

**Notes on the quarterly report – 31 May 2012**

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. Basis of preparation**

The interim financial statements of BSL Corporation Berhad (“BSL”) are unaudited and have been prepared in accordance with the requirements outlined in the Financial Reporting Standards, FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. The interim financial statements should be read in conjunction with the audited financial statements of BSL for the year ended 31 August 2011.

The accounting policies adopted by BSL in these interim financial statements are consistent with those adopted in the financial statements for the year ended 31 August 2011.

**A2. Comparatives**

The Group has applied FRS 5 Non-current Assets Held for Sale and Discontinued Operations and as required by FRS 5, certain comparatives of the Group have been re-presented due to discontinued operations during the current financial period. The following amounts have been restated in accordance with FRS 5:-

<b>9 months ended 31 May 2011</b>	<b>Previously stated RM’000</b>	<b>FRS 5 RM’000</b>	<b>Restated RM’000</b>
<b><u>Continuing Operations</u></b>			
Revenue	156,557	(22,504)	134,053
Operating Profit	9,233	(3,269)	5,964
Interest expenses	(1,133)	(68)	(1,065)
Interest income	91	-	91
Share of result of associate	536	-	536
Income tax expenses	(2,373)	(768)	(1,605)
Profit for the period	6,354	2,433	3,921
<b><u>Discontinued operations</u></b>			
Profit from discontinued operation	-	2,433	2,433

**A3. Qualification of annual financial statements**

There were no audit qualifications on the financial statements of the Company for the year ended 31 August 2011.

**A4. Seasonal and cyclical factors**

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

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**A5. 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.

**A6. Material changes in estimates**

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

**A7. 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.

**A8. Dividend paid**

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

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**A9 Segment information**

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

	<b>Investment holding</b>	<b>Precision stamping and tooling</b>	<b>Printed Circuit Board ("PCB") and module assembly</b>	<b>Fabrication and forging</b>	<b>Elimination</b>	<b>Consolidated</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	-	78,579	29,846	7,324	-	115,749
Inter-segment sales	-	-	-	-	-	-
Total revenue	-	78,579	29,846	7,324	-	115,749
<b>Results</b>						
Segment results	(388)	4,480	1,220	(337)	-	4,975
Profit from operations						4,975
Interest expense						(967)
Interest income						28
Share of results of associate						(625)
Profit before tax						3,411
Income tax expense						(746)
Profit for the year from continued operations						2,665
Profit for the year from discontinued operation						55
<b>Profit for the year</b>						<b>2,720</b>
Attributable to:						
Equity holders of the parent						2,693
Minority interest						27
						2,720
						3

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**A10. Valuation of property, plant and equipment**

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

Freehold land and buildings which are stated at valuation are revalued at regular intervals of at least once in every 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 land and buildings were last revalued in 2007.

**A11. Material events subsequent to the end of the interim period**

Save as disclosed below, there were no material events subsequent to the current financial year ended 31 August 2011 up to the date of this report, which are likely to substantially affect the results of the operations of the Group.

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

**A13. Discontinued Operations**

The revenue, results and cash flows of the subsidiaries which are classified as discontinued operations as follows:-

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31 May 2012 RM'000	Current year Quarter 3 May 2011 RM'000	Current year to Date 31 May 2012 RM'000	Current year to Date 31 May 2011 RM'000
Revenue	-	11,478	-	22,504
Operating Profit/(Loss)	(8)	1,857	(53)	3,218
Interest expenses	-	(1)	-	(17)
Interest income	48	-	144	-
Income Tax	(12)	(432)	(36)	(768)
Profit/(Loss) for the period from discontinued operations	28	1,425	55	2,433
<b>The Cash flows attributable to the discontinued operations are as follows:</b>				
Operating cash flows			(6)	1,670
Investing cash flows			-	-
Financing cash flows			144	(17)
Total cash flows			138	1,653

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The major classes of assets and liabilities of the discontinued operations as at 31 May 2012 are as follows:

	<b>Carrying amounts as at 31 May 2012 RM'000</b>
<b>Assets</b>	
Other receivables	60
Cash & Bank Balance	9,597
<b>Total assets</b>	<b>9,657</b>
<b>Liabilities</b>	
Other payables	49
Tax liabilities	-
<b>Total Liabilities</b>	<b>49</b>

**A14 Changes in contingent liabilities**

There were no changes on 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 RM21.45 million given by the Company to financial institutions for credit facilities granted to the subsidiary companies.

**A15. Capital commitments**

	<b>Approved and contracted for RM'000</b>	<b>Approved but not contracted for RM'000</b>
Purchase of property, plant and machinery	6,450	-

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

**B1. Review of performance**

For the quarter ended 31 May 2012, the Group achieved revenue of RM33.23 million and a loss after tax of RM0.62 million, compared to a profit after tax of RM0.89 million for the corresponding quarter last year. The performance of each operating segment is as follows:

Precision stamping & tooling segment

This segment recorded a revenue of RM78.58 million and a profit of RM4.48million for the financial period ended 31 May 2012 as compared to a revenue of RM97.05 million and a profit of RM8.78 million for the corresponding period last year.

The decline in revenue was mainly due to slowdown in customers' order particularly for components for LCD TV and panel for TV.

Printed circuit board ("PCB") & module assembly segment

This segment recorded a revenue of RM29.85 million and a profit of RM1.22 million for the financial period ended 31 May 2012 as compared to a revenue of RM26.60 million and a loss of RM1.16 million for the corresponding period last year. The increase in revenue was mainly due to increase in customers order from AV receiver, blue ray player and TFT LCD Panels for small size devices.

Fabrication & forging segment

This segment recorded a revenue of RM7.32 million and a loss of RM0.34 million for the financial period ended 31 May 2012 as compared to a revenue of RM10.40 million and a profit of RM0.59 million for the corresponding period last year.

The decline in revenue was mainly due to slowdown in customer order from steel forging parts for automotive industries and brass forging parts in air condition.

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

Total Group revenue was at RM33.23 million, a decrease of 3.50% compared to the preceding quarter. The Group recorded a loss before tax of RM0.61 million for the current quarter ended 31 May 2012 as compared to a profit before tax of RM0.49 million in the preceding quarter. The drop in profit before tax was mainly due to lower revenue in the current quarter which declined by RM3.5 million.

The reduction in revenue was mainly due to generally lower demand for electrical & electronic goods.

**B3. Current year prospects**

The Board foresees the current year's prospect to be challenging due to the uncertain global economics environment. Nevertheless, the Group will continue in its effort to reduce costs and improve productivity.

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

The Group had not provided any profit forecast for the current financial year ended 31 August 2012.

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**B5. Profit/(Loss) for the period**

Profit/(loss) for the period is arrived at after charging/(crediting):-	<b>Current Quarter 31.05.2012 RM'000</b>	<b>Current year To date 31.05.2012 RM'000</b>
Depreciation of property, plant & equipment	1,691	5,187
Finance cost	280	967
Loss/(Gain) on disposal of property, plant & equipment	-	(99)
Net foreign exchange loss/(gain)	5	22
Interest income	(9)	(28)

**B6. Tax expense**

	<b>Current Quarter 31.05.2012 RM' 000</b>	<b>Current year To date 31.05.2012 RM' 000</b>
Current tax expense	(11)	(773)
Current deferred tax expense	-	-
Overprovision of deferred tax in prior year	1	27
	(10)	(746)

The effective tax rate was higher than the statutory tax rate of 25% mainly because certain expenses were non-deductible.

**B7. 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.

**B8. Quoted and marketable investments**

There was no purchase or disposal of quoted securities during the current quarter.

**B9. Status of corporate proposal announced**

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

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**B10. Group borrowings**

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

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short term</b>			
Bank overdrafts	1,559	-	1,559
Trust receipts, bankers' acceptance & revolving credit	3,697	-	3,697
Term loans	1,467	-	1,467
Hire purchase	1,920	-	1,920
	<hr/> 8,643	<hr/> -	<hr/> 8,643
<b>Long term</b>			
Terms loans	15,835	-	15,835
Hire purchase	1,045	-	1,045
	<hr/> 16,880	<hr/> -	<hr/> 16,880
	<hr/> <hr/> 25,523	<hr/> <hr/> -	<hr/> <hr/> 25,523

*All borrowings are denominated in Ringgit Malaysia*

**B11. Realised and unrealised profit/(loss) disclosure**

	<b>As at 31 May 2012 RM'000</b>
Total retained profit of BSL and its subsidiaries	
-Realised	38,715
-Unrealised	(1,866)
	<hr/> 36,849
Total retained profit from associated company	
-Realised	(416)
-Unrealised	-
	<hr/> (416)
<b>Total group retained profits as per consolidated accounts</b>	<hr/> <hr/> <b>36,433</b>



**Notes on the quarterly report – 31 May 2012**

**B12. Off balance sheet financial instrument**

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

**B13. Changes in material litigation**

Neither BSL nor any of its subsidiaries are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the 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 the Company or any of its subsidiaries.

**B14. Dividends**

The Board of Directors did not propose any dividend for the period under review.

**B15. Basic earnings per share**

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

	<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>31.05.12</b>	<b>31.05.11</b>	<b>31.05.12</b>	<b>31.05.11</b>
Profit/(Loss) attributable to equity holders of the parent from continuing operations (RM'000)	(615)	887	2,665	3,921
Profit/(Loss) attributable to equity holders of the parent from discontinued operations (RM'000)	14	727	28	1,241
Profit/(Loss) attributable to equity holders of the parent (RM'000)	(601)	1,614	2,693	5,162
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	98,000	98,000	98,000	98,000
Basic Earnings/(Loss) Per Share based on the weighted average number of shares in issue (sen) for:				
Profit from continuing operations	0.01	0.74	0.03	1.27
Profit/(Loss) from discontinued operations				
Total (sen)	(0.61)	1.65	2.75	5.27

**Notes on the quarterly report – 31 May 2012**

**B16. Authorisation for issue**

This quarterly report was authorized for issue by the Board of Directors in accordance with the resolution of the directors on 27 July 2012.

By order of the Board

Ngiam Tong Kwan  
Executive Chairman  
Selangor  
27 July 2012