) need not deliver any document including the RSF, to any stockbroker. However you and/or your renounee(s) and/or your transferee(s) (if applicable) must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Account that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this AP and the RSF from their stockbrokers, our Share Registrar, or at our Registered Office as stated above. This AP and RSF are also available on Bursa Securities' website at <http://www.bursamalaysia.com>.

If you have sold or transferred only part of your entitlements to the Rights Shares with Warrants, you may still accept the balance of your entitlements to the Rights Shares with Warrants by completing and forwarding the RSF and the full amount payable, to our Share Registrar.

ENTITLED SHAREHOLDERS WHO SELL OR TRANSFER THEIR PROVISIONAL ALLOTMENT WILL AUTOMATICALLY BE SELLING OR TRANSFERRING THEIR ENTITLEMENTS TO THE RIGHTS SHARES AND THE ATTACHED FREE WARRANTS IN THE PROPORTION OF ONE (1) RIGHTS SHARES WITH TWO (2) ATTACHED WARRANTS. THEY CANNOT RETAIN THE PROVISIONAL ALLOTMENT WHILE SELLING OR TRANSFERRING THE RIGHTS SHARES, THE ATTACHED WARRANTS, OR VICE VERSA, NOR CAN THEY SELL OR TRANSFER THEIR ENTITLEMENTS IN ANY PROPORTION OTHER THAN THAT STATED ABOVE.

11.7 Procedure for acceptance by renounee(s) and/or transferee(s)

Renounee(s) and/or transferee(s) who wish to accept the Provisional Allotment must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website at <http://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders are set out in Section 11.4 of this AP also applies to renounee(s) and/or transferee(s) who wish to accept the Provisional Allotment.

RENOUNCEE(S) AND/OR YOUR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS AP AND RSF CAREFULLY.

11.8 Procedure for application of Excess Rights Shares with Warrants

As an Entitled Shareholder, you and/or your renounee(s) and/or your transferee(s) (if applicable) may apply for Excess Rights Shares with Warrants in addition to the Provisional Allotment by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance made in RM** for the full amount payable in respect of the Excess Rights Shares with Warrants applied for) to our Share Registrar at the address set out in Section 11.4 of this AP, so as to arrive **not later than 5.00 p.m. on 28 September 2015**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board, after consultation with the Underwriter.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 11.4 OF THIS AP, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "BHS EXCESS RIGHTS SHARES ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

Our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part I(b) of the RSF on a fair and equitable basis and in such manner as our Board deem fit or expedient and in the best interest of our Company. As such, it is the intention of our Board to allot the Excess Rights Shares with Warrants in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for; and
- (iv) finally, for allocation to the renounee(s) and/or transferee(s) who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for.

Subject always to (i), (ii), (iii) and (iv) above are achieved, our Board also reserves the right not to accept or to accept any application for Excess Rights Shares with Warrants, in full or in part, without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR EXCESS RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHTS NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

11.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares and Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificate shall be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares and Warrants will be credited directly into your CDS Account.

The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last time and date for acceptance and payment of the Rights Issue with Warrants.

Any person who intends to subscribe for the Rights Shares with Warrants as a renounee by purchasing the provisional allotment of Rights Shares and Warrants from an Entitled Shareholder will have his Rights Shares and Warrants credited directly as prescribed securities into his CDS Account.

Subscription of Rights Shares with Warrants by the Entitled Shareholders

Where the Rights Shares with Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your existing BHS Shares standing credit to your CDS Account on the Entitlement Date, the acceptance by you of the provisional allotment of the Rights Shares and Warrants shall mean that you consent to receive such Rights Shares and Warrants as prescribed or deposited securities credited directly into your CDS Account. Hence, the Rights Shares and Warrants will be credited directly into your CDS Account upon allotment and issuance.

Subscription of Rights Shares with Warrants by a renounee

Any person who has purchased the Provisional Allotment of Rights Shares with Warrants or to whom the Provisional Allotment of Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/ her CDS Account number in the space provided in the RSF. The Rights Shares and Warrants will be credited directly as prescribed or deposited securities into his/ her CDS Account upon allotment and issuance.

Application for Excess Rights Shares with Warrants by an Entitled Shareholder and/or his renouncee(s) and/or his transferee(s) (if applicable)

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applies for Excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares with Warrants will be made on a fair and equitable basis.

11.10 Laws of foreign jurisdictions

This AP, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

RHBIB, other experts, our Company and our Directors and officers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. RHBIB, other experts, our Company and our Directors and officers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) may collect the AP including the accompanying documents from our Share Registrar, in which event the Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renouncee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against us or RHBIB in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this AP, the NPA and the RSF, the foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHBIB, other experts, our Company and our Directors and officers that:

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or renouncee(s) and/or their transferee(s) (if applicable) are or may be subject to;
- (ii) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) they are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) they are aware that the Rights Shares and Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) they have respectively received a copy of this AP and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares and Warrants; and
- (vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants.

Persons receiving this AP, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of Rights Shares and Warrants from any such application by foreign Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares and Warrants as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS OR ANY OTHER PERSON HAVING POSSESSION OF THIS AP AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS AP AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

12. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this AP, the Deed Poll, the NPA and the RSF enclosed therewith.

13. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
BHS INDUSTRIES BERHAD



DATO' LIM THIAM HUAT
Managing Director

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 14 AUGUST 2015

BHS INDUSTRIES BERHAD
(Company No. 719660-W)
(Incorporated in Malaysia)

**EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING
HELD ON 14 AUGUST 2015**

ORDINARY RESOLUTION 1

PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESSES OF BHS AND ITS SUBSIDIARIES TO INCLUDE THE UTILISATION AND SUB-LICENSING OF PAPER PULP MAKING TECHNOLOGY, MANUFACTURING OF RENEWABLE PAPER PULP PRODUCTS GENERATED FROM EMPTY FRUIT BUNCHES USING THE PRE-CONDITIONING REFINER CHEMICAL RECYCLED BLEACHED MECHANISED PULP TECHNOLOGY, AND OTHER RELATED ACTIVITIES

RESOLVED:

THAT subject to the passing of Ordinary Resolutions 2 and 10, and all approvals being obtained from the relevant regulatory authorities, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to diversify the core businesses of the Company and its subsidiaries to include the utilisation and sub-licensing of pulp making technology, manufacturing of renewable paper pulp products generated from empty fruit bunches using the Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology, and other related activities ("**Proposed Diversification**").

AND THAT the Board be and is hereby authorised to sign and empowered to give full effect to the aforesaid Proposed Diversification with full power to assent to and accept any conditions, variations arrangements and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company, all such other documents with any party or parties and to take all such steps and to do all such acts, things and matters as it may deem fit, necessary and/or expedient in order to implement, finalise and give full effect to the Proposed Diversification.

ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 106,666,666 NEW ORDINARY SHARES OF RM0.25 EACH IN BHS ("BHS SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) EXISTING BHS SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, TOGETHER WITH UP TO 213,333,332 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED

RESOLVED:

THAT subject to the passing of Ordinary Resolutions 1 and 10, approval-in-principle granted by Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other relevant authorities/ parties (if applicable), approval be and is hereby given to the Board of Directors of the Company ("**Board**"):

- (a) to provisionally allot and issue by way of a renounceable rights issue of up to 106,666,666 new ordinary shares of RM0.25 each in the Company ("**BHS Share(s)**") ("**Rights Shares**") at an issue price of RM0.42 per Rights Share, on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, together with up to 213,333,332 free detachable warrants ("**Warrants**") on the basis of two (2) Warrants for every one (1) Rights Share successfully subscribed, by way of provisional allotment to shareholders whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined and announced later by the Board ("**Proposed Rights Issue with Warrants**");

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 14 AUGUST 2015 (Cont'd)

BHS INDUSTRIES BERHAD (719660-W)
EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING
HELD ON 14 AUGUST 2015

- (b) to enter into and execute the deed poll constituting the Warrants ("**Deed Poll**") and to do all acts, deeds and things as they deem fit or expedient in order to implement, finalise and give effect to the aforesaid Deed Poll wherein each of the Warrants will carry the rights to subscribe, subject to any adjustment in accordance with the Deed Poll to be executed, at any time during the "Exercise Period" as defined in the Deed Poll, for one (1) new BHS Share at an exercise price of RM0.60;
- (c) to allot and issue such number of new BHS Shares pursuant to the exercise of the Warrants, from time to time during the tenure of the Warrants, and such new BHS Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing BHS Shares, save and except that such new BHS Shares then issued, will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid, the entitlement date of which is prior to the allotment date of the said new BHS Shares;
- (d) to allot and issue such further Warrants and new BHS Shares arising from the subscription of further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/or as may be required by the relevant authorities; and
- (e) to do all such acts and things including but not limited to the application to Bursa Securities for the listing of and quotation for the new BHS Shares which may from time to time be allotted and issued upon the exercise of the Warrants;

THAT any fractional entitlements under the Proposed Rights Issue with Warrants will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deem expedient in the best interest of the Company;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in the circular to shareholders of the Company dated 28 July 2015, and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

THAT the Rights Shares and new BHS Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the existing BHS Shares, save and except that they will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid, the entitlement date of which is prior to the allotment date of the Rights Shares and new BHS Shares arising from the exercise of the Warrants, respectively;

AND THAT the Board be and is hereby authorised to sign and empowered to give full effect to the aforesaid Proposed Rights Issue with Warrants with full power to assent to and accept any conditions, variations arrangements and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company, the Deed Poll and all such other documents with any party or parties and to take all such steps and to do all such acts, things and matters as it may deem fit, necessary and/or expedient in order to implement, finalise and give full effect to the Proposed Rights Issue with Warrants.

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 14 AUGUST 2015 (Cont'd)

BHS INDUSTRIES BERHAD (719660-W)
EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING
HELD ON 14 AUGUST 2015

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO TEN PERCENT (10%) OF THE PREVAILING ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF BHS (EXCLUDING TREASURY SHARES) FOR THE DIRECTORS AND ELIGIBLE EMPLOYEES OF BHS AND ITS SUBSIDIARIES TO BE IMPLEMENTED AFTER THE COMPLETION OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

RESOLVED:

THAT subject to the passing of Ordinary Resolution 10 and approval of all the relevant authorities, including but not limited to, the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the new ordinary shares of RM0.25 each in the Company ("**BHS Shares**") to be issued hereunder, the Board of Directors of the Company ("**Board**") be and is hereby authorised to:

- (i) to establish, implement and administer an Employees' Share Option Scheme ("**ESOS**") of up to ten percent (10%) of the issued and paid-up share capital of the Company for the benefit of the Directors and eligible employees of BHS and its subsidiaries, which are not dormant ("**Proposed ESOS**"), who meet the criteria of eligibility for participation in the Proposed ESOS in accordance with the provisions of the By-Laws of the Proposed ESOS as set out in Appendix I ("**By-Laws**") of the circular to shareholders of the Company dated 28 July 2015 and to adopt and approve the By-Laws and to give effect to the Proposed ESOS with full power to assent to any conditions, variations, modifications and/or amendments as may be deemed fit or expedient or necessary and/or imposed/ agreed to by the relevant authorities and execute, sign and deliver on behalf of the Company, all such agreements, arrangements, undertakings, instruments or other documents;
- (ii) do all things necessary and make the necessary applications at the appropriate time or times to Bursa Securities for the listing of and quotation for the new BHS Shares which may from time to time be allotted and issued pursuant to the Proposed ESOS;
- (iii) to allot and issue from time to time such number of BHS Share as may be required to be issued pursuant to the exercise of the options under the Proposed ESOS provided that the aggregate number of new BHS Shares to be allotted and issued pursuant to this resolution shall not exceed in aggregate of ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the Proposed ESOS and such new BHS Shares to be allotted and issued will, upon allotment and issue, rank *pari passu* in all respects with the existing BHS Shares, save and except that they will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid, the entitlement date of which is prior to the allotment date of the new BHS Shares pursuant to the Proposed ESOS; and
- (iv) to do all such acts, execute, sign and deliver on behalf of the Company, all such agreements, arrangements, undertakings, instruments or other documents as may be necessary with full powers to assent to any arrangement, condition, modification, variation and/or amendment thereto as the Board may deem fit and/or as may be imposed by any relevant regulatory authorities in connection with the Proposed ESOS;

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 14 AUGUST 2015 (Cont'd)

BHS INDUSTRIES BERHAD (719660-W)
EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING
HELD ON 14 AUGUST 2015

- (v) to amend and/or modify the Proposed ESOS from time to time as may be required/ permitted by the relevant regulatory authorities or deemed to be necessary by the Board provided that such amendments and/or modifications are effected in accordance with the provisions in the By-Laws relating to amendments and/or modifications and to do all such acts and steps and to enter into all such transactions, arrangements, undertakings, indemnities, transfers, assignments, deeds and/or guarantees with any party or parties, to deliver and/or cause to be delivered all such documents and to make such rules or regulations, or impose such terms and conditions or delegate part of its powers as may be necessary or expedient to implement, finalise and give full effect to the Proposed ESOS.

ORDINARY RESOLUTION 4**PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' SOHAIMI BIN SHAHADAN****RESOLVED:**

THAT subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme ("**Proposed ESOS**"), to offer and/or grant to Dato' Sohaimi Bin Shahadan, the Non-Independent Non-Executive Chairman of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company ("**BHS Shares**") to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.

ORDINARY RESOLUTION 5**PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' LIM THIAM HUAT****RESOLVED:**

THAT subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme ("**Proposed ESOS**"), to offer and/or grant to Dato' Lim Thiam Huat, the Managing Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company ("**BHS Shares**") to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 14 AUGUST 2015 (Cont'd)

BHS INDUSTRIES BERHAD (719660-W)
EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING
HELD ON 14 AUGUST 2015

ORDINARY RESOLUTION 6**PROPOSED ALLOCATION OF ESOS OPTIONS TO KOO THIAM YOONG****RESOLVED:**

THAT subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme ("**Proposed ESOS**"), to offer and/or grant to Koo Thiam Yoong, the Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company ("**BHS Shares**") to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.

ORDINARY RESOLUTION 7**PROPOSED ALLOCATION OF ESOS OPTIONS TO CHEW YUIT YOO****RESOLVED:**

THAT subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme ("**Proposed ESOS**"), to offer and/or grant to Chew Yuit Yoo, the Senior Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company ("**BHS Shares**") to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 14 AUGUST 2015 (Cont'd)

BHS INDUSTRIES BERHAD (719660-W)
EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING
HELD ON 14 AUGUST 2015

ORDINARY RESOLUTION 8**PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' DR KOE SENG KHENG****RESOLVED:**

THAT subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme ("**Proposed ESOS**"), to offer and/or grant to Dato' Dr Koe Seng Kheng, the Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company ("**BHS Shares**") to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.

ORDINARY RESOLUTION 9**PROPOSED ALLOCATION OF ESOS OPTIONS TO THIANG CHEW LAN****RESOLVED:**

THAT subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme ("**Proposed ESOS**"), to offer and/or grant to Thiang Chew Lan, the Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company ("**BHS Shares**") to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 14 AUGUST 2015 (Cont'd)

BHS INDUSTRIES BERHAD (719660-W)
EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING
HELD ON 14 AUGUST 2015

ORDINARY RESOLUTION 10

PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF BHS FROM RM100,000,000 COMPRISING OF 400,000,000 SHARES TO RM250,000,000 COMPRISING OF 1,000,000,000 SHARES

RESOLVED:

THAT, subject to the passing of Ordinary Resolutions 2 and 3, approval be and is hereby given for the authorised share capital of the Company to be increased from RM100,000,000 comprising of 400,000,000 ordinary shares of RM0.25 each in the Company ("**BHS Shares**") to RM250,000,000 comprising of 1,000,000,000 BHS Shares by the creation of an additional 600,000,000 new BHS Shares and that the Memorandum and Articles of Association of the Company and all other documents be and are hereby altered accordingly ("**Proposed Increase In Authorised Share Capital**").

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised to do all such acts and things as necessary and/or expedient to give full effect to the Proposed Increase In Authorised Share Capital with full power to assent to and accept any conditions, modifications, variations, arrangements and/or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board.

Dated this: 14 August 2015

CERTIFIED TRUE & CORRECT



KOO THIAM YOONG
Chairman

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act as a public limited company known as BHS Industries Corporation Berhad on 30 December 2005. On 22 February 2006, we changed our name to BHS Industries Berhad and have assumed this present name since. The shares of our Company were listed on the Second Board of Bursa Securities on 20 November 2007. Subsequently, the listing was transferred to the Main Board of the Bursa Securities (now known as Main Market of Bursa Securities) on 3 August 2009 due to the implementation of a new framework by Bursa Securities of merging all Main Board and Second Board companies into a single board known as 'Main Market'.

Our Group was founded in 1974 with the establishment of System Educational Company (currently known as Pustaka Sistem Pelajaran Sdn Bhd) and was initially involved in the publication of educational books, particularly examination guide books.

At present, our Company's principal activities are that of investment holding and the provision of management services. Through our subsidiaries, our Group is principally involved in the printing of books and magazines, book publishing, and processing, manufacturing, trading and selling of pulp and paper and its related products. Our Company had on 14 August 2015 obtained the approval of our shareholders to diversify our existing core businesses to include the utilisation and sub-licensing of paper pulp making technology, manufacturing of renewable paper pulp products generated from EFB using the PRC RBMP Technology, and other related activities.

Further details on the principal activities of our subsidiaries are set out in Section 6 of this Appendix.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital is as follows:

Type	No. of Shares	Par value RM	Total RM
Authorised	1,000,000,000	0.25	250,000,000
Issued and fully paid-up	320,000,000	0.25	80,000,000

In addition, as at the LPD, our Company does not have any convertible securities.

3. CHANGES IN SHARE CAPITAL

3.1 Authorised share capital

Save as disclosed below, there are no changes in our authorised share capital for the past three (3) years preceding the LPD:

Date of change	No. of Shares	Par value RM	Description	Cumulative authorised share capital RM
Balance b/f	-	-	-	100,000,000 *
14 August 2015	600,000,000	0.25	Increase in authorised share capital	250,000,000

Note:

* On 26 February 2015, the authorised share capital of BHS of 200,000,000 ordinary shares of RM0.50 each were subdivided into 400,000,000 ordinary shares of RM0.25 each.

INFORMATION ON OUR COMPANY (Cont'd)**3.2 Issued and paid-up share capital**

Save as disclosed below, there are no changes in the issued and paid up share capital for the past three (3) years preceding the LPD:

Date of allotment	No. of Shares	Par value RM	Consideration/ Type of issue	Cumulative issued and paid-up share capital RM
Balance b/f	-	-	-	40,000,000 ⁽¹⁾
26 February 2015	80,000,000	0.25	Bonus issue	80,000,000 ⁽²⁾

Notes:

- (1) The issued and paid-up share capital of BHS of RM40,000,000 comprise 80,000,000 ordinary shares of RM0.50 each.
- (2) On 26 February 2015, subsequent to the allotment of 80,000,000 new ordinary shares of RM0.50 each, the issued and paid-up share capital of 160,000,000 ordinary shares of RM0.50 each were subdivided into 320,000,000 ordinary shares of RM0.25 each.

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INFORMATION ON OUR COMPANY (Cont'd)**4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

For illustration purposes, the effects of the Rights Issue with Warrants and ESOS shall be based on the following two (2) scenarios:

Scenario I : Assuming that only the Undertaking Shareholders will subscribe to the Rights Shares based on the Entitlement Undertakings and Revised Additional Undertakings

Scenario II : Assuming that all the existing shareholders of BHS fully subscribe for their entitlements under the Rights Issue with Warrants

The proforma effects of the Rights Issue with Warrants and ESOS on the substantial shareholders' shareholdings of BHS based on the register of substantial shareholders as at the LPD are set out below:

Scenario I:**Minimum Scenario:**

	Shareholdings as at the LPD				Proforma I			
	Direct		Indirect		After the Rights Issue with Warrants		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾
Dato' Lim	60,859,996	19.79	-	-	123,664,179	30.16	-	-
Pelaburan MARA Berhad	41,777,776	13.59	-	-	41,777,776	10.19	-	-
FELDA	33,317,776	10.83	-	-	44,423,701	10.83	-	-
Ling Siew Luan	23,102,960	7.51	-	-	23,102,960	5.63	-	-
	Proforma II				Proforma III			
	After Proforma I and the full exercise of Warrants		Indirect		After Proforma II and the full exercise of ESOS options		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾
Dato' Lim	249,272,545	40.53	-	-	255,422,647 ⁽²⁾	37.76	-	-
Pelaburan MARA Berhad	41,777,776	6.79	-	-	41,777,776	6.18	-	-
FELDA	66,635,551	10.83	-	-	66,635,551	9.85	-	-
Ling Siew Luan	23,102,960	3.76	-	-	23,102,960	3.42	-	-

INFORMATION ON OUR COMPANY (Cont'd)**Scenario I (Cont'd):****Minimum Scenario (Cont'd):**

Note:

- (1) Excluding 12,494,900 treasury shares as at the LPD.
- (2) Assuming Dato' Lim, the Managing Director of BHS, who is an eligible person under the ESOS, is granted 6,150,102 ESOS options, representing ten percent (10%) of the total number of ESOS options to be granted.

Maximum Scenario:

	Shareholdings as at the LPD				Proforma I			
	Direct		Indirect		After the Rights Issue with Warrants		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	%	No. of BHS Shares held	%
Dato' Lim	60,859,996	19.79	-	-	125,746,662	29.47	-	-
Pelaburan MARA Berhad	41,777,776	13.59	-	-	41,777,776	9.79	-	-
FELDA	33,317,776	10.83	-	-	44,423,701	10.41	-	-
Ling Siew Luan	23,102,960	7.51	-	-	23,102,960	5.41	-	-
	Proforma II				Proforma III			
	After Proforma I and the full exercise of Warrants		Indirect		After Proforma II and the full exercise of ESOS options		Indirect	
	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%
Dato' Lim	255,519,994	39.92	-	-	261,919,993 ⁽²⁾	37.20	-	-
Pelaburan MARA Berhad	41,777,776	6.53	-	-	41,777,776	5.93	-	-
FELDA	66,635,551	10.41	-	-	66,635,551	9.47	-	-
Ling Siew Luan	23,102,960	3.61	-	-	23,102,960	3.28	-	-

Note:

- (1) Excluding 12,494,900 treasury shares as at the LPD.
- (2) Assuming Dato' Lim, the Managing Director of BHS, who is an eligible person under the ESOS, is granted 6,399,999 ESOS options, representing ten percent (10%) of the total number of ESOS options to be granted.

INFORMATION ON OUR COMPANY (Cont'd)**Scenario II:****Minimum Scenario:**

	Shareholdings as at the LPD				After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾
Dato' Lim	60,859,996	19.79	-	-	81,146,661	19.79	-	-
Pelaburan MARA Berhad	41,777,776	13.59	-	-	55,703,701	13.59	-	-
FELDA	33,317,776	10.83	-	-	44,423,701	10.83	-	-
Ling Siew Luan	23,102,960	7.51	-	-	30,803,946	7.51	-	-
	Proforma II				Proforma III			
	After Proforma I and the full exercise of Warrants				After Proforma II and the full exercise of ESOS options			
	Direct		Indirect		Direct		Indirect	
No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	
Dato' Lim	121,719,991	19.79	-	-	127,870,093 ⁽²⁾	18.90	-	-
Pelaburan MARA Berhad	83,555,551	13.59	-	-	83,555,551	12.35	-	-
FELDA	66,635,551	10.83	-	-	66,635,551	9.85	-	-
Ling Siew Luan	46,205,918	7.51	-	-	46,205,918	6.83	-	-

Note:

(1) Excluding 12,494,900 treasury shares as at the LPD.

(2) Assuming Dato' Lim, the Managing Director of BHS, who is an eligible person under the ESOS, is granted 6,150,102 ESOS options, representing ten percent (10%) of the total number of ESOS options to be granted.

INFORMATION ON OUR COMPANY (Cont'd)

Scenario II (Cont'd):

Maximum Scenario:

	Shareholdings as at the LPD				After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	%	No. of BHS Shares held	%
Dato' Lim	60,859,996	19.79	-	-	81,146,661	19.02	-	-
Pelaburan MARA Berhad	41,777,776	13.59	-	-	55,703,701	13.06	-	-
FELDA	33,317,776	10.83	-	-	44,423,701	10.41	-	-
Ling Siew Luan	23,102,960	7.51	-	-	30,803,946	7.22	-	-

	Proforma II				Proforma III			
	After Proforma I and the full exercise of Warrants				After Proforma II and the full exercise of ESOS options			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%
Dato' Lim	121,719,991	19.02	-	-	128,119,990 ⁽²⁾	18.20	-	-
Pelaburan MARA Berhad	83,555,551	13.06	-	-	83,555,551	11.87	-	-
FELDA	66,635,551	10.41	-	-	66,635,551	9.47	-	-
Ling Siew Luan	46,205,918	7.22	-	-	46,205,918	6.56	-	-

Note:

(1) Excluding 12,494,900 treasury shares as at the LPD.

(2) Assuming Dato' Lim, the Managing Director of BHS, who is an eligible person under the ESOS, is granted 6,399,999 ESOS options, representing ten percent (10%) of the total number of ESOS options to be granted.

INFORMATION ON OUR COMPANY (Cont'd)**5. BOARD OF DIRECTORS OF BHS****5.1 Details of the Directors of BHS**

Name	Age	Nationality	Profession	Designation	Address
Dato' Sohaimi Bin Shahadan	46	Malaysian	Company Director	Non-Independent Non-Executive Chairman	No. 15, Jalan DM 3 Taman Desa Moccis 47000 Sungai Buloh Selangor Darul Ehsan
Dato' Lim Thiam Huat	51	Malaysian	Company Director	Managing Director	7, Jalan Sungai Beranang 32/52 Seksyen 32, Bukit Rimau 40460 Shah Alam Selangor Darul Ehsan
Koo Thiam Yoong	62	Malaysian	Company Director	Executive Director	No. 12, TR 9/9 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan
Chew Yuit Yoo	56	Malaysian	Company Director	Senior Independent Non-Executive Director	22-1C Puteri Apartment Taman Setiawangsa 54200 Kuala Lumpur
Dato' Dr Koe Seng Kheng	44	Malaysian	Company Director	Independent Non-Executive Director	11, Jalan DP 1 Taman Desa Permai Sungai Long 43000 Kajang Selangor Darul Ehsan
Thiang Chew Lan	63	Malaysian	Company Director	Independent Non-Executive Director	90, Jalan Hujan Manik Overseas Union Garden 58200 Kuala Lumpur

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INFORMATION ON OUR COMPANY (Cont'd)

5.2 Directors' shareholdings

The proforma effects of the Rights Issue with Warrants and ESOS on the Directors' shareholding of BHS based on the register of Directors' shareholdings as at the LPD are set out below:

Scenario I:**Minimum Scenario**

	Shareholdings as at the LPD				Proforma I			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾
Dato' Sohaimi Bin Shahadan	-	-	-	-	-	-	-	-
Dato' Lim	60,859,996	19.79	-	-	123,664,179	30.16	-	-
Koo Thiam Yoong	4,177,776	1.36	-	-	4,177,776	1.02	-	-
Chew Yuit Yoo	-	-	195,936 ⁽²⁾	0.06	-	-	195,936 ⁽²⁾	0.05
Dato' Dr Koe Seng Kheng	4,687,952	1.52	-	-	4,687,952	1.14	-	-
Thiang Chew Lan	416,104	0.14	210,140 ⁽³⁾	0.07	416,104	0.10	210,140 ⁽³⁾	0.05
	Proforma II				Proforma III			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾
Dato' Sohaimi Bin Shahadan	-	-	-	-	-	-	-	-
Dato' Lim	249,272,545	40.53	-	-	255,422,647 ⁽⁴⁾	37.76	-	-
Koo Thiam Yoong	4,177,776	0.68	-	-	10,327,878 ⁽⁴⁾	1.53	-	-
Chew Yuit Yoo	-	-	195,936 ⁽²⁾	0.03	-	-	195,936 ⁽²⁾	0.03
Dato' Dr Koe Seng Kheng	4,687,952	0.76	-	-	10,838,054 ⁽⁴⁾	1.60	-	-
Thiang Chew Lan	416,104	0.07	210,140 ⁽³⁾	0.03	6,566,206 ⁽⁴⁾	0.97	210,140 ⁽³⁾	0.03

INFORMATION ON OUR COMPANY (Cont'd)**Scenario I (Cont'd):****Minimum Scenario (Cont'd)**

Notes:

- (1) Excluding 12,494,900 treasury shares as at the LPD.
- (2) Deemed interest by virtue of her spouse's interests pursuant to Section 134(12)(c) of the Act.
- (3) Deemed interest by virtue of her spouse's and daughter's interests pursuant to Section 134(12)(c) of the Act.
- (4) Assuming Dato' Lim, Koo Thiam Yoong, Dato' Dr Koe Seng Kheng and Thiang Chew Lan, who are eligible persons under the ESOS, are granted 6,150,102 ESOS options respectively, representing ten percent (10%) of the total number of ESOS options to be granted.

Maximum Scenario

	Shareholdings as at the LPD				Proforma I			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	%	No. of BHS Shares held	%
Dato' Sohaimi Bin Shahadan	-	-	-	-	-	-	-	-
Dato' Lim	60,859,996	19.79	-	-	125,746,662	29.47	-	-
Koo Thiam Yoong	4,177,776	1.36	-	-	4,177,776	0.98	-	-
Chew Yuit Yoo	-	-	195,936 ⁽²⁾	0.06	-	-	195,936 ⁽²⁾	0.05
Dato' Dr Koe Seng Kheng	4,687,952	1.52	-	-	4,687,952	1.10	-	-
Thiang Chew Lan	416,104	0.14	210,140 ⁽³⁾	0.07	416,104	0.10	210,140 ⁽³⁾	0.05

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INFORMATION ON OUR COMPANY (Cont'd)

Scenario I (Cont'd):

Maximum Scenario (Cont'd)

	Proforma I				Proforma II				Proforma III			
	After Proforma I and the full exercise of Warrants		Indirect		After Proforma II and the full exercise of ESOS options		Direct		After Proforma II and the full exercise of ESOS options		Indirect	
	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%
Dato' Sohaimi Bin Shahadan	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Lim	255,519,994	39.92	-	-	261,919,993 ⁽⁴⁾	-	261,919,993 ⁽⁴⁾	37.20	-	-	-	-
Koo Thiam Yoong	4,177,776	0.65	-	-	10,577,775 ⁽⁴⁾	-	10,577,775 ⁽⁴⁾	1.50	-	-	-	-
Chew Yuit Yoo	-	-	195,936 ⁽²⁾	0.03	-	-	195,936 ⁽²⁾	-	195,936 ⁽²⁾	0.03	-	0.03
Dato' Dr Koe Seng Kheng	4,687,952	0.73	-	-	11,087,951 ⁽⁴⁾	-	11,087,951 ⁽⁴⁾	1.57	-	-	-	-
Thiang Chew Lan	416,104	0.07	210,140 ⁽³⁾	0.03	6,816,103 ⁽⁴⁾	0.03	6,816,103 ⁽⁴⁾	0.97	210,140 ⁽³⁾	0.03	-	0.03

Notes:

- (1) Excluding 12,494,900 treasury shares as at the LPD.
- (2) Deemed interest by virtue of her spouse's interests pursuant to Section 134(12)(c) of the Act.
- (3) Deemed interest by virtue of her spouse's and daughter's interests pursuant to Section 134(12)(c) of the Act.
- (4) Assuming Dato' Lim, Koo Thiam Yoong, Dato' Dr Koe Seng Kheng and Thiang Chew Lan, who are eligible persons under the ESOS, are granted 6,399,999 ESOS options respectively, representing ten percent (10%) of the total number of ESOS options to be granted.

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INFORMATION ON OUR COMPANY (Cont'd)

Scenario II:

Minimum Scenario

	Shareholdings as at the LPD				Proforma I			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾
Dato' Sohaimi Bin Shahadan	-	-	-	-	-	-	-	-
Dato' Lim	60,859,996	19.79	-	-	81,146,661	19.79	-	-
Koo Thiam Yoong	4,177,776	1.36	-	-	5,570,368	1.36	-	-
Chew Yuit Yoo	-	-	195,936 ⁽²⁾	0.06	-	-	261,248 ⁽²⁾	0.06
Dato' Dr Koe Seng Kheng	4,687,952	1.52	-	-	6,250,602	1.52	-	-
Thiang Chew Lan	416,104	0.14	210,140 ⁽³⁾	0.07	554,805	0.14	280,186 ⁽³⁾	0.07
	Proforma II				Proforma III			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾
Dato' Sohaimi Bin Shahadan	-	-	-	-	-	-	-	-
Dato' Lim	121,719,991	19.79	-	-	127,870,093 ⁽⁴⁾	18.90	-	-
Koo Thiam Yoong	8,355,552	1.36	-	-	14,505,654 ⁽⁴⁾	2.14	-	-
Chew Yuit Yoo	-	-	391,872 ⁽²⁾	0.06	-	-	391,872 ⁽²⁾	0.06
Dato' Dr Koe Seng Kheng	9,375,902	1.52	-	-	15,526,004 ⁽⁴⁾	2.30	-	-
Thiang Chew Lan	832,207	0.14	420,278 ⁽³⁾	0.07	6,982,309 ⁽⁴⁾	1.03	420,278 ⁽³⁾	0.06

Notes:

- (1) Excluding 12,494,900 treasury shares as at the LPD.
- (2) Deemed interest by virtue of her spouse's interests pursuant to Section 134(12)(c) of the Act.
- (3) Deemed interest by virtue of her spouse's and daughter's interests pursuant to Section 134(12)(c) of the Act.
- (4) Assuming Dato' Lim, Koo Thiam Yoong, Dato' Dr Koe Seng Kheng and Thiang Chew Lan, who are eligible persons under the ESOS, are granted 6,150,102 ESOS options respectively, representing ten percent (10%) of the total number of ESOS options to be granted.

INFORMATION ON OUR COMPANY (Cont'd)

Scenario II (Cont'd):**Maximum Scenario**

	Shareholdings as at the LPD				Proforma I			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	% ⁽¹⁾	No. of BHS Shares held	%	No. of BHS Shares held	%
Dato' Sohaimi Bin Shahadan	-	-	-	-	-	-	-	-
Dato' Lim	60,859,996	19.79	-	-	81,146,661	19.02	-	-
Koo Thiam Yoong	4,177,776	1.36	-	-	5,570,368	1.31	-	-
Chew Yuit Yoo	-	-	195,936 ⁽²⁾	0.06	-	-	261,248 ⁽²⁾	0.06
Dato' Dr Koe Seng Kheng	4,687,952	1.52	-	-	6,250,602	1.46	-	-
Thiang Chew Lan	416,104	0.14	210,140 ⁽³⁾	0.07	554,805	0.13	280,186 ⁽³⁾	0.07
	Proforma II				Proforma III			
	Direct		Indirect		Direct		Indirect	
	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%	No. of BHS Shares held	%
Dato' Sohaimi Bin Shahadan	-	-	-	-	-	-	-	-
Dato' Lim	121,719,991	19.02	-	-	128,119,990 ⁽⁴⁾	18.20	-	-
Koo Thiam Yoong	8,355,552	1.31	-	-	14,755,551 ⁽⁴⁾	2.10	-	-
Chew Yuit Yoo	-	-	391,872 ⁽²⁾	0.06	-	-	391,872 ⁽²⁾	0.06
Dato' Dr Koe Seng Kheng	9,375,902	1.46	-	-	15,775,901 ⁽⁴⁾	2.24	-	-
Thiang Chew Lan	832,207	0.13	420,278 ⁽³⁾	0.07	7,232,206 ⁽⁴⁾	1.03	420,278 ⁽³⁾	0.06

Notes:

- (1) Excluding 12,494,900 treasury shares as at the LPD.
- (2) Deemed interest by virtue of her spouse's interests pursuant to Section 134(12)(c) of the Act.
- (3) Deemed interest by virtue of her spouse's and daughter's interests pursuant to Section 134(12)(c) of the Act.
- (4) Assuming Dato' Lim, Koo Thiam Yoong, Dato' Dr Koe Seng Kheng and Thiang Chew Lan, who are eligible persons under the ESOS, are granted 6,399,999 ESOS options respectively, representing ten percent (10%) of the total number of ESOS options to be granted.

INFORMATION ON OUR COMPANY (Cont'd)**6. SUBSIDIARY AND ASSOCIATE COMPANIES**

As at the LPD, our subsidiary companies are as set out below:

Name of company	Date/ Country of incorporation	Effective equity interest %	Principal activities	Issued and paid-up share capital
BHS Book Printing Sdn Bhd	31.12.1982/ Malaysia	100	Printing of books and magazines	RM25,000,000
Pustaka Sistem Pelajaran Sdn Bhd	12.10.1978/ Malaysia	100	Book publisher	RM3,618,890
BHS DS Solution Sdn Bhd (formerly known as Star CTP Imaging Sdn Bhd)	04.10.1989/ Malaysia	100	Construction and development	RM500,000
Nextgreen Pulp & Paper Sdn Bhd	18.03.2015/ Malaysia	100	Processing, manufacturing, trading and selling of pulp and paper and its related products	RM2
System Multimedia and Internet Sdn Bhd	21.08.2000/ Malaysia	100	Dormant	RM932,000
Pustaka Yakin Pelajar Sdn Bhd ⁽¹⁾	18.05.1983/ Malaysia	100	Dormant	RM491,382
System Publishing House Sdn Bhd ⁽²⁾	23.06.1989/ Malaysia	100	Investment holding	RM50,000

Notes:

(1) Subsidiary of Pustaka Sistem Pelajaran Sdn Bhd.

(2) Subsidiary of System Multimedia and Internet Sdn Bhd.

As at the LPD, our Company does not have any associate company.

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INFORMATION ON OUR COMPANY (Cont'd)

7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the FYE 30 June 2012 to 30 June 2014 and the unaudited financial results for the FYE 30 June 2015 are as follows:

	<----- Audited ----->			Unaudited
	<----- FYE 30 June ----->			
	2012	2013	2014	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	46,357	65,082	65,567	31,674
Cost of sales	(36,811)	(48,815)	(48,346)	(30,507)
Gross profit	9,546	16,267	17,221	1,167
Other operating income	1,529	1,127	1,338	7,722
Other operating expenses	(5,142)	(7,790)	(9,937)	(6,210)
Profit from operations	5,933	9,604	8,622	2,679
Finance costs	(111)	(54)	(43)	(116)
PBT	5,822	9,550	8,579	2,563
Income tax expense	(1,484)	(2,305)	1,586	224
PAT	4,338	7,245	10,165	2,787
Other comprehensive income/(loss) for the year	(334)	69	296	(407)
Total comprehensive income for the year	4,004	7,314	10,461	2,380
Profit attributable to:				
Equity holders of the Company	4,338	7,245	10,165	2,787
Non-controlling interests	-	-	-	-
PAT	4,338	7,245	10,165	2,787
EBITDA	7,563	11,305	10,215	4,161
Gross profit margin (%)	20.59	24.99	26.26	3.68
PBT margin (%)	12.56	14.67	13.08	8.09
Weighted average number of BHS Shares in issue (excluding treasury shares) ('000)	72,100	72,100	72,100	158,479
Basic EPS (sen)	6.02	10.05	14.10	1.76
Diluted EPS * (sen)	6.02	10.05	14.10	1.76
Gross dividend per BHS Share (sen)	3.00	3.00	3.00	-

Note:

* The basic EPS and diluted EPS of our Company are the same as our Company does not have any convertible securities during the financial years under review.

INFORMATION ON OUR COMPANY (Cont'd)

Commentary on the financial performances**FYE 30 June 2015**

For the FYE 30 June 2015, our Group recorded revenue of RM31.67 million which represents a decrease of 51.70% as compared to the preceding financial year of RM65.57 million. The local sales and export sales (mainly from the African continent) are RM14.11 million and RM17.57 million respectively in the FYE 30 June 2015, as compared to RM21.02 million and RM44.55 million respectively in the FYE 30 June 2014, representing a decrease of 32.87% and 60.56% respectively. The decrease was mainly due to the reduction in export sales contributed by, amongst others, the outbreak of Ebola in the African continent which occurred during our Group's financial year. In addition, the low crude oil prices in the second half of our Group's financial year had affected the economy of crude oil exporting countries, and these have resulted in the print orders received by us to reduce substantially. Furthermore, majority of our Group's export sales are denominated in USD, the depreciation of the respective currencies of our overseas market against the USD resulted in inflated prices of import, thus reducing print orders. The decrease in local sales was resulted from the lower print orders received due to competition from the local players.

PBT for the financial year under review decreased by RM6.02 million to RM2.56 million as compared to the previous financial year of RM8.58 million, while PBT margin decreased from 13.08% in the FYE 30 June 2014 to 8.09% in the FYE 30 June 2015. Fixed operating costs remain the same while our Company operating at a lower capacity, thus decreasing our profit margins. Our Group had also incurred a one-off allowance for bad debts amounting to RM0.38 million which was charged to administrative costs, professional fees including fees payable to the relevant authorities, the principal adviser, valuers, solicitors, reporting accountants, company secretaries and share registrar, of approximately RM0.65 million arising from corporate exercises undertaken during the financial year under review namely the disposals of land and a subsidiary, bonus issue and share split, and partially for the Corporate Exercises.

FYE 30 June 2014

For the FYE 30 June 2014, our Group registered a 40.30% increase in PAT from RM7.25 million in 2013 to RM10.16 million in 2014 while recording a marginal increase of 0.75% in revenue from RM65.08 million in 2013 to RM65.57 million in 2014. Our Company was able to increase our overseas revenue from approximately 55% of our total revenue in the FYE 30 June 2013 to approximately 68% in the financial year under review.

The increase in profit was attributed to the improved gross profit margin of 26.26% in the FYE 30 June 2014 as compared to 24.99% in the FYE 30 June 2013, due to the ability of our Group to capitalise on the purchase of cheaper paper through bulk purchases direct from the paper suppliers and better profit margins from overseas sales to some African countries. The overprovision of prior year taxation in relation to incentive claim has also contributed to the increase in PAT.

FYE 30 June 2013

For the financial year under review, our Group achieved an increase of 40.39% in revenue from RM46.36 million in the FYE 30 June 2012 to RM65.08 million in the FYE 30 June 2013. The increase in revenue was contributed primarily by a rise in export sales from the overseas markets in the African Continent by approximately RM15 million, as our Group has made continuous effort in making exploratory visits to new overseas markets in the past few years.

In tandem with the increase in revenue, our Group registered a PBT of RM9.55 million for the FYE 30 June 2013, which represents an increase of 64.03% as compared to the previous financial year's PBT of RM5.82 million. The increase was mainly due to our ability to secure cheaper paper directly from the paper mills and our Group achieved the benefit of economy of scale by operating at the optimal level of production. In addition, our Company's publishing unit was able to generate profits of RM0.46 million in the financial year under review as compared to a loss of RM0.27 million in the FYE 30 June 2012. The increase in PAT from RM4.34 million in the FYE 30 June 2013 to RM7.25 million in the FYE 30 June 2014 is also in line with the increase in revenue and PBT.

INFORMATION ON OUR COMPANY (Cont'd)**FYE 30 June 2012**

For the financial year under review, despite the continuing global uncertainty triggered by the Eurozone debt crisis and the weak United States economy, our Group recorded revenue of RM46.36 million as compared with RM46.15 million in the FYE 30 June 2011 and was able to maintain the gross profit margin of approximately 20%.

However, our Group registered a PBT of RM5.82 million in the FYE 30 June 2012 as compared with RM7.16 million in the preceding financial year, representing a decrease of 18.74%, as a result of an impairment loss on the investment in available-for-sale financial asset and an increased operating cost of conducting business and securing overseas orders such as higher promotional expenses and provision for bad debts.

8. HISTORICAL PRICES

The monthly high and low transacted market prices of BHS Shares as traded on Bursa Securities for the past twelve (12) months from August 2014 to July 2015 are as follows:

	High RM	Low RM
2014		
August	2.970	2.760
September	3.530	2.790
October	3.300	2.850
November	3.120	2.900
December	2.920	2.100
2015		
January	2.700	2.220
February *	2.770	0.600
March	0.705	0.590
April	0.660	0.580
May	0.615	0.550
June	0.595	0.565
July	0.600	0.560

The last transacted price of BHS Shares on 28 April 2015 (being the last day on which BHS Shares were traded, prior to the date of announcement of the Corporate Exercises)	RM 0.595
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------

The last transacted price of BHS Shares on the LPD	0.565
----------------------------------------------------	-------

The last transacted price of BHS Shares on 4 September 2015, being the last Market Day prior to the ex-date of the Rights Issue with Warrants	0.485
-----------------------------------------------------------------------------------------------------------------------------------------------	-------

(Source: Bloomberg Finance L.P.)

Note:

* The market price of BHS Shares was adjusted on 24 February 2015 to take effect of the bonus issue of 80,000,000 ordinary shares of RM0.50 each in BHS on the basis of one (1) bonus share for every one (1) existing ordinary share in BHS held on the entitlement date and share split involving the subdivision of every one (1) existing ordinary share of RM0.50 each in BHS into two (2) ordinary shares of RM0.25 each in BHS.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON



21 August 2015

The Board of Directors
BHS INDUSTRIES BERHAD
 802, 8th Floor, Block C, Kelana Square
 17, Jalan SS7/26
 47301 Petaling Jaya
 Selangor Darul Ehsan

Dear Sirs

**BHS INDUSTRIES BERHAD (“BHS” or the “Company”)
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position

We have completed our assurance engagement to report on the compilation of the accompanying pro forma consolidated statements of financial position of BHS for the year ended 30 June 2014 (which we have stamped for the purpose of identification), which have been prepared by the Directors of BHS (“Directors”).

The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statements of financial position are as described in the Notes to the Pro Forma Consolidated Statements of Financial Position.

The pro forma consolidated statements of financial position have been compiled by the Directors to illustrate the impact of the events set out below on the Company’s consolidated financial position as at 30 June 2014 as if these events had taken place at 30 June 2014:

- (i) diversification of the existing core businesses of BHS and its subsidiaries (“BHS Group”) to include the utilisation and sub-licensing of paper pulp making technology, manufacturing of renewable paper pulp products generated from Empty Fruit Bunches using the Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology, and other related activities;
- (ii) renounceable rights issue of up to 106,666,666 new ordinary shares of RM0.25 each in BHS (“BHS Share(s)”) (“Rights Share(s)”) on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, together with up to 213,333,332 free detachable warrants (“Warrant(s)”) on the basis of two (2) Warrants for every one (1) Rights Share subscribed (“Rights Issue with Warrants”);
- (iii) establishment of an Employees’ Share Option Scheme (“ESOS”) of up to ten percent (10%) of the prevailing issued and paid-up ordinary share capital of BHS (excluding treasury shares) for the directors and eligible employees of BHS Group to be implemented after the completion of the Rights Issue with Warrants;
- (iv) allocation of ESOS options to the executive directors and non-executive directors of BHS; and
- (v) increase in the authorised share capital of BHS from RM100,000,000 comprising 400,000,000 BHS Shares to RM250,000,000 comprising 1,000,000,000 BHS Shares.

As part of this process, information about the Company’s consolidated financial position has been extracted by the Directors from the Company’s consolidated financial statements for the year ended 30 June 2014, on which an audit report has been published.

**Russell Bedford LC
 & Company**

(AF 1237)

Chartered Accountants

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**BHS INDUSTRIES BERHAD**

Page 2

21 August 2015

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis of the applicable criteria as described in the Notes to the Pro Forma Consolidated Statements of Financial Position.

Our Responsibilities

Our responsibility is to express an opinion, as required for inclusion in the Abridged Prospectus of the Company in connection with the Rights Issue with Warrants, about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any report or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted consolidated financial position.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



BHS INDUSTRIES BERHAD

Page 3

21 August 2015

Opinion

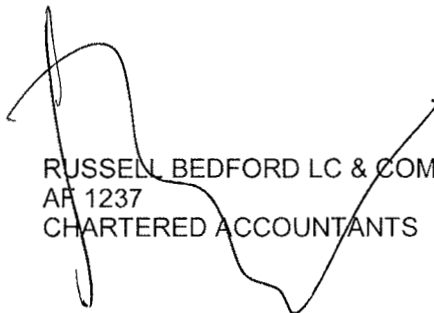
In our opinion, the pro forma consolidated statements of financial position have been properly compiled on the basis stated using the financial statements prepared in accordance with the Malaysian Financial Reporting Standards, the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies of the Company.

The adjustments made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purposes of preparing the pro forma consolidated statements of financial position.

Other matters

The accompanying pro forma consolidated statements of financial position and this letter have been prepared for the inclusion in the Abridged Prospectus in connection with the Rights Issue with Warrants. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully


RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS


LOH KOK LEONG
1965/06/17(J)
PARTNER

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

BHS INDUSTRIES BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014
 (Page 1 of 4)

(a) Minimum Scenario



BHS INDUSTRIES BERHAD

Lot 17-22 to 17-25, Jalan CJ 1/1, Bersatu Industrial Park,
 43200 Cheras Jaya, Selangor Darul Ehsan, MALAYSIA.
 Tel: +603 9074 7017/8 Fax: +603 9074 5226
 Email: bhs@bhsbookprint.com, sysbook@yahoo.com
 Website: www.bhs.my

	Audited financial position RM	Pro forma I After Rights Issue with Warrants RM	Pro forma II After pro forma I and full exercise of Warrants RM	Pro forma III After pro forma II and grant of ESOS options RM	Pro forma IV After pro forma III and full exercise of ESOS options RM
Non current assets					
Plant and equipment	9,234,498	9,234,498	9,234,498	9,234,498	9,234,498
Other investments	1,746,302	1,746,302	1,746,302	1,746,302	1,746,302
	10,980,800	10,980,800	10,980,800	10,980,800	10,980,800
Current assets					
Inventories	15,036,181	15,036,181	15,036,181	15,036,181	15,036,181
Trade receivables	18,416,765	18,416,765	18,416,765	18,416,765	18,416,765
Other receivables, deposits and prepayments	1,537,457	1,537,457	1,537,457	1,537,457	1,537,457
Short term investments	13,782,558	13,782,558	13,782,558	13,782,558	13,782,558
Tax recoverable	710,723	710,723	710,723	710,723	710,723
Bank balances	11,124,939	59,633,208	182,635,248	182,635,248	212,155,738
Assets classified as held for sale	7,839,706	7,839,706	7,839,706	7,839,706	7,839,706
	68,448,329	116,956,598	239,958,638	239,958,638	269,479,128
Current liabilities					
Trade payables	529,321	529,321	529,321	529,321	529,321
Other payables and accruals	2,645,192	2,645,192	2,645,192	2,645,192	2,645,192
Liabilities classified as held for sale	1,006,793	1,006,793	1,006,793	1,006,793	1,006,793
	4,181,306	4,181,306	4,181,306	4,181,306	4,181,306
Net current assets	64,267,023	112,775,292	235,777,332	235,777,332	265,297,822
Non current liability					
Deferred tax liabilities	(1,259,926)	(1,259,926)	(1,259,926)	(1,259,926)	(1,259,926)
	73,987,897	122,496,166	245,498,206	245,498,206	275,018,696

STAMPED FOR THE PURPOSE OF IDENTIFICATION ONLY
 Russell Bedford LC & Company
 (AF 1237)
 Chartered Accountants

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

BHS INDUSTRIES BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014
 (Page 2 of 4)

(a) Minimum Scenario (continued)



BHS INDUSTRIES BERHAD

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 Email: bhs@bhsbookprint.com, sysbook@yahoo.com
 Website: www.bhs.my

	Pro forma I	Pro forma II	Pro forma III	Pro forma IV
	After Rights Issue with Warrants RM	After pro forma I and full exercise of Warrants RM	After pro forma II and grant of ESOS options RM	After pro forma III and full exercise of ESOS options RM
Represented by:				
Share capital	40,000,000	156,876,275	156,876,275	172,251,530
Share premium	1,684,192	89,176,479	89,176,479	114,391,898
Foreign currency translation reserve	111,830	111,830	111,830	111,830
Merger serve	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)
Fair value adjustment reserve	294,887	294,887	294,887	294,887
Treasury shares	(4,223,922)	(7,148,444)	(7,148,444)	(7,148,444)
Warrants reserve	-	-	-	-
Other reserve	-	-	-	-
ESOS options reserve	-	-	11,070,184	-
Retained profits	52,953,756	23,020,025	11,949,841	11,949,841
Total equity	73,987,897	245,498,206	245,498,206	275,018,696

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

BHS INDUSTRIES BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014
(Page 3 of 4)

(b) Maximum Scenario



BHS INDUSTRIES BERHAD

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Email: bhs@bhsbookprint.com, sysbook@yahoo.com
Website: www.bhs.my

	Audited financial position RM	Pro forma I After Rights Issue with Warrants RM	Pro forma II After pro forma I and full exercise of Warrants RM	Pro forma III After pro forma II and grant of ESOS options RM	Pro forma IV After pro forma III and full exercise of ESOS options RM
Non current assets					
Plant and equipment	9,234,498	9,234,498	9,234,498	9,234,498	9,234,498
Other investments	1,746,302	1,746,302	1,746,302	1,746,302	1,746,302
	10,980,800	10,980,800	10,980,800	10,980,800	10,980,800
Current assets					
Inventories	15,036,181	15,036,181	15,036,181	15,036,181	15,036,181
Trade receivables	18,416,765	18,416,765	18,416,765	18,416,765	18,416,765
Other receivables, deposits and prepayments	1,537,457	1,537,457	1,537,457	1,537,457	1,537,457
Short term investments	13,782,558	13,782,558	13,782,558	13,782,558	13,782,558
Tax recoverable	710,723	710,723	710,723	710,723	710,723
Bank balances	11,124,939	68,530,938	196,530,937	196,530,937	227,250,937
Assets classified as held for sale	7,839,706	7,839,706	7,839,706	7,839,706	7,839,706
	68,448,329	125,854,328	253,854,327	253,854,327	284,574,327
Current liabilities					
Trade payables	529,321	529,321	529,321	529,321	529,321
Other payables and accruals	2,645,192	2,645,192	2,645,192	2,645,192	2,645,192
Liabilities classified as held for sale	1,006,793	1,006,793	1,006,793	1,006,793	1,006,793
	4,181,306	4,181,306	4,181,306	4,181,306	4,181,306
Net current assets	64,267,023	121,673,022	249,673,021	249,673,021	280,393,021
Non current liability					
Deferred tax liabilities	(1,259,926)	(1,259,926)	(1,259,926)	(1,259,926)	(1,259,926)
	73,987,897	131,393,896	259,393,895	259,393,895	290,113,895

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Russell Bedford LC & Company
(AF 1237)
Chartered Accountants

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

BHS INDUSTRIES BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014
 (Page 4 of 4)



(719660-W)

BHS INDUSTRIES BERHAD

Lot 17-22 to 17-25, Jalan CJ 1/1, Bersatu Industrial Park,
 43200 Cheras Jaya, Selangor Darul Ehsan, MALAYSIA.
 Tel: +603 9074 7017/8 Fax: +603 9074 5226
 Email: bhs@bhsbookprint.com, sysbook@yahoo.com
 Website: www.bhs.my

(b) Maximum Scenario (continued)

	Pro forma I	Pro forma II	Pro forma III	Pro forma IV
	After Rights Issue with Warrants	After pro forma I and full exercise of Warrants	After pro forma II and grant of ESOS options	After pro forma III and full exercise of ESOS options
	RM	RM	RM	RM
Represented by:				
Share capital	40,000,000	160,000,000	160,000,000	176,000,000
Share premium	1,684,192	92,793,999	92,799,999	119,039,999
Foreign currency translation reserve	111,830	111,830	111,830	111,830
Merger serve	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)
Fair value adjustment reserve	294,887	294,887	294,887	294,887
Treasury shares	(4,223,922)	-	-	-
Warrants reserve	-	-	-	-
Other reserve	-	-	-	-
ESOS options reserve	-	-	11,520,000	-
Retained profits	52,953,756	23,020,025	11,500,025	11,500,025
Total equity	73,987,897	259,393,895	259,393,895	290,113,895

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Russell Bedford LC & Company
 (AF 1237)
 Chartered Accountants

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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IDENTIFICATION ONLY
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(AF 1237)
Chartered Accountants

**BHS INDUSTRIES BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014**

The pro forma consolidated statements of financial position, for which the Directors of BHS Industries Berhad ("BHS" or the "Company") are solely responsible, have been compiled by the Directors to illustrate the impact of the events set out below on the Company's consolidated statement of financial position as at 30 June 2014 as if these events had taken place at 30 June 2014:

- (i) diversification of the existing core businesses of BHS and its subsidiaries to include the utilisation and sub-licensing of paper pulp making technology, manufacturing of renewable paper pulp products generated from Empty Fruit Bunches using the Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology, and other related activities;
- (ii) renounceable rights issue of up to 106,666,666 new ordinary shares of RM0.25 each in BHS ("BHS Share(s)"/("Rights Share(s)")) on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, together with up to 213,333,332 free detachable warrants ("Warrant(s)") on the basis of two (2) Warrants for every one (1) Rights Share subscribed ("Rights Issue with Warrants");
- (iii) establishment of an Employees' Share Option Scheme ("ESOS") of up to ten percent (10%) of the prevailing issued and paid-up ordinary share capital of BHS (excluding treasury shares) for the directors and eligible employees of BHS Group to be implemented after the completion of the Rights Issue with Warrants;
- (iv) allocation of ESOS options to the executive directors and non-executive directors of BHS; and
- (v) increase in the authorised share capital of BHS from RM100,000,000 comprising 400,000,000 BHS Shares to RM250,000,000 comprising 1,000,000,000 BHS Shares.

Notes to the pro forma consolidated statements of financial position

1. Basis of compilation

The compilation of pro forma consolidated statements of financial position involves:

- (i) identifying the source of the unadjusted financial information to be used in compiling the pro forma consolidated statements of financial position, and extracting the unadjusted financial information from that source;
- (ii) making pro forma adjustments to the unadjusted financial information for the purpose for which the pro forma consolidated statements of financial position are presented; and
- (iii) presenting the resulting pro forma statements of financial position with accompanying disclosures.

The unadjusted financial information (the consolidated financial position) of BHS is extracted from the Company's consolidated financial statements for the year ended 30 June 2014, on which an audit report has been prepared. The pro forma adjustments are consistent with the Company's applicable financial reporting framework (the Malaysian Financial Reporting Standards, the approved Accounting Standards for Entities Other Than Private Entities in Malaysia) and the Company's accounting policies under this framework.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



BHS INDUSTRIES BERHAD

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BHS INDUSTRIES BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014

2. Pro forma I – After the Rights Issue with Warrants

Minimum Scenario

Pro forma I incorporates the impact of the renounceable rights issue of 102,501,700 new ordinary shares of RM0.25 each in BHS on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, at an issue price of RM0.42 each, together with 205,003,400 free detachable warrants on the basis of two (2) Warrants for every one (1) Rights Share subscribed. The fair value of each Warrant of RM0.13 as at 10 August 2015 was derived from Black-Scholes option pricing model based on the exercise price of RM0.60 per Warrant.

The number of Rights Share of 102,501,700 and Warrants of 205,003,400 are arrived at after taking into account the increase in number of BHS Shares in issue after 30 June 2014, from 72,100,000 to 307,505,100 as a result of the following subsequent events:

- (a) the distribution of 3,400,626 treasury shares of RM0.50 each in BHS to the shareholders of the Company on the basis of two (2) treasury shares for every forty five (45) ordinary shares of RM0.50 each in BHS;
- (b) resale by the Company of 4,499,374 treasury shares of RM0.50 each in BHS for a total cash consideration of RM13,755,999;
- (c) bonus issue of up to 80,000,000 new ordinary shares of RM0.50 each in BHS and a subsequent share split exercise involving the subdivision of every one (1) existing ordinary shares of RM0.50 each into two (2) ordinary shares of RM0.25 each in BHS; and
- (d) share buy back by the Company of 12,494,900 treasury shares of RM0.25 each in BHS for a total cash consideration of RM7,148,444.

The expenses incurred in relation to the these subsequent events were RM150,000.

Pro forma I also incorporates the impact of the these subsequent events to reflect the enlarged number of BHS shares in issue that would be entitled to the intended Rights Shares and Warrants.

The Minimum Scenario assumes that none of the 12,494,900 treasury shares of RM0.25 each in BHS held by the Company will be sold prior to the Rights Issue with Warrants entitlement date.

Maximum Scenario

Pro forma I incorporates the impact of the renounceable rights issue of 106,666,666 new ordinary shares of RM0.25 each in BHS on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, at an issue price of RM0.42 each, together with 213,333,332 free detachable warrants on the basis of two (2) Warrants for every one (1) Rights Share subscribed. The fair value of each Warrant of RM0.13 as at 10 August 2015 was derived from Black-Scholes option pricing model based on the exercise price of RM0.60 per Warrant.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**BHS INDUSTRIES BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014**

2. Pro forma I – After the Rights Issue with Warrants (continued)

The number of Rights Share of 106,666,666 and Warrants of 213,333,332 are arrived at after taking into account the increase in number of BHS Shares in issue after 30 June 2014, from 72,100,000 to 320,000,000 as a result of the following subsequent events:

- (a) the distribution of 3,400,626 treasury shares of RM0.50 each in BHS to the shareholders of the Company on the basis of two (2) treasury shares for every forty five (45) ordinary shares of RM0.50 each in BHS;
- (b) resale by the Company of 4,499,374 treasury shares of RM0.50 each in BHS for a total cash consideration of RM13,755,999;
- (c) bonus issue of up to 80,000,000 new ordinary shares of RM0.50 each in BHS and a subsequent share split exercise involving the subdivision of every one (1) existing ordinary shares of RM0.50 each into two (2) ordinary shares of RM0.25 each in BHS; and
- (d) share buy back by the Company of 12,494,900 treasury shares of RM0.25 each in BHS for a total cash consideration of RM7,148,444.

The expenses incurred in relation to the these subsequent events were RM150,000.

Pro forma I also incorporates the impact of the these subsequent events to reflect the enlarged number of BHS shares in issue that would be entitled to the intended Rights Shares and Warrants.

The Maximum Scenario assumes that the 12,494,900 treasury shares of RM0.25 each in BHS held by the Company are resold in the market prior to the Rights Issue with Warrants entitlement date at an assumed price of RM0.572 each.

3. Pro forma II – After the full exercise of Warrants

Minimum Scenario

Pro forma II incorporates Pro forma I and the impact of the full exercise of 205,003,400 Warrants at exercise price of RM0.60 per Warrant.

Maximum Scenario

Pro forma II incorporates Pro forma I and the impact of the full exercise of 213,333,332 Warrants at exercise price of RM0.60 per Warrant.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**BHS INDUSTRIES BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014**

4. Pro forma III – After the grant of ESOS options

Pro forma III assumes that the aggregate shares to be issued pursuant to the exercise of ESOS options amount to ten percent (10%) of the issued and paid up share capital of the Company (excluding treasury shares) subsequent to the full exercise of Warrants.

Pro forma III also assumes the exercise price of the ESOS options of RM0.48 per ESOS option. This represents a discount of ten percent (10%) to the theoretical ex-rights price based on the five (5)-day volume weighted average market price as at 10 August 2015.

Minimum Scenario

Pro forma III incorporates Pro forma II and the impact of the grant of 61,501,020 ESOS options. The fair value of each ESOS option of RM0.18 was derived from Black-Scholes option pricing model based on the exercise price of RM0.48 per ESOS option.

Maximum Scenario

Pro forma III incorporates Pro forma II and the impact of the grant of 63,999,999 ESOS options. The fair value of each ESOS option of RM0.18 was derived from Black-Scholes option pricing model based on the exercise price of RM0.48 per ESOS option.

5. Pro forma IV – After the full exercise of ESOS options

Minimum Scenario

Pro forma IV incorporates Pro forma III and the impact of the full exercise of 61,501,020 ESOS options at exercise price of RM0.48 per ESOS option.

Maximum Scenario

Pro forma IV incorporates Pro forma III and the impact of the full exercise of 63,999,999 ESOS options at exercise price of RM0.48 per ESOS option.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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**BHS INDUSTRIES BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014**

6. Movements in share capital

(a) **Minimum Scenario**

	Par Value RM	No. of ordinary shares (excluding treasury shares)	Amount RM
Number of shares in issue and paid up share capital as at 30 June 2014	0.50	72,100,000	40,000,000
Pro forma adjustments arising from the Rights Issue with Warrants	0.25	337,906,800	65,625,425
Pro forma I		410,006,800	105,625,425
Pro forma adjustments arising from the full exercise of Warrants	0.25	205,003,400	51,250,850
Pro forma II	0.25	615,010,200	156,876,275
Pro forma adjustments arising from the grant of ESOS options	0.25	-	-
Pro forma III	0.25	615,010,200	156,876,275
Pro forma adjustments arising from the full exercise of ESOS options	0.25	61,501,020	15,375,255
Pro forma IV	0.25	676,511,220	172,251,530

(b) **Maximum Scenario**

	Par Value RM	No. of ordinary shares (excluding treasury shares)	Amount RM
Number of shares in issue and paid up share capital as at 30 June 2014	0.50	72,100,000	40,000,000
Pro forma adjustments arising from the Rights Issue with Warrants	0.25	354,566,666	66,666,667
Pro forma I		426,666,666	106,666,667
Pro forma adjustments arising from the full exercise of Warrants	0.25	213,333,332	53,333,333
Pro forma II	0.25	639,999,998	160,000,000
Pro forma adjustments arising from the grant of ESOS options	0.25	-	-
Pro forma III	0.25	639,999,998	160,000,000
Pro forma adjustments arising from the full exercise of ESOS options	0.25	63,999,999	16,000,000
Pro forma IV	0.25	703,999,997	176,000,000

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

BHS INDUSTRIES BERHAD
PRO FORMA CONSOLIDATED FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014

7. Movements in bank balances and other impacted reserve accounts

(a) Minimum Scenario

	Bank balances RM	Share premium RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	ESOS options reserve RM	Retained profits RM
Audited balance as at 30 June 2014	11,124,939	1,684,192	(4,223,922)	-	-	-	52,953,756
Pro forma adjustments arising from the Rights Issue with Warrants*	48,508,269	(1,684,192)	(2,924,522)	26,650,442	(9,225,153)	-	(29,933,731)
Pro forma I	59,633,208	-	(7,148,444)	26,650,442	(9,225,153)	-	23,020,025
Pro forma adjustments arising from the full exercise of Warrants	123,002,040	89,176,479	-	(26,650,442)	9,225,153	-	-
Pro forma II	182,635,248	89,176,479	(7,148,444)	-	-	-	23,020,025
Pro forma adjustments arising from the grant of ESOS options	-	-	-	-	-	11,070,184	(11,070,184)
Pro forma III	182,635,248	89,176,479	(7,148,444)	-	-	11,070,184	11,949,841
Pro forma adjustments arising from the full exercise of ESOS options	29,520,490	25,215,419	-	-	-	(11,070,184)	-
Pro forma IV	212,155,738	114,391,898	(7,148,444)	-	-	-	11,949,841

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

BHS INDUSTRIES BERHAD
PRO FORMA CONSOLIDATED FINANCIAL POSITION (continued)
AS AT 30 JUNE 2014

7. Movements in bank balances and other impacted reserve accounts (continued)

(b) Maximum Scenario

	Bank balances RM	Share premium RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	ESOS options reserve RM	Retained profits RM
Audited balance as at 30 June 2014	11,124,939	1,684,192	(4,223,922)	-	-	-	52,953,756
Pro forma adjustments arising from the Rights Issue with Warrants*	57,405,999	(1,684,192)	4,223,922	27,733,333	(9,600,000)	-	(29,933,731)
Pro forma I	68,530,938	-	-	27,733,333	(9,600,000)	-	23,020,025
Pro forma adjustments arising from the full exercise of Warrants	127,999,999	92,799,999	-	(27,733,333)	9,600,000	-	-
Pro forma II	196,530,937	92,799,999	-	-	-	-	23,020,025
Pro forma adjustments arising from the grant of ESOS options	-	-	-	-	-	11,520,000	(11,520,000)
Pro forma III	196,530,937	92,799,999	-	-	-	11,520,000	11,500,025
Pro forma adjustments arising from the full exercise of ESOS options	30,720,000	26,240,000	-	-	-	(11,520,000)	-
Pro forma IV	227,250,937	119,039,999	-	-	-	-	11,500,025

* after deducting estimated expenses of RM1,000,000

Signed on behalf of the Board
in accordance with a resolution of the Directors,
BHS Industries Berhad

Name: Koo Thiam Yoeng

Dated: 21 AUG 2015



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EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS

The following is an extract of the *Pulp and Paper Industry in Malaysia: Business Report 2015* by the BAC Reports as referred to in Section 7.3 of this AP. The full report is available for inspection at the Registered Office of BHS for a period of twelve (12) months from the date of this AP.

(\$ in the BAC Reports denotes USD.)

MALAYSIA PULP-AND-PAPER INDUSTRY OVERVIEW
Brief review of pulp-and-paper industry

Throughout the world, over 300 million tons of paper-based products were manufactured and used in 2014 year. The United States is the biggest manufacturer and user of paper and paper-based products and used a third – about 100 million tons – of the amount produced worldwide. Worldwide paper production was valued at \$500 billion.

Table 1. Production and consumption balance for pulp and paper in Malaysia, 2014, million tons

Category	2014
Pulp/Paper/Paperboard	
Total Pulp/Paper/Paperboard Production	1.943
Corrugated/Packaging	1.350
Writing & printing	0.270
Others	0.323
Import	1.550
Export	0.315
Net Consumption	3.178
Per Capita Consumption (Kg./year/person)	109.0
Wood Pulp	
Production	0.145
Import	0.102
Export	0.0
Consumption/Usage	0.247
Paper/Paperboard	
Production	1.798
Consumption	2.930

Source: FAO Statistics Division, Company Database, www.doe.gov

Malaysia is making progress with several large-scale capacity projects and is on the way to becoming a major player in the regional pulp and paper industry. A number of joint venture mills have been set up in the country, including Malaysian Newsprint Industries (MNI) in Mentakab, Borneo Pulp and Paper in Sarawak and Sabah Forest Industries/ Chinese Government in Sabah.

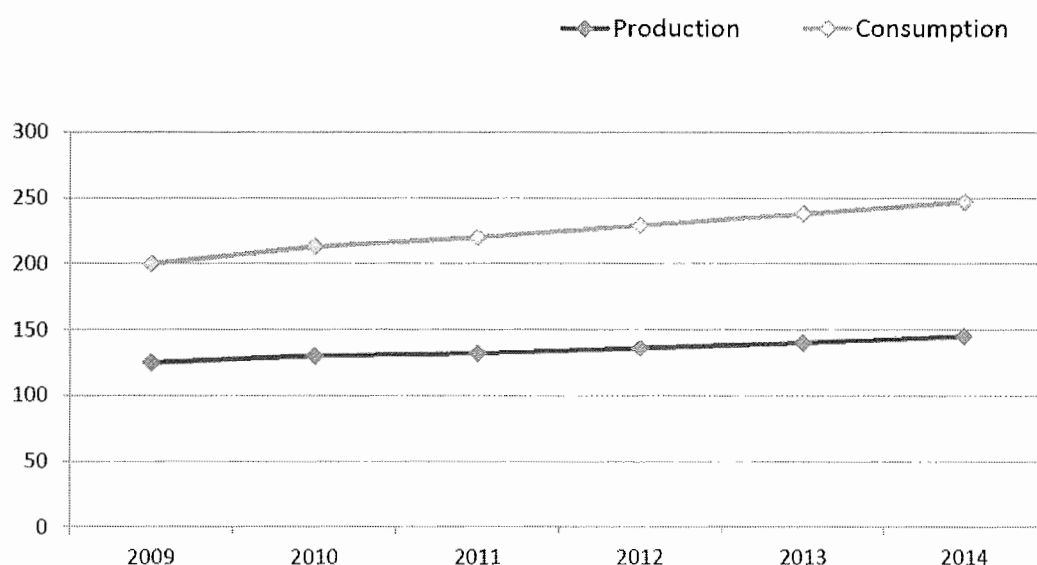
EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Some Malaysian mills have started to look for equipment from Europe, Taiwan and Korea to expand their production capacity by 100-200 tons/day. The mills involved are Kajang Paper Mill, North Malaya Paper Mill and Pascorp Paper. The mills are looking to expand on the back of an improving Malaysian economy and increasing demand.

Table 2. Production and consumption of wood pulp in Malaysia, 2009-2014, thousand tons

	2009	2010	2011	2012	2013	2014
Production	125	130	132	136	140	145
Consumption	200	213	220	229	238	247

Source: FAO Statistics Division, Company Database, www.doe.gov

Figure 1. Production and consumption of wood pulp in Malaysia, 2009-2014, thousand tons


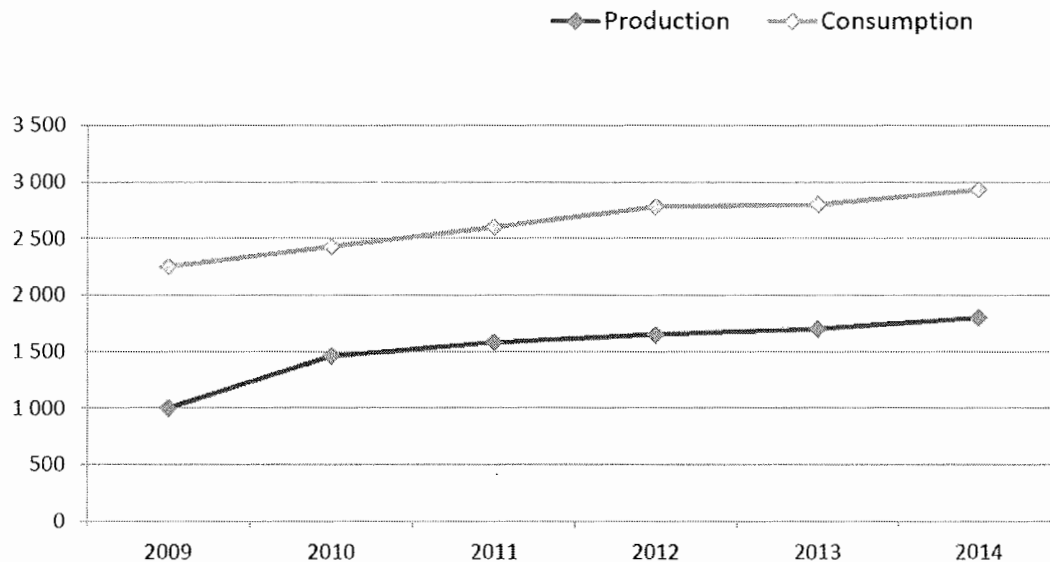
Source: FAO Statistics Division, Company Database, www.doe.gov

The industry main goal is to become self-sufficient. At present, Malaysia depends heavily on imports, particularly for newsprint, printing/writing papers and industrial papers, such as kraftliner and medium.

Table 3. Production and consumption of paper and paperboard in Malaysia, 2009-2014, thousand tons

	2009	2010	2011	2012	2013	2014
Production	1,000	1,460	1,580	1,650	1,700	1,798
Consumption	2,250	2,430	2,600	2,780	2,800	2,930

Source: FAO Statistics Division, Company Database, www.doe.gov

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)
Figure 2. Production and consumption of paper and paperboard in Malaysia, 2009-2014, thousand tons


Source: FAO Statistics Division, Company Database, www.doe.gov

Paper consumption in Malaysia ranges from cigarette paper, joss paper, Kraft paper, newsprint, tissue paper to writing/printing paper. However, Kraft paper registers the highest consumption out of a total consumption.

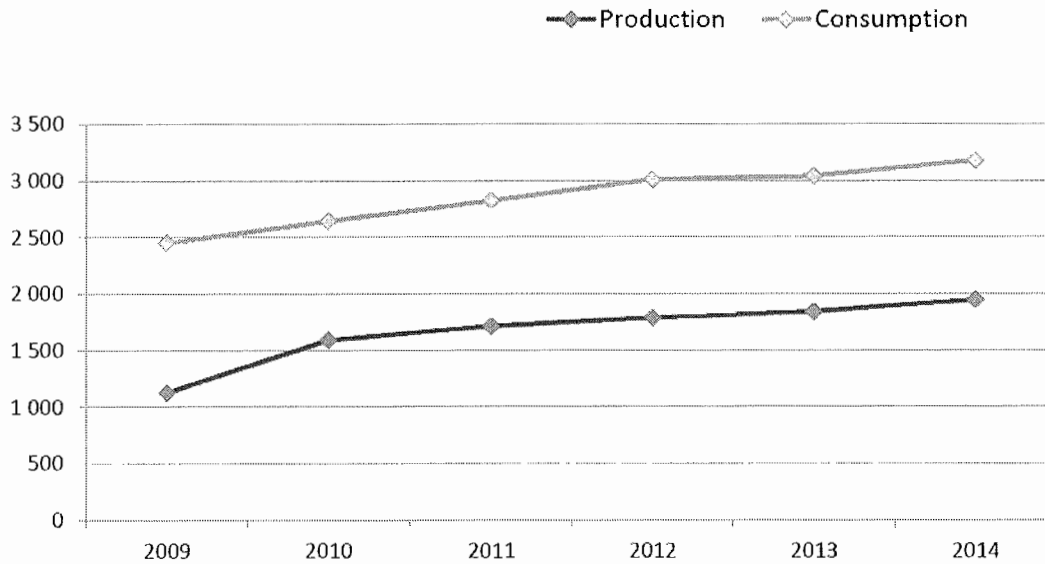
The country is a net importer of pulp, paper, and paperboard, and progressively tends to decrease its dependency. However, the self-sufficiency is growing at a slow rate. All the paper mills of the country are small by the world industry standards, none producing more than 350 000 T/Year. The small Malaysian paper mills survive by focusing on niche markets at the national scale. The national pulp & paper industry strategy is to remain domestic-market oriented.

Pulp and paper are manufactured from raw materials containing cellulose fibres, wood, recycled paper, and agricultural residues.

Table 4. Production and consumption of total pulp/paper/paperboard in Malaysia, 2009-2014, thousand tons

	2009	2010	2011	2012	2013	2014
Production	1,125	1,590	1,712	1,786	1,840	1,943
Consumption	2,450	2,643	2,820	3,009	3,038	3,177

Source: FAO Statistics Division, Company Database, www.doe.gov

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
**Figure 3. Production and consumption of total pulp/paper/paperboard in Malaysia, 2009-2014,
thousand tons**


Source: FAO Statistics Division, Company Database, www.doe.gov

Wood plantation development:

- The Malaysian State promotes private wood plantations with tax exemptions.
- Despite these incentives, palm oil plantations still provide better and quicker incomes, and are favored by the investors
- At the Peninsular Malaysia scale there is no real potential for the development of pulp wood plantations
- At the Sarawak and Sabah scales, the potential exists, and a few projects have been developed, most of them concerning timber production.

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EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)
Foreign trade in pulp-and-paper industry in Malaysia

Note: trade data source is UN Statistics Database.

Export and import of paper, paperboard, cellulose wadding and webs of cellulose fibres: volume, structure, dynamics

Table 5. Export and import of paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	126 874.3	144 906.6	163 170.7	169 244.5	177 356.8	162 954.0
Export, tons	49 956.0	51 681.7	51 350.8	54 565.2	57 263.1	63 823.2
Import, thousand \$	183 497.2	225 291.4	258 465.2	249 584.3	266 486.9	258 276.8
Import, tons	73 295.2	78 425.3	74 371.3	79 057.3	82 012.5	105 016.6
Trade balance, tons	-23 339.2	-26 743.5	-23 020.5	-24 492.1	-24 749.4	-41 193.4

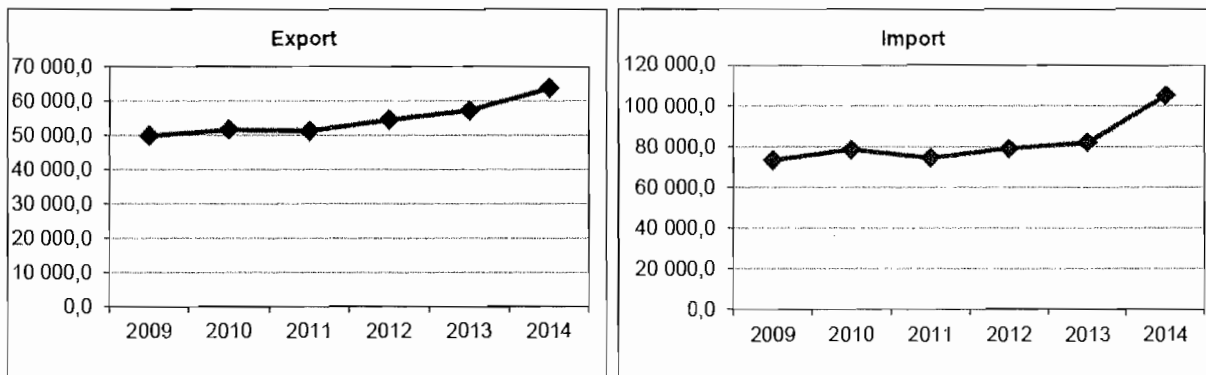


Figure 4. Export and import dynamics of paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia in 2009-2014, tons

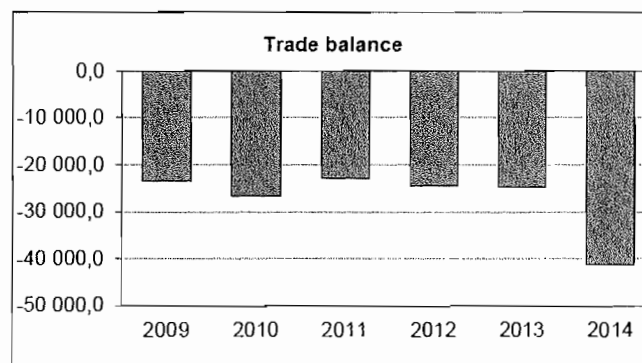


Figure 5. Trade balance of paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia in 2009-2014, tons

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
**Table 6. Structure of paper, paperboard, cellulose wadding and webs of cellulose fibres export
by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	177 356 759	57 263 068	3.097	
including:				
Australia	28 623 199	8 771 256	3.263	15.32%
Indonesia	25 432 456	9 988 287	2.546	17.44%
Thailand	22 529 172	8 097 057	2.782	14.14%
Viet Nam	13 742 504	6 511 025	2.111	11.37%
Singapore	11 525 960	4 283 858	2.691	7.48%
Japan	10 768 805	1 846 095	5.833	3.22%
India	7 673 540	2 457 295	3.123	4.29%
Rep. of Korea	6 898 390	2 151 913	3.206	3.76%
China	6 839 441	1 206 981	5.667	2.11%
Taiwan	6 065 398	1 583 253	3.831	2.76%
2014				
total	162 954 049	63 823 154	2.553	
including:				
Australia	28 553 319	11 535 084	2.475	18.07%
Thailand	24 902 833	9 609 489	2.591	15.06%
Indonesia	22 460 004	9 411 110	2.387	14.75%
Viet Nam	17 221 708	9 207 953	1.870	14.43%
Singapore	10 208 589	4 116 056	2.480	6.45%
India	7 830 037	3 284 748	2.384	5.15%
Taiwan	5 053 518	1 571 625	3.215	2.46%
New Zealand	4 395 370	1 310 315	3.354	2.05%
Japan	4 371 017	1 107 031	3.948	1.73%
Philippines	3 969 113	1 921 688	2.065	3.01%

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
**Table 7. Structure of paper, paperboard, cellulose wadding and webs of cellulose fibres import
by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	266 486 866	82 012 476	3.249	
including:				
Singapore	97 560 187	21 637 224	4.509	26.38%
China	47 177 164	19 703 368	2.394	24.02%
Germany	15 366 611	4 918 187	3.124	6.00%
USA	14 625 031	5 645 275	2.591	6.88%
Taiwan	14 115 744	4 699 956	3.003	5.73%
Japan	12 373 744	1 450 543	8.530	1.77%
Thailand	12 001 371	3 923 796	3.059	4.78%
Finland	9 468 320	4 989 870	1.898	6.08%
Rep. of Korea	4 977 023	2 355 774	2.113	2.87%
Viet Nam	4 972 788	1 541 575	3.226	1.88%
2014				
total	258 276 772	105 016 599	2.459	
including:				
Singapore	93 779 507	35 931 813	2.610	34.22%
China	38 654 084	17 441 335	2.216	16.61%
Germany	19 338 055	7 036 356	2.748	6.70%
USA	16 119 118	5 859 602	2.751	5.58%
Thailand	13 743 281	6 140 632	2.238	5.85%
Japan	11 736 473	2 442 445	4.805	2.33%
Taiwan	11 494 979	4 882 139	2.354	4.65%
Rep. of Korea	8 006 522	4 836 492	1.655	4.61%
Finland	7 855 799	4 779 286	1.644	4.55%
Viet Nam	5 924 033	3 195 398	1.854	3.04%

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Export and import of filter blocks, slabs and plates, of paper pulp: volume, structure, dynamics

Table 8. Export and import of filter blocks, slabs and plates, of paper pulp in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	1 115.3	372.2	54.0	7.5	21.1	92.2
Export, tons	164.3	55.7	7.6	3.7	8.7	22.1
Import, thousand \$	781.4	501.0	2 359.8	204.1	269.4	478.2
Import, tons	757.9	18.2	524.3	38.5	43.8	115.1
Trade balance, tons	-593.6	37.5	-516.8	-34.7	-35.1	-93.0

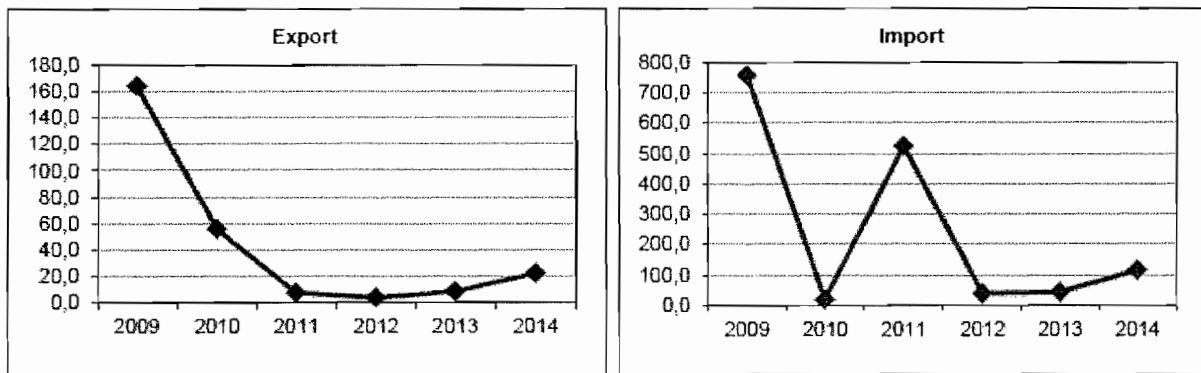


Figure 6. Export and import dynamics of filter blocks, slabs and plates, of paper pulp in Malaysia in 2009-2014, tons

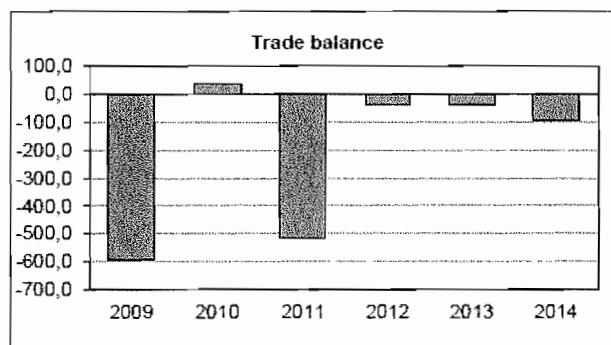


Figure 7. Trade balance of filter blocks, slabs and plates, of paper pulp in Malaysia in 2009-2014, tons

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
**Table 9. Structure of filter blocks, slabs and plates, of paper pulp export by country in Malaysia
in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	21 141	8 656	2.442	
including:				
Singapore	11 109	6 371	1.744	73.60%
Australia	4 713	675	6.982	7.80%
Cambodia	3 575	1 460	2.449	16.87%
Taiwan	1 744	150	11.627	1.73%
2014				
total	92 188	22 109	4.170	
including:				
Thailand	31 124	1 728	18.012	7.82%
Philippines	21 476	2 660	8.074	12.03%
Singapore	12 441	13 311	0.935	60.21%
Burundi	6 972	1 328	5.250	6.01%
Germany	6 319	1 200	5.266	5.43%
Japan	4 453	500	8.906	2.26%
Bangladesh	2 760	540	5.111	2.44%
Myanmar	2 701	142	19.021	0.64%
USA	2 219	200	11.095	0.90%
Cambodia	1 723	500	3.446	2.26%

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
Table 10. Structure of filter blocks, slabs and plates, of paper pulp import by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	269 374	43 781	6.153	
including:				
China	85 710	21 337	4.017	48.74%
Indonesia	54 422	1 500	n/a	3.43%
USA	39 054	6 481	6.026	14.80%
Japan	26 531	4 388	6.046	10.02%
Germany	20 898	5 156	4.053	11.78%
Singapore	11 292	1 040	10.858	2.38%
Taiwan	11 275	493	b/a	1.13%
China, Hong Kong SAR	7 898	860	9.184	1.96%
France	5 356	325	16.480	0.74%
Netherlands	3 623	2 122	1.707	4.85%
2014				
total	478 231	115 082	4.156	
including:				
China	190 974	81 449	2.345	70.77%
Indonesia	186 065	8 288	22.450	7.20%
USA	22 655	11 648	1.945	10.12%
Malaysia	21 091	9 812	2.150	8.53%
Netherlands	17 839	883	20.203	0.77%
Germany	11 436	551	20.755	0.48%
Italy	11 318	1 114	10.160	0.97%
United Kingdom	6 543	804	8.138	0.70%
China, Hong Kong SAR	2 693	200	13.465	0.17%
Singapore	2 166	38	n/a	0.03%

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Export and import of uncoated paper and paperboard, of a kind used for writing: volume, structure, dynamics

Table 11. Export and import of uncoated paper and paperboard, of a kind used for writing in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	37 233.1	41 809.2	36 799.6	38 873.1	33 191.8	32 525.4
Export, tons	50 502.1	48 180.8	37 967.4	43 745.3	37 309.1	35 924.9
Import, thousand \$	258 485.1	332 738.0	351 829.6	342 415.5	317 983.5	316 683.4
Import, tons	296 530.6	297 047.3	256 213.4	309 158.7	301 109.8	306 223.7
Trade balance, tons	-246 028.4	-248 866.6	-218 246.1	-265 413.4	-263 800.8	-270 298.8

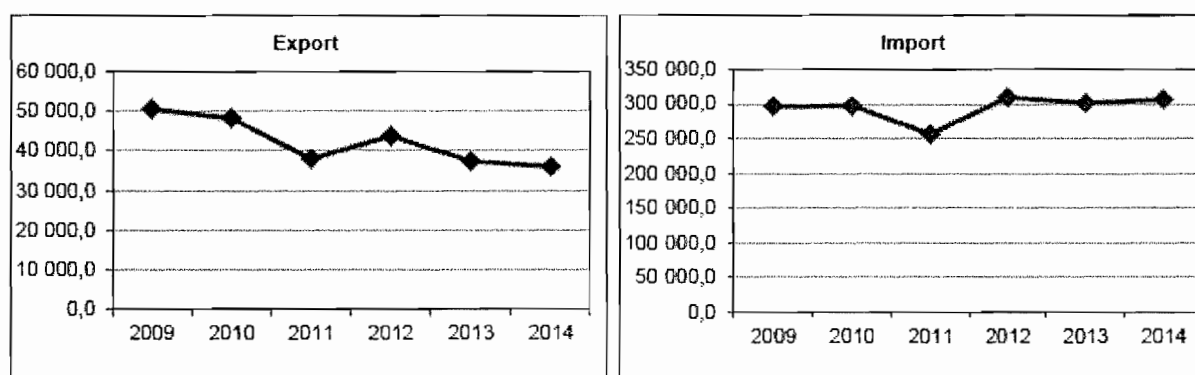


Figure 8. Export and import dynamics of uncoated paper and paperboard, of a kind used for writing in Malaysia in 2009-2014, tons

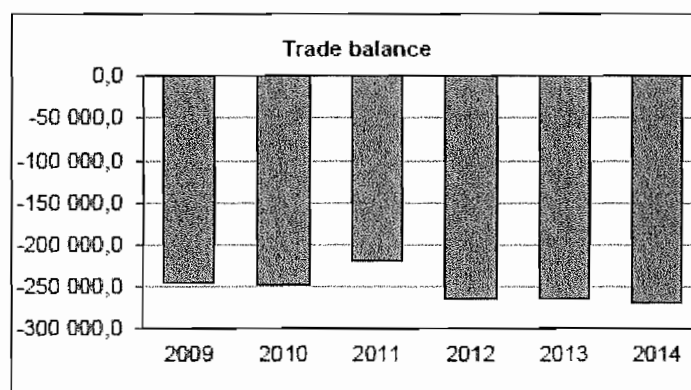


Figure 9. Trade balance of uncoated paper and paperboard, of a kind used for writing in Malaysia in 2009-2014, tons

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)
Table 12. Structure of uncoated paper and paperboard, of a kind used for writing export by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	33 191 845	37 309 051	0.890	
including:				
Nigeria	8 496 095	10 026 187	0.847	26.87%
Singapore	3 555 950	2 845 134	1.250	7.63%
Myanmar	2 783 674	3 640 820	0.765	9.76%
Thailand	2 039 391	2 613 046	0.780	7.00%
Indonesia	1 840 306	2 585 694	0.712	6.93%
Sri Lanka	1 806 766	2 316 574	0.780	6.21%
Philippines	1 567 958	1 841 038	0.852	4.93%
Kenya	1 494 705	1 800 791	0.830	4.83%
India	1 273 185	3 462 837	0.368	9.28%
Cameroon	1 191 215	1 414 619	0.842	3.79%
2014				
total	32 525 413	35 924 914	0.905	
including:				
Nigeria	10 449 667	12 570 876	0.831	34.99%
Singapore	5 114 784	4 155 329	1.231	11.57%
Indonesia	3 713 718	4 957 207	0.749	13.80%
Myanmar	2 788 723	3 563 247	0.783	9.92%
Philippines	2 255 666	2 883 776	0.782	8.03%
Sri Lanka	1 624 943	2 120 188	0.766	5.90%
China, Hong Kong SAR	1 029 361	289 846	3.551	0.81%
Ghana	834 960	988 905	0.844	2.75%
Brunei Darussalam	794 963	850 299	0.935	2.37%
Australia	577 658	185 900	3.107	0.52%

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
Table 13. Structure of uncoated paper and paperboard, of a kind used for writing import by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	317 983 520	301 109 809	1.056	
including:				
Indonesia	168 759 829	186 661 366	0.904	61.99%
China	36 970 179	39 295 302	0.941	13.05%
Germany	33 934 941	6 231 694	5.446	2.07%
Thailand	32 293 971	30 053 393	1.075	9.98%
Japan	9 792 011	5 398 441	1.814	1.79%
Taiwan	9 694 404	10 441 981	0.928	3.47%
USA	4 488 632	5 124 025	0.876	1.70%
India	3 829 576	4 241 235	0.903	1.41%
United Kingdom	3 465 289	2 065 461	1.678	0.69%
Rep. of Korea	2 194 942	2 009 611	1.092	0.67%
2014				
total	316 683 378	306 223 677	1.034	
including:				
Indonesia	160 852 200	182 814 264	0.880	59.70%
Germany	39 949 643	10 062 878	3.970	3.29%
China	38 260 178	40 588 750	0.943	13.25%
Thailand	36 412 649	35 731 408	1.019	11.67%
Taiwan	10 225 034	11 708 795	0.873	3.82%
Japan	5 880 450	4 865 155	1.209	1.59%
India	3 337 872	3 645 713	0.916	1.19%
United Kingdom	3 052 959	1 642 497	1.859	0.54%
USA	2 258 606	2 180 718	1.036	0.71%
Finland	2 225 118	2 285 891	0.973	0.75%

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Export and import of uncoated kraft paper and paperboard, in rolls or sheets: volume, structure, dynamics

Table 14. Export and import of uncoated kraft paper and paperboard, in rolls or sheets in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	3 106.3	3 215.2	2 108.6	3 881.2	5 404.1	4 725.1
Export, tons	5 416.6	4 373.5	2 350.0	4 457.7	8 062.5	5 414.0
Import, thousand \$	144 370.6	202 112.9	212 237.3	190 641.0	205 541.3	220 475.2
Import, tons	179 355.6	264 199.0	146 469.0	222 511.3	255 450.8	278 527.2
Trade balance, tons	-173 939.1	-259 825.5	-144 119.0	-218 053.7	-247 388.3	-273 113.2

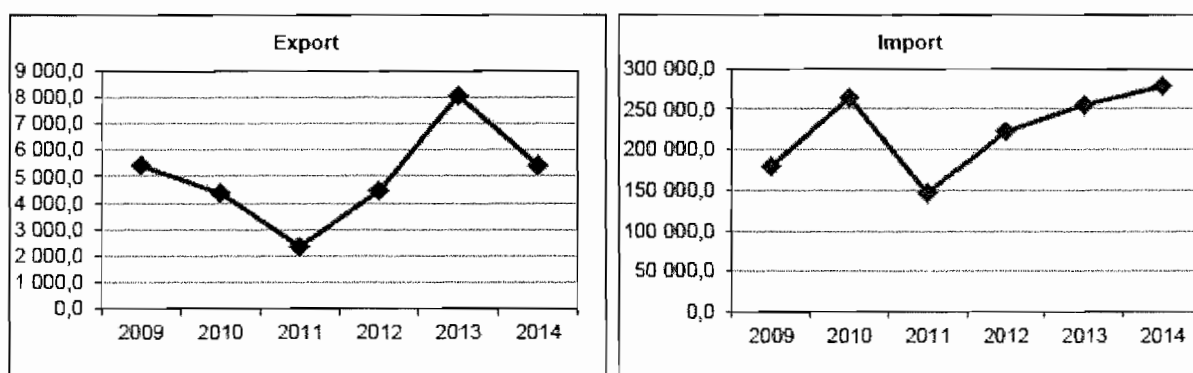


Figure 10. Export and import dynamics of uncoated kraft paper and paperboard, in rolls or sheets in Malaysia in 2009-2014, tons

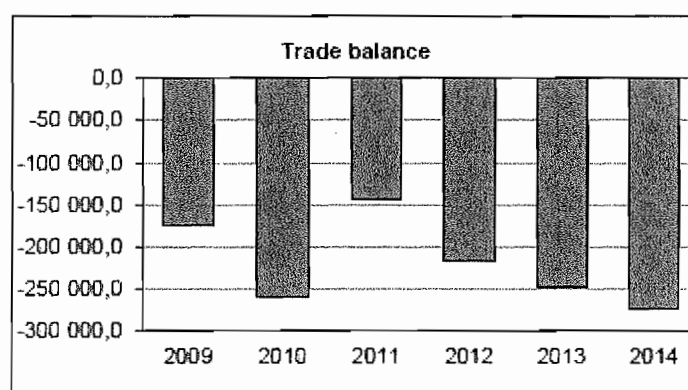


Figure 11. Trade balance of uncoated kraft paper and paperboard, in rolls or sheets in Malaysia in 2009-2014, tons

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
**Table 15. Structure of uncoated kraft paper and paperboard, in rolls or sheets export by
country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	5 404 074	8 062 470	0.670	
including:				
Singapore	1 784 603	3 671 460	0.486	45.54%
Bangladesh	782 103	1 523 992	0.513	18.90%
Indonesia	523 618	501 244	1.045	6.22%
Papua New Guinea	393 740	835 448	0.471	10.36%
Germany	263 801	20 659	12.769	0.26%
Nigeria	223 704	19 150	11.682	0.24%
Philippines	193 160	112 322	1.720	1.39%
Australia	189 658	150 885	1.257	1.87%
Viet Nam	177 394	139 631	1.270	1.73%
India	119 938	41 483	2.891	0.51%
2014				
total	4 725 121	5 414 024	0.873	
including:				
Singapore	1 851 561	1 895 540	0.977	35.01%
Indonesia	668 720	436 616	1.532	8.06%
Bangladesh	448 199	989 548	0.453	18.28%
India	295 121	74 327	3.971	1.37%
Thailand	219 770	292 800	0.751	5.41%
Viet Nam	215 016	265 779	0.809	4.91%
Papua New Guinea	166 547	353 813	0.471	6.54%
China, Hong Kong SAR	140 335	289 225	0.485	5.34%
Germany	111 259	8 327	n/a	0.15%
Oman	94 459	100 212	0.943	1.85%

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
**Table 16. Structure of uncoated kraft paper and paperboard, in rolls or sheets import by
country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	205 541 323	255 450 774	0.805	
including:				
Japan	31 747 842	39 371 907	0.806	15.41%
USA	25 248 203	29 226 424	0.864	11.44%
Sweden	20 493 437	16 849 808	1.216	6.60%
Australia	17 999 190	29 313 656	0.614	11.48%
Germany	15 753 934	15 472 952	1.018	6.06%
Taiwan	13 575 729	21 329 053	0.636	8.35%
New Zealand	11 095 697	16 908 195	0.656	6.62%
Russian Federation	11 061 511	12 929 671	0.856	5.06%
Finland	11 034 181	9 619 331	1.147	3.77%
Rep. of Korea	10 983 744	21 420 793	0.513	8.39%
2014				
total	220 475 178	278 527 237	0.792	
including:				
Japan	36 617 503	44 427 016	0.824	15.95%
USA	27 084 703	31 340 082	0.864	11.25%
Sweden	24 715 214	20 960 242	1.179	7.53%
Australia	19 921 842	34 656 923	0.575	12.44%
Taiwan	15 688 880	24 931 291	0.629	8.95%
Rep. of Korea	14 499 929	28 635 090	0.506	10.28%
Russian Federation	13 822 817	16 470 493	0.839	5.91%
Germany	11 838 705	11 066 393	1.070	3.97%
New Zealand	9 896 357	14 852 713	0.666	5.33%
Austria	9 726 041	9 287 999	1.047	3.33%

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Export and import of other uncoated paper and paperboard, in rolls or sheets: volume, structure, dynamics

Table 17. Export and import of other uncoated paper and paperboard, in rolls or sheets in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	42 810.9	62 822.4	68 629.7	65 406.4	68 017.5	66 105.8
Export, tons	105 168.8	120 161.0	122 975.8	125 094.6	131 144.7	123 555.0
Import, thousand \$	90 915.1	183 491.4	160 400.8	138 613.8	154 473.5	148 465.0
Import, tons	135 771.6	277 868.3	138 152.1	196 268.4	245 546.7	233 953.4
Trade balance, tons	-30 602.8	-157 707.4	-15 176.3	-71 173.8	-114 402.0	-110 398.4

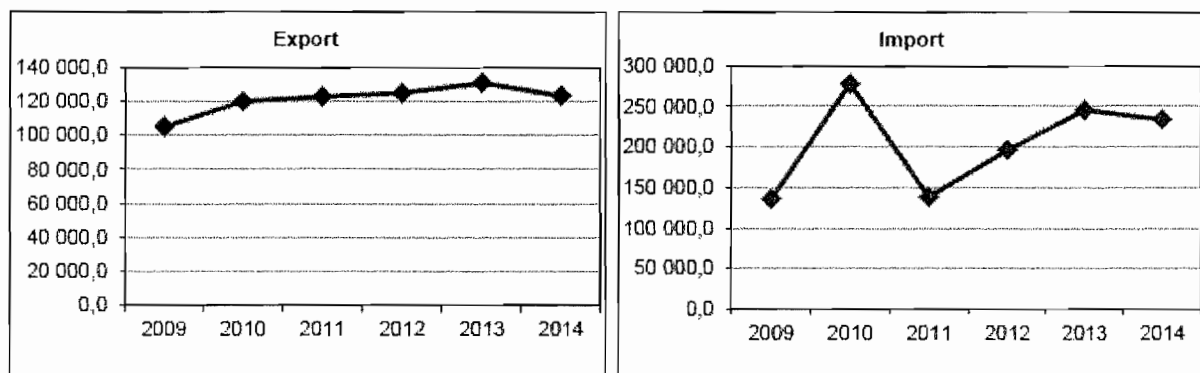


Figure 12. Export and import dynamics of other uncoated paper and paperboard, in rolls or sheets in Malaysia in 2009-2014, tons

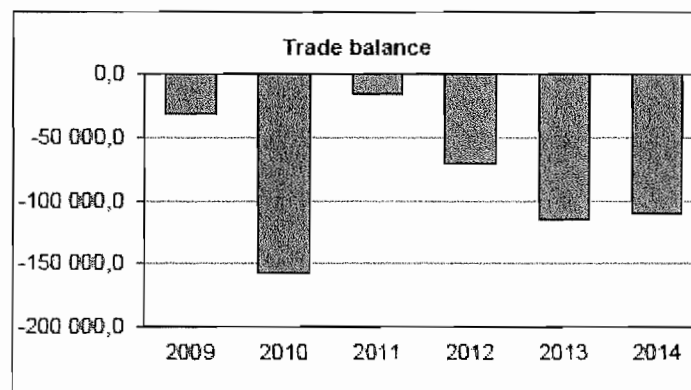


Figure 13. Trade balance of other uncoated paper and paperboard, in rolls or sheets in Malaysia in 2009-2014, tons

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)
Table 18. Structure of other uncoated paper and paperboard, in rolls or sheets export by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	68 017 540	131 144 704	0.519	
including:				
Viet Nam	15 506 875	30 409 590	0.510	23.19%
Singapore	10 870 967	21 121 629	0.515	16.11%
Thailand	6 837 562	13 331 146	0.513	10.17%
Indonesia	6 557 965	11 224 664	0.584	8.56%
Bangladesh	4 813 572	12 249 217	0.393	9.34%
Australia	4 498 914	6 894 480	0.653	5.26%
Cambodia	2 403 477	5 271 356	0.456	4.02%
Sri Lanka	2 262 499	5 476 424	0.413	4.18%
South Africa	2 099 587	2 868 258	0.732	2.19%
New Zealand	2 092 413	3 276 323	0.639	2.50%
2014				
total	66 105 789	123 555 003	0.535	
including:				
Viet Nam	12 410 635	24 169 682	0.513	19.56%
Singapore	10 473 547	20 661 624	0.507	16.72%
Bangladesh	6 797 666	18 319 683	0.371	14.83%
Australia	5 960 457	9 672 245	0.616	7.83%
Thailand	5 538 769	10 952 607	0.506	8.86%
Indonesia	3 816 230	3 601 059	1.060	2.91%
New Zealand	3 207 134	4 999 615	0.641	4.05%
India	2 455 872	4 565 136	0.538	3.69%
Cambodia	2 415 045	5 026 312	0.480	4.07%
South Africa	2 204 166	2 822 512	0.781	2.28%

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
**Table 19. Structure of other uncoated paper and paperboard, in rolls or sheets import by
country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	154 473 521	245 546 708	0.629	
including:				
Rep. of Korea	37 230 882	83 791 300	0.444	34.12%
Japan	29 403 566	20 912 589	1.406	8.52%
Thailand	23 029 357	39 253 701	0.587	15.99%
Indonesia	15 716 037	34 892 539	0.450	14.21%
Taiwan	9 288 036	16 603 123	0.559	6.76%
China	8 514 682	5 454 244	1.561	2.22%
Australia	8 282 977	18 200 779	0.455	7.41%
Netherlands	4 062 173	2 974 855	1.366	1.21%
New Zealand	3 589 919	8 183 231	0.439	3.33%
Germany	3 230 457	3 867 793	0.835	1.58%
2014				
total	148 464 955	233 953 403	0.635	
including:				
Rep. of Korea	36 275 519	77 564 402	0.468	33.15%
Thailand	29 453 520	47 302 619	0.623	20.22%
Japan	25 438 203	26 887 256	0.946	11.49%
Indonesia	12 505 575	25 650 065	0.488	10.96%
China	10 588 007	8 370 762	1.265	3.58%
Taiwan	6 722 584	10 040 793	0.670	4.29%
Australia	6 021 630	12 894 164	0.467	5.51%
New Zealand	5 802 545	13 017 361	0.446	5.56%
Singapore	2 021 036	692 363	2.919	0.30%
Germany	2 009 524	1 768 539	1.136	0.76%

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Export and import of registers, account books, note books, order books, receipt books: volume, structure, dynamics

Table 20. Export and import of registers, account books, note books, order books, receipt books in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	100 105.3	108 041.2	103 383.2	109 113.7	105 885.9	103 734.3
Export, tons	41 851.0	44 223.5	41 788.5	43 530.3	44 496.9	49 476.4
Import, thousand \$	6 161.2	8 200.5	10 089.0	11 888.0	14 762.4	15 674.8
Import, tons	3 054.6	4 533.5	4 648.7	6 821.2	8 277.0	10 492.1
Trade balance, tons	38 796.4	39 690.0	37 139.7	36 709.1	36 219.9	38 984.3

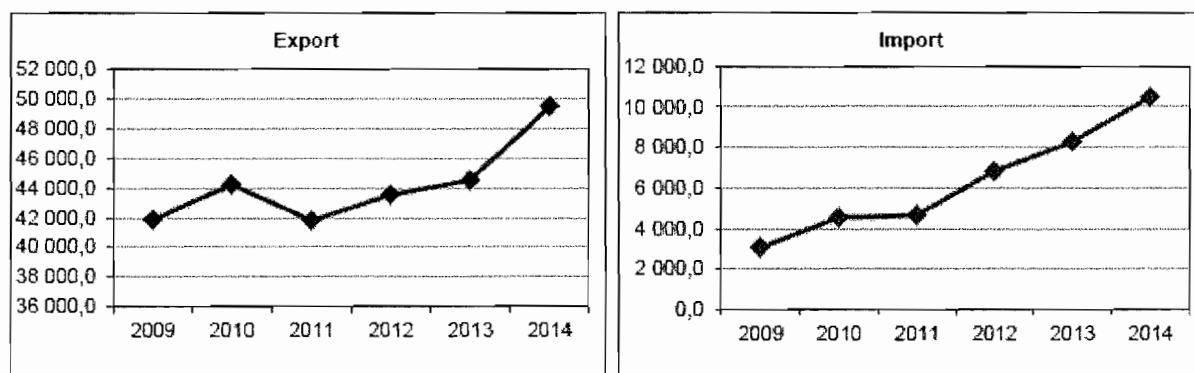


Figure 14. Export and import dynamics of registers, account books, note books, order books, receipt books in Malaysia in 2009-2014, tons

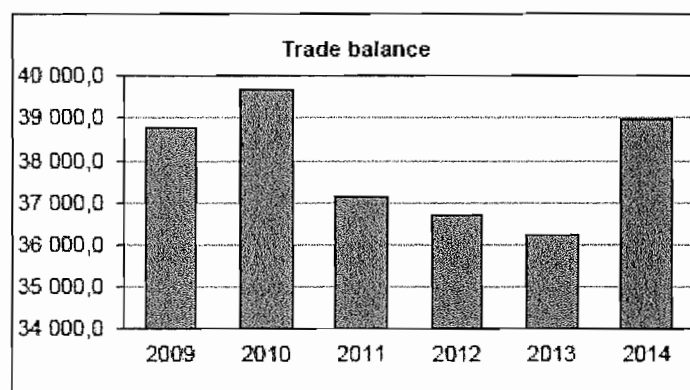


Figure 15. Trade balance of registers, account books, note books, order books, receipt books in Malaysia in 2009-2014, tons

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Table 21. Structure of registers, account books, note books, order books, receipt books export by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	105 885 946	44 496 870	2.380	
including:				
United Kingdom	19 089 053	9 470 801	2.016	21.28%
Singapore	14 202 891	4 221 151	3.365	9.49%
USA	13 832 531	3 115 375	4.440	7.00%
Australia	8 137 012	4 286 102	1.898	9.63%
United Arab Emirates	6 167 862	3 581 540	1.722	8.05%
Viet Nam	6 100 938	1 401 393	4.353	3.15%
Germany	4 614 625	958 202	4.816	2.15%
Saudi Arabia	4 356 594	2 685 888	1.622	6.04%
New Zealand	3 108 881	1 573 153	1.976	3.54%
Kuwait	2 385 494	1 155 555	2.064	2.60%
2014				
total	103 734 317	49 476 354	2.097	
including:				
United Kingdom	22 231 352	10 319 163	2.154	20.86%
USA	14 155 837	6 404 398	2.210	12.94%
Singapore	10 270 205	4 473 644	2.296	9.04%
United Arab Emirates	7 811 391	4 045 528	1.931	8.18%
Saudi Arabia	6 322 947	3 737 758	1.692	7.55%
Australia	5 911 396	3 148 593	1.877	6.36%
Germany	5 104 130	1 145 323	4.456	2.31%
New Zealand	3 013 222	1 583 496	1.903	3.20%
Ireland	2 615 141	1 622 624	1.612	3.28%
Kuwait	2 467 129	1 128 572	2.186	2.28%

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
**Table 22. Structure of registers, account books, note books, order books, receipt books import
by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	14 762 431	8 277 020	1.784	
including:				
China	10 384 134	6 872 416	1.511	83.03%
Indonesia	1 467 955	555 491	2.643	6.71%
Philippines	833 127	233 260	3.572	2.82%
Singapore	529 970	208 522	2.542	2.52%
USA	442 880	94 062	4.708	1.14%
Japan	218 910	29 162	7.507	0.35%
Australia	153 440	10 077	15.227	0.12%
China, Hong Kong SAR	114 935	43 977	2.614	0.53%
Thailand	113 989	47 712	2.389	0.58%
Taiwan	99 374	58 594	1.696	0.71%
2014				
total	15 674 847	10 492 079	1.494	
including:				
China	11 676 885	8 746 276	1.335	83.36%
Indonesia	1 228 053	677 704	1.812	6.46%
Philippines	638 797	212 016	3.013	2.02%
USA	407 261	79 465	5.125	0.76%
Singapore	380 474	235 341	1.617	2.24%
Japan	285 586	96 532	2.958	0.92%
Denmark	124 081	9 652	12.855	0.09%
Viet Nam	114 559	42 061	2.724	0.40%
China, Hong Kong SAR	110 289	76 677	1.438	0.73%
Taiwan	110 036	57 057	1.929	0.54%

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Export and import of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened): volume, structure, dynamics

Table 23. Export and import of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	2 917.8	4 699.1	4 043.5	5 024.4	2 922.5	2 761.8
Export, tons	1 869.8	4 236.9	2 465.2	2 586.6	2 365.0	1 990.6
Import, thousand \$	10 328.0	11 380.1	14 767.9	16 403.8	14 062.5	8 723.4
Import, tons	10 490.9	9 078.7	8 602.7	8 643.0	7 117.7	6 465.6
Trade balance, tons	-8 621.1	-4 841.7	-6 137.6	-6 056.4	-4 752.7	-4 475.1

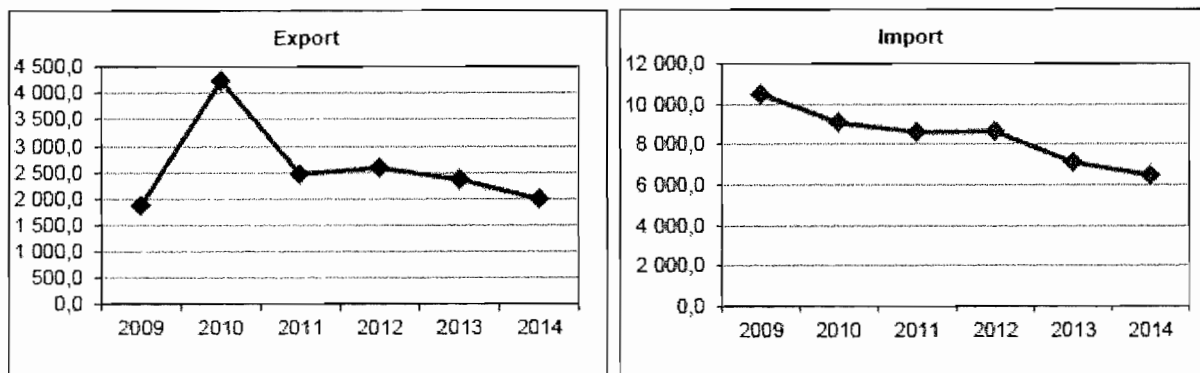


Figure 16. Export and import dynamics of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) in Malaysia in 2009-2014, tons

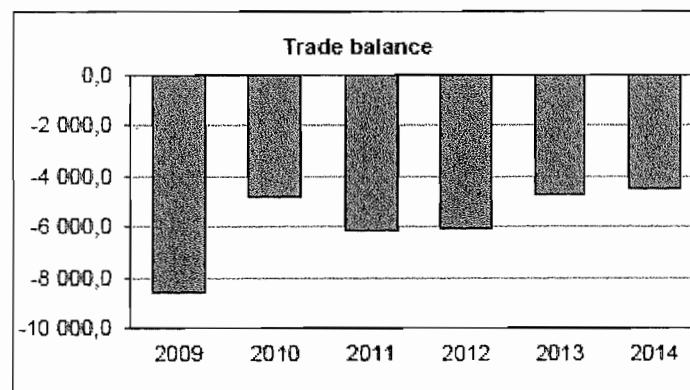


Figure 17. Trade balance of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) in Malaysia in 2009-2014, tons

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
Table 24. Structure of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) export by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	2 922 498	2 364 990	1.236	
including:				
Singapore	1 629 904	1 402 316	1.162	59.29%
Australia	885 869	630 604	1.405	26.66%
Thailand	160 394	218 971	0.732	9.26%
Indonesia	65 456	33 524	1.953	1.42%
China	57 297	40 518	1.414	1.71%
Rep. of Korea	34 162	3 538	9.656	0.15%
United Kingdom	24 274	5 898	4.116	0.25%
Viet Nam	15 435	6 851	2.253	0.29%
Brunei Darussalam	12 505	1 480	8.449	0.06%
India	7 429	4 787	1.552	0.20%
2014				
total	2 761 793	1 990 587	1.387	
including:				
Singapore	1 361 497	1 004 150	1.356	50.44%
Australia	838 234	669 016	1.253	33.61%
Thailand	181 728	218 920	0.830	11.00%
China	149 294	11 919	12.526	0.60%
Indonesia	50 174	20 967	2.393	1.05%
Viet Nam	31 561	7 462	4.230	0.37%
USA	28 397	3 438	8.260	0.17%
Taiwan	23 560	9 956	2.366	0.50%
Japan	21 371	9 689	2.206	0.49%
Saudi Arabia	18 724	13 588	1.378	0.68%

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
Table 25. Structure of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) import by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	14 062 536	7 117 708	1.976	
including:				
Taiwan	6 953 357	2 612 625	2.661	36.71%
Indonesia	3 679 023	3 646 492	1.009	51.23%
Japan	1 912 658	188 950	10.123	2.65%
Canada	400 437	89 455	4.476	1.26%
Rep. of Korea	261 339	179 500	1.456	2.52%
China	236 362	76 414	3.093	1.07%
Singapore	209 351	48 751	4.294	0.68%
Thailand	186 654	138 187	1.351	1.94%
Viet Nam	132 257	108 042	1.224	1.52%
India	23 010	10 530	2.185	0.15%
2014				
total	8 723 428	6 465 648	1.349	
including:				
Taiwan	3 212 840	2 512 120	1.279	38.85%
Indonesia	2 994 383	2 496 060	1.200	38.60%
Thailand	701 423	655 184	1.071	10.13%
Japan	488 799	126 416	3.867	1.96%
Rep. of Korea	377 967	274 528	1.377	4.25%
Singapore	332 937	85 505	3.894	1.32%
China	294 396	148 487	1.983	2.30%
Viet Nam	109 254	89 300	1.223	1.38%
Canada	92 139	16 755	5.499	0.26%
Netherlands	26 300	15 500	1.697	0.24%

EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Export and import of other paper, paperboard, cellulose wadding and webs of cellulose fibres: volume, structure, dynamics

Table 26. Export and import of other paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	32 860.4	40 837.2	43 569.7	51 471.5	47 264.1	41 530.8
Export, tons	30 516.0	19 360.4	19 839.9	20 639.8	23 244.9	22 981.8
Import, thousand \$	69 988.3	86 828.3	102 864.9	101 085.6	99 711.1	92 950.2
Import, tons	27 577.4	34 580.6	35 117.2	35 998.1	39 079.5	38 039.7
Trade balance, tons	2 938.6	-15 220.3	-15 277.3	-15 358.3	-15 834.6	-15 057.9

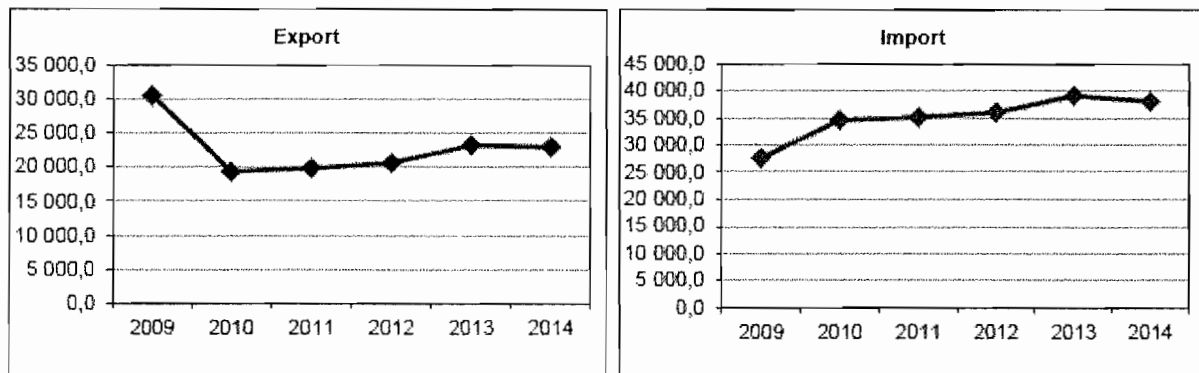


Figure 18. Export and import dynamics of other paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia in 2009-2014, tons

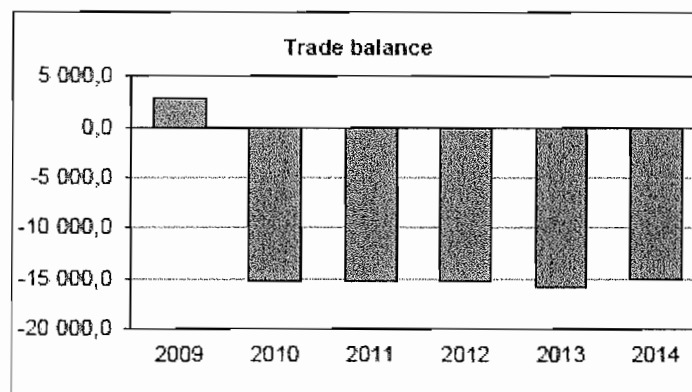


Figure 19. Trade balance of other paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia in 2009-2014, tons

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
Table 27. Structure of other paper, paperboard, cellulose wadding and webs of cellulose fibres export by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	47 264 069	23 244 893	2.033	
including:				
Singapore	17 026 478	7 522 136	2.264	32.36%
Australia	7 824 317	3 322 162	2.355	14.29%
Indonesia	6 506 617	1 342 736	4.846	5.78%
Thailand	4 479 858	4 223 541	1.061	18.17%
Japan	1 376 882	717 551	1.919	3.09%
Viet Nam	1 186 680	1 600 006	0.742	6.88%
Taiwan	1 018 784	904 991	1.126	3.89%
New Zealand	936 079	639 338	1.464	2.75%
Myanmar	727 767	219 522	3.315	0.94%
USA	718 595	318 205	2.258	1.37%
2014				
total	41 530 849	22 981 821	1.807	
including:				
Singapore	14 428 185	6 572 934	2.195	28.60%
Indonesia	6 289 609	1 530 012	4.111	6.66%
Thailand	4 991 236	5 051 374	0.988	21.98%
Australia	4 875 997	2 769 870	1.760	12.05%
Viet Nam	1 504 969	1 970 009	0.764	8.57%
Japan	920 295	695 127	1.324	3.02%
China	915 076	157 636	5.805	0.69%
New Zealand	888 024	682 377	1.301	2.97%
USA	730 472	313 669	2.329	1.36%
Taiwan	644 138	613 650	1.050	2.67%

**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015,
BAC REPORTS (Cont'd)**
Table 28. Structure of other paper, paperboard, cellulose wadding and webs of cellulose fibres import by country in Malaysia in 2013-2014

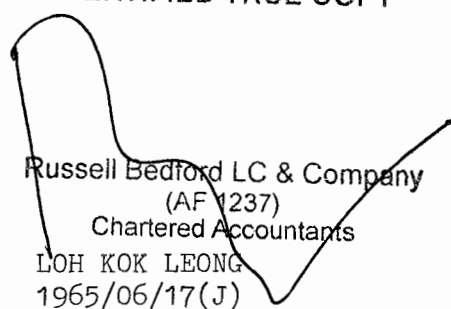
Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
2013				
total	99 711 085	39 079 512	2.551	
including:				
China	54 425 638	23 337 853	2.332	59.72%
USA	11 773 112	1 544 818	7.621	3.95%
Japan	9 310 524	2 149 268	4.332	5.50%
Singapore	5 057 743	819 170	6.174	2.10%
Taiwan	3 507 948	2 651 058	1.323	6.78%
Indonesia	3 137 934	3 199 968	0.981	8.19%
Thailand	2 730 944	2 397 748	1.139	6.14%
China, Hong Kong SAR	2 697 481	800 142	3.371	2.05%
France	1 450 886	143 399	10.118	0.37%
United Kingdom	1 188 325	210 055	5.657	0.54%
2014				
total	92 950 190	38 039 720	2.444	
including:				
China	60 161 226	25 638 754	2.346	67.40%
Japan	7 812 777	1 331 143	5.869	3.50%
Indonesia	3 638 471	4 209 629	0.864	11.07%
Singapore	3 448 455	821 654	4.197	2.16%
China, Hong Kong SAR	3 331 284	464 341	7.174	1.22%
Thailand	2 413 289	2 101 161	1.149	5.52%
USA	2 321 636	477 401	4.863	1.26%
Taiwan	1 692 667	925 971	1.828	2.43%
France	1 685 619	141 712	11.895	0.37%
Germany	1 630 568	218 054	7.478	0.57%

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON**

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2014**
(In Ringgit Malaysia)

CERTIFIED TRUE COPY



Russell Bedford LC & Company
(AF 1237)
Chartered Accountants
LOH KOK LEONG
1965/06/17(J)
PARTNER

Russell Bedford LC & Company
(AF 1237)
Chartered Accountants

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**BHS INDUSTRIES BERHAD**
(Incorporated in Malaysia)

Contents	Pages
Directors' report	1 - 4
Statement by directors	5
Statutory declaration	5
Report of the independent auditors	6 - 7
Statements of comprehensive income	8
Statements of financial position	9
Statements of changes in equity	10 - 13
Statements of cash flows	14 - 16
Notes to the financial statements	17 - 63

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2014.

Principal activities

The principal activities of the Company are that of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

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

Financial results

	Group RM	Company RM
Net profit for the year attributable to owners of the Company	10,164,524	46,679,320

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

Dividends

Dividends declared by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 30 June 2013	.
Final tax exempt dividend of 6%, paid on 23 January 2014	2,163,000

For the financial year ended 30 June 2014, the directors recommend a final tax exempt dividend of 6% amounting to RM2,163,000 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

Reserves and provisions

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

Issue of shares and debentures

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

Treasury shares

During the financial year, the Company did not repurchase any of its issued and paid up ordinary shares. As at 30 June 2014, the Company held a total of 7,900,000 treasury shares of its 80,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM4,223,922. The shares repurchased are being held as treasury shares in accordance with Section 67A(3A)(b) of the Companies Act 1965. Further relevant details on treasury shares are disclosed in Note 27 to the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

Share options

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

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

Directors

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

Chew Yuit Yoo	
Thiang Chew Lan	
Dato' Dr. Koe Seng Kheng	- Appointed on 28 April 2014
Koo Thiam Yoong	- Appointed on 28 April 2014
Dato' Sohaimi Bin Shahadan	- Appointed on 8 August 2014
Heng Soo Li	- Resigned on 20 November 2013
Heng Song Khoon	- Resigned on 24 July 2014
Liew Sai Ying	- Resigned on 22 July 2014
Heng Boon Seng	- Resigned on 22 July 2014

Directors' interests

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

	Number of ordinary shares of RM0.50 each			Balance as at 30.6.2014
	Balance as at 1.7.2013/ date of appointment	Bought	Sold	
Direct interest				
Heng Song Khoon	6,400,161	-	400,100	6,000,061
Liew Sai Ying	4,245,296	-	4,245,296	-
Heng Boon Seng	3,370,000	-	3,370,000	-
Thiang Chew Lan	99,700	-	100	99,600
Dato' Dr. Koe Seng Kheng	2,600,000	-	-	2,600,000
Koo Thiam Yoong	1,155,000	-	-	1,155,000
Indirect interest				
Heng Song Khoon	34,149,543	80,000	34,229,543	-
Liew Sai Ying	34,149,543	80,000	34,229,543	-
Heng Boon Seng	500,000	-	-	500,000
Chew Yuit Yoo	66,900	-	20,000	46,900
Thiang Chew Lan	50,300	-	-	50,300

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**BHS INDUSTRIES BERHAD**

(Incorporated in Malaysia)

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the related corporations and companies in which certain directors of the Company have interests as disclosed in Note 28.1 to the financial statements.

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

Other statutory information

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

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

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

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

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

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

Auditors

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

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



DATO' DR. KOE SENG KHENG



KOO THIAM YOONG

Kuala Lumpur

Dated: 16 October 2014

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

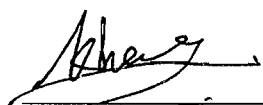
BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS


The directors of BHS INDUSTRIES BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and the Malaysian Financial Reporting Standards, the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2014, and of their financial performance and their cash flows for the year ended on that date.

The supplementary information set out in Note 34, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No.1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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



DATO' DR. KOE SENG KHENG



KOO THIAM YOONG

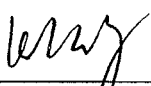
Kuala Lumpur

Dated: 16 October 2014

STATUTORY DECLARATION

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

Subscribed and solemnly declared by the)
above named KOO THIAM YEN at Kuala)
Lumpur in Wilayah Persekutuan on)
16 October 2014)

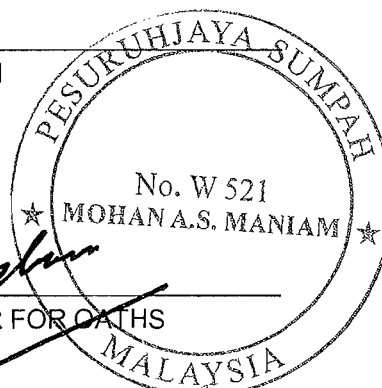


KOO THIAM YEN

Before me,



COMMISSIONER FOR OATHS



No. 50, Jalan Hang Lekiu,
50100 Kuala Lumpur.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



**Russell Bedford LC
& Company**

(AF 1237)

Chartered Accountants

羅瑞貝德特許會計師事務所

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15, Jalan Raja Chulan
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F: +603 2031 4223

E: mail@russellbedford.com.my

W: www.russellbedford.com.my

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

1. Report on the financial statements

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 30 June 2014, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

1.1 Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act 1965 ("Act") and the Malaysian Financial Reporting Standards, the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

1.2 Auditors' responsibility

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

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

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

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

(Forward)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



1.3 Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Act and the Malaysian Financial Reporting Standards, the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2014, and of their financial performance and their cash flows for the year ended on that date.

2. Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 10 to the financial statements, being financial statements that have been included in the Group's financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the Group's financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material in relation to the Group's financial statements and did not include any comment made under Section 174(3) of the Act.

3. Other reporting responsibilities

The supplementary information set out in Note 34 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

LOH KOK LEONG
1965/06/15 (J)
PARTNER

Kuala Lumpur

Dated: 16 October 2014

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	4	65,567,468	65,081,874	50,189,864	4,410,171
Cost of sales		(48,345,993)	(48,814,989)	-	-
Gross profit		17,221,475	16,266,885	50,189,864	4,410,171
Other operating income		1,338,408	1,126,859	37,000	131,882
Other operating expenses		(9,937,671)	(7,789,608)	(3,480,855)	(3,542,961)
Profit from operations		8,622,212	9,604,136	46,746,009	999,092
Finance costs		(43,217)	(54,289)	-	-
Profit before tax	5	8,578,995	9,549,847	46,746,009	999,092
Income tax expense	6	1,585,529	(2,304,798)	(66,689)	(79,000)
Net profit for the year		10,164,524	7,245,049	46,679,320	920,092
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Net changes on available-for-sale financial assets					
- gain on changes in fair value		233,642	192,691	233,642	192,691
- reclassification to profit or loss arising from disposals		-	(131,446)	-	(131,446)
		233,642	61,245	233,642	61,245
Foreign currency translation		62,533	7,588	-	-
Other comprehensive income for the year		296,175	68,833	233,642	61,245
Total comprehensive income for the year		10,460,699	7,313,882	46,912,962	981,337
Basic earnings per share (sen)	7	14.10	10.05		

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Non current assets					
Plant and equipment	8	9,234,498	10,554,209	800	7,925
Investment properties	9	-	6,839,555	-	4,447,589
Investment in subsidiaries	10	-	-	27,723,224	32,375,324
Other investments	11	1,746,302	1,475,660	1,733,613	1,462,971
		10,980,800	18,869,424	29,457,637	38,293,809
Current assets					
Inventories	12	15,036,181	19,418,766	-	-
Trade receivables	13	18,416,765	24,077,063	-	-
Other receivables, deposits and prepayments	14	1,537,457	50,827	49,771,386	2,906,899
Tax recoverable		710,723	402,610	246,577	236,277
Short term investments	15	13,782,558	18,706,532	-	-
Fixed deposit with a licensed bank	16	-	251,300	-	-
Bank balances	17	11,124,939	1,941,819	839,674	62,784
Assets classified as held for sale	18	7,839,706	-	6,899,689	-
		68,448,329	64,848,917	57,757,326	3,205,960
Current liabilities					
Trade payables	19	529,321	10,127,634	-	-
Other payables and accruals	20	2,645,192	2,749,857	1,444,450	479,218
Short term borrowings	21	-	1,557,609	-	-
Tax payable		-	1,028,174	-	-
Liabilities classified as held for sale	18	1,006,793	-	-	-
		4,181,306	15,463,274	1,444,450	479,218
Net current assets		64,267,023	49,385,643	56,312,876	2,726,742
Non current liabilities					
Term loans	22	-	874,080	-	-
Deferred tax liabilities	23	1,259,926	1,690,789	-	-
		(1,259,926)	(2,564,869)	-	-
		73,987,897	65,690,198	85,770,513	41,020,551
Represented by:					
Share capital	24	40,000,000	40,000,000	40,000,000	40,000,000
Reserves	25	33,987,897	25,690,198	45,770,513	1,020,551
Shareholders' fund		73,987,897	65,690,198	85,770,513	41,020,551

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

Group	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Merger reserve RM	Fair value adjustment reserve RM	Treasury shares RM	Retained profits RM	Total RM
At 1 July 2012	40,000,000	1,684,192	41,709	(16,832,846)	-	(4,223,922)	39,870,183	60,539,316
Transactions with owners: Dividends (Note 26)	-	-	-	-	-	-	(2,163,000)	(2,163,000)
	40,000,000	1,684,192	41,709	(16,832,846)	-	(4,223,922)	37,707,183	58,376,316
Foreign currency translation	-	-	7,588	-	-	-	-	7,588
Changes on available-for-sale financial assets	-	-	-	-	192,691	-	-	192,691
- gain on changes in fair value	-	-	-	-	(131,446)	-	-	(131,446)
- reclassification to profit or loss arising from disposal	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	7,588	-	61,245	-	-	68,833
Net profit for the year	-	-	-	-	-	-	7,245,049	7,245,049
Total comprehensive income for the year	-	-	7,588	-	61,245	-	7,245,049	7,313,882
At 30 June 2013	40,000,000	1,684,192	49,297	(16,832,846)	61,245	(4,223,922)	44,952,232	65,690,198

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 30 JUNE 2014

Group	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Merger reserve RM	Fair value adjustment reserve RM	Treasury shares RM	Retained profits RM	Total RM
At 1 July 2013	40,000,000	1,684,192	49,297	(16,832,846)	61,245	(4,223,922)	44,952,232	65,690,198
Transactions with owners:								
Dividends (Note 26)	-	-	-	-	-	-	(2,163,000)	(2,163,000)
	40,000,000	1,684,192	49,297	(16,832,846)	61,245	(4,223,922)	42,789,232	63,527,198
Foreign currency translation	-	-	62,533	-	-	-	-	62,533
Gain on changes in fair value of available-for-sale financial assets	-	-	-	-	233,642	-	-	233,642
Other comprehensive income for the year	-	-	62,533	-	233,642	-	-	296,175
Net profit for the year	-	-	-	-	-	-	10,164,524	10,164,524
Total comprehensive income for the year	-	-	62,533	-	233,642	-	10,164,524	10,460,699
At 30 June 2014	40,000,000	1,684,192	111,830	(16,832,846)	294,887	(4,223,922)	52,953,756	73,987,897

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 30 JUNE 2014

Company	Share capital RM	Share premium RM	Fair value adjustment reserve RM	Treasury shares RM	Retained profits RM	Total RM
At 1 July 2012	40,000,000	1,684,192	-	(4,223,922)	4,741,944	42,202,214
Transactions with owners: Dividends (Note 26)	-	-	-	-	(2,163,000)	(2,163,000)
	40,000,000	1,684,192	-	(4,223,922)	2,578,944	40,039,214
Changes on available-for-sale financial assets						
- gain on changes in fair value	-	-	192,691	-	-	192,691
- reclassification to profit or loss arising from disposal	-	-	(131,446)	-	-	(131,446)
Other comprehensive income for the year	-	-	61,245	-	-	61,245
Net profit for the year	-	-	-	-	920,092	920,092
Total comprehensive income for the year	-	-	61,245	-	920,092	981,337
At 30 June 2013	40,000,000	1,684,192	61,245	(4,223,922)	3,499,036	41,020,551

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 30 JUNE 2014

	Share capital RM	Share premium RM	Fair value adjustment reserve RM	Treasury shares RM	Retained profits RM	Total RM
Company						
At 1 July 2013	40,000,000	1,684,192	61,245	(4,223,922)	3,499,036	41,020,551
Transactions with owners: Dividends (Note 26)	-	-	-	-	(2,163,000)	(2,163,000)
	40,000,000	1,684,192	61,245	(4,223,922)	1,336,036	38,857,551
Gain on changes in fair value of available-for-sale financial assets	-	-	233,642	-	-	233,642
Other comprehensive income for the year	-	-	233,642	-	-	233,642
Net profit for the year	-	-	-	-	46,679,320	46,679,320
Total comprehensive income for the year	-	-	233,642	-	46,679,320	46,912,962
At 30 June 2014	40,000,000	1,684,192	294,887	(4,223,922)	48,015,356	85,770,513

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from/(used in) operating activities				
Profit before tax	8,578,995	9,549,847	46,746,009	999,092
Adjustments for:				
Allowance for doubtful debts	1,600,540	719,133	-	-
Depreciation				
- plant and equipment	1,492,813	1,604,473	7,125	26,580
- investment properties	99,700	96,327	-	-
Impairment loss on investment in a subsidiary	-	-	2,200,000	2,500,000
Interest expense	43,217	54,289	-	-
Inventories written off	73,442	25,840	-	-
Provision for expected goods returns	50,000	80,000	-	-
Loss on foreign exchange - unrealised	124,250	115,066	-	-
Allowance for doubtful debts no longer required	-	(20,582)	-	-
Dividend income from				
- a subsidiary	-	-	(48,950,000)	(3,160,000)
- financial assets at fair value through profit or loss	-	(840)	-	-
Fair value gain on financial assets at fair value through profit or loss	(56,134)	(186,204)	(37,000)	-
Gain on disposal of				
- plant and equipment	(380,000)	(34,999)	-	-
- available-for-sale financial assets	-	(131,446)	-	(131,446)
Income distributed from financial assets at fair value through profit or loss	(364,828)	(363,747)	-	-
Interest income	(34,959)	(17,882)	-	-
Operating profit/(loss) before working capital changes	11,227,036	11,489,275	(33,866)	234,226
Decrease/(Increase) in inventories	4,309,143	(6,530,539)	-	-
Decrease/(Increase) in trade and other receivables	3,848,878	(15,166,263)	(119,080)	-
(Decrease)/Increase in trade and other payables	(10,233,997)	9,895,515	(14,172)	3,564
Cash generated from/(used in) operating activities	9,151,060	(312,012)	(167,118)	237,790
Income tax refunded	1,905,071	-	5,511	-
Income tax paid	(2,052,459)	(1,701,588)	(82,500)	(21,200)
Net cash from/(used in) operating activities	9,003,672	(2,013,600)	(244,107)	216,590

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS (continued)
FOR THE YEAR ENDED 30 JUNE 2014**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from/(used in) investing activities				
Purchase of plant and equipment	(608,102)	(263,599)	-	-
Income received from financial assets at fair value through profit or loss	364,828	363,747	-	-
Investment in financial assets at fair value through profit or loss	(364,828)	(1,663,746)	-	-
Proceeds from disposal available-for-sale financial assets	-	1,484,175	-	1,484,175
Proceeds from disposal of plant and equipment	380,000	35,000	-	-
Proceeds from disposal of financial assets at fair value through profit or loss	5,307,936	1,500,000	-	-
Deposits received from disposal of non current assets held for sales	988,565	-	988,565	-
Advances to subsidiaries	-	-	(255,407)	(434,079)
Dividends received	-	840	2,460,000	700,000
Deposit paid for purchase of plant and equipment	(1,400,000)	-	-	-
Interest received	34,959	17,882	-	-
Net cash from investing activities	4,703,358	1,474,299	3,193,158	1,750,096
Cash flows from/(used in) financing activities				
Proceeds from				
- foreign currency trade loan	1,189,093	1,990,153	-	-
- banker acceptances	127,499	505,409	-	-
Repayments of				
- foreign currency trade loan	(2,064,996)	(1,114,250)	-	-
- term loans	(145,102)	(144,442)	-	-
- banker acceptances	(632,908)	-	-	-
Repayments to subsidiaries	-	-	(9,161)	(36,708)
Interest paid	(43,217)	(54,289)	-	-
Dividends paid	(2,163,000)	(2,163,000)	(2,163,000)	(2,163,000)
Net cash used in financing activities	(3,732,631)	(980,419)	(2,172,161)	(2,199,708)
Net increase/(decrease) in cash and cash equivalents	9,974,399	(1,519,720)	776,890	(233,022)
Cash and cash equivalents at beginning of year	2,162,457	3,677,177	62,784	295,806
Effect of exchange rate changes on the balance of cash and cash equivalents of foreign subsidiary	33,482	5,000	-	-
Cash and cash equivalents at end of year	12,170,338	2,162,457	839,674	62,784

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

15

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS (continued)
FOR THE YEAR ENDED 30 JUNE 2014**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and cash equivalents represented by				
Bank balances	11,124,939	1,941,819	839,674	62,784
Fixed deposit with a licensed bank	-	251,300	-	-
Bank overdraft	-	(30,662)	-	-
	<u>11,124,939</u>	<u>2,162,457</u>	<u>839,674</u>	<u>62,784</u>
Add: Bank balances and fixed deposit with a licensed bank classified as held for sale (Note 18)	1,045,399	-	-	-
	<u>12,170,338</u>	<u>2,162,457</u>	<u>839,674</u>	<u>62,784</u>

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

16

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

1. General information

The principal activities of the Company are that of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 10.

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

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

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

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

The financial statements of the Group and the Company were approved and authorised for issue by the board of directors on 16 October 2014.

2. Principal accounting policies

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act 1965 and the Malaysian Financial Reporting Standards ("MFRS"), the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia.

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

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

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

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

i. MFRS 10 Consolidated Financial Statements

MFRS 10 supersedes MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation – Special Purpose Entities. MFRS 10 introduces a new single control model to determine which investees should be consolidated. MFRS 10 includes a new definition of control that contains three elements: (a) power by investor over an investee, (b) exposure, or rights to variable returns from investor's involvement with the investee, and (c) investor's ability to affect those returns through its power over the investee.

The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**BHS INDUSTRIES BERHAD**

(Incorporated in Malaysia)

2.2.1 Basis of accounting (continued)

ii. MFRS 13 Fair Value Measurement

MFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 Financial Instruments: Disclosure, but apply to all assets and liabilities measured at fair value, not just financial ones.

The adoption of MFRS 13 has no significant impact to the financial statements of the Group.

The Group has not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations do not result in significant changes in accounting policies of the Group upon their initial application other than the following:

i. MFRS 9 Financial Instruments (effective date to be announced)

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods with changes in fair value being recognised in profit or loss.

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

2.2.2 Significant accounting policies**Basis of consolidation**

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

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

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**BHS INDUSTRIES BERHAD**

(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)**Basis of consolidation (continued)**

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

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

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

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.

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

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

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)**Revenue and income recognition**

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

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

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

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

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

Foreign currencies**(i) Functional and presentation currency**

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

(ii) Foreign currency transactions

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

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

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

	2014	2013
	RM	RM
Singapore Dollar	2.57	2.51
United States Dollar	3.21	3.16
Chinese Renminbi	0.51	0.50

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**BHS INDUSTRIES BERHAD**

(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)**Foreign currencies (continued)**

(iii) Foreign operations

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

Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

Income tax

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

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

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

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)**Impairment of assets**

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

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Plant and equipment and depreciation

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

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

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

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

Factory equipment, plant and machinery	5% - 20%
Renovation	10%
Office equipment, furniture and fittings	10%
Computers	25%
Motor vehicles	20%

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**BHS INDUSTRIES BERHAD**
(Incorporated in Malaysia)**2.2.2 Significant accounting policies (continued)****Investment properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are stated at cost, including transaction costs less accumulated depreciation and impairment losses, if any.

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

Freehold land is not depreciated. Depreciation on commercial properties is calculated to write off the cost of the assets on a straight line basis over their initial unexpired leasehold period of 28 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the reporting period in which they arise.

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company is exposed or has rights to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Inventories

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

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

Disposal group comprising investment properties and investment held, that are expected to be recovered primarily through sale rather than through use and a sale is considered highly probable, are classified as assets held for sale.

Immediately before classification as held for sale, the disposal group are measured in accordance with the Group's accounting policies. Thereafter generally the disposal group is measured at the lower of its carrying amount and fair value less cost to sale.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**BHS INDUSTRIES BERHAD**

(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)**Provisions**

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

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

Leases**(i) As lessee**

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

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

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

(ii) As lessor

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

Segment information

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**BHS INDUSTRIES BERHAD**

(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)**Financial instruments**

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

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

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

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

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

(i) Loans and receivables

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

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

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

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

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

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

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

2.2.2 **Significant accounting policies** (continued)

Financial instruments (continued)

(iii) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(iv) Payables

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

(v) Interest bearing borrowings

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

(vi) Equity instruments

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

(vii) Treasury shares

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)****BHS INDUSTRIES BERHAD**

(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)**Financial instruments (continued)**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

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

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

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

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

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

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**BHS INDUSTRIES BERHAD**

(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)**Financial instruments (continued)**

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If available-for-sale financial assets are impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft.

3. Critical accounting estimates and judgements

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

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

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

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

3. **Critical accounting estimates and judgements** (continued)

(i) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the trade and other receivables and default or significant delay in payments.

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

(ii) Provision for expected goods return

The Group has applied judgement in determining the provision for expected goods return for goods sold under return terms. The provision, in anticipation of the risk of potential occurrence of certain events based on past experiences, is calculated based on management's best estimate of the goods return expected to be incurred over the historical claim ratio and sales over a specified period of time.

The provision is reviewed at each reporting date and is retained based on the risks and obligations specific to that particular sale. Where the Group's assessment reveals that there are no further risks associated with a sale, the provision would be fully reversed.

4. **Revenue**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Management fees	-	-	1,209,706	1,220,013
Printing services	64,868,929	62,967,244	-	-
Sales of books	431,272	1,855,384	-	-
Rental income	267,267	259,246	30,158	30,158
Dividend income - subsidiaries	-	-	48,950,000	3,160,000
	<u>65,567,468</u>	<u>65,081,874</u>	<u>50,189,864</u>	<u>4,410,171</u>

5. **Profit before tax**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax is arrived at after charging:				
Allowance for doubtful debts	1,600,540	719,133	-	-
Auditors' remuneration - statutory audit				
- current year	74,548	79,708	27,000	25,000
- over provision in prior years	(2,000)	-	-	-

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**
BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

5. **Profit before tax** (continued)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Depreciation				
- plant and equipment	1,492,813	1,604,473	7,125	26,580
- investment properties	99,700	96,327	-	-
Impairment loss on investment in a subsidiary	-	-	2,200,000	2,500,000
Inventories written off	73,442	25,840	-	-
Interest expense				
- banker acceptances	2,541	6,131	-	-
- bank overdrafts	35	88	-	-
- bank guarantees	-	6,595	-	-
- bill payables	-	14,360	-	-
- foreign currency trade loan	10,763	6,812	-	-
- term loans	29,878	19,784	-	-
- others	-	519	-	-
Loss on foreign exchange				
- unrealised	124,250	115,066	-	-
Provision for expected goods returns	50,000	80,000	-	-
Rental of				
- equipment	6,635	6,000	-	-
- premises	681,240	676,640	-	-
Staff costs				
- directors of the Company				
- remuneration other than fees	721,280	732,480	558,880	570,080
- fees	86,880	87,880	86,880	87,880
- other staff costs	2,896,890	2,847,500	-	-
	3,705,050	3,667,860	645,760	657,960
And crediting:				
Allowance for doubtful debts no longer required	-	20,582	-	-
Dividend income from				
- subsidiaries (unquoted)	-	-	48,950,000	3,160,000
- financial assets at fair value through profit or loss (quoted)	-	840	-	-
Fair value gain on financial assets at fair value through profit or loss	56,134	186,204	37,000	-
Gain on disposal of				
- plant and equipment	380,000	34,999	-	-
- available-for-sale financial assets	-	131,446	-	131,446
Gain on foreign exchange - realised	116,126	8,834	-	436
Income distributed from financial assets at fair value through profit or loss	364,828	363,747	-	-
Interest income from bank account	34,959	17,882	-	-
Rental income from investment properties	461,430	259,246	30,158	30,158

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

5. **Profit before tax** (continued)

Staff costs comprise:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Defined contribution plan	216,603	224,109	62,760	63,960
Salaries, bonus, allowances and overtime	3,457,871	3,408,149	583,000	594,000
Other employee related expenses	30,576	35,602	-	-
	<u>3,705,050</u>	<u>3,667,860</u>	<u>645,760</u>	<u>657,960</u>

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company				
Executive directors:				
- remuneration other than fees	721,280	732,480	558,880	570,080
Non executive directors:				
- fees	86,880	87,880	86,880	87,880
Total directors' remuneration	808,160	820,360	645,760	657,960
Estimated money value of benefits in kind				
- Executive directors	42,665	46,665	9,900	9,900
Total directors' remuneration including benefits in kind	<u>850,825</u>	<u>867,025</u>	<u>655,660</u>	<u>667,860</u>

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

	Group	
	2014	2013
Executive directors:		
Below RM50,000	1	-
RM150,001 – RM200,000	-	2
RM200,001 – RM250,000	1	-
RM300,001 – RM350,000	1	1
Non executive directors:		
Below RM50,000	4	3
RM100,001 – RM150,000	1	-

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

6. **Income tax expense**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Estimated Malaysia income tax payable				
- current year	(1,688,000)	(2,816,000)	(66,000)	(79,000)
- over/(under) provision in prior years	2,868,415	(40,169)	(689)	-
	1,180,415	(2,856,169)	(66,689)	(79,000)
Foreign income tax				
- current year	(25,749)	(27,367)	-	-
Deferred tax (Note 23)				
- current year	348,263	610,138	-	-
- over/(under) provision in prior years	82,600	(31,400)	-	-
	430,863	578,738	-	-
	1,585,529	(2,304,798)	(66,689)	(79,000)

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax	8,578,995	9,549,847	46,746,009	990,092
Taxation at statutory tax rate of 25% (2013: 25%)	(2,144,700)	(2,387,000)	(11,686,500)	(248,000)
Different tax rates in foreign jurisdiction	4,240	5,083	-	-
Expenses not deductible for tax purposes	(129,770)	(93,582)	(626,300)	(654,000)
Income not subject to tax	105,500	170,370	12,246,800	823,000
Tax effect of double deduction	-	300	-	-
Tax incentive on increase in export	890,744	-	-	-
Utilisation of previously unrecognised deferred tax	-	71,600	-	-
Deferred tax assets not recognised	(91,500)	-	-	-
Over/(Under) provision in prior years				
- income tax	2,868,415	(40,169)	(689)	-
- deferred tax	82,600	(31,400)	-	-
Income tax expense for the year	1,585,529	(2,304,798)	(66,689)	(79,000)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

7. **Earnings per share**

Basic

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

	Group	
	2014	2013
	RM	RM
Net profit attributable to owners of the Company	10,164,524	7,245,049
Weighted average number of ordinary shares in issue (net of treasury shares held)	72,100,000	72,100,000
Basic earnings per ordinary share (sen)	14.10	10.05

Diluted

Diluted earnings per share is not presented in the financial statements since there are no dilutive potential ordinary shares as at 30 June 2014 and 2013.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

8. Plant and equipment

Group	Factory equipment, plant and machinery RM	Renovation RM	Office equipment, furniture and fittings RM	Computers RM	Motor vehicles RM	Total RM
Cost/Deemed cost						
At 1 July 2012	25,339,671	100,944	718,661	906,670	1,144,284	28,210,230
Additions	147,440	-	2,755	8,404	-	158,599
Disposals	(35,000)	-	-	-	-	(35,000)
At 30 June 2013	25,452,111	100,944	721,416	915,074	1,144,284	28,333,829
Additions	111,500	-	25,400	36,202	-	173,102
Disposals	(780,000)	-	-	-	-	(780,000)
At 30 June 2014	24,783,611	100,944	746,816	951,276	1,144,284	27,726,931
Accumulated depreciation						
At 1 July 2012	13,855,410	98,018	685,756	784,872	786,090	16,210,146
Charge for the year	1,417,245	1,463	11,080	37,025	137,660	1,604,473
Disposals	(34,999)	-	-	-	-	(34,999)
At 30 June 2013	15,237,656	99,481	696,836	821,897	923,750	17,779,620
Charge for the year	1,369,346	1,460	7,485	41,326	73,196	1,492,813
Disposals	(780,000)	-	-	-	-	(780,000)
At 30 June 2014	15,827,002	100,941	704,321	863,223	996,946	18,492,433
Net book value						
At 30 June 2014	8,956,609	3	42,495	88,053	147,338	9,234,498
At 30 June 2013	10,214,455	1,463	24,580	93,177	220,534	10,554,209

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

8. **Plant and equipment** (continued)

Company	Computer RM	Motor vehicle RM	Total RM
Cost			
At 1 July 2012 and 30 June 2013 and 2014	3,199	129,704	132,903
Accumulated depreciation			
At 1 July 2012	1,120	97,278	98,398
Charge for the year	640	25,940	26,580
At 30 June 2013	1,760	123,218	124,978
Charge for the year	640	6,485	7,125
At 30 June 2014	2,400	129,703	132,103
Net book value			
At 30 June 2014	799	1	800
At 30 June 2013	1,439	6,486	7,925

At the reporting date, cash payments made to purchase plant and equipment are as follows:

	Group	
	2014 RM	2013 RM
Total additions	173,102	158,599
Additions through other payables	-	(135,000)
Payments made for previous year acquisition	173,102	23,599
Cash payments	435,000	240,000
	608,102	263,599

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

9. **Investment properties**

Group	Freehold land RM	Commercial properties RM	Total RM
Cost			
At 1 July 2012	4,447,589	2,682,630	7,130,219
Exchange differences	-	9,318	9,318
At 30 June 2013	4,447,589	2,691,948	7,139,537
Exchange differences	-	61,062	61,062
Transfer to non current assets held for sale (Note 18)	(4,447,589)	(2,753,010)	(7,200,599)
At 30 June 2014	-	-	-
Accumulated depreciation			
At 1 July 2012	-	201,982	201,982
Charge for the year	-	96,327	96,327
Exchange differences	-	1,673	1,673
At 30 June 2013	-	299,982	299,982
Charge for the year	-	99,700	99,700
Exchange differences	-	6,610	6,610
Transfer to non current assets held for sale (Note 18)	-	(406,292)	(406,292)
At 30 June 2014	-	-	-
Net book value			
At 30 June 2014	-	-	-
At 30 June 2013	4,447,589	2,391,966	6,839,555

Company

	Freehold land RM
Cost	
At 1 July 2012 and 30 June 2013	4,447,589
Transfer to non current assets held for sale (Note 18)	(4,447,589)
At 30 June 2014	-

The fair value of the investment properties of the Group and the Company, which is determined based on indicative market value is RM Nil (2013: RM8,440,000) and RM Nil (2013: RM5,954,000) respectively.

There are no restrictions on the realisability of the investment properties and the Group has no contractual obligations to either purchase, construct or develop the investment properties or for their repair, maintenance and enhancements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)
BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

9. Investment properties (continued)

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Rental income	237,109	229,088	-	-
Direct expenses:				
- income generating investment properties	62,170	43,760	-	-
- non income generating investment properties	124	157	124	157

At the reporting date, the investment properties of the Group with carrying amount of RM Nil (2013: RM2,391,966) have been pledged as collaterals to secure the term loans referred to in Note 22.

10. Investment in subsidiaries

	Company	
	2014 RM	2013 RM
Unquoted shares at cost		
At beginning of year	40,959,659	40,959,659
Transfer to non current assets held for sale (Note 18)	(2,452,100)	-
At end of year	38,507,559	40,959,659
Accumulated impairment losses		
At beginning of year	8,584,335	6,084,335
Addition during the year	2,200,000	2,500,000
At end of year	10,784,335	8,584,335
Carrying amount	27,723,224	32,375,324

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective interest		Principal activities
		2014 %	2013 %	
Subsidiaries of the Company				
BHS Book Printing Sdn Bhd	Malaysia	100	100	Printing of books and magazines
Pustaka Sistem Pelajaran Sdn Bhd	Malaysia	100	100	Book publisher
Star CTP Imaging Sdn Bhd	Malaysia	100	100	Dormant
BHS Resources Pte Ltd *	Singapore	100	100	Property investment

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

10. **Investment in subsidiaries** (continued)

	Country of incorporation	Group's effective interest		Principal activities
		2014 %	2013 %	
Subsidiaries of Pustaka Sistem Pelajaran Sdn Bhd				
Pustaka Yakin Pelajar Sdn Bhd	Malaysia	100	100	Dormant
System Multimedia and Internet Sdn Bhd	Malaysia	100	100	Dormant
System Publishing House Sdn Bhd	Malaysia	100	100	Dormant

* The financial statements of the subsidiary indicated by * are not audited by Russell Bedford LC & Company.

11. **Other investments**

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At initial measurement				
Equity shares quoted in Malaysia designated as at fair value through profit or loss				
At beginning/end of year	61,689	61,689	49,000	49,000
Quoted funds in Malaysia designated as available-for-sale financial assets				
At beginning of year	1,750,000	3,500,000	1,750,000	3,500,000
Disposals during the year	-	(1,750,000)	-	(1,750,000)
At end of year	1,750,000	1,750,000	1,750,000	1,750,000
	<u>1,811,689</u>	<u>1,811,689</u>	<u>1,799,000</u>	<u>1,799,000</u>
Accumulated impairment losses				
At beginning of year	(397,274)	(794,545)	(397,274)	(794,545)
Disposals during the year	-	397,271	-	397,271
At end of year	<u>(397,274)</u>	<u>(397,274)</u>	<u>(397,274)</u>	<u>(397,274)</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

11. **Other investments** (continued)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fair value adjustments				
At beginning of year	61,245	-	61,245	-
Changes for the year				
- recognised in				
- profit or loss	37,000	-	37,000	-
- other comprehensive income	233,642	192,691	233,642	192,691
- reclassified to profit or loss arising from disposals	-	(131,446)	-	(131,446)
	270,642	61,245	270,642	61,245
At end of year	331,887	61,245	331,887	61,245
Carrying amount				
Equity shares quoted in Malaysia designated as at fair value through profit or loss	98,689	61,689	86,000	49,000
Quoted funds in Malaysia designated as available-for-sale financial assets	1,647,613	1,413,971	1,647,613	1,413,971
	1,746,302	1,475,660	1,733,613	1,462,971

Quoted fund investments relate to portfolio of equity fund investments placed with licensed fund management companies. These funds aim to achieve capital growth over medium to long term period by investing in the domestic and regional markets. The fair value of the investments is determined by reference to price quotation in active market.

12. **Inventories**

	Group	
	2014 RM	2013 RM
Raw materials		
- on hand	11,206,980	17,038,604
- in transit	-	1,469,402
	11,206,980	18,508,006
Work in progress	560,490	802,585
Trading merchandise	2,667	108,175
Finished goods		
- on hand	202,830	-
- in transit	3,063,214	-
	3,266,044	-
	15,036,181	19,418,766

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

13. **Trade receivables**

	Group	
	2014	2013
	RM	RM
Trade receivables	21,458,073	25,517,831
Less: Allowance for doubtful debts	(3,041,308)	(1,440,768)
	<u>18,416,765</u>	<u>24,077,063</u>

The Group's normal trade credit terms range from 30 to 120 days (2013: 30 to 120 days).

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

	Group	
	2014	2013
	RM	RM
Not impaired or past due	7,525,931	22,239,442
1 - 30 days past due not impaired	5,451,294	634,414
31 - 60 days past due not impaired	1,912,636	249,249
61 - 90 days past due not impaired	1,341,420	144,958
91 to 120 days past due not impaired	-	107,549
More than 120 days past due not impaired	2,185,484	701,451
	<u>18,416,765</u>	<u>24,077,063</u>
Impaired	3,041,308	1,440,768
	<u>21,458,073</u>	<u>25,517,831</u>

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

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

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

	Group	
	2014	2013
	RM	RM
At beginning of year	1,440,768	742,217
Allowance for the year	1,600,540	719,133
Allowance no longer required	-	(20,582)
At end of year	<u>3,041,308</u>	<u>1,440,768</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

14. Other receivables, deposits and prepayments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amount due from subsidiaries	-	-	701,806	446,399
Deposits	18,377	10,710	500	500
Dividend receivable from subsidiaries	-	-	48,950,000	2,460,000
Other receivables	119,080	40,117	119,080	-
Deposit paid for purchase of plant and equipment	1,400,000	-	-	-
	<u>1,537,457</u>	<u>50,827</u>	<u>49,771,386</u>	<u>2,906,899</u>

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

15. Short term investments

	Group	
	2014 RM	2013 RM
Designated as at fair value through profit or loss		
Quoted funds in Malaysia at fair value upon initial recognition		
At beginning of year	18,356,775	18,181,416
Additions during the year	364,828	1,663,746
Disposals during the year	(5,000,000)	(1,488,387)
At end of year	<u>13,721,603</u>	<u>18,356,775</u>
Fair value adjustments:		
At beginning of year	349,757	175,166
Changes for the year	19,134	186,204
Disposals during the year	(307,936)	(11,613)
At end of year	<u>60,955</u>	<u>349,757</u>
Carrying amount	<u>13,782,558</u>	<u>18,706,532</u>

Short term investments relate to portfolio of money market fund investments placed with licensed banks/fund management companies. These funds aim to provide a regular stream of monthly income through direct investment portfolio investing in short term money market instruments and other fixed income instruments. The fair value of the investments is determined by reference to price quotation in active market.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

16. Fixed deposit with a licensed bank

	Group	
	2014	2013
	%	%
Weighted average effective annual interest rate	-	2.0
	2014	2013
	Days	Days
Weighted average maturity	-	365

17. Bank balances

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash at banks				
- interest bearing	5,300,618	578,968	-	-
- non interest bearing	5,824,321	1,362,851	839,674	62,784
	<u>11,124,939</u>	<u>1,941,819</u>	<u>839,674</u>	<u>62,784</u>

The average effective annual interest rate for interest bearing bank balance is as follows:

	Group	
	2014	2013
	%	%
Current account at bank	0.86	0.29

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

On 2 April 2014, the Company had entered into:

- (i) a conditional master Sales and Purchase Agreement with Harta Sistem Sdn Bhd for the proposed disposal of seven (7) parcels of land comprising six (6) parcels of freehold agricultural land held under Lot 1081 GM 1489, Lot 1082 GM 1488, Lot 1083 GM 1499, Lot 1085 GM1504, Lot 462 GM 436 and Lot 463 GM 1479 and one (1) parcel of freehold vacant land held under Lot 99 GRN 379407, all located in mukim and district of Kota Tinggi and state of Johor to Harta Sistem Sdn Bhd for a total cash consideration of RM5,954,000; and
- (ii) a conditional Share Sale Agreement with Mr Heng Boon Seng and Ms Liew Sai Ying for proposed disposal of the entire equity interests in BHS Resources Pte Ltd, a wholly-owned subsidiary of BHS Industries Berhad to Mr Heng Boon Seng and Ms Liew Sai Ying for a total cash consideration of SGD1,516,079 (equivalent to RM3,931,648).

The disposals were completed in July 2014.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

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

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<u>Assets classified as held for sale</u>				
Investment in a subsidiary	-	-	2,452,100	-
Investment properties	6,794,307	-	4,447,589	-
Fixed deposit with a licensed bank	257,000	-	-	-
Bank balances	788,399	-	-	-
	<u>7,839,706</u>	<u>-</u>	<u>6,899,689</u>	<u>-</u>
	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<u>Liabilities classified as held for sale</u>				
Other payables and accruals	109,051	-	-	-
Term loan	897,742	-	-	-
	<u>1,006,793</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. Trade payables

The normal trade credit terms granted to the Group range from 30 to 120 days (2013: 30 to 120 days).

20. Other payables and accruals

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amount due to subsidiaries	-	-	390,000	399,161
Purchase consideration of plant and equipment	-	435,000	-	-
Advance payments received for:				
- proposed disposal of investment properties	595,400	-	595,400	-
- proposed disposal of a subsidiary	393,165	-	393,165	-
Provision for expected goods returns	50,000	80,000	-	-
Overpayments from customers	258,473	229,881	-	-
Bonus payable to directors	53,550	145,000	-	-
Accruals				
- sales commission	283,189	597,963	-	-
- others	600,958	278,674	65,885	80,057
Sales commission payable	208,772	756,598	-	-
Other payables	201,685	226,741	-	-
	<u>2,645,192</u>	<u>2,749,857</u>	<u>1,444,450</u>	<u>479,218</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

20. Other payables and accruals (continued)

The amount due to subsidiaries represents unsecured interest free advances repayable on demand.

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

	Group	
	2014	2013
	RM	RM
At beginning of year	80,000	100,000
Provision made during the year	50,000	80,000
Utilised during the year	(80,000)	(100,000)
At end of year	50,000	80,000

21. Short term borrowings

	Group	
	2014	2013
	RM	RM
Unsecured:		
Bank overdraft	-	30,662
Foreign currency trade loan	-	875,903
Secured:		
Banker acceptances	-	505,409
Term loans - current portion (Note 22)	-	145,635
	-	1,557,609

The average effective interest rates are as follows:

	Group	
	2014	2013
	%	%
Foreign currency trade loan - unsecured	2.57	2.29
Bank overdraft - unsecured	10.35	10.10
Banker acceptances - secured	3.56	3.60
Term loans - secured	2.68	2.18

The secured borrowings of the Group are secured by way of:

- (i) First party legal charge over the investment properties of a subsidiary; and
- (ii) Third party legal charge over land and buildings of a company in which certain directors of the Company have interest.

Certain of the bank borrowings of the subsidiaries are also guaranteed by the Company and by certain directors of the Company.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

22. Term loans

	Group	
	2014	2013
	RM	RM
Amount outstanding	-	1,019,715
Less: Portion due within one year (Note 21)	-	(145,635)
Non current portion	-	874,080

The non current portion of term loans is payable as follows:

Later than 1 year and not later than 2 years	-	300,960
Later than 2 years and not later than 5 years	-	314,360
Later than 5 years	-	258,760
	-	874,080

The security for secured term loans is disclosed in Note 21.

23. Deferred tax liabilities

	Group	
	2014	2013
	RM	RM
At beginning of year	(1,690,789)	(2,269,527)
Recognised in profit or loss (Note 6)		
- current year	348,263	610,138
- over/(under) provision in prior years	82,600	(31,400)
At end of year	(1,259,926)	(1,690,789)

	Group	
	2014	2013
	RM	RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	811,200	601,600
Deferred tax liabilities	(2,071,126)	(2,292,389)
	(1,259,926)	(1,690,789)

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

	Group	
	2014	2013
	RM	RM
Tax effects of:		
Excess of tax capital allowances over related depreciation of plant and equipment	(2,071,126)	(2,292,389)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

23. **Deferred tax liabilities** (continued)

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

	Gross		Group	
	2014 RM	2013 RM	Tax effects 2014 RM	2013 RM
Unabsorbed capital allowances	66,470	39,600	16,600	9,900
Unutilised business losses	3,100,090	2,790,800	775,000	697,700
Unrealised loss on foreign exchange	128,000	-	32,000	-
Allowance for doubtful debts	3,040,000	1,440,400	760,000	360,100
Provision	50,000	80,000	12,500	20,000
Sales commission payable	484,000	1,312,000	121,000	328,000
	<u>6,868,560</u>	<u>5,662,800</u>	<u>1,717,100</u>	<u>1,415,700</u>
Less: Amount recognised	<u>(3,244,800)</u>	<u>(2,406,400)</u>	<u>(811,200)</u>	<u>(601,600)</u>
Amount not recognised	<u>3,623,760</u>	<u>3,256,400</u>	<u>905,900</u>	<u>814,100</u>

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

24. **Share capital**

	Group and Company	
	2014 RM	2013 RM
Authorised:		
200,000,000 ordinary shares of RM0.50 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
80,000,000 ordinary shares of RM0.50 each	<u>40,000,000</u>	<u>40,000,000</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)
BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

25. Reserves

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Distributable :				
Retained profits	52,953,756	44,952,232	48,015,356	3,499,036
Non distributable:				
Share premium	1,684,192	1,684,192	1,684,192	1,684,192
Foreign currency translation reserve	111,830	49,297	-	-
Merger reserve	(16,832,846)	(16,832,846)	-	-
Fair value adjustment reserve	294,887	61,245	294,887	61,245
Treasury shares (Note 27)	(4,223,922)	(4,223,922)	(4,223,922)	(4,223,922)
	(18,965,859)	(19,262,034)	(2,244,843)	(2,478,485)
	<u>33,987,897</u>	<u>25,690,198</u>	<u>45,770,513</u>	<u>1,020,551</u>

The Company has tax exempt income account of approximately RM6,627,000 (2013: RM4,848,000) available for distribution as tax exempt dividend.

Share premium represents the excess of the consideration received over the nominal value of the shares issued by the Company.

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

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

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

26. Dividends

	Gross dividend per share		Amount of dividend net of tax	
	2014 Sen	2013 Sen	2014 RM	2013 RM
Final tax exempt dividend of 6% for the financial year ended				
- 30 June 2013	3.0	-	2,163,000	-
- 30 June 2012	-	3.0	-	2,163,000
	<u>3.0</u>	<u>3.0</u>	<u>2,163,000</u>	<u>2,163,000</u>

For the financial year ended 30 June 2014, the directors recommend a final tax exempt dividend of 6% amounting to RM2,163,000 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)
BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

27. Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

Of the total 80,000,000 (2013: 80,000,000) issued and fully paid ordinary shares as at 30 June 2014, 7,900,000 (2013: 7,900,000) are held as treasury shares by the Company. As at 30 June 2014, the number of outstanding ordinary shares in issue after the setoff is therefore 72,100,000 (2013: 72,100,000) ordinary shares of RM0.50 each.

28. Related party disclosures
28.1 Related party transactions

Significant transactions with related parties are as follows:

	Type of transactions	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
With subsidiaries:					
- BHS Book Printing Sdn Bhd	Management fee income	-	-	1,200,194	1,183,306
	Printing expenses	-	-	-	7,860
- Pustaka Sistem Pelajaran Sdn Bhd	Management fee income	-	-	9,512	36,707
With companies in which certain directors have interests:					
- Rakan Bersatu Sdn Bhd	Rental expenses	644,580	644,280	-	-
- System Publishing House Pte Ltd	Sales	30,365	46,996	-	-

The directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

28.2 Related party balances

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

	Type of transactions	Company	
		2014 RM	2013 RM
Financial assets			
With subsidiaries:			
- BHS Book Printing Sdn Bhd	Advances	701,456	446,399
- Pustaka Sistem Pelajaran Sdn Bhd	Advances	350	-
Financial liabilities			
With subsidiaries:			
- Pustaka Sistem Pelajaran Sdn Bhd	Advances	-	9,161
- Pustaka Yakin Pelajar Sdn Bhd	Advances	390,000	390,000

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

28.3 Compensation of key management personnel

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

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Salary and other emoluments	728,000	739,000	583,000	594,000
Defined contribution plan	80,160	81,360	62,760	63,960
Benefits in kind	42,665	46,665	9,900	9,900
	<u>850,825</u>	<u>867,025</u>	<u>655,660</u>	<u>667,860</u>

29. Commitments

29.1 Capital commitments

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

	Group	
	2014 RM	2013 RM
Authorised and contracted for	<u>600,000</u>	<u>-</u>
Analysed as follows:		
Plant and equipment	<u>600,000</u>	<u>-</u>

29.2 Operating lease commitments – as lessee

The future minimum lease payments under non-cancellable operating lease at the reporting date are as follows:

	Group	
	2014 RM	2013 RM
Not later than 1 year	<u>-</u>	<u>636,480</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

29.3 Operating lease commitments – as lessor

The Group has entered into commercial properties leases on its investment properties. These non-cancellable leases have remaining lease terms of between 2 and 3 years.

The future minimum lease rental receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2014	2013
	RM	RM
Not later than 1 year	-	135,258
Later than 1 year and not later than 2 years	-	19,216
Later than 2 years and not later than 5 years	-	-
	<u>-</u>	<u>154,474</u>
	<hr/>	
	Company	
	2014	2013
	RM	RM
Not later than 1 year	-	19,595
	<u>-</u>	<u>19,595</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

30. Segment information

30.1 Business segment

The Group comprises three main business segments, namely printing, publishing and investment property. Other operations of the Group mainly comprise binding services and educational electronic products using information and communication technology, neither of which constitutes a separately reportable segment.

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

2014	Printing RM	Publishing RM	Investment property RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	64,868,929	431,272	237,109	30,158	-	65,567,468
Inter-segment sales	150,330	-	-	50,159,456	(50,309,786)	-
	65,019,259	431,272	237,109	50,189,614	(50,309,786)	65,567,468
Results						
Segment results	8,645,668	(107,945)	81,960	3,545,111	(3,577,541)	8,587,253
Interest income						34,959
Profits from operations						8,622,212
Finance costs						(43,217)
Profit before tax						8,578,995
Income tax expense						1,585,529
Net profit for the year						10,164,524
Assets						
Segment assets	58,172,489	10,868,437	3,392,117	42,926,239	(35,930,153)	79,429,129

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

30.1 Business segment (continued)

2014	Printing RM	Publishing RM	Investment property RM	Others RM	Eliminations RM	Consolidated RM
Liabilities						
Segment liabilities	7,914,613	369,256	1,006,793	1,460,980	(5,310,410)	5,441,232
Other information						
Capital expenditure on plant and equipment	171,962	1,140	-	-	-	173,102
Depreciation	1,480,300	5,388	99,700	7,125	-	1,592,513
Non-cash items other than depreciation and amortisation						
Allowance for doubtful debts	1,540,540	60,000	-	-	-	1,600,540
Provision for expected goods returns	-	50,000	-	-	-	50,000
Inventories written off	-	73,442	-	-	-	73,442
Loss on foreign exchange - unrealised	124,250	-	-	-	-	124,250
Fair value gain on financial assets at fair value through profit or loss	(17,651)	(1,483)	-	(37,000)	-	(56,134)
	1,647,139	181,959	-	(37,000)	-	1,792,098

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

30.1 Business segment (continued)

2013	Printing RM	Publishing RM	Investment property RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	62,967,244	1,855,384	229,088	30,158	-	65,081,874
Inter-segment sales	363,044	-	-	4,380,013	(4,743,057)	-
	<u>63,330,288</u>	<u>1,855,384</u>	<u>229,088</u>	<u>4,410,171</u>	<u>(4,743,057)</u>	<u>65,081,874</u>
Results						
Segment results	8,649,469	462,601	83,329	983,315	(592,460)	9,586,254
Interest income						17,882
Profits from operations						9,604,136
Finance costs						(54,289)
Profit before tax						9,549,847
Income tax expense						(2,304,798)
Net profit for the year						<u>7,245,049</u>
Assets						
Segment assets	63,479,318	11,009,925	3,407,542	42,215,656	(36,394,100)	83,718,341
Liabilities						
Segment liabilities	19,584,669	402,799	1,119,797	486,443	(3,565,565)	18,028,143
Other information						
Capital expenditure on plant and equipment	157,459	1,140	-	-	-	158,599
Depreciation	1,561,491	16,402	96,327	26,580	-	1,700,800

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

30.1 Business segment (continued)

2013	Printing RM	Publishing RM	Investment property RM	Others RM	Eliminations RM	Consolidated RM
Non-cash items other than depreciation and amortisation						
Allowance for doubtful debts	615,995	103,138	-	-	-	719,133
Provision for expected goods returns	-	80,000	-	-	-	80,000
Inventories written off	-	25,840	-	-	-	25,840
Loss on foreign exchange - unrealised	115,066	-	-	-	-	115,066
Allowance for doubtful debts no longer required	(20,582)	-	-	-	-	(20,582)
Fair value gain on financial assets at fair value through profit or loss	(184,709)	(1,495)	-	-	-	(186,204)
	525,770	207,483	-	-	-	733,253

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

30.2 Geographical segments

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

	Revenue		Non-current assets	
	2014 RM	2013 RM	2014 RM	2013 RM
- Malaysia	21,019,541	28,913,518	10,980,800	16,477,458
- Singapore	237,109	229,088	-	2,391,966
- Nigeria	39,451,572	27,084,491	-	-
- Kenya	2,207,847	82,469	-	-
- Tanzania	2,651,399	8,117,855	-	-
- Ghana	-	654,453	-	-
	<u>65,567,468</u>	<u>65,081,874</u>	<u>10,980,800</u>	<u>18,869,424</u>

30.3 Customers segment information

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

	2014 RM	2013 RM
Customer A	16,268,983	17,325,562
Customer B	-	8,117,854
Customer C	18,524,159	-
	<u>34,793,142</u>	<u>25,443,416</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)
BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

31. Financial instruments and financial risks
31.1 Categories of financial instruments

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Financial assets				
Loans and receivables:				
- trade and other receivables excluding prepayments	18,554,222	24,127,890	821,386	446,899
- fixed deposit with a licensed bank	257,000	251,300	-	-
- bank balances	11,913,338	1,941,819	839,674	62,784
Available-for-sale financial assets:				
- other investments	1,647,613	1,413,971	1,647,613	1,413,971
Financial assets at fair value through profit or loss:				
- other investments	98,689	61,689	86,000	49,000
- short term investments	13,782,558	18,706,532	-	-
	<u>46,253,420</u>	<u>46,503,201</u>	<u>3,394,673</u>	<u>1,972,654</u>
Financial liabilities				
Amortised cost:				
- term loans	897,742	874,080	-	-
- short term borrowings	-	1,557,609	-	-
- trade and other payables	2,244,999	12,797,491	455,885	479,218
	<u>3,142,741</u>	<u>15,229,180</u>	<u>455,885</u>	<u>479,218</u>

31.2 Financial risk management objectives and policies

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

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

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

Credit risk management

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

31.2 Financial risk management objectives and policies (continued)

Credit risk management (continued)

The Group's exposure and the credit ratings of its counterparties are continuously monitored on an on going basis via the Group's management reporting procedures. This represents the Group's maximum exposure to credit risk.

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

	Group	
	2014	2013
	RM	RM
Short term investments with one (2013: one) investment funds	9,031,234	9,301,234
Amount due from Nil (2013: two) customers	-	15,160,854
	<u>9,031,234</u>	<u>24,462,088</u>

	Company	
	2014	2013
	RM	RM
Other investments with Nil (2013: three) investment funds	-	1,220,292
	<u>-</u>	<u>1,220,292</u>

Interest rate risk management

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

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

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

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

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's profit before tax would increase/decrease by RM92,000 (2013: RM81,000).

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

31.2 Financial risk management objectives and policies (continued)

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by a combination of equity and bank borrowings. In addition, the Group has available banking facilities to meet its liquidity and working capital requirements.

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

Group	Carrying amount RM	Total RM	Contractual cash flows (including interest payments)			
			On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 years RM
2014						
Non interest bearing debts	2,244,999	2,244,999	2,244,999	-	-	-
Interest bearing debts	897,742	897,742	897,742	-	-	-
	<u>3,142,741</u>	<u>3,142,741</u>	<u>3,142,741</u>	<u>-</u>	<u>-</u>	<u>-</u>
2013						
Non interest bearing debts	12,797,491	12,797,491	12,797,491	-	-	-
Interest bearing debts	2,431,689	2,428,158	1,574,839	159,390	458,056	235,873
	<u>15,229,180</u>	<u>15,225,649</u>	<u>14,372,330</u>	<u>159,390</u>	<u>458,056</u>	<u>235,873</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

31.2 **Financial risk management objectives and policies** (continued)

Liquidity risk management (continued)

Company	Contractual cash flows (including interest payments)		
	Carrying amount RM	Total RM	On demand or within 1 year RM
2014			
Non interest bearing debts	455,885	455,885	455,885
2013			
Non interest bearing debts	479,218	479,218	479,218

Foreign exchange risk management

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

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

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

Functional currency of the Group	Net Financial Assets Held in Non-functional Currencies		
	United States Dollar RM	Chinese Renminbi RM	Net RM
2014			
Ringgit Malaysia	15,074,000	-	15,074,000
Singapore Dollar	-	257,000	257,000

Functional currency of the Group	Net Financial Assets Held in Non-functional Currencies		
	United States Dollar RM	Chinese Renminbi RM	Net RM
2013			
Ringgit Malaysia	11,950,000	-	11,950,000
Singapore Dollar	-	251,300	251,300

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

31.2 Financial risk management objectives and policies (continued)

Foreign exchange risk management (continued)

There is no such exposure for the Company.

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

	Group	
	2014	2013
	RM	RM
Chinese Remenbi	25,700	25,000
United States Dollar	1,507,400	1,195,000

The opposite applies if the relevant foreign currencies weaken by 10% against the respective functional currencies of the Group.

Market price risk

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

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

The effect of a 10% strengthening/weakening in the specified unit trust prices at the end of the reporting period with all other variables held constant, the Group's and the Company's profit before tax would increase/decrease by RM1,553,000 and RM173,000 (2013: RM2,018,000 and RM146,000) respectively.

32. Fair value of assets and liabilities

32.1 Fair value hierarchy

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

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)
BHS INDUSTRIES BERHAD
(Incorporated in Malaysia)

32.2 Assets measured at fair value

2014	Group Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial assets				
Other investments				
- quoted equity shares	98,689	-	-	98,689
- quoted funds	1,647,613	-	-	1,647,613
Short term investments				
- quoted funds	13,782,558	-	-	13,782,558
	<u>15,528,860</u>	<u>-</u>	<u>-</u>	<u>15,528,860</u>
2013	Level 1	Level 2	Level 3	Total
Financial assets	RM	RM	RM	RM
Other investments				
- quoted equity shares	61,689	-	-	61,689
- quoted funds	1,413,971	-	-	1,413,971
Short term investments				
- quoted funds	18,706,532	-	-	18,706,532
	<u>20,182,192</u>	<u>-</u>	<u>-</u>	<u>20,182,192</u>

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

2014	Company Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial assets				
Other investments				
- quoted equity shares	86,000	-	-	86,000
- quoted funds	1,647,613	-	-	1,647,613
	<u>1,733,613</u>	<u>-</u>	<u>-</u>	<u>1,733,613</u>
2013	Level 1	Level 2	Level 3	Total
Financial assets	RM	RM	RM	RM
Other investments				
- quoted equity shares	49,000	-	-	49,000
- quoted funds	1,413,971	-	-	1,413,971
	<u>1,462,971</u>	<u>-</u>	<u>-</u>	<u>1,462,971</u>

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**
BHS INDUSTRIES BERHAD

(Incorporated in Malaysia)

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

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

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

The fair values of financial assets and financial liabilities are determined with standard terms and conditions.

33. Capital structure and capital risk management

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2014 and 30 June 2013.

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

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Loans and borrowings	897,742	2,431,689	-	-
Less: cash and bank balances	(12,170,338)	(2,193,119)	(839,674)	(62,784)
Net (cash)/debt	<u>(11,272,596)</u>	<u>238,570</u>	<u>(839,674)</u>	<u>(62,784)</u>
Total equity	<u>73,987,897</u>	<u>65,690,198</u>	<u>85,770,513</u>	<u>41,020,551</u>
Gearing ratio (%)	<u>N/A</u>	<u>0.4</u>	<u>N/A</u>	<u>N/A</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE
30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

BHS INDUSTRIES BERHAD

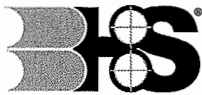
(Incorporated in Malaysia)

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

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

	Group	
	2014	2013
	RM	RM
Total retained profits of the Company and its subsidiaries		
- Realised	60,583,326	50,880,982
- Unrealised	(1,537,045)	(1,584,585)
	<u>59,046,281</u>	<u>49,296,397</u>
Less: Consolidation adjustments	(6,092,525)	(4,344,165)
Retained profits as per financial statements	<u><u>52,953,756</u></u>	<u><u>44,952,232</u></u>
	Company	
	2014	2013
	RM	RM
Total retained profits of the Company		
- Realised	48,015,356	3,499,036
- Unrealised	-	-
	<u>48,015,356</u>	<u>3,499,036</u>
Less: Consolidation adjustments	-	-
Retained profits as per financial statements	<u><u>48,015,356</u></u>	<u><u>3,499,036</u></u>

UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015



BHS Industries Berhad (Company No: 719660-W)
 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FOURTH QUARTER ENDED 30 JUNE 2015
 (The figures have not been audited)

	Fourth Quarter 3 months ended 30 June		Cumulative Quarters 12 months ended 30 June	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	8,031	9,938	31,674	65,556
Operating expenses	(10,149)	(10,060)	(36,717)	(56,995)
Other income	1,855	564	7,599	1,357
Interest	50	2	123	35
Finance costs	(86)	(8)	(116)	(83)
Profit/(Loss) before tax	(299)	436	2,563	9,870
Taxation	239	1,820	224	1,261
Net profit/(Loss) for the period	(60)	2,256	2,787	11,131
Other Comprehensive Income:				
Translation of foreign operation	-	(21)	(112)	72
Net Gain/(loss) on Available for sale financial assets	-	-	-	234
-gain on changes in fair value	26	66	368	
-reclass to profit or loss arising from disposal	(663)	-	(663)	
	(637)	45	(407)	306
Total Comprehensive Income for the period	(697)	2,301	2,380	11,437
Profit/(Loss) Attributable to :				
Owners of the Company	(60)	2,256	2,787	11,131
Total Comprehensive Income attributable to:				
Owners of the Company	(697)	2,301	2,380	11,437
Earnings per share (sen):				
Basic (Part B, Note 11)	(0.02)	3.13	1.76	15.44

Note:

The unaudited condensed consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Report.

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UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 (Cont'd)


BHS Industries Berhad (Company No: 719660-W)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

(The figures have not been audited)

	As at 30 June 2015 RM ' 000	(Audited) As at 30 June 2014 RM ' 000
ASSETS		
Non-current assets		
Leasehold land and building	16,067	-
Plant and equipment	10,698	9,235
Other investments	1,179	1,746
Master licence rights	500	-
Total non-current assets	28,444	10,981
Current assets		
Inventories	12,305	15,036
Trade receivables	13,764	18,417
Other receivables, deposits and prepayments	7,757	1,537
Tax recoverable	2,084	710
Short term Investments	24,513	13,783
Cash and bank balances	10,305	11,125
Assets classified as held for sale (Part A, Note 8)	-	7,840
	70,728	68,448
TOTAL ASSETS	99,172	79,429
EQUITY AND LIABILITIES		
Share capital (Part A, Note 6)	80,000	40,000
Share premium	-	1,684
Other reserve	(16,832)	(16,426)
Treasury shares	(4,256)	(4,224)
Retained earnings	24,568	52,954
Total Equity	83,480	73,988
Non-current liabilities		
Bank borrowing	7,370	-
Deferred tax liabilities	1,169	1,260
Total non-current liabilities	8,539	1,260
Current liabilities		
Bank borrowing	623	-
Trade payables	2,250	529
Other payables and accruals	4,015	2,645
Provision for tax	265	-
Liabilities classified as held for sale (Part A, Note 9)	-	1,007
Total current liabilities	7,153	4,181
TOTAL EQUITY AND LIABILITIES	99,172	79,429
Net asset per share (RM)	0.27	1.03

Note:

The unaudited condensed consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Report.

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UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 (Cont'd)



BHS Industries Berhad (Company No: 719660-W)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2015
(The figures have not been audited)

	Non-distributable					Distributable		
	Share Capital RM' 000	Share Premium RM' 000	Other Reserve RM' 000	Fair Value Reserve RM' 000	Translation Reserve RM' 000	Treasury Shares RM' 000	Retained Profits RM' 000	Total RM' 000
As at 1 July 2014	40,000	1,684	(16,833)	295	112	(4,224)	52,954	73,988
Total comprehensive income for the quarter				14	(112)		3,870	3,772
As at 30 September 2014	40,000	1,684	(16,833)	309	-	(4,224)	56,824	77,760
Total comprehensive income for the quarter		-	-	139	-	-	(664)	(525)
Cost of Share dividend	-	-	-	-	-	1,818	(1,818)	-
Gains on disposal of shares/cost of treasury shares	-	11,362	-	-	-	2,406	-	13,768
As at 31 December 2014	40,000	13,046	(16,833)	448	-	-	54,342	91,003
Dividend 3 sen a share	-	-	-	-	-	-	(2,400)	(2,400)
Bonus Issue	40,000	(13,046)	-	-	-	-	(26,954)	-
Total comprehensive income for the quarter	-	-	-	189	-	-	(359)	(170)
As at 31 March 2015	80,000	-	(16,833)	637	-	-	24,629	88,433
Purchase of shares						(4,256)		(4,256)
Total comprehensive income for the quarter				(637)			(60)	(697)
As at 30 June 2015	80,000	-	(16,833)	-	-	(4,256)	24,569	83,480

The unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Report.

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UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 (Cont'd)

BHS Industries Berhad (Company No: 719660-W)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2015
 (The figures have not been audited)

	Cumulative 12 months ended 30 June	
	2015 RM'000	2014 RM'000
Cash Flows From Operating Activities		
Profit before tax	2,563	9,870
Adjustments for:		
Allowance for debts	380	301
Depreciation and amortisation	1,482	1,593
Gains arising from disposal of land and subsidiary	(3,095)	-
(Gains)/Loss on foreign exchange (unrealised)	(525)	243
Gains on Fair value on quoted shares	(179)	(37)
Provision for sales return written back	-	(30)
Unrealised short term investments	(730)	(378)
Interest expense	116	83
Gains on disposal of plant & equipment	(97)	(380)
	(85)	11,265
Changes in working capital:		
Inventories	2,731	4,383
Receivables	(1,567)	1,637
Short term investments	(10,730)	4,923
Payables	3,091	(9,705)
Cash (used in)/generated from operations	(6,560)	12,503
Interest paid	(116)	(83)
Taxes paid	(725)	(120)
Net cash (used in)/ generated from operating activities	(7,401)	12,300
Cash Flows From Investing Activities		
Purchase of Property, plant & equipment	(19,615)	(173)
Purchase of Quoted shares	(1,108)	-
Purchase of Master licence rights	(500)	-
Proceeds from disposal of plant & machinery	701	380
Proceeds from disposal of lands and shares in BHS Resources Pte. Ltd.	9,885	-
Proceeds from disposal of mutual funds	2,016	-
Proceeds from disposal of quoted shares	97	-
Proceeds from disposal of treasury shares	13,768	-
Net cash generated from investing activities	5,244	207
Cash Flows From Financing Activities		
Increase in borrowings	7,993	(1,533)
Dividend paid	(2,400)	(2,163)
Repurchase of treasury shares	(4,256)	-
Net cash generated from/(used in) financing activities	1,337	(3,696)
Net (Decrease)/Increase in cash and cash equivalents	(820)	8,811
Effects of foreign exchange rate changes	-	121
Cash and cash equivalents at beginning	11,125	2,193
Cash and cash equivalents at end #	10,305	11,125

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statement.

Please refer to Part A, Note 16 for the analysis of Cash and Cash equivalents

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UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 (Cont'd)

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The Fourth Quarter Ended 30 June 2015
(The figures have not been audited)

Part A-Explanatory Notes Pursuant to FRS 134**1 Basis of Preparation**

The unaudited interim financial statements have been prepared and presented in accordance with the reporting requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") No.134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements report should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the audited consolidated financial statements.

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

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

2 Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the financial year ended 30 June 2014 were not subject to any qualification.

3 Comments about Seasonality or Cyclicity of Operations

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

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

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

5 Changes in Estimates

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

6 Debt and Equity Securities

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

In pursuance of the authority granted to the directors at the Third AGM held on 29 January 2015, the directors had during the 4th quarter to 30.6.2015, repurchased 7,351,000 of the Company's ordinary shares of RM0.25 each at the open market for a total consideration of RM4,256,378 at an average cost of RM0.579 per share. The share buyback were financed by internally generated funds and are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965.

7 Dividend Paid

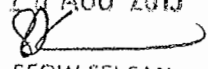
The Company did not pay any dividend in the quarter under review.

8 Non-current assets held for sale RM7,840,000

Investment properties		RM'000	6,794
Fixed deposit with a licensed bank			257
Bank balances			789
			<u>7,840</u>

In the EGM dated 18 July 2014, the shareholders voted to approve the disposal, the sale of 7 pieces of land and the shares in a subsidiary had been effected in the September 14 quarter.

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UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 (Cont'd)

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The Fourth Quarter Ended 30 June 2015
(The figures have not been audited)

9 Liabilities classified as held for sale RM1,007,000

In the EGM dated 18 July 2014, the shareholders voted to approve the disposal, the sale of shares in the subsidiary had been effected in the Sept 14 quarter.

	RM'000
Liabilities:	
Other payables and accruals	109
Term loan	898
	<u>1,007</u>

10 Segmental Information

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

Geographical Segments	3 months	12 months
	Ended 30 June 2015 RM'000	Ended 30 June 2015 RM'000
Revenue		
Export market	4,791	17,568
Local market	<u>3,240</u>	<u>14,106</u>
	<u>8,031</u>	<u>31,674</u>
Results		
Export market	(1,315)	(2,861)
Local market	<u>(889)</u>	<u>(2,298)</u>
Profit/(Loss) from operations	(2,204)	(5,159)
Add Other Income & Interest	<u>1,905</u>	<u>7,722</u>
	(299)	2,563
Less taxation	<u>239</u>	<u>224</u>
	<u>(60)</u>	<u>2,787</u>

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

11 Valuation of Property, Plant and Equipment

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

12 Material Events Subsequent to the End of the Quarter

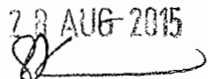
There were no material events between the end of the current quarter and the date of this report, which are likely to substantially affect the current quarter results under review.

13 Changes in the Composition of the Group

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

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UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 (Cont'd)

BHS Industries Berhad (Company no: 719660-W)
 Notes To The Interim Report
 For The Fourth Quarter Ended 30 June 2015
 (The figures have not been audited)

14 Contingent Liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 21 August 2015, the latest practicable date which is not earlier than 7 days from the date of issuance of these financial results.

15 Capital Commitments

As at 21 August 2015 (the latest practicable date which is not earlier than 7 days from the date of issuance of these financial results), the Group did not have any material commitment for contracted capital expenditure which might have a material impact on the financial position or business of the Group except the following:

Purchase of plant and machinery	RM' 000
	<u>3,773</u>

16 Cash and Cash Equivalents

	As at 31 March 2015	As at 30 June 2014
	RM'000	RM'000
Cash at bank	<u>10,305</u>	<u>11,125</u>

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UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 (Cont'd)

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The Fourth Quarter Ended 30 June 2015
(The figures have not been audited)

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

1 Analysis of performance

	4th Quarter 30.06.2015 RM'000	4th Quarter 30.06.2014 RM'000
Revenue	<u>8,031</u>	<u>9,938</u>
Profit Before Tax (PBT)	<u>(299)</u>	<u>436</u>

The revenue had dropped from RM9.9 million in the preceding June 14 quarter to RM8.03 million in the current quarter. The prevailing low crude oil price has affected the crude oil exporting countries resulting in smaller print orders received. With a lower volume of printing, the Group was not able to reap the benefit of economy of scale and therefore, it recorded a loss of RM299,000.

2 Variation of Results Against Preceding Quarter

	Current Quarter 30.06.2015 RM'000	Preceding Quarter 31.03.2015 RM'000
Revenue	<u>8,031</u>	<u>4,910</u>
Profit Before Tax (PBT)	<u>(299)</u>	<u>(483)</u>

The revenue increased by RM3.12 million from RM4.91 million in March 15 quarter to June 15 Quarter. This represents an increase of 63.6%. The loss suffered was reduced from RM0.48 million in preceding quarter to RM0.3 million in current Quarter after accounting for the provision of bad debts of about RM0.4 million.

3 Prospects

The effects of the outbreak of Ebola earlier in the financial year in African continent and followed by the low crude oil prices in the second half of the year had reduced substantially the print orders received by the Company. This was reflected in the substantial drop in the revenue in the financial year under review compared with the preceding year.

Although the print orders had increased in the current quarter, the strong USD had the negative effect of inflating prices for the import of the customers and thus would reduce the print orders.

Going forward, the Company seeks to diversify and make inroads into new markets. Despite the difficult business operating environment, the Board is of the view that the Company will be able to perform satisfactorily in the next 12 months.

4 Profit Forecast and Profit Guarantee

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

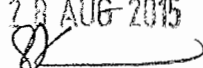
5 Taxation

	3 months Ended 30 June 2015 RM'000	12 months Ended 30 June 2015 RM'000
Provision of Income tax	<u>239</u>	<u>224</u>

There was a write back of over provision of tax in the prior year of RM133,000 and also an overprovision of deferred tax of RM91,000.00

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UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 (Cont'd)

BHS Industries Berhad (Company no: 719660-W)
 Notes To The Interim Report
 For The Fourth Quarter Ended 30 June 2015
 (The figures have not been audited)

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

	3 months Ended 30 June 2015 RM'000	12 months Ended 30 June 2015 RM'000
Allowance for doubtful debts	380	380
Depreciation and amortisation	441	1,482
Foreign exchange loss/(gains)	(326)	(2,424)
Gains arising from the disposal of land and shares in subsidiary	-	(2,916)
Unrealised gains on short term investments	(226)	(730)
Fair value gains on investment in quoted shares	173	(179)
Gains arising from the disposal of mutual funds	(663)	(663)

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

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

7 Group's Borrowings and Debt Securities

The Company did not have any borrowing or debt securities in the quarter under review except the following:

	RM '000
Bank borrowing -12 months	623
Bank borrowing -more than 12 months	7,370
	7,993

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

8 Material Litigation

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

9 Dividends

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

10 Retained profits/(accumulated losses) of the Group

	RM' 000
- Realised	27,626
-Unrealised	(1,169)
	26,457
Less Consolidated adjustment	(1,889)
Total group's retained profits	24,568

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UNAUDITED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 (Cont'd)

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The Fourth Quarter Ended 30 June 2015
(The figures have not been audited)

11 Earnings Per Share

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

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

	3 months Ended 30 June 2015 RM'000	12 months Ended 30 June 2015 RM'000
Profit/(Loss) attributable to shareholders	<u>(60)</u>	<u>2,787</u>
Weighted average number of shares in issue ('000) (Excluding treasury shares)	<u>318,511</u>	<u>158,479</u>
Basic earnings per share (sen)	<u>(0.02)</u>	<u>1.76</u>

12 Corporate Proposals

Corporate proposals for the year under review are as follows:

1. Bonus issue of up to 80,000,000 BHS shares on the basis of (1) bonus share for every one existing BHS share held on the entitlement date of 26 February 2015; and
2. Share split involving the subdivision of every one (1) existing BHS share into two (2) ordinary shares of RM0.25 each in BHS; the issuance of bonus shares is carried out concurrently with the share split so that bonus shares to be issued in the form of the subdivided shares;
3. The Company had on 15 December 2014 announced its intention to seek shareholders' approval for the Proposed share buy-back authority.

In the EGM convened on 29 January 2015, the shareholders approved the above proposals.

4. In the EGM convened on 14 August 2015, the shareholders approved the following:

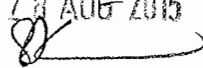
- (i) Proposed diversification of the existing core business of Group;
- (ii) Proposed renounceable rights issue of up to 106,666,666 new ordinary shares of RM0.25 each in BHS on the basis of 1 rights share for every 3 existing shares held together with up to 213,333,332 free detachable warrants;
- (iii) Proposed establishment of an Employees' share option scheme (ESOS);
- (iv) Proposed allocation of ESOS options to directors of BHS; and
- (v) Proposed increase in the authorised share capital of BHS from 400,000,000 shares to 1,000,000,000 shares

13 Authorisation for Issue

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

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DIRECTORS' REPORT

**BHS INDUSTRIES BERHAD**

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43200 Cheras Jaya, Selangor Darul Ehsan, MALAYSIA.

Tel: +603 9074 7017/8 Fax: +603 9074 5226

Email: bhs@bhsbookprint.com, sysbook@yahoo.com

Website: www.bhs.my

Registered Office:
802, 8th Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Date: 28 August 2015

To: The Entitled Shareholders of BHS Industries Berhad

On behalf of the Board of Directors of BHS Industries Berhad ("**BHS**" or the "**Company**") ("**Board**"), I wish to report that, after making due enquiries in relation to the Company and its subsidiary companies ("**Group**") during the period between 30 June 2014, being the date on which the latest audited consolidated financial statement have been made up, and the date of this letter, being a date not earlier than fourteen (14) days before the issuance of this Abridged Prospectus:

- (i) the business of our Group has, in the opinion of our Board, been satisfactorily maintained;
- (ii) in the opinion of our Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantee or indemnities given by our Group;
- (v) there have not been any default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings in our Group; and
- (vi) save as disclosed in the unaudited financial results of our Group for the financial year ended 30 June 2015 as set out in Appendix VI of this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully,
For and on behalf of the Board of Directors of
BHS INDUSTRIES BERHAD

DATO' LIM THIAM HUAT
Managing Director

ADDITIONAL INFORMATION**1. SHARE CAPITAL**

- (i) Save for the Rights Shares, Warrants and the new BHS Shares to be issued pursuant to the exercise of the Warrants, no securities will be allotted or issued on the basis of this AP later than twelve (12) months after the date of the issuance of this AP.
- (ii) As at the LPD, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.25 each, all of which rank *pari passu* with one another.
- (iii) All the Rights Shares and new BHS Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing BHS Shares, save and except that they will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid to shareholders, the entitlement date of which is prior to the allotment date of the Rights Shares and new BHS Shares to be issued pursuant to the exercise of the Warrants, respectively.
- (iv) As at the LPD, save as disclosed below, no person has been, is or would be entitled to be given an option to subscribe for any share, stocks and debentures of our Company or our subsidiary:
 - (a) the Rights Shares with Warrants to be provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue with Warrants. The Warrants are exercisable into up to 213,333,332 BHS Shares at the exercise price of RM0.60 per Warrant which will expire on the day falling immediately before the fifth (5th) anniversary of the date of issue of the Warrants and if such date is not a Market Day, then the next Market Day; and
 - (b) under the ESOS, up to ten percent (10%) of the prevailing issued and paid-up ordinary share capital of BHS (excluding treasury shares) can be issued at any point in time, during the duration of five (5) years of the ESOS (or such extended duration pursuant to the provisions of the by-laws as set out under the ESOS). The price at which the eligible Directors and employees shall be entitled to subscribe for each BHS Share shall be the higher of the five (5)-day VWAMP of BHS Shares immediately preceding the offer date, subject to a discount of not more than ten percent (10%), or the par value of BHS Shares. As at the LPD, the ESOS has not been implemented.
- (v) Save as disclosed in Section 3, Appendix II of this AP, no securities in our Company have been issued or are proposed or intended to be issued either as fully or partly paid-up in cash or otherwise than in cash within the two (2) years immediately preceding the date of this AP.

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ADDITIONAL INFORMATION (Cont'd)

2. DIRECTORS' REMUNERATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:

Article 93

- (1) The Directors shall be paid by way of fees for their services, such fixed sums (if any) as shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provide) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:
 - (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
 - (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover; and
 - (c) a Director may appoint a person approved by a majority of his co-directors to act as his alternate, provided that any fee paid by the company to the alternate director shall be deducted from that director's remuneration.
- (2) The Directors shall be entitled to be reimbursed all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meeting or otherwise howsoever incurred in the course of the performance of their duties as Directors.
- (3) Any Directors who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Article.
- (4) Any fee paid to an alternate Director shall be such as agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 94

Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where the notice of the proposed increase has been given in the notice convening the meeting.

Article 95

If any Director, being willing and having been called upon to do so, shall render or perform extra or special services of any kind, including services on any committee established by the Board of Directors, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Board of Directors may think fit for expenses, and also such remuneration as the Board of Directors may think fit, either as a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

ADDITIONAL INFORMATION (Cont'd)

Article 122

The remuneration of the Managing Director shall be subject to the terms of any agreement entered into in any particular case and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes remuneration shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

3. DECLARATIONS OF CONFLICT OF INTEREST

RHBIB has been appointed as our Principal Adviser and Underwriter for the Rights Issue with Warrants.

RHBIB and/or its related companies ("**RHB Banking Group**") form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, inter-alia, brokerage, securities trading, asset and funds management and credit transaction service businesses in its ordinary course of business with our Company and/or persons acting in concert with it. Furthermore, any member of the RHB Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions for our own account or the account of our other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is the result of the businesses of the RHB Banking Group generally acting independently of each other which may generate situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Company.

As at the LPD, save as disclosed below, RHBIB confirms that there is no equity, financial or any other relationship or circumstances with BHS and/or its directors and/or substantial shareholders, that has resulted in or may result in a situation of conflict of interest in its role as the Principal Adviser and Underwriter to our Company for the Rights Issue with Warrants:

- (i) Dato' Lim has an existing share margin facility with RHBIB; and
- (ii) RHB OSK Securities Hong Kong Ltd ("**RHB OSK Securities HK**"), a wholly-owned subsidiary of RHB Holdings Hong Kong Limited, which in turn is a wholly-owned subsidiary of RHBIB, had on 21 July 2015, extended a margin facility to Dato' Lim in relation to the Rights Issue with Warrants.

RHBIB is of the opinion that the relationship disclosed above will not give rise to a situation of conflict of interest in its advisory capacity to our Company on the Rights Issue with Warrants based on the following reasons:

- (a) the Rights Issue with Warrants is a capital raising transaction involving all shareholders of BHS, who will be given equal opportunity to subscribe for new securities in our Company on equal terms;
- (b) although Dato' Lim is a director and substantial shareholder of BHS, he is not a director or substantial shareholder of RHBIB;
- (c) the granting of the share margin/ margin financing facilities by RHBIB and RHB OSK Securities HK are in the ordinary course of business of RHB Banking Group and is subject to the respective approving parties of RHBIB and RHB OSK Securities HK;

ADDITIONAL INFORMATION (Cont'd)

- (d) the conduct of RHB Banking Group's business is regulated strictly by the Financial Services Act, 2013 and RHB Banking Group's own internal control, policies and procedures; and
- (e) save for the professional fees as the Principal Adviser for the Rights Issue with Warrants, the funding fees to be received by RHBIB and RHB OSK Securities HK in relation to the share margin/ margin facilities and the underwriting fees to RHBIB as Underwriter for the Rights Issue with Warrants, RHB Banking Group will not be receiving any other benefits from the Rights Issue with Warrants.

4. MATERIAL CONTRACTS

Save as disclosed below, neither BHS nor any of its subsidiary companies have entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this AP:

- (i) underwriting agreement dated 21 August 2015 between RHBIB and our Company for the underwriting of 30,674,075 Rights Shares for an underwriting commission of two point five percent (2.50%) of the value of the underwritten Rights Shares based on the issue price of RM0.42 each payable in accordance with the terms and conditions of the said agreement;
- (ii) Deed Poll dated 21 August 2015 executed by BHS in respect of the issuance of the Warrants;
- (iii) sale purchase agreement dated 3 June 2015 entered into between Nextgreen Pulp & Paper Sdn Bhd, a wholly-owned subsidiary of BHS, and China-Shaanxi Zhisen Pulp & Paper Engineering Co Limited for the acquisition of a complete set of production line for production of wood free paper pulp for a total cash consideration of RM17.80 million upon the terms and conditions contained in the sale and purchase agreement;
- (iv) sale and purchase agreement dated 31 December 2014 entered into between BHS Book Printing Sdn Bhd, a wholly-owned subsidiary of BHS, and Makmur Malaya Sdn Bhd for the acquisition of all that piece of leasehold property held under individual title H.S. (M) 13154, P.T. 23675, Mukim Cheras, Tempat Cheras Jaya, Daerah Hulu Langat, Negeri Selangor bearing postal address of Lot 4, Jalan 1B, Taman Cheras Jaya, 43200 Cheras, Selangor Darul Ehsan, measuring approximately 7,356 square meters for a total cash consideration of RM15.60 million and was completed on 17 April 2015;
- (v) a master sale and purchase agreement dated 2 April 2014 entered into between our Company and Harta Sistem Sdn Bhd for the disposal of seven (7) parcels of land comprising six (6) parcels of freehold agricultural land held under Lot 1081 GM 1489, Lot 1082 GM 1488, Lot 1083 GM 1499, Lot 1085 GM 1504, Lot 462 GM 436 and Lot 463 GM 1479, and one (1) parcel of freehold vacant land held under Lot 99 GRN 379407, all located in Mukim and District of Kota Tinggi and State of Johor for a total cash consideration of RM5.95 million and was completed on 17 December 2014; and
- (vi) a share sale agreement dated 2 April 2014 entered into between our Company, Heng Boon Seng and Liew Sai Ying for the disposal of the entire equity interests in BHS Resources Pte Ltd, a wholly-owned subsidiary of BHS, to Heng Boon Seng and Liew Sai Ying for a total cash consideration of SGD1.52 million (equivalent to RM3.93 million (based on the BNM's middle exchange rate of SGD1.00:RM2.5933 as at 2 April 2014) and was completed on 23 October 2014.

ADDITIONAL INFORMATION (Cont'd)**5. MATERIAL LITIGATION**

As at the LPD, neither BHS nor its subsidiaries are engaged in any material litigation, claims or arbitrations, either as plaintiff or defendant, and the Board does not have any knowledge of any proceedings pending or threatened against BHS and/or its subsidiaries or of any fact likely to give rise to any proceeding, which may materially or adversely affect the business or financial position of BHS or any of its subsidiaries.

6. GENERAL

- (i) There is no existing or proposed service contract entered or to be entered into by BHS with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this AP.
- (ii) The estimated expenses of the Rights Issue with Warrants is approximately RM1,000,000, all of which will be borne by our Company.
- (iii) Save as disclosed in this AP, our Directors, after making all reasonable enquiries, are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.
- (iv) Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:
 - (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;
 - (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on our Group's revenue or operating income;
 - (e) substantial increase in revenue; and
 - (f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

7. WRITTEN CONSENTS

The written consents of our Principal Adviser and Underwriter, company secretaries, principal banker, Bloomberg Finance L.P., Market Publishers Ltd for the BAC Reports, share registrar and due diligence solicitors for the Rights Issue with Warrants to the inclusion in this AP of their names in the form and context in which they appear have been given before issuance of this AP and have not subsequently been withdrawn.

ADDITIONAL INFORMATION (Cont'd)

The written consents of the auditors and reporting accountants to the inclusion in this AP of their names, the audited consolidated financial statements of our Group for the FYE 30 June 2014 together with the Auditors' Report thereon and the pro forma consolidated statements of financial position of our Group as at 30 June 2014 in relation to the Rights Issue with Warrants together with the notes and reporting accountant's letter thereon respectively, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection at the Registered Office of our Company at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, during normal office business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this AP:

- (i) our Memorandum and Articles of Association;
- (ii) the Deed Poll for the Warrants;
- (iii) the material contracts as referred to in Section 4 of Appendix VIII of this AP;
- (iv) the Directors' Report as set out in Appendix VII of this AP;
- (v) the pro forma consolidated statements of financial position of our Group as at 30 June 2014 in relation to the Rights Issue with Warrants together with the notes and reporting accountants' letter thereon as set out in Appendix III of this AP;
- (vi) the consent letters as referred to in Section 7 of Appendix VIII of this AP;
- (vii) the declaration of conflict of interest as referred to in Section 3 of Appendix VIII of this AP;
- (viii) our audited consolidated financial statements for the past two (2) FYE 30 June 2013 and 30 June 2014;
- (ix) our unaudited financial results for the FYE 30 June 2015;
- (x) the letters of undertaking by the Undertaking Shareholders as referred to in Section 5 of this AP; and
- (xi) the Pulp and Paper Industry in Malaysia: Business Report 2015 by the BAC Reports.

9. RESPONSIBILITY STATEMENT

This AP, together with the NPA and RSF have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

RHBIB, being the Principal Adviser and Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.