

**Notes on the quarterly report – 31 August 2006**

**PART A: EXPLANATORY NOTES AS PER MASB 26**

**A1. Basis of preparation**

The interim financial statements of BSL Corporation Berhad (“BSL”) are unaudited and have been prepared in accordance with the requirements of MASB 26: Interim Financial Reporting and Paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of BSL for the year ended 31 August 2005.

The accounting policies and methods of computation adopted by BSL in these interim financial statements are consistent with those adopted in the financial statements for the year ended 31 August 2005.

The following notes explain the events and transactions that are significant to the understanding of the changes in the financial position and performance of BSL since the financial year ended 31 August 2005.

**A2. Qualification of annual financial statements**

There were no audit qualifications on the financial statements of the Company for the year ended 31 August 2005.

**A3. Seasonal and cyclical factors**

The Group’s business operation was not materially affected by any major seasonal or cyclical factors.

**A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

**A5. Material changes in estimates**

There was no material changes in estimates of amounts reported in the current quarter under review.

**A6. Issuances and repayment of debt and equity securities**

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

The increase in the Company’s issued and fully paid-up share capital since the beginning of the financial year pursuant to the Company’s listing exercise on the Second Board of Bursa Securities are as follows:

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Date of issue	Consideration	No. of ordinary shares of RM0.50 each allotted
15.9.2005	Rights issue on the basis of one (1) rights issue for every twenty (20) existing BSL shares held	3,696,500
9.11.2005	Public issue	20,373,500

**A7. Dividend paid**

There was no dividend paid by the Company during the quarter under review.

**A8. Segment information**

Segmental information is presented in respect of the Group's business segment

	<b>Precision stamping and tooling</b>	<b>Printed Circuit Board ("PCB") and module assembly</b>	<b>Fabrication and forging</b>	<b>Automotive components</b>	<b>Elimination</b>	<b>Consolidation</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External sales	47,677	24,617	12,725	5,251	-	90,270
Inter-segment sales	43	-	7	-	(50)	-
<b>Total revenue</b>	<b>47,720</b>	<b>24,617</b>	<b>12,732</b>	<b>5,251</b>	<b>(50)</b>	<b>90,270</b>
<b>Results</b>						
Segment results	7,731	3,365	2,533	443	-	14,072
Unallocated corporate expenses						(372)
Profit from operations						13,700
Interest expenses						(827)
Interest income						70

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Profit before tax	12,943
Income tax expense	(2,871)
Net profit after tax	10,072
Minority Interest	(159)
Net profit attributable to shareholders of the Company	9,913

**A9. Valuation of property, plant and equipment**

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

Freehold and leasehold land and buildings which are stated at valuation are revalued at regular intervals of at least once in every three to five years by the directors based on 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 revalued assets differ materially from the market value. Freehold and leasehold land and buildings were last revalued in 2004.

**A10. Material events subsequent to the end of the interim period**

There were no material events subsequent to the current financial quarter ended 31 August 2006 up to the date of this report, which are likely to substantially affect the results of the operations of the Group.

**A11. Changes in the composition of the Group**

Save as disclosed below, there were no changes in the composition of the Group during the current quarter under review.

During the current year, BSL completed the acquisition of 255,000 shares in Advance Autotek Industries (M) Sdn Bhd (“AAI”) representing 51% equity interest in AAI, for a cash consideration of RM4,590,000. The principal activities of AAI are trading & manufacturing of automotive parts.

On 14 August 2006, AAI has incorporated 2 new 100% owned subsidiary companies:-

1. AAI Autocluster Sdn Bhd
2. AAI Autoacoustic Sdn Bhd

The intended principal activities of these subsidiaries are trading & manufacturing of automotive parts.

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**A12. Changes in contingent liabilities**

There were no changes in contingent liabilities and contingent assets of a material nature since the last balance sheet date until the date of this announcement, except for corporate guarantees amounting to RM10.00 million given by the Company to financial institutions for credit facilities granted to one of the subsidiary company.

**A13. Capital commitments**

	<b>31.8.2006 Approved and contracted for RM'000</b>	<b>31.8.2006 Approved but not contracted for RM'000</b>
Purchase of plant and machinery	<u>2,272</u>	<u>-</u>

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**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Review of performance**

For the financial year ended 31 August 2006, the Group achieved revenue of RM90.27 million and a net profit attributable to shareholders of RM9.91 million, as opposed to a Group revenue of RM86.00 million and a net profit attributable to shareholders (after deducting pre-acquisition result of RM5.10 million) of RM3.40 million for the financial year ended 31 August 2005. The improved performance was mainly attributed to the contribution of existing and new customers for the Group.

The Precision Stamping & Tooling Division contributed approximately 52.81% of the total revenue, amounting to RM47.68 million; the Printed Circuit Board (“PCB”) and Module Assembly Division approximately 27.27% or RM24.62 million; the Fabrication and Forging Division approximately 14.10% or RM12.72 million; and the Automotive Component Division approximately 5.82% or RM5.25 million.

**B2. Variation of results against preceding quarter**

The increase in revenue for the current quarter of 18.21% to RM28.13 million compared to the preceding quarter is mainly due to (i) higher sales from the PCB Assembly Division; and (ii) sales contribution from the newly acquired subsidiary, Advanced Autotek Industries (“AAI”) which is principally involved in the assembly and distribution of electronic automotive components.

The Group recorded a higher profit before tax of RM4.84 million for the current quarter ended 31 August 2006 as compared to the preceding quarter. The Group enjoyed higher economies of scale as a result of higher output and therefore higher sales from its PCB assembly division. AAI contributed a full 3 months result as compared to 1 month contribution in the preceding quarter.

**B3. Current year prospects**

The current year performance has been explained in Note B1 above.

**B4. Variance of actual and forecast profit**

The variance between actual profit after tax and the forecasted profit after tax is as follows:

	<u>Actual for 12 months ended 31.8.2006</u>	<u>Post acquisition result of AAI for 4 months ended 31.8.2006</u>	<u>Actual for 12 months ended 31.8.2006 (without AAI)</u>	<u>Forecast for 12 months ended 31.8.2006</u>	<u>Variance</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	12,943	442	12,501	12,617	(116)
Income tax expenses	(2,871)	(117)	(2,754)	(2,207)	(547)

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Net profit after tax	10,072	325	9,747	10,410	(663)
Less : Minority interest	(159)	(159)	-	-	-
Consolidated profit attributable to shareholders	9,913	166	9,747	10,410	(663)

The negative variance of RM0.66 million for the consolidated profit attributable to shareholders is mainly contributed by the higher effective tax incurred as compare to forecasted results. Higher effective tax for the financial year ended 31.8.2006 is mainly due to the previous years under-provision of tax.

**B5. Tax expense**

	<b>Current Quarter 31.8.2006 RM' 000</b>	<b>Current year Totdate 31.8.2006 RM' 000</b>
Current tax expense	487	1,992
Current deferred tax expense	542	699
	<hr/> 1,029	<hr/> 2,691
Under provision of prior year income tax expense	27	138
Under provision of prior year deferred tax expense	42	42
	<hr/> 69	<hr/> 180
	<hr/> 1,098	<hr/> 2,871

The effective tax rate is lower than the statutory tax rate of 28% due mainly to the reinvestment allowance claimed by the subsidiary companies.

**B6. Unquoted investments and/or properties**

The Group has not disposed off any investments in any unquoted investments and/or properties during the financial quarter under review.

**B7. Quoted and marketable investments**

Total investments in quoted shares as at 31 August 2006:

	<b>Cost RM'000</b>	<b>Book Value RM'000</b>	<b>Market Value RM'000</b>
Total quoted shares	17	6	6

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**B8. Status of corporate proposal announced**

There were no corporate proposals announced but not completed as at the date of this announcement.

BSL has raised gross proceeds of RM15,702,230 from its listing exercise from the Public Issue based on the issue price of RM0.68 per share and Right Issues of RM0.50 per share. As at the date of this announcement, the said proceeds has been utilised in the following manner:

	<b>Total RM'000</b>	<b>Utilised RM'000</b>	<b>Unutilised RM'000</b>
Capital expenditure	4,800	2,497	2,303
Repayment of bank borrowings	6,900	6,900	-
Working capital	2,102	2,102	-
Estimated listing expenses	1,900	1,900	-
	<u>15,702</u>	<u>13,399</u>	<u>2,303</u>

**B9. Group borrowings**

The Group's borrowings as at the end of the reporting quarter are as follows:

	<b>Short Term (Secured) RM'000</b>	<b>Long Term (Secured) RM'000</b>
Bank overdrafts	1,415	-
Trust receipts, bankers' acceptance and revolving credit	5,098	-
Term loans	1,733	2,548
Hire purchase	1,649	295
Total	<u>9,895</u>	<u>2,843</u>

All borrowings are denominated in Ringgit Malaysia

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**B10. Off balance sheet financial instrument**

There are no financial instruments with off balance sheet risk as at the end of the previous financial year to the date of this announcement.

**B11. Changes in material litigation**

Neither BSL nor any of its subsidiary companies are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect the financial position of Company or any of its subsidiaries and the Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of Company or any of its subsidiaries.

**B12. Dividends**

The Directors have proposed a first and final tax exempt dividend of 7.50% for the financial year ended 31 August 2006 which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

Notice of the Annual general meeting and the book closure will be announced at a later date.

**B13. Basic earnings per share**

The basic earnings per share for the current quarter and cumulative year to date are computed as follow:-

	<b>Individual</b>		<b>Cumulative</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year to</b>	<b>Year To</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Date</b>	<b>date</b>
	<b>31.08.06</b>	<b>31.08.05</b>	<b>31.08.06</b>	<b>31.08.06</b>
Net profit attributable to shareholders of the Company (RM'000)	3,625	2,316	9,913	3,389
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	98,000	74,000	93,941	24,207
Basic Earnings Per Share based on the weighted average number of shares in issue (Sen)	3.70	3.13	10.55	14.00



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**B14. Authorisation for issue**

This quarterly report was authorized for issue by the Board of Directors in accordance with the resolution of the directors on 30 October 2006.

By order of the Board

Ngiam Tong Kwan  
Executive Chairman  
Petaling Jaya  
30 October 2006