



BHS Industries Berhad (Company No: 719660-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2017
 (The figures have not been audited)

	Third Quarter 3 months ended 31 March		Cumulative Quarters 9 months ended 31 March	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	3,474	7,378	14,822	17,894
Operating expenses	(7,191)	(8,864)	(25,232)	(22,557)
Other income/(loss)	(165)	596	1,560	2,687
Interest	1	32	19	64
Finance costs	(93)	(78)	(309)	(285)
Profit/(Loss) before tax	(3,974)	(936)	(9,140)	(2,197)
Taxation	-	50	-	(20)
Net profit/(Loss) for the period	<u>(3,974)</u>	<u>(886)</u>	<u>(9,140)</u>	<u>(2,217)</u>
Other Comprehensive Income:				
Translation of foreign operation	(20)	-	182	-
	<u>(20)</u>	<u>-</u>	<u>182</u>	<u>-</u>
Total Comprehensive Income for the period	<u>(3,994)</u>	<u>(886)</u>	<u>(8,958)</u>	<u>(2,217)</u>
Profit/(Loss) Attributable to :				
Owners of the Company	<u>(3,974)</u>	<u>(886)</u>	<u>(9,140)</u>	<u>(2,217)</u>
Total Comprehensive Income attributable to:				
Owners of the Company	<u>(3,994)</u>	<u>(886)</u>	<u>(8,958)</u>	<u>(2,217)</u>
Earnings per share (sen):				
Basic (Part B, Note 11)	<u>(0.92)</u>	<u>(0.23)</u>	<u>(2.20)</u>	<u>(0.64)</u>

Note:

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



BHS Industries Berhad (Company No: 719660-W)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS At 31 March 2017
(The figures have not been audited)

	As at 31 Mar 2017 RM ' 000	(Audited) As at 30 June 2016 RM ' 000
ASSETS		
Non-current assets		
Leasehold land and building	23,954	23,108
Land held for development	19,587	10,370
Plant and equipment	18,208	18,057
Other investments	13	13
Master licence rights	500	500
Total non-current assets	62,262	52,048
Current assets		
Inventories	10,080	13,886
Trade receivables	20,950	18,617
Other receivables, deposits and prepayments	38,287	29,189
Tax recoverable	1,738	1,701
Short term Investments	-	9,480
Fixed deposit with licensed bank	-	800
Cash and bank balances	1,485	6,426
	72,540	80,099
TOTAL ASSETS	134,802	132,147
EQUITY AND LIABILITIES		
Share capital	114,592	104,786
Warrant reserve	16,855	16,855
Share premium	4,964	-
Other reserve	(16,833)	(16,833)
Treasury shares	(14,273)	(14,268)
Foreign currency translation	183	1
Retained earnings	12,277	21,417
Total Equity	117,765	111,958
Non-current liabilities		
Bank borrowing	6,292	6,766
Deferred tax liabilities	1,270	1,270
Total non-current liabilities	7,562	8,036
Current liabilities		
Bank borrowing	1,945	3,560
Trade payables	3,577	4,940
Other payables and accruals	3,953	3,494
Provision for tax	-	159
Total current liabilities	9,475	12,153
TOTAL EQUITY AND LIABILITIES	134,802	132,147
Net asset per share (RM)	0.27	0.27

Note:

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



BHS Industries Berhad (Company No: 719660-W)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2017**
(The figures have not been audited)

	Non-distributable					Distributable		
	Share Capital RM' 000	Translation Reserve RM'000	Warrant Reserve RM'000	Share Premium RM'000	Other Reserve RM' 000	Treasury Shares RM' 000	Retained Profits RM' 000	Total RM' 000
As at 1 July 2016	104,786	1	16,855	-	(16,833)	(14,268)	21,417	111,958
Total comprehensive income for the quarter	-	53	-	-	-	-	(2,370)	(2,317)
As at 30 September 2016	104,786	54	16,855	-	(16,833)	(14,268)	19,047	109,641
Private Placement	9,806	-	-	5,099	-	-	-	14,905
Placement fees	-	-	-	(135)	-	-	-	(135)
Share buyback	-	-	-	-	-	(5)	-	(5)
Total comprehensive income for the quarter	-	149	-	-	-	-	(2,796)	(2,647)
As at 31 December 2016	114,592	203	16,855	4,964	(16,833)	(14,273)	16,251	121,759
Total comprehensive income for the quarter	-	(20)	-	-	-	-	(3,974)	(3,994)
As at 31 March 2017	114,592	183	16,855	4,964	(16,833)	(14,273)	12,277	117,765

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



BHS Industries Berhad (Company No: 719660-W)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 31 March 2017
(The figures have not been audited)

	Cumulative	
	9 months ended 31 March	
	2017	2016
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before tax	(9,140)	(2,197)
Adjustments for:		
Depreciation and amortisation	1,809	1,299
(Gain)/ Loss on foreign exchange (unrealised)	(1,306)	649
Gains on Fair Value of quoted shares	-	(322)
Loss on write off of fixed assets	75	-
Recovery of debts	-	(374)
Interest expense	309	285
Gains on disposal of plant & equipment	-	(392)
	<u>(8,253)</u>	<u>(1,052)</u>
Changes in working capital:		
Inventories	3,806	3,107
Receivables	(11,431)	(17,507)
Short term investments	9,480	3,163
Payables	(904)	(574)
Cash used in operations	<u>(7,302)</u>	<u>(12,863)</u>
Interest paid	(309)	(285)
Taxes paid	(71)	(263)
Net cash used in operating activities	<u>(7,682)</u>	<u>(13,411)</u>
Cash Flows From Investing Activities		
Purchase of Property, plant & equipment	(1,701)	(14,508)
Land development cost	(9,217)	-
Proceeds from disposal of plant & machinery	-	392
Proceeds from disposal of quoted shares	-	1,008
Net cash used in investing activities	<u>(10,918)</u>	<u>(13,108)</u>
Cash Flows From Financing Activities		
Proceeds from Private Placement	14,770	-
Proceeds from Rights Issue	-	40,731
Decrease in bank borrowings	(2,089)	(5,522)
Repurchase of treasury shares	(5)	(10,008)
Net cash generated from financing activities	<u>12,676</u>	<u>25,201</u>
Net Decrease in cash and cash equivalents	(5,924)	(838)
Effects of foreign exchange rate changes	183	-
Cash and cash equivalents at beginning	<u>7,226</u>	<u>12,546</u>
Cash and cash equivalents at end #	<u>1,485</u>	<u>11,708</u>

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

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

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The Third Quarter Ended 31 March 2017
(The figures have not been audited)

Part A-Explanatory Notes Pursuant to FRS 134

1 Basis of Preparation

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

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

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

2 Auditors' Report on Preceding Annual Financial Statements

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

3 Comments about Seasonality or Cyclicity of Operations

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

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

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

5 Changes in Estimates

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

6 Debt and Equity Securities

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

7 Dividend Paid

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

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The Third Quarter Ended 31 March 2017
(The figures have not been audited)

8 Segmental Information

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

	3 months Ended 31 Mar 2017 RM'000	9 months Ended 31 Mar 2017 RM'000
Geographical Segments		
Revenue		
Export market	267	4,833
Local market	3,207	9,989
	<u>3,474</u>	<u>14,822</u>
Results		
Export market	(293)	(3,495)
Local market	(3,181)	(7,224)
Loss from operations	(3,474)	(10,719)
Add Other Income & Interest	(164)	1,579
	<u>(3,638)</u>	<u>(9,140)</u>
Less taxation	-	-
Loss after tax	<u>(3,974)</u>	<u>(9,140)</u>

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

9 Valuation of Property, Plant and Equipment

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

10 Material Events Subsequent to the End of the Quarter

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

11 Changes in the Composition of the Group

During the quarter under review, the Company incorporated a wholly owned subsidiary company, BHS Land Development Sdn. Bhd. with a share capital of RM1,000.

12 Contingent Liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 22 May 2017, the latest practicable date which is not earlier than 7 days from the date of issuance of these financial results.

13 Capital Commitments

As at 22 May 2017 (the latest practicable date which is not earlier than 7 days from the date of issuance of these financial results), the Group did not have any material commitment for contracted capital expenditure which might have a material impact on the financial position or business of the Group.

14 Cash and Cash Equivalents

	As at 31 March 2017 RM'000	As at 30 June 2016 RM'000
Cash at bank	1,485	6,426
Fixed deposit with financial institution	-	800
	<u>1,485</u>	<u>7,226</u>

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(The figures have not been audited)

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

1 Analysis of performance

	3rd Quarter 31.3.2017 RM'000	3rd Quarter 31.3.2016 RM'000
Revenue	<u>3,474</u>	<u>7,378</u>
Profit Before Tax (PBT)	<u>(3,974)</u>	<u>(936)</u>

The absence of overseas orders has led to a drop in revenue of RM3.9 million. The current level of revenue is insufficient to sustain the fixed overheads and therefore a loss was incurred. In addition, the pre-operating expenses of RM0.93 million for new businesses had added to the loss.

2 Variation of Results Against Preceding Quarter

	Current Quarter 31.3.2017 RM'000	Preceding Quarter 31.12.2016 RM'000
Revenue	<u>3,474</u>	<u>4,672</u>
Profit Before Tax (PBT)	<u>(3,974)</u>	<u>(2,796)</u>

Compared with the preceding quarter, the current quarter revenue decreased by RM1.2 million primarily due to the absence of overseas orders and the pre-operating expenses of RM0.93 million incurred on the new businesses further contributed to the loss.

3 Prospects

Although the Company has moved into its new factory and the production facility is ready to process print orders, the orders from our main overseas market were not forthcoming. The impact of the strength of the USD and low crude oil prices remained a concern in the overseas market.

However, the economic condition appears to have recently been stabilised as the yearly government print orders which were absent in the previous two years have now been revived and tenders were called. In addition, the banking system has also been improved. In view of the foregoing, it is expected that the company will be able to deliver higher sales in the 4th quarter.

4 Profit Forecast and Profit Guarantee

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

5 Taxation

	9 months Ended 31 March 2017 RM'000
Provision of Income tax	<u>-</u>

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

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The Third Quarter Ended 31 March 2017
(The figures have not been audited)

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

	3 month Ended 31 March 2017 RM'000	9 months Ended 31 March 2017 RM'000
Depreciation and amortisation	707	1,809
Foreign exchange loss/(gains)	209	(1,306)

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

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

7 Group's Borrowings and Debt Securities

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

	RM '000
Bank borrowing -12 months	684
Bank borrowing -more than 12 months	6,071
Hire purchase-12 months	193
Hire purchase-more than 12 months	221
Foreign currency trade loan	1,068
	<u>8,237</u>

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

8 Material Litigation

Neither the Company nor its subsidiaries are engaged in any material 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	13,407
-Unrealised	<u>(1,453)</u>
	11,954
Less Consolidated adjustment	323
Total group's retained profits	<u><u>12,277</u></u>

BHS Industries Berhad (Company no: 719660-W)
Notes To The Interim Report
For The Third Quarter Ended 31 March 2017
(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 31 March 2017 RM'000	9 months Ended 31 March 2017 RM'000
Profit/(Loss) attributable to shareholders	<u>(3,974)</u>	<u>(9,140)</u>
Weighted average number of shares in issue ('000) (Excluding treasury shares)	<u>431,427</u>	<u>415,427</u>
Basic earnings per share (sen)	<u>(0.92)</u>	<u>(2.20)</u>

12 Corporate Proposals

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

(b) Status of Utilisation of Proceeds

The Company raised total gross proceeds of RM41,640,984 from the Rights Issue. The utilisation of proceeds as at 22 May 2017 (the latest practicable date not earlier than 7 days from the date of issue of this report) is as follows:

	Proposed Utilisation	Actual utilised as at 22.05.17	Balance to be utilised	Intended Timeframe For Utilisation
	RM'000	RM'000	RM'000	
Acquisition of land	7,000	4,928	2,072	Within 24 months
Purchase of plant & machinery & other ancillary facilities	33,641	27,404	6,237	Within 24 months
Estimated expenses in relation to the Corporate Exercises	1,000	910	90	Immediate
	<u>41,641</u>	<u>33,242</u>	<u>8,399</u>	

The corporate exercise for private placement was completed on 3 November 2016. The Company raised total gross proceeds of RM14,904,178 from the private placement. The utilisation of proceeds as at 22 May 2017 (the latest practicable date not earlier than 7 days from the date of issuance of this report) is as follows:

	Proposed Utilisation	Actual utilised as at 22.05.17	Balance to be utilised	Intended Timeframe For Utilisation
	RM'000	RM'000	RM'000	
Repayment of bank loan	7,200	7,200	-	Within 3 months
machinery/equipment	2,000	653	1,347	Within 12 months
Working capital	5,544	5,544	-	Within 12 months
Estimated expenses relating to the Corporate Exercise	160	160	-	Within 1 month
	<u>14,904</u>	<u>13,557</u>	<u>1,347</u>	from listing of Placement Shares

13 Authorisation for Issue

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