

BSL CORPORATION BERHAD
(Company No. 651118-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 28-Feb-19 RM'000	PRECEDING YEAR QUARTER 28-Feb-18 RM'000	CURRENT YEAR TO DATE 28-Feb-19 RM'000	PRECEDING YEAR TO DATE 28-Feb-18 RM'000
Continuing Operations				
Revenue	35,277	38,789	76,489	78,669
Cost of sales	(33,044)	(35,984)	(69,927)	(72,668)
Gross profit	<u>2,233</u>	<u>2,805</u>	<u>6,562</u>	<u>6,001</u>
Other income	764	1,123	1,771	2,084
Other expenses	(3,517)	(3,398)	(6,453)	(7,239)
Results from operating activities	<u>(520)</u>	<u>530</u>	<u>1,880</u>	<u>846</u>
Interest expense	(236)	(230)	(369)	(455)
Share of result of joint venture	-	(12)	-	(16)
Profit/ (Loss) before tax	<u>(756)</u>	<u>288</u>	<u>1,511</u>	<u>375</u>
Income tax expense	(298)	(647)	(725)	(966)
Profit/(Loss) for the period/year	<u>(1,054)</u>	<u>(360)</u>	<u>786</u>	<u>(591)</u>
Other comprehensive (loss)/income:				
Exchange differences on translation of foreign currency	370	238	118	473
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR	<u><u>(684)</u></u>	<u><u>(122)</u></u>	<u><u>903</u></u>	<u><u>(118)</u></u>
Profit/(Loss) attributable to :				
Equity holders of the company	(805)	(165)	752	(203)
Non-controlling interest	(249)	(195)	33	(388)
	<u>(1,054)</u>	<u>(360)</u>	<u>786</u>	<u>(591)</u>
Total comprehensive income attributable to :				
Equity holders of the company	(435)	72	870	270
Non-controlling interest	(249)	(195)	33	(388)
	<u>(684)</u>	<u>(122)</u>	<u>903</u>	<u>(118)</u>
Basic Earnings/(Loss) Per Share based on the weighted average				
number of shares in issue (Sen)	<u>(0.83)</u>	<u>(0.17)</u>	<u>0.78</u>	<u>(0.21)</u>

Notes:

The Unaudited Condensed Consolidated Statements Of Comprehensive Income should be read in conjunction with the Annual Financial Statements of BSL Corporation Berhad for the financial year ended 31 August 2018.

BSL CORPORATION BERHAD
(Company No. 651118-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 28 FEBRUARY 2019

	Note	As at 28-Feb-19 RM'000	As at 31-Aug-18 RM'000
ASSETS			
Non current assets			
Property, plant and equipment		91,302	92,360
Investment in joint venture and associate		-	-
Trade receivables		1,516	1,861
Other investments		3,067	3,163
Total non current assets		<u>95,885</u>	<u>97,384</u>
Current assets			
Inventories		14,490	12,736
Trade receivables		29,778	34,500
Amount due from customers on contract		2,461	-
Other receivables		4,699	4,633
Current tax assets		281	130
Cash and bank balances		9,381	11,867
Total current assets		<u>61,088</u>	<u>63,866</u>
Total assets		<u>156,973</u>	<u>161,249</u>
Equity and liabilities			
Capital and reserves			
Share capital		50,767	49,000
Share premium		-	1,767
Treasury shares		(459)	(459)
Reserves		60,956	60,086
Equity attributable to equity holders of the parent		<u>111,264</u>	<u>110,394</u>
Non-controlling interest		(461)	(483)
Total equity		<u>110,803</u>	<u>109,911</u>
Non current liabilities			
Long term borrowings		7,618	9,207
Deferred taxation liabilities		5,073	5,031
Total non current liabilities		<u>12,691</u>	<u>14,238</u>
Current liabilities			
Trade payables		22,402	24,828
Other payables and provision		5,669	6,057
Amount owing to customers on contract		-	556
Short term borrowings		5,407	5,354
Tax liabilities		-	306
Total current liabilities		<u>33,478</u>	<u>37,101</u>
Total liabilities		<u>46,169</u>	<u>51,338</u>
Total equity and liabilities		<u>156,973</u>	<u>161,249</u>
Net Assets per share attributable to ordinary equity holders of the parent (RM)		<u>1.15</u>	<u>1.14</u>

Notes :

The Unaudited Condensed Consolidated Statements Of Financial Position should be read in conjunction with the Annual Financial Statements of BSL Corporation Berhad for the financial year ended 31 August 2018.

BSL CORPORATION BERHAD
(Company No. 654118-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2019**

	<i>Non-distributable</i>					<i>Distributable</i>			Total RM'000	
	Share Capital RM'000	Share Premium RM'000	Foreign currency translation reserve RM'000	Revaluation of properties RM'000	Fair value reserve RM'000	Treasury Shares RM'000	Retained Profit RM'000	Attributable to Equity Holders of the Parent RM'000		Non-controlling Interest RM'000
Balance as at 1 September 2018	49,000	1,767	(1,045)	34,252	(161)	(459)	27,039	110,394	(483)	109,911
Realisation of revaluation reserves	-	-	-	(132)	-	-	132	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-
Transfer to share capital upon implementation of the Companies Act 2016	1,767	(1,767)	-	-	-	-	-	-	-	-
Winding up of a subsidiary	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the year	-	-	118	-	-	-	752	752	33	786
Other comprehensive income for the year	-	-	118	-	-	-	-	-	(10)	118
Total comprehensive income/(loss) for the year	-	-	118	-	-	-	752	870	33	903
Balance as at 28 February 2019	<u>50,767</u>	<u>-</u>	<u>(927)</u>	<u>34,120</u>	<u>(161)</u>	<u>(459)</u>	<u>27,924</u>	<u>111,264</u>	<u>(460)</u>	<u>110,804</u>

	<i>Non-distributable</i>					<i>Distributable</i>			Total RM'000	
	Share Capital RM'000	Share Premium RM'000	Foreign currency translation reserve RM'000	Revaluation of properties RM'000	Fair value reserve RM'000	Treasury Shares RM'000	Retained Profit RM'000	Attributable to Equity Holders of the Parent RM'000		Non-controlling Interest RM'000
Balance as at 1 September 2017	49,000	1,767	(1,192)	-	(161)	(456)	28,155	77,113	889	78,002
Treasury shares	-	-	-	-	-	(3)	-	(3)	-	(3)
Acquisition of subsidiary	-	-	-	-	-	-	(203)	(203)	(388)	(591)
(Loss)/Profit for the year	-	-	473	-	-	-	-	473	-	473
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	-	473	-	-	-	(203)	270	(388)	(118)
Balance as at 28 February 2018	<u>49,000</u>	<u>1,767</u>	<u>(719)</u>	<u>-</u>	<u>(161)</u>	<u>(459)</u>	<u>27,952</u>	<u>77,380</u>	<u>501</u>	<u>77,881</u>

Notes :

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Statements of BSL Corporation Berhad for the financial year ended 31 August 2018.

BSL CORPORATION BERHAD
(Company No. 651118-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 28 FEBRUARY 2019

	28-Feb-19 RM'000	28-Feb-18 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	1,511	375
Adjustments for:		
Non-cash items	2,065	2,313
Non-operating items	398	1,468
	<u>3,974</u>	<u>4,156</u>
Operating profit before working capital changes	3,974	4,156
(Increase)/Decrease in working capital:		
Inventories	(1,754)	(792)
Receivables	1,730	(810)
Payables	(2,814)	(3,157)
	<u>(2,838)</u>	<u>(3,759)</u>
Cash (used in)/generated from operations	1,137	(604)
Income tax paid	(1,140)	(618)
	<u>(63)</u>	<u>(1,222)</u>
Net cash (used in)/generated from operating activities	(63)	(1,222)
Cash flows from investing activities		
Interest received	40	43
Proceeds from disposal of property, plant and equipment	27	78
Purchase of property, plant and equipment	(392)	(1,044)
Others	-	-
	<u>(325)</u>	<u>(923)</u>
Net cash generated from/(used in) investing activities	(325)	(923)
Cash flows from financing activities		
Net decrease in bank borrowings	(2,151)	(2,088)
Interest paid	(369)	(455)
Purchase of treasury share	-	(3)
	<u>(2,520)</u>	<u>(2,546)</u>
Net cash used in financing activities	(2,520)	(2,546)
Net decrease in cash and cash equivalents	(2,847)	(4,692)
Effect of changes in foreign currency translation reserves	118	960
Cash and cash equivalents at beginning of financial year	9,887	11,723
Cash and cash equivalents at end of financial year	<u>7,158</u>	<u>7,991</u>
Cash and cash equivalents at end of quarter comprise:		
Cash and bank balances	8,244	6,448
Deposits in licensed banks	1,136	3,306
Bank overdrafts	(1,086)	(679)
	<u>8,294</u>	<u>9,075</u>
Less : Fixed deposit pledged to licensed bank	(1,136)	(1,083)
	<u>7,158</u>	<u>7,991</u>

Notes :

The Unaudited Condensed Consolidated Statement Of Cash Flow should be read in conjunction with the Annual Financial Statements of BSL Corporation Berhad for the financial year ended 31 August 2018.

Notes on the interim financial statements
For the second quarter ended 28 February 2019

PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2019

A1. Basis of preparation

The unaudited interim financial report has been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard (MFRS) 134 - Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2018.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 August 2018.

A2. Qualification of annual financial statements

There were no audit qualifications on the financial statements for the year ended 31 August 2018.

A3. Seasonal and cyclical factors

The Group's business operation results were 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 were 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.

A7. Dividend paid

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

Notes on the interim financial statements
For the second quarter ended 28 February 2019

A8. Segment information

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

	Investment Holding	Precision Stamping and Tooling	Printed circuit board ("PCB") and module assembly	Renewable Energy	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	-	66,985	6,791	2,713	-	-	76,489
Inter-segment sales	-	-	2	-	-	(2)	0
Total revenue	-	66,985	6,793	2,713	-	(2)	76,489
Results							
Segment results	(436)	2,413	(636)	521	24	16	1,840
Profit from operations							1,840
Interest expense							(369)
Interest income							40
Profit before tax							1,511
Income tax expense							(725)
Profit for the year							786
Attributable to:							
Equity holders of the parent							752
Minority interest							33
							786

Included in the segment results for the period are unrealized foreign exchange losses for the Investment holding segment of RM0.12mil and RM0.1mil for the PCB segment totaling to RM0.22mil.

A9. Valuation of property, plant and equipment

There were no revaluation of property, plant and equipment that were carried out during the quarter under review.

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

Reference is made to BSL's recent announcements in Bursa Malaysia dated 17th April 2018, 5th July 2018, 28th January 2019 and 22nd March 2019 with the title "Bills of demand from the Royal Malaysian Customs Selangor". Crestronics (M) Sdn. Bhd. ("CMSB"), a wholly owned subsidiary of BSL had on 13th April 2018 received a letter dated 10th April 2018 from the Ministry of Finance ("MOF") that CMSB's appeal of remission of import duty has been rejected. CMSB through its

Notes on the interim financial statements
For the second quarter ended 28 February 2019

appointed lawyer has filed in a judicial review on 5th July 2018. The High Court has granted leave for the application filed in. The High Court had also granted an interim stay of enforcement of the bills of demand until the disposal of *inter-partes* hearing. The High Court had adjourned the hearing date from 29 March 2019 to 21 May 2019. At this juncture, BSL is unable to determine precisely the financial impact to the Group for the financial year ended 31 August 2019. Save as disclosed above, there were no material events subsequent to the current quarter ended 28 February 2019 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

Crestronics Greentech Sdn. Bhd. (“CGSB”), a 52% indirectly owned subsidiary of BSL Corporation Bhd has on 31 January 2019 obtained approval from its shareholders to commence a Member’s Voluntary Winding Up and the liquidators were appointed. Accordingly, CGSB was de-consolidated from the Group effective 31 January 2019. Save as disclosed above, there were no other changes in the composition of the Group during the quarter under review.

A12. Changes in contingent liabilities

There were no significant changes on contingent liabilities of a material nature since the last balance sheet date until the date of this announcement. As at quarter ended 28 February 2019, outstanding corporate guarantees amounting to RM15.40 million were given by the Company to financial institutions for credit facilities granted to the subsidiary companies and undertaking provided by the Company to a subsidiary company.

A13. Capital commitments

At the end of the reporting quarter, the Group had approved and contracted for capital commitments of approximately RM0.4 million.

BSL CORPORATION BERHAD
(Company No: 651118-K)

Notes on the interim financial statements
For the second quarter ended 28 February 2019

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

B1. Review of performance

Summary of the Group's financial review for the current 2nd quarter and year to date:

<u>Group</u> <u>RM'000</u>	2nd Quarter ended		Variance	
	28-Feb-19	28-Feb-18		
Revenue	35,277	38,788	(3,511)	-9%
Operating (loss)/profit before interest	(553)	496	(1,049)	-211%
Profit/(Loss) before tax	(756)	288	(1,044)	-363%
Profit/(Loss) after tax	(1,054)	(360)	(694)	193%
Profit/(Loss) attributable to owner	(805)	(165)	(640)	388%

<u>Group</u> <u>RM'000</u>	Year to date		Variance	
	28-Feb-19	28-Feb-18		
Revenue	76,489	78,669	(2,180)	-3%
Operating profit before interest	1,840	804	1,036	129%
Profit/(Loss) before tax	1,511	375	1,136	303%
Profit/(Loss) after tax	786	(591)	1,377	-233%
Profit/(Loss) attributable to owner	752	(203)	956	-470%

The Group registered a lower revenue for the 2nd quarter ended 28 February 2019 at RM35.277mil as compared to RM38.788mil in the second quarter ended 28 February 2018. Revenue were lower due to the decline in the sales in our LED TV segment. Due to the lower revenue and margin, the Group incurred operating loss of RM0.553mil as compared to an operating profit of RM0.496mil in prior quarter. Manufacturing costs have increased mainly from the increase in minimum wage as well as the absorption of foreign worker's levy. The impact of unrealized foreign exchange losses for the current quarter is approximately RM0.49mil as compared to a loss of RM0.67mil in Quarter 2 FY2018.

On a yearly basis, despite the lower revenue, there is higher operating profit as compared to prior year. This is due to the contribution from the renewable energy segment for the ongoing Engineering, Procurement, Construction and Commissioning ("EPCC") engagement in quarter 1 2019. The impact of unrealized foreign exchange losses for the current year to date FY2019 is approximately RM0.23mil as compared to a loss of RM1.3mil in the YTD FY2018.

Notes on the interim financial statements
For the second quarter ended 28 February 2019

Precision stamping & tooling segment

Precision stamping and tooling RM'000	2nd Quarter ended		Variance	
	28-Feb-19	28-Feb-18		
Revenue	31,867	35,074	(3,208)	-9%
Operating profit before interest	936	2,182	(1,245)	-57%

Precision stamping and tooling RM'000	Year to date		Variance	
	28-Feb-19	28-Feb-18		
Revenue	66,985	69,902	(2,918)	-4%
Operating profit before interest	2,413	3,562	(1,148)	-32%

Revenue from this segment were lower in the current quarter and year to date due to declining margin and sales in the LED TV segment. The competition in this segment continues to intensify with the increase in demand for the new OLED TV as well as larger TVs. Operating profit also declined due to the lower revenue.

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

PCB Assembly RM'000	2nd Quarter ended		Variance	
	28-Feb-19	28-Feb-18		
Revenue	3,163	2,711	453	17%
Operating loss before interest	(721)	(801)	80	-10%

PCB Assembly RM'000	Year to date		Variance	
	28-Feb-19	28-Feb-18		
Revenue	6,793	7,372	(579)	-8%
Operating loss before interest	(636)	(867)	231	-27%

On a quarterly basis, revenue had increased and the operating losses were reduced. On a yearly basis, despite the decrease in revenue, operating loss before interest has reduced as compared to prior year. This segment incurred unrealized foreign exchange losses of RM172k and RM96k in the current quarter and year respectively as compared to unrealized foreign exchange losses of RM34k and RM372k in prior quarter and year respectively. On a yearly basis, this segment incurred higher operating cost such as the foreign worker's levy absorption of RM110k as compared to RM41k in prior year.

Notes on the interim financial statements
For the second quarter ended 28 February 2019

Renewable energy

<u>Renewable energy segment</u> RM'000	2nd Quarter ended		Variance	
	28-Feb-19	28-Feb-18		
Revenue	247	273	(26)	-9%
Operating profit/(loss) before interest	(258)	(199)	(59)	30%

<u>Renewable energy segment</u> RM'000	Year to date		Variance	
	28-Feb-19	28-Feb-18		
Revenue	2,713	756	1,957	259%
Operating profit/(loss) before interest	521	(368)	889	-242%

Revenue in the current quarter were from trading of parts. Operating losses have increased in the current quarter due to higher staff costs. On a yearly basis, the revenue recognized from the EPCC during Quarter 1 FY2019 contributed to the operating profit before interest as compared to none in prior year.

B2. Variation of results against the immediate preceding quarter

<u>Group</u> RM'000	Quarter ended		Variance	
	28-Feb-19	30-Nov-18		
Revenue	35,277	41,213	(5,936)	-14%
Operating profit/(loss)	(553)	2,392	(2,945)	-123%
Profit/(Loss) before tax	(756)	2,267	(3,023)	-133%
Profit/(Loss) after tax	(1,054)	1,840	(2,894)	-157%
Profit/(Loss) attributable to owners	(805)	1,558	(2,363)	-152%

The Group's revenue decreased from prior quarter due to the lower sales from the LED TV segment. In addition, there were revenue recognized from the EPCC under the renewable segment in prior quarter and none in the current quarter. Due to the lower sales, margins and higher production costs, the Group incurred operating losses in the current quarter.

B3. Current year prospects

The Board foresees the current year's prospect to be challenging due to the uncertain global economics environment which includes the fluctuation of Ringgit / USD foreign exchange rate and the rising of local operating cost. In addition, the increase in minimum wage which was already effective in January 2019 will have negative impact on the profitability. In view of that, the Company is always seeking new technology, machineries and to implement further automation to be more

Notes on the interim financial statements
For the second quarter ended 28 February 2019

effective in January 2019 will have negative impact on the profitability. In view of that, the Company is always seeking new technology, machineries and to implement further automation to be more efficient in its processes and optimize the labour headcount. The Group also continue to experience the impact of shifting demands towards OLED TV which results in the lower sales of back chassis and metal components for our current LED TV segment customers. However, sales from our agricultural component have shown positive increase and the sales of the automated egg elevator under the EMS segment continue to gain traction.

We also expect the ongoing trade war between the US and China to be favorable to the Group and are exploring potential opportunities presently.

B4. Variance of actual and forecast profit

The Group had not provided any profit forecast.

B5. Profit / (Loss) for the period

Profit / (Loss) for the period is arrived at after charging/(crediting):-	Current Quarter 28.02.2019 RM'000	Current year to date 28.02.2019 RM'000
Depreciation of property, plant & equipment	987	2,065
Finance cost	236	369
Loss/(Gain) on disposal of property, plant and equipment	(22)	(27)
Net foreign exchange (Gain)/loss	489	225
Interest income	(32)	(41)

B6. Income tax expense

	Current Quarter 28.02.2019 RM'000	Current year To date 28.02.2019 RM'000
Income tax	277	683
Deferred tax	21	42
	298	725

The effective tax rate is higher than the statutory tax rate of 24% mainly due to the certain subsidiary companies in a net loss position.

Notes on the interim financial statements
For the second quarter ended 28 February 2019

B7. Unquoted investments and/or properties

The Group has not disposed 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 and marketable investments during the quarter under review.

B9. Status of corporate proposal announced

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

B10. Group borrowings

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

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term			
Bank overdrafts	1,086	-	1,086
Term loans	3,309	-	3,309
Hire purchase	1,011	-	1,011
	<hr/> 5,406	<hr/> -	<hr/> 5,406
Long term			
Terms loans	6,857	-	6,857
Hire purchase	761	-	761
	<hr/> 7,618	<hr/> -	<hr/> 7,618
	<hr/> <hr/> 13,024	<hr/> <hr/> -	<hr/> <hr/> 13,024

All borrowings are denominated in Ringgit Malaysia.

B11. Off balance sheet financial instrument

There are no financial instruments with off balance sheet risk as at the end of the previous financial year ended 31 August 2018 up to the date of this announcement.

Notes on the interim financial statements
For the second quarter ended 28 February 2019

B12. Changes in material litigation

Save as disclosed in Note A10 above, 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.

B13. Dividends

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

B14. Basic earnings per share

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

	Individual Current Year Quarter 28.02.19	Preceding Year Quarter 28.02.18	Cumulative Current Year to Date 28.02.19	Preceding Year to Date 28.02.18
Profit/(Loss) attributable to equity holders of the parent (RM'000)	(805)	(165)	752	(203)
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	96,636	96,636	96,636	96,636
Basic Earnings/(Loss) Per Share based on the weighted average number of shares in issue (sen) for:				
Profit from continuing operations	(0.83)	(0.17)	0.78	(0.21)
Profit/(Loss) from discontinued operations	-	-	-	-
Total (sen)	(0.83)	(0.17)	0.78	(0.21)

B15. Authorisation for issue

This quarterly report was authorised for issue by the Board of Directors in accordance with the resolution of the directors on 24 April 2019.

By order of the Board

Ngiam Tong Kwan
 Executive Chairman
 Selangor
 24 April 2019