

9. FINANCIAL INFORMATION (Cont'd)

BSL Corporation Berhad ("BSL")
Proforma Consolidated Balance Sheets As Of March 31, 2005

The proforma consolidated balance sheets as set out below are prepared for illustrative purpose only to show the effects on the financial statements of BSL as of March 31, 2005 had the proposed listing of and quotation for the entire issued and paid-up share capital of BSL Corporation Berhad on the Second Board of Bursa Malaysia Securities Berhad been completed on that date.

	<i>Audited</i>	<i>Proforma I</i>	<i>Proforma II</i>	<i>Proforma III</i>
		<i>After</i>	<i>After Proforma I</i>	<i>After Proforma II</i>
		<i>Acquisitions of</i>	<i>And Rights Issue</i>	<i>and Proposed</i>
		<i>Subsidiary</i>	<i>Proceeds</i>	<i>Public Offering</i>
		<i>Companies</i>	<i>and Utilisation of</i>	<i>Proceeds</i>
		<i>RM</i>	<i>RM</i>	<i>RM</i>
	<i>BSL</i>			
	<i>31/03/2005</i>			
	<i>RM</i>			
Property, plant and equipment	-	42,122,033	42,122,033	46,922,033
Other investment	-	12,700	12,700	12,700
Current Assets				
Inventories	-	8,321,156	8,321,156	8,321,156
Trade receivables	-	14,590,066	14,590,066	14,590,066
Other receivables and prepaid expenses	-	2,236,550	2,236,550	2,236,550
Short-term deposits with licensed banks	-	408,871	408,871	408,871
Cash and bank balances	100	5,809,293	7,657,543	7,911,523
	100	31,365,936	33,214,186	33,468,166
Current Liabilities				
Trade payables	-	7,487,666	7,487,666	7,487,666
Other payables and accruals	7,010	4,250,734	4,250,734	4,250,734
Hire-purchase payables - current portion	-	1,611,158	1,611,158	1,611,158
Bank borrowings - current portion	-	6,646,088	6,646,088	5,046,088
Term loans - current portion	-	2,870,729	2,870,729	2,516,068
Tax liabilities	-	137,135	137,135	137,135
	7,010	23,003,510	23,003,510	21,048,849

(Forward)

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letter/report dated
21 SEP 2005
Deloitte KassimChan
Kuala Lumpur/Petaling Jaya



9. FINANCIAL INFORMATION (Cont'd)

	<i>Audited</i>	<i>Proforma I</i>	<i>Proforma II</i>	<i>Proforma III</i>
	BSL	After	After Proforma I	After Proforma II
	31/03/2005	Acquisitions of	And Rights Issue	and Proposed
		Subsidiary	And Rights Issue	Public Offering
		Companies		and Utilisation of
				Proceeds
	RM	RM	RM	RM
Net Current Assets/(Liabilities)	(6,910)	8,362,426	10,210,676	12,419,317
Long-term and Deferred Liabilities				
Hire-purchase payables - non-current portion	-	1,909,090	1,909,090	1,909,090
Term loans - non-current portion	-	6,051,697	6,051,697	1,106,358
Deferred tax liabilities	-	2,982,180	2,982,180	2,982,180
	-	(10,942,967)	(10,942,967)	(5,997,628)
	(6,910)	39,554,192	41,402,442	53,356,422
Represented By:				
Issued capital	100	36,965,000	38,813,250	49,000,000
Share premium	-	-	-	1,767,230
Reserve on consolidation	-	2,596,202	2,596,202	2,596,202
Accumulated loss	(7,010)	(7,010)	(7,010)	(7,010)
(Capital deficiency)/Shareholders' equity	(6,910)	39,554,192	41,402,442	53,356,422
Number of ordinary shares in issue	200	73,930,000	77,626,500	98,000,000
Net tangible assets/(liabilities) per ordinary share (RM)	(34.55)	0.54	0.53	0.54

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21 SEP 2005

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Kuala Lumpur/Petaling Jaya

9. FINANCIAL INFORMATION (*Cont'd*)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. BASIS OF PREPARATION

- a) The proforma consolidated balance sheets have been prepared for illustrative purpose only based on:
- the audited balance sheet of BSL Corporation Berhad (“BSL”) as of March 31, 2005;
 - the audited balance sheet of Ban Seng Lee Industries Sdn Bhd (“BSLI”) as of March 31, 2005, after adjusting for interim dividend declared of RM2,500,000 in September 2005;
 - the audited balance sheet of Kotamech Engineering Sdn Bhd (“Kotamech”) as of March 31, 2005;
 - the audited balance sheet of Unique Forging & Components Sdn Bhd (“Unique”) as of March 31, 2005; and
 - the audited balance sheet of Crestronics Sdn Bhd (“Crestronics”) as of March 31, 2005.
- b) The proforma consolidated balance sheets have been prepared based on accounting policies consistent with those adopted in the preparation of the statutory financial statements of its subsidiary companies.

2. BASIS OF CONSOLIDATION

The financial statements of the subsidiary companies have been consolidated using the acquisition method of accounting. All significant intercompany balances and transactions are eliminated on consolidation.

Reserve on consolidation represents the excess of the fair value attributable to the related net assets of the subsidiary companies at the date of acquisition over the cost of BSL’s investment in the subsidiary companies.

3. PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets incorporate on a proforma basis the following transactions as though they were effected as of March 31, 2005.

Proforma I

Proforma I incorporates the acquisition (“the Acquisitions”) of the following:

- (i) The entire issued and paid-up share capital in BSLI comprising 15,000,000 ordinary shares of RM1.00 each in BSLI for a purchase consideration of RM34,999,900 to be fully satisfied by the issuance of 69,999,800 new BSL shares at an issue price of RM0.50 per share;
- (ii) The entire issued and paid-up share capital in Unique comprising 400,000 ordinary shares of RM1.00 each in Unique for a purchase consideration of RM3,922,546 to be satisfied by the issuance of 2,824,000 new BSL shares at an issue price of RM0.50 per share and cash consideration of RM2,510,546; and

9. FINANCIAL INFORMATION *(Cont'd)*

- (iii) The entire issued and paid-up share capital in Crestronics comprising 1,700,000 ordinary shares of RM1.00 each in Crestronics for a purchase consideration of RM5,533,600 to be satisfied by the issuance of 1,106,000 new BSL's shares at an issue price of RM0.50 per share and cash consideration of RM4,980,600.

which were completed on April 28, 2005.

BSL and its subsidiary companies are collectively known as BSL Group.

There will not be any outflow of cash from BSL Group as the cash consideration for the acquisitions of Unique and Crestronics will be paid to BSLI.

Proforma II

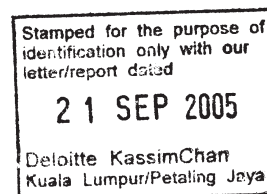
Proforma II incorporates the effects of Proforma I and the rights issue of 3,696,500 new ordinary shares of RM0.50 each in BSL at an issue price of RM0.50 per share on the basis of one new BSL's shares for every twenty BSL shares held after the Acquisitions ("Rights Issue").

Proforma III

Proforma III incorporates the effects of Proforma II and the following:

- (i) Public issue of 20,373,500 new ordinary shares of RM0.50 each at an issue price of RM0.68 per share ("Public Issue") payable in full on application comprising:
- 7,010,000 new ordinary shares of RM0.50 each available for application by the Malaysian public;
 - 6,470,000 new ordinary shares of RM0.50 each by way of private placement to identified investors;
 - 2,893,500 new ordinary shares of RM0.50 each to Bumiputera investors approved by the Ministry of International Trade and Industry; and
 - 4,000,000 new ordinary shares of RM0.50 each available for application by eligible directors, employees and business associates of BSL and its subsidiary companies.
- and
- (ii) Offer for sale of 6,988,200 ordinary shares of RM0.50 each at an issue price of RM0.68 per share payable in full on application to Bumiputera investors approved by the Ministry of International Trade and Industry.
- (iii) The gross proceeds from the Public Issue and the Rights Issue amounting to approximately RM15,702,230 will be utilised as follows:

	RM
(a) Capital expenditure	4,800,000
(b) Repayment of bank borrowings	6,900,000
(c) Estimated listing expenses	1,900,000
(d) Working capital	2,102,230
	15,702,230



9. FINANCIAL INFORMATION (Cont'd)

4. SHARE CAPITAL

The movements in issued and paid-up share capital are as follows:

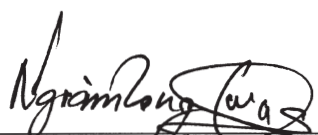
	RM
As of March 31, 2005	100
Issue of 73,929,800 new ordinary shares of RM0.50 each for the Acquisitions	<u>36,964,900</u>
As shown in Proforma I	36,965,000
Rights issue of 3,696,500 new ordinary shares of RM0.50 each at issue price of RM0.50 per share on the basis of one new ordinary share for every twenty ordinary shares held	<u>1,848,250</u>
As shown in Proforma II	38,813,250
Public issue of 20,373,500 new ordinary shares of RM0.50 each at an issue price of RM0.68 per share	<u>10,186,750</u>
As shown in Proforma III	<u><u>49,000,000</u></u>

5. SHARE PREMIUM

The movements in share premium account are as follows:

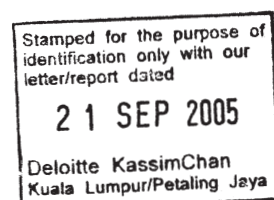
	RM
As of March 31, 2005	-
Share premium arising from public issue of 20,373,500 new ordinary shares of RM0.50 each at an issue price of RM0.68 per share	<u>3,667,230</u>
As shown in Proforma II	3,667,230
Less: Estimated listing expenses	<u>(1,900,000)</u>
As shown in Proforma III	<u><u>1,767,230</u></u>

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



Ngiam Tong Kwan
Director

September 21, 2005



10. ACCOUNTANTS' REPORT

Deloitte.

ACCOUNTANTS' REPORT
(Prepared for inclusion in this Prospectus)

Deloitte KassimChan (AF 0080)
Chartered Accountants
Level 19, Uptown 1
1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Malaysia

P. O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel : +603 77236500, 77261833
Fax : +603 77263986, 77268986
myaaa@deloitte.com
www.deloitte.com.my

September 21, 2005

The Board of Directors
BSL Corporation Berhad
(formerly known as Cabaran Satria Sdn Bhd)
Lot 47687, Jalan Bukit Idaman 6
Taman Bukit Idaman
68100 Batu Caves
Selangor Darul Ehsan

Dear Sirs,

1. INTRODUCTION

This Report has been prepared by Messrs. Deloitte KassimChan, an approved company auditor, for inclusion in the Prospectus of BSL Corporation Berhad ("BSL") to be dated September 30, 2005 in connection with the listing of BSL on the Second Board of Bursa Malaysia Securities Berhad and the following:

- a) Public issue of 20,373,500 new ordinary shares of RM0.50 each at an issue price of RM0.68 per share payable in full on application ("Public Issue") comprising:
 - 7,010,000 new ordinary shares of RM0.50 each available for application by the Malaysian public;
 - 6,470,000 new ordinary shares of RM0.50 each by way of private placement to identified investors;
 - 2,893,500 new ordinary shares of RM0.50 each to Bumiputera investors approved by the Ministry of International Trade and Industry; and
 - 4,000,000 new ordinary shares of RM0.50 each available for application by eligible directors, employees and business associates of BSL and its subsidiary companies.

and

- b) Offer for sale of 6,988,200 ordinary shares of RM0.50 each at an offer price of RM0.68 per share payable in full on application to Bumiputera investors approved by the Ministry of International Trade and Industry.

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

10. ACCOUNTANTS' REPORT (Cont'd)

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2. GENERAL INFORMATION

2.1 The Company - BSL Corporation Berhad ("BSL")

BSL was incorporated in Malaysia under the Companies Act, 1965 on April 29, 2004 as a private limited company and was formerly known as Cabaran Satria Sdn. Bhd. BSL was incorporated with an authorised and issued and paid-up share capital of RM100,000 and RM2 respectively, consisting of 100,000 and 2 ordinary shares of RM1.00 each respectively.

On October 14, 2004, the Company changed its name to BSL Corporation Sdn Bhd and on November 6, 2004, it was converted to a public company thereby assuming its present name.

On October 15, 2004, the Company effected a share split whereby the authorised share capital of the Company was reorganised to RM100,000 consisting of 200,000 ordinary shares of RM0.50 each and its paid-up share capital to RM2 consisting of 4 ordinary shares of RM0.50 each.

At the date of this report, the authorised share capital of BSL consists of 500,000,000 ordinary shares of RM0.50 each amounting to RM250,000,000. As at the date of this report, the issued and paid-up share capital of BSL is RM38,813,250 consisting of 77,626,500 ordinary shares of RM0.50 each.

The principal activity of BSL is that of an investment holding company.

The details of the changes in authorised share capital of BSL since incorporation are as follows:

Date of creation	Number of ordinary share	Par value RM	Cumulative authorised share capital RM
Upon incorporation	100,000	1.00	100,000
15.10.2004	200,000	0.50	100,000
28.4.2005	500,000,000	0.50	<u>250,000,000</u>

10. ACCOUNTANTS' REPORT (Cont'd)

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The details of changes in the issued and paid-up share capital of BSL since incorporation are as follows:

Date of allotment	Number of ordinary share	Par value RM	Consideration/ Type of issue	Cumulative paid up share capital RM
Upon incorporation	2	1.00	Cash/Subscribers' shares	2
15.10.2004	4	0.50	Share split	2
18.10.2004	196	0.50	Cash	100
28.4.2005	73,929,800	0.50	Issued pursuant to acquisitions of subsidiary companies (Note 1)	36,965,000
15.9.2005	3,696,500	0.50	Rights issue (Note 2)	<u>38,813,250</u>

Note 1: In connection with the listing of BSL on the Second Board of Bursa Malaysia Securities Berhad, BSL undertook the following:

- Acquisition of the entire issued and paid-up share capital of Ban Seng Lee Industries Sdn Bhd ("BSLI") comprising 15,000,000 ordinary shares of RM1.00 each in BSLI for a purchase consideration of RM34,999,900 which was fully satisfied by the issuance of 69,999,800 new BSL shares at an issue price of RM0.50 per share;
- Acquisition of the entire issued and paid-up share capital of Unique Forging & Components Sdn Bhd ("Unique") comprising 400,000 ordinary shares of RM1.00 each in Unique for a purchase consideration of RM3,922,546 which was satisfied by the issuance of 2,824,000 new BSL shares at an issue price of RM0.50 per share and cash consideration of RM2,510,546; and
- Acquisition of the entire issued and paid-up share capital in Crestronics (M) Sdn Bhd ("Crestronics") comprising 1,700,000 ordinary shares of RM1.00 each in Crestronics for a purchase consideration of RM5,533,600 which was satisfied by the issuance of 1,106,000 new BSL shares at an issue price of RM0.50 per share and cash consideration of RM4,980,600.

Collectively known as "the Acquisitions".

The Acquisitions were completed on April 28, 2005.

Note 2: BSL also implemented a rights issue of 3,696,500 new BSL shares of RM0.50 each at an issue price of RM0.50 each on a basis of one new BSL share for every existing twenty shares held after the Acquisitions, collectively known as "the Right Issue", which was completed on September 15, 2005.

10. ACCOUNTANTS' REPORT (Cont'd)

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2.2 Subsidiary Companies

The subsidiary companies of BSL and their respective principal activities are as follows:

Name of Subsidiary Company	Date/ Country of Incorporation	Issued and Fully Paid-up Share Capital	Effective Equity Interest (%)	Principal Activities
Direct subsidiary companies				
BSLI	30.6.1978/ Malaysia	15,000,000	100	Stamping and manufacturing of precision metal parts and fabrication of tools and dies.
Crestronics	18.6.1996/ Malaysia	1,700,000	100	Printed circuit board assembly and assembly of all types of electronic and electrical components, devices and system.
Unique	22.6.1989/ Malaysia	400,000	100	Fabrication and forging of base metal components.
Indirect subsidiary company held through BSLI				
Kotamech Engineering Sdn Bhd ("Kotamech")	22.5.1981/ Malaysia	100,000	100	Repairing and servicing of metal mould and stamping die. The Company has temporarily ceased operations during the financial year ended August 31, 2004.

BSLI, Crestronics, Unique and Kotamech were incorporated in Malaysia as private limited companies under the Malaysia Companies Act, 1965.

10. ACCOUNTANTS' REPORT (Cont'd)

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3. BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

This Report is prepared based on the audited financial statements of BSL and its subsidiary companies ("BSL Group"), comprising BSLI, Unique, Crestronics and Kotamech, which have been prepared in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and presented on a basis consistent with the accounting policies normally adopted by BSL Group.

There has been no change in accounting policies of BSL Group for all the financial years/periods relevant to this Report, except for those disclosed elsewhere in this Report.

4. FINANCIAL STATEMENTS AND AUDITORS

The financial statements of BSL for the periods April 29, 2004 (date of incorporation) to August 31, 2004 and September 1, 2004 to March 31, 2005 were audited by us and were not subject to any qualification.

The financial statements of BSLI, Crestronics, Unique and Kotamech for the financial years ended August 31, 2000 to 2003 were audited by another firm of auditors and were not subject to any qualification.

The financial statements of BSLI, Crestronics, Unique and Kotamech for the financial year ended August 31, 2004 and for the financial period September 1, 2004 to March 31, 2005 were audited by us and were not subject to any qualification.

10. ACCOUNTANTS' REPORT (Cont'd)

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5. SUMMARISED INCOME STATEMENTS

5.1 Proforma Consolidated Income Statements - BSL Group

The summarised proforma consolidated income statements of BSL Group as set out below is based on their audited financial statements and on the assumption that BSL Group has been in existence throughout the relevant years/period under review.

	Financial Year Ended August 31					Financial Period Ended
	2000	2001	2002	2003	2004	March 31 2005
	(12 months)					(7 months)
(RM'000 unless otherwise stated)						
Revenue	49,159	94,924	96,259	72,803	80,056	50,837
Profit before depreciation, amortisation, interest and tax	5,152	9,041	8,476	9,916	14,737	8,607
Depreciation	(2,513)	(3,049)	(3,444)	(3,500)	(3,984)	(2,300)
Amortisation of reserve on consolidation	-	5	4	4	4	4
Interest expense	(712)	(1,128)	(1,223)	(1,165)	(739)	(501)
Profit before tax	1,927	4,869	3,813	5,255	10,018	5,810
Income tax expense	(1,078)	(768)	(1,920)**	(1,100)	(1,130)	(1,556)
Net profit for the year	849	4,101	1,893	4,155	8,888	4,254
No. of ordinary shares ('000)#	73,930	73,930	73,930	73,930	73,930	73,930
Net earnings per share (sen)	1.15	5.55	2.56	5.62	12.02	5.75
Effective tax rate (%)	55.94	15.77	50.35	20.93	11.28	26.78

Based on number of ordinary shares of RM0.50 each in BSL Group after the Acquisitions but before the Rights Issue and Public Issue.

10. ACCOUNTANTS' REPORT (Cont'd)

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** The audited financial statements includes an adjustment of tax expense of RM740,000 arising from the adoption of MASB 25, Income Taxes, which came into effect for financial statements covering periods on or after July 1, 2002.

Notes:

- (1) The growth in revenue in 2001 and 2002 was mainly attributable to new contracts secured by Crestronics in supplying components for Printed Circuit Board assembly and provision of assembly services to various customers. The decrease in revenue in subsequent years was due mainly to declining revenue in Crestronics following the changes made in its sales mix. The significant drop in revenue in 2003 was due to the shifting of focus on Crestronics from material sales to provision of assembly sales.

In 2005, the annualised revenue is expected to increase due primarily to higher demand from BSLI's customers.

- (2) The increase in the profit before depreciation, amortisation, interest and tax in 2003 was due mainly to higher profitability reported by all subsidiary companies with Crestronics achieved the highest jump in profit before depreciation, amortisation, interest and tax of RM772,000 as a result of the change in sales mix which resulted in a more cost efficient operation in Crestronics.

BSL Group reported the highest annualised profit before depreciation, amortisation, interest and tax in 2005 as a result of better revenue reported by BSLI and Crestronics, which was due to higher demand from existing customers.

- (3) Gross earnings per share is calculated based on profit before tax and minority interests for the years/period over the share capital of 73,930,000 ordinary shares of RM0.50 each, after the Acquisitions but before the Right Issue and Public Issue. Net earnings per share is calculated based on net profit for the years/period over the share capital of 73,930,000 ordinary shares of RM0.50 each, after the Acquisitions but before the Rights Issue and Public Issue.

- (4) Effective tax rate is calculated based on income tax expense for the year/period over the profit before tax.

The proforma consolidated income statements above includes adjustments made on income tax expense in 2002 of RM740,000 arising from the adoption of MASB 25, Income Taxes, which came into effect for financial statements covering periods on or after July 1, 2002.

The effective tax rates in 2000 and 2002 were significantly higher than statutory tax rates due mainly to certain expenses which were not deductible for tax purposes.

The effective tax rate in 2001 and 2004 was lower than the statutory tax rate due mainly to utilisation of reinvestment allowances to partially offset the chargeable income which would otherwise be taxable.

The effective tax rate in 2005 is higher as compared to 2004 due mainly to reduction in reinvestment allowances claimed by certain subsidiary companies during the financial period.

10. ACCOUNTANTS' REPORT (Cont'd)

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- (5) There were no exceptional/extraordinary items during the years/period under review.

5.2 BSL

The following is a summary of the audited financial results of BSL for the financial periods April 29, 2004 (date of incorporation) to August 31, 2004 and September 1, 2004 to March 31, 2005.

	Financial Period Ended	
	August 31 2004 (4 months)	March 31 2005 (7 months)
<i>(RM'000 unless otherwise stated)</i>		
Revenue	-	-
Loss before depreciation, interest and tax	(4)	(3)
Depreciation	-	-
Interest expense	-	-
Loss before tax	(4)	(3)
Income tax expense	-	-
Net loss for the period	(4)	(3)
No. of ordinary shares	*	**
Gross loss per share (RM)	2,000	15
Net loss per share (RM)	2,000	15
Effective tax rate (%)	-	-

* 2 ordinary shares of RM 1 each

** 200 ordinary shares of RM 0.50 each

Notes:

- (1) The loss before depreciation, interest and tax in 2004 was attributable mainly to the expenses incurred for the incorporation of BSL.
- (2) Gross loss per share is calculated based on loss before tax for the periods over the number of ordinary shares in issue during the periods under review. Net loss per share is calculated based on net loss for the periods over the number of ordinary shares in issue during the periods under review.
- (3) Effective tax rate is calculated based on income tax expense over profit before tax.

No provision for tax was made for the financial periods as BSL incurred losses.

10. ACCOUNTANTS' REPORT (Cont'd)

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- (4) There were no exceptional/extraordinary items during the periods under review.

5.3 BSLI

The following is a summary of the audited financial results of BSLI for the financial years ended August 31, 2000 to 2004 and for the financial period September 1, 2004 to March 31, 2005:

	← Financial Year Ended August 31 →					Financial Period Ended March 31
	2000	2001	2002	2003	2004	2005
	← (12 months) →					(7 months)
<i>(RM'000 unless otherwise stated)</i>						
Revenue	34,591	34,788	31,135	34,142	51,721	33,644
Profit before depreciation, interest and tax	4,626	5,363	5,096	5,572	8,477	4,901
Depreciation	(1,693)	(1,710)	(1,799)	(1,782)	(1,888)	(1,014)
Interest expense	(525)	(583)	(522)	(438)	(317)	(249)
Profit before tax	2,408	3,070	2,775	3,352	6,272	3,638
Income tax expense	(1,004)	(394)	(1,306)	(634)	(916)	(1,134)
Net profit for the year	1,404	2,676	1,469	2,718	5,356	2,504
No. of ordinary shares ('000)	1,000	1,000	1,000	1,000	1,000	1,000
Gross earnings per share (sen)	240.80	307.00	277.50	335.20	627.20	363.80
Net earnings per share (sen)	140.40	267.60	146.90	271.80	535.60	250.40
Effective tax rate (%)	41.69	12.83	47.06	18.91	14.60	31.17

10. ACCOUNTANTS' REPORT (Cont'd)

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Notes:

- (1) The growth in revenue for the financial year ended August 31, 2004 and financial period ended March 31, 2005 was due mainly to the increase in sales of parts for audio, camcorders, microwave oven and compact disk rom and higher demand from existing customers respectively.
- (2) The higher annualised profit before tax recorded in 2005 was due mainly to the surge in volume and the economies of scale achieved by BSLI.
- (3) Gross earnings per share is calculated based on profit before tax for the years/period over the number of ordinary shares in issue during the years/period under review. Net earnings per share is calculated based on net profit for the years/period over the number of ordinary shares in issue during the relevant years/period under review.
- (4) Effective tax rate is calculated based on income tax expense for the years/period over profit before tax.

Except for 2001, 2003 and 2004, the effective tax rates for other financial years under review were higher than the statutory tax rates due mainly to certain expenses which were not deductible for tax purposes.

The effective tax rate in 2001 and 2003 was lower than the statutory tax rate due mainly to utilisation of reinvestment allowances to partly offset the chargeable income which would otherwise be taxable.

Income tax expense for 2002 includes adjustments of RM604,000 pertaining to temporary differences following the adoption of MASB 25, Income Taxes by the BSLI.

In 2004 the effective tax rate was lower than the statutory tax rate due mainly to lower income tax rate of 20% on the first RM500,000 chargeable income, utilisation of reinvestment allowances and over provision of deferred tax liabilities in prior years.

The increase in effective tax rate in 2005 is mainly due to reduction in reinvestment allowances claimed during the period.

- (5) There were no exceptional/extraordinary items during the years/period under review.