5.4 KOTAMECH

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

(RM'000 unless otherwise stated)	**Financial Year Ended August 31 (12 months)** 2000	2001	2002	2003	2004	**Financial Period Ended March 31 2005 (7 months)**
Revenue	1,670	2,046	1,974	1,871	1,551	-
Profit/(Loss) before depreciation, interest and tax	169	331	333	243	309	(13)
Depreciation	(100)	(109)	(114)	(113)	(83)	(40)
Interest expense	(11)	(15)	(23)	(6)	(1)	-
Profit/(Loss) before tax	58	207	196	124	225	(53)
Income tax (expense)/ credit	(16)	(61)	(76)	(43)	(28)	38
Net profit/ (loss) for the year	42	146	120	81	197	(15)
No. of ordinary shares ('000)	55	100	100	100	100	100
Gross earnings /(loss) per share (sen)	105.45	207.00	196.00	124.00	225.00	(53.00)
Net earnings/ (loss) per share (sen)	76.36	146.00	120.00	81.00	197.00	(15.00)
Effective tax rate (%)	27.59	29.47	38.78	34.68	12.44	N/A

Notes:

(1) The increase in revenue in 2001 was due mainly to higher sales made to BSLI. The subsequent decrease in revenue in 2002 to 2004 was due mainly to lower demand from BSLI. Beginning in 2004, Kotamech started to transfer its business operations to BLSI and it is currently dormant.

(2) The profit before depreciation, interest and tax in 2000 and 2003 was lower than other financial years under review as a result of higher staff costs and hardware steel costs.

(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 relevant 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.

During the financial year ended August 31, 2003, Kotamech adopted MASB 25, Income Taxes. However, the adoption of MASB 25 did not have a significant effect on the results of Kotamech for the financial year.

The effective tax rate for the financial year ended August 31, 2004 was lower than the statutory tax rate due mainly to lower income tax rate of 20% on the first RM500,000 chargeable income.

The effective tax rates of Kotamech in 2002 and 2003 were significantly higher than the statutory tax rates due mainly to certain expenses not deductible for tax purposes.

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

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5.5 CRESTRONICS

The following is a summary of the audited financial results of Crestronics 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 (12 months)					Financial Period Ended March 31
(RM'000 unless otherwise stated)	2000	2001	2002	2003	2004	2005 (7 months)
Revenue	9,145	54,872	59,075	27,744	19,904	11,884
(Loss)/Profit before depreciation, interest and tax	(237)	2,427	1,270	2,042	4,237	2,869
Depreciation	(400)	(885)	(1,064)	(1,120)	(1,489)	(931)
Interest expense	(101)	(450)	(582)	(655)	(362)	(179)
(Loss)/Profit before tax	(738)	1,092	(376)	267	2,386	1,759
Income tax credit/ (expense)	15	(168)	(97)	(66)	(1)	(556)
Net (loss)/profit for the year	(723)	924	(473)	201	2,385	1,203
No. of ordinary shares ('000)	1,700	1,700	1,700	1,700	1,700	1,700
Gross (loss)/ earnings per share (sen)	(43.41)	64.24	(22.12)	15.71	140.35	103.47
Net (loss)/ earnings per share (sen)	(42.53)	54.35	(27.82)	11.82	140.29	70.76
Effective tax rate (%)	-	15.38	-	24.72	-	31.61

Notes:

(1) The growth in revenue for the financial years ended August 31, 2001 and 2002 was due mainly to the increase in sales as new contracts were secured from existing customers. The subsequent decline in revenue in 2003 and 2004 was due to changes in sales mix whereby in 2003, the customers of Crestronics has taken over the sourcing of materials.

(2) The loss before tax in 2000 and 2002 was attributable to higher staff costs and other operating expenses incurred for business expansion purposes.

The significant increase in profit before tax in 2004 and 2005 is due to the full effect of the change in sales mix and cost cutting measure carried out which resulted in a more cost efficient operation of Crestronics.

(3) Gross (loss)/earnings per share is calculated based on (loss)/profit before tax for the years/period over the number of ordinary shares in issue during the relevant years/period under review. Net (loss)/earnings per share is calculated based on net (loss)/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.

During the financial year ended August 31, 2003, Crestronics adopted MASB 25, Income Taxes. However, the adoption of MASB 25 did not have a significant effect on the results of Crestronics for the financial year.

The lower effective tax rate in 2001 was due to utilisation of unabsorbed capital allowances and unused tax losses to partially offset the chargeable income which would otherwise be taxable. For financial year ended August 31, 2003, the effective tax rate was lower than statutory tax rate due mainly to lower income tax rate on the first RM100,000 chargeable income.

In 2005, the effective tax rate was higher than the statutory tax rate due mainly to certain expenses not allowable for tax purposes.

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

5.6 UNIQUE

The following is a summary of the audited financial results of Unique 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 (12 months)					Financial Period Ended March 31 (7 months)
(RM'000 unless otherwise stated)	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Revenue	6,793	7,415	8,057	9,046	9,829	5,357
Profit before depreciation, interest and tax	593	920	1,777	2,058	1,714	851
Depreciation	(319)	(345)	(467)	(484)	(523)	(315)
Interest expense	(74)	(80)	(95)	(66)	(60)	(72)
Profit before tax	200	495	1,215	1,508	1,131	464
Income tax (expense)/ credit	(73)	(145)	(441)	(358)	(185)	96
Net profit for the year	127	350	774	1,150	946	560
No. of ordinary shares ('000)	400	400	400	400	400	400
Gross earnings per share (sen)	50.00	123.75	303.75	377.00	282.75	116.00
Net earnings per share (sen)	31.75	87.50	193.50	287.50	236.50	140.00
Effective tax rate (%)	36.50	29.29	36.30	23.74	16.36	N/A

Notes:

(1) Revenue of Unique has been on an increasing trend throughout the financial years/period under review due to higher sales made to existing customers except for 2005 as a result of lower demand from customers.

(2) The profit before depreciation, interest and tax throughout the financial years/period under review except for 2005 has also been on an increasing trend due mainly to changes in sales mix whereby unprofitable items in hardware division were reduced and concentration was put in air-conditions parts.

The decrease in profit before tax in 2004 is mainly due to the substantial increase in cost of brass rod as compared to the increase in selling price, which was not fully passed to customers.

In 2005, profit before depreciation, interest and tax has declined due mainly to decline in volume of sales.

(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 relevant 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 year/period over profit before tax.

During the financial year ended August 31, 2003, Unique adopted MASB 25, Income Taxes. However, the adoption of MASB 25 did not have a significant effect on the results of Unique for the financial year.

The effective tax rates of Unique have been higher than the statutory tax rates with the exception in 2003 and 2004 due mainly to certain expenses which were not deductible for tax purposes.

In 2003, the effective tax rate was lower than the statutory tax rate due mainly to lower income tax rate of 20% on the first RM100,000 chargeable income.

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.

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

6. DIVIDEND

The gross dividend rate declared by BSLI for financial years ended August 31, 2000 to 2004 and for the financial period September 1, 2004 to March 31, 2005 was as follows:

	Financial Year Ended August 31 (12 months) 2000	2001	2002	2003	2004	Financial Period Ended March 31 2005 (7 months)
Gross dividend rate (%)	20	20	20	30	100	-

In September 2005, BSLI declared an interim dividend of 16.67%, tax exempt, amounting to RM2,500,000 in relation to financial year ended August 31, 2005 and payable to its former shareholders. There was no dividend paid or declared by BSL or other subsidiary companies during the years/period under review.

7. SUMMARISED BALANCE SHEETS

7.1 Proforma Consolidated Balance Sheet - BSL Group

The proforma consolidated balance sheets of BSL Group as of March 31, 2005 has been presented based on the latest audited statement of assets and liabilities as of March 31, 2005 as set out in Section 8 of this Report.

No proforma balance sheets of BSL Group was prepared for financial years 2000 to 2004 as the Group was only formed in April 2005.

7.2 BSL

The summarised balance sheet of BSL as of August 31, 2004 and March 31, 2005 is as follows:

(RM'000 unless otherwise stated)	As of August 31, 2004	As of March 31, 2005
Cash and bank balances	-	-
Sundry creditors	(4)	(7)
Net Liabilities	(4)	(7)
Issued capital	*	**
Accumulated loss	(4)	(7)
Capital deficiency	(4)	(7)
Net tangible liabilities per ordinary share (RM'000)	(2)	(0.035)

* 2 ordinary shares of RM 1 each
** 200 ordinary shares of RM 0.50 each

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7.3 BSLI

The summarised balance sheets of BSLI for the past financial years/period based on the audited financial statements are set out below.

	As Of August 31					As Of March 31
(RM'000 unless otherwise stated)	2000	2001	2002	2003	2004	2005
Property, plant and equipment	18,078	17,685	16,780	15,804	18,114	22,105
Investment in subsidiary companies	1,545	1,590	1,590	1,590	1,590	1,590
Other investment	-	-	-	200	-	-
Current Assets	12,856	12,998	15,889	17,261	24,093	26,756
Current Liabilities	9,703	7,725	8,801	7,753	11,012	12,907
Net Current Assets	3,153	5,273	7,088	9,508	13,081	13,849
Long-term and Deferred Liabilities						
Hire-purchase payables - non-current portion	409	90	163	111	91	52
Bank borrowings - non-current portion	4,371	3,511	2,367	1,482	2,108	4,054
Deferred tax liabilities	863	718	1,532	1,611	1,648	1,996
	(5,643)	(4,319)	(4,062)	(3,204)	(3,847)	(6,102)
Net Assets	17,133	20,229	21,396	23,898	28,938	31,442
Represented by:						
Issued capital	1,000	1,000	1,000	1,000	1,000	1,000
Unappropriated profit	12,591	15,123	16,448	18,950	23,585	26,089
Revaluation reserve	3,542	4,106	3,948	3,948	4,353	4,353
Shareholders' Fund	17,133	20,229	21,396	23,898	28,938	31,442
Net tangible assets per ordinary share (RM)	17.13	20.23	21.40	23.90	28.94	31.44

7.4 KOTAMECH

The summarised balance sheets of Kotamech for the past financial years/period based on the audited financial statements are set out below.

	As Of August 31					As Of March 31
	2000	2001	2002	2003	2004	2005
(RM'000 unless otherwise stated)						
Property, plant and equipment	498	464	389	278	197	157
Current Assets	392	613	711	844	873	879
Current Liabilities	308	341	269	234	5	5
Net Current Assets	84	272	442	610	868	874
Long-term and Deferred Liabilities						
Hire-purchase payable - non-current portion	118	73	23	-	-	-
Deferred tax liabilities	11	19	44	43	23	4
	(129)	(92)	(67)	(43)	(23)	(4)
Net Assets	453	644	764	845	1,042	1,027
Represented by:						
Issued capital	55	100	100	100	100	100
Unappropriated profit	398	544	664	745	942	927
Shareholder's Fund	453	644	764	845	1,042	1,027
Net tangible assets per ordinary share (RM)	8.24	6.44	7.64	8.45	10.42	10.27

7.5 CRESTRONICS

The summarised balance sheets of Crestronics for the past financial years/period based on the audited financial statements are set out below.

	As Of August 31					As Of March 31
	2000	2001	2002	2003	2004	2005
(RM'000 unless otherwise stated)						
Property, plant and equipment	3,528	12,921	13,641	13,069	14,783	15,240
Other investment	17	16	16	13	13	13
Current Assets	4,633	10,631	10,369	3,536	3,272	2,907
Current Liabilities	5,695	14,949	17,211	10,673	10,033	8,687
Net Current Liabilities	(1,062)	(4,318)	(6,842)	(7,137)	(6,761)	(5,780)
Long-term and Deferred Liabilities						
Hire-purchase payables - non - current portion	856	2,049	527	22	1,145	1,305
Bank borrowings - non-current portion	505	2,447	2,550	1,917	1,083	708
Deferred tax liabilities	-	168	790	857	311	761
	(1,361)	(4,664)	(3,867)	(2,796)	(2,539)	(2,774)
Net Assets	1,122	3,955	2,948	3,149	5,496	6,699
Represented by:						
Issued capital	1,700	1,700	1,700	1,700	1,700	1,700
(Accumulated loss)/Unappropriated profit	(578)	346	(127)	74	2,459	3,662
Revaluation reserve	-	1,909	1,375	1,375	1,337	1,337
Shareholders' Fund	1,122	3,955	2,948	3,149	5,496	6,699
Net tangible assets per ordinary share (RM)	0.66	2.33	1.73	1.85	3.23	3.94

7.6 UNIQUE

The summarised balance sheets of Unique for the past financial years/period based on the audited financial statements are set out below.

	As Of August 31					As Of March 31
	2000	**2001**	**2002**	**2003**	**2004**	**2005**
(RM'000 unless otherwise stated)						
Property, plant and equipment	1,590	1,585	2,280	2,333	2,251	4,620
Current Assets	1,901	1,935	2,252	2,738	3,986	3,893
Current Liabilities	2,411	2,225	1,935	1,534	1,850	1,967
Net Current (Liabilities)/Assets	(510)	(290)	317	1,204	2,136	1,926
Long-term and Deferred Liabilities						
Hire-purchase - non-current portion	316	172	577	288	301	553
Bank borrowings - non-current portion	-	-	-	110	63	1,289
Deferred tax liabilities	61	70	193	162	100	221
	(377)	(242)	(770)	(560)	(464)	(2,063)
Net Assets	703	1,053	1,827	2,977	3,923	4,483
Represented by:						
Issued capital	400	400	400	400	400	400
Unappropriated profit	303	653	1,427	2,577	3,523	4,083
Shareholders' Fund	703	1,053	1,827	2,977	3,923	4,483
Net tangible assets per ordinary share (RM)	1.76	2.63	4.57	7.44	9.81	11.21

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8. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

The Proforma Consolidated Statement of Assets and Liabilities, which have been prepared for illustrative purpose only, was based on the audited financial statements of BSL for the period September 1, 2004 to March 31, 2005 and the audited financial statements of BSLI (after adjusting for interim dividend of RM2,500,000 declared in September 2005 pertaining to financial year ended August 31, 2005 and payable to its former shareholders, as mentioned in **Section 6**), Kotamech, Unique and Crestronics for the same financial period and after incorporating the Rights Issue and Public Issue.

The Proforma Consolidated Statement of Assets and Liabilities should be read in conjunction with the notes set out in Section 9.

	Note	Proforma The Group RM'000	Audited The Company RM'000
Assets			
Property, plant and equipment	9.5	42,122	-
Other investments	9.6	13	-
Current Assets			
Inventories	9.7	8,321	-
Trade receivables	9.8	14,590	-
Other receivables and prepaid expenses	9.8	2,237	-
Short-term deposits with licensed banks	9.9	409	-
Cash and bank balances		19,611	
		45,168	-
Current Liabilities			
Trade payables	9.10	7,488	-
Other payables and accrued expenses	9.10	4,251	7
Hire-purchase payables - current portion	9.11	1,611	-
Bank borrowings	9.12	6,646	-
Term loans - current portion	9.13	2,871	-
Tax liabilities		137	-
		23,004	7
Net Current Assets/(Liabilities)		22,164	(7)
Long-term and Deferred Liabilities			
Hire-purchase payables - non - current portion	9.11	1,909	-
Term loans - non-current portion	9.13	6,052	-
Deferred tax liabilities	9.14	2,982	-
		(10,943)	-
Net Assets/(Liabilities)		53,356	(7)
Represented By:			
Issued capital	9.15	49,000	-
Share premium	9.16	1,767	-
Reserves	9.17	2,589	(7)
Shareholders' Equity/(Capital Deficiency)		53,356	(7)

9. NOTES TO PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

9.1 BASIS OF THE PREPARATION OF PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

The proforma consolidated statement of assets and liabilities of BSL Group has been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB"), the same basis used in the preparation of the statutory financial statements of the Group for the financial year ended August 31, 2004.

9.2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The proforma consolidated statement of assets and liabilities of BSL has been prepared under the historical cost convention and modified to include the revaluation of the Proforma Group's freehold and leasehold land and buildings.

Basis of Consolidation

The proforma consolidated statement of assets and liabilities incorporates the statements of assets and liabilities of BSL and the subsidiary companies controlled by BSL made up to March 31, 2005. Subsidiary companies are those companies in which BSL owns, directly or indirectly, more than 50% of the equity share capital and has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The results of subsidiary companies acquired during the financial year are included in the proforma consolidated statement of assets and liabilities from the effective date of acquisition. All significant intercompany transactions and balances are eliminated on consolidation.

Employee Benefits

Wages, salaries, bonuses and non-monetary benefits are accrued for in the period in which the associated services are rendered by the employees of the Proforma Group.

The Proforma Group makes monthly statutory contributions to Employees Provident Fund, a statutory defined contribution plan for all its eligible employees. The Proforma Group's contributions, calculated at certain prescribed rates, are charged to the income statements.

Foreign Currency Conversion

Foreign currency transactions are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlements has not yet been made at the end of the financial year, at the approximate exchange rates prevailing on that date.

The exchange rates of foreign currencies against Ringgit Malaysia ruling at March 31, 2005 are as follows:

Currencies	RM
100 Japanese Yen	3.5446
1 Singapore Dollar	2.3034
1 United States Dollar	3.8000

Income Tax

The tax effects of transactions are recognised, using the "balance sheet" method and all taxable temporary differences are recognised. Where deductible temporary differences, unused tax losses and unused tax credits would give rise to net deferred tax assets, the tax effects are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Impairment of Assets

The carrying amounts of property, plant and equipment, investment in subsidiary companies and other investments are reviewed at each balance sheet 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 its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statements.

An impairment loss is only reversed 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. All reversals are recognised in the income statements.

Property, Plant and Equipment

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

Freehold and leasehold land and buildings are stated at valuation and are revalued at regular intervals of at least once in every three to five years by the directors based on the valuation reports of independent professional valuers using the "open market value on existing use" basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to unappropriate profit account.

Property, plant and equipment, except for freehold land which is not depreciated, are depreciated on the straight-line method at the following annual rates based on the estimated useful lives of the various assets:

Leasehold land	90 - 99 years
Buildings	2%
Plant and machinery	10% - 12%
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	8% - 16%
Motor vehicles	10% - 20%

Assets Acquired Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations are recorded as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Other Investments

Other investments represent investment in quoted shares of local corporations and is stated at cost less impairment losses.

Inventories

Inventories are valued at the lower of cost (determined principally on the 'first-in, first-out' basis) and net realisable value. The cost of raw materials comprises the original purchase price plus the costs incurred in bringing these inventories to their present location and condition. The cost of finished goods and work-in-progress include the costs of raw materials, direct labour and a proportion of the production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion. Net realisable value is arrived at after considering the allowance for obsolete and slow-moving inventories.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful receivables is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are made when the Proforma Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Reserve on Consolidation

Reserve arising on consolidation represents the excess of the fair values attributable to the related net assets of the subsidiary companies at the date of acquisition over the cost of the Company's investment. Reserve arising on consolidation is amortised over a period of twenty five years.

Financial Assets

The Proforma Group's principal financial assets are trade and other receivables, cash and cash equivalents.

Financial Liabilities

Equity instruments and financial liabilities are classified as either equity or liabilities in accordance with the substance of the contractual arrangement.

Significant financial liabilities of the Proforma Group include trade and other payables, hire-purchase payables and bank borrowings.

Bank borrowings are recorded at the proceeds received net of direct issue costs and the relevant finance costs are accounted for on an accrual basis.