

BSL CORPORATION BERHAD

(Company No. 651118-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MAY 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-May-19 RM'000	PRECEDING YEAR QUARTER 31-May-18 RM'000	CURRENT YEAR TO DATE 31-May-19 RM'000	PRECEDING YEAR TO DATE 31-May-18 RM'000
Continuing Operations				
Revenue	45,348	38,493	121,837	117,163
Cost of sales	(41,304)	(36,307)	(111,232)	(109,240)
Gross profit/(loss)	<u>4,044</u>	<u>2,187</u>	<u>10,606</u>	<u>7,922</u>
Other income	1,310	1,071	3,081	3,156
Other expenses	(2,860)	(3,300)	(9,312)	(10,273)
Results from operating activities	<u>2,494</u>	<u>(42)</u>	<u>4,374</u>	<u>805</u>
Interest expense	(156)	(228)	(525)	(684)
Share of result of joint venture	-	(0)	-	(16)
Profit/ (Loss) before tax	<u>2,338</u>	<u>(270)</u>	<u>3,849</u>	<u>105</u>
Income tax expense	(612)	(338)	(1,337)	(1,304)
Profit /(Loss) for the period/year	<u>1,726</u>	<u>(608)</u>	<u>2,512</u>	<u>(1,199)</u>
Other comprehensive (loss)/income:				
Exchange differences on translation of foreign operations	(350)	(65)	(232)	408
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR	<u>1,377</u>	<u>(673)</u>	<u>2,280</u>	<u>(791)</u>
Profit/(Loss) attributable to :				
Equity holders of the company	1,670	(328)	2,423	(532)
Non-controlling interest	56	(280)	89	(667)
	<u>1,726</u>	<u>(608)</u>	<u>2,512</u>	<u>(1,199)</u>
Total comprehensive income attributable to :				
Equity holders of the company	1,321	(394)	2,191	(124)
Non-controlling interest	56	(280)	89	(667)
	<u>1,377</u>	<u>(673)</u>	<u>2,280</u>	<u>(791)</u>
Basic Earnings/(Loss) Per Share based on the weighted average number of shares in issue (Sen)	<u>1.73</u>	<u>(0.34)</u>	<u>2.51</u>	<u>(0.55)</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 31 MAY 2019

	As at 31-May-19 RM'000	As at 31-Aug-18 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	91,066	92,360
Investment in joint venture and associate	-	-
Trade receivables	1,516	1,861
Other investments	3,060	3,163
Total non current assets	<u>95,642</u>	<u>97,384</u>
Current assets		
Inventories	15,174	12,736
Trade receivables	32,165	34,500
Amount due from customers on contract	768	-
Other receivables	3,586	4,633
Current tax assets	355	130
Cash and bank balances	11,134	11,867
Total current assets	<u>63,181</u>	<u>63,866</u>
Total assets	<u>158,823</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	62,277	60,086
Equity attributable to equity holders of the parent	<u>112,585</u>	<u>110,394</u>
Non-controlling interest	(404)	(483)
Total equity	<u>112,181</u>	<u>109,911</u>
Non current liabilities		
Long term borrowings	7,454	9,207
Deferred taxation liabilities	5,094	5,031
Total non current liabilities	<u>12,548</u>	<u>14,238</u>
Current liabilities		
Trade payables	24,908	24,828
Other payables and provision	4,668	6,057
Amount owing to customers on contract	-	556
Short term borrowings	4,519	5,354
Tax liabilities	-	306
Total current liabilities	<u>34,095</u>	<u>37,101</u>
Total liabilities	<u>46,643</u>	<u>51,338</u>
Total equity and liabilities	<u>158,823</u>	<u>161,249</u>
Net Assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.17</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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2019

	Non-distributable				Distributable			Attributable to Equity Holders of the Parent RM'000	Non-controlling Interest RM'000	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			
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	-	-	-	(198)	-	-	198	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-
Transfer to share capital upon implementation of Companies Act 2016	1,767	(1,767)	-	-	-	-	-	-	-	-
Winding up of a subsidiary	-	-	(232)	-	-	-	2,423	2,423	89	2,512
Profit/(Loss) for the year	-	-	-	-	-	-	-	(232)	-	(232)
Other comprehensive income for the year	-	-	(232)	-	-	-	2,423	2,191	89	2,280
Total comprehensive income/(loss) for the year	-	-	(232)	-	-	-	2,423	2,191	89	2,280
Balance as at 31 May 2019	<u>50,767</u>	<u>-</u>	<u>(1,277)</u>	<u>34,054</u>	<u>(161)</u>	<u>(459)</u>	<u>29,660</u>	<u>112,585</u>	<u>(404)</u>	<u>112,181</u>

	Non-distributable				Distributable			Attributable to Equity Holders of the Parent RM'000	Non-controlling Interest RM'000	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			
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	-	-	408	-	-	-	(532)	(532)	(667)	(1,199)
(Loss)/Profit for the year	-	-	408	-	-	-	(532)	408	-	408
Other comprehensive loss for the year	-	-	(784)	-	(161)	(459)	27,623	76,986	222	77,208
Total comprehensive (loss)/income for the year	-	-	408	-	(161)	-	(532)	(124)	(667)	(791)
Balance as at 31 May 2018	<u>49,000</u>	<u>1,767</u>	<u>(784)</u>	<u>-</u>	<u>(161)</u>	<u>(459)</u>	<u>27,623</u>	<u>76,986</u>	<u>222</u>	<u>77,208</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 31 MAY 2019

	31-May-19 RM'000	31-May-18 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	3,849	105
Adjustments for:		
Non-cash items	3,059	3,462
Non-operating items	<u>298</u>	<u>1,828</u>
Operating profit before working capital changes	7,206	5,395
(Increase)/Decrease in working capital:		
Inventories	(2,438)	(449)
Receivables	2,472	1,535
Payables	<u>(1,309)</u>	<u>(5,703)</u>
Cash (used in)/generated from operations	5,931	777
Income tax paid	<u>(1,805)</u>	<u>(1,320)</u>
Net cash (used in)/generated from operating activities	<u>4,127</u>	<u>(543)</u>
Cash flows from investing activities		
Interest received	48	57
Proceeds from disposal of property, plant and equipment	39	99
Purchase of property, plant and equipment	(897)	(1,537)
Others	<u>-</u>	<u>-</u>
Net cash generated from/(used in) investing activities	<u>(809)</u>	<u>(1,380)</u>
Cash flows from financing activities		
Net decrease in bank borrowings	(3,455)	(3,384)
Interest paid	(525)	(689)
Purchase of treasury share	-	(3)
Decrease in deposits pledged	605	-
Net cash used in financing activities	<u>(3,375)</u>	<u>(4,076)</u>
Net decrease in cash and cash equivalents	(57)	(6,000)
Effect of changes in foreign currency translation reserves	(232)	816
Cash and cash equivalents at beginning of financial year	<u>9,887</u>	<u>11,723</u>
Cash and cash equivalents at end of financial year	<u>9,599</u>	<u>6,539</u>
Cash and cash equivalents at end of quarter comprise:		
Cash and bank balances	10,598	5,380
Deposits in licensed banks	537	3,320
Bank overdrafts	<u>(999)</u>	<u>(1,078)</u>
	10,135	7,622
Less : Fixed deposit pledged to licensed bank	<u>(537)</u>	<u>(1,083)</u>
	<u>9,599</u>	<u>6,539</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 third quarter ended 31 May 2019

PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 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.

BSL CORPORATION BERHAD
(Company No: 651118-K)

Notes on the interim financial statements
For the third quarter ended 31 May 2019

A8. Segment information

Segmental information from continuing operations is presented in respect of the Group's business segments for the 9 months period ended 31 May 2019:

	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	-	104,343	10,259	7,235	-	-	121,837
Inter-segment sales / Dividend	7,100	-	2	-	-	(7,102)	0
Total revenue	7,100	104,343	10,261	7,235	-	(7,102)	121,837
Results							
Segment results	6,870	4,163	(515)	875	43	(7,109)	4,326
Profit from operations							4,326
Interest expense							(525)
Interest income							48
Share of results of joint venture							-
Profit before tax							3,849
Income tax expense							(1,337)
Profit for the year							2,512
Attributable to:							
Equity holders of the parent							2,423
Minority interest							89
							2,512

Included in the segment results for the period are unrealized foreign exchange gains for the Investment holding segment of RM0.23mil while the PCB segment incurred unrealized foreign exchange losses of RM0.1mil.

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.

Notes on the interim financial statements
For the third quarter ended 31 May 2019

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

Reference is made to BSL's announcements in Bursa Malaysia dated 24 December 2014, 10 July 2017, 17th April 2018, 5th July 2018, 28th January 2019, 22nd March 2019, 21st May 2019 and 9th July 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 appointed lawyer has filed in a judicial review on 5th July 2018. The High Court had 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. At the hearing in the High Court on 21 May 2019, it was fixed for the decision date on 9th July 2019. Subsequently, the High Court adjourned the decision date for the outcome of the judicial review to 25th July 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 31 May 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

There were no 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 31 May 2019, outstanding corporate guarantees amounting to RM14.31 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 RM2.1 million.

Notes on the interim financial statements
For the third quarter ended 31 May 2019

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

B1. Review of performance

Summary of the Group's financial performance for the current 3rd quarter and year to date:

<u>Group</u> <u>RM'000</u>	3rd Quarter ended		Variance	
	31-May-19	31-May-18		
Revenue	45,348	38,494	6,854	18%
Operating (loss)/profit before interest	2,486	(56)	2,542	-4525%
Profit/(Loss) before tax	2,338	(270)	2,608	-966%
Profit/(Loss) after tax	1,726	(608)	2,334	-384%
Profit/(Loss) attributable to owners	1,670	(328)	1,999	-609%

<u>Group</u> <u>RM'000</u>	Year to date		Variance	
	31-May-19	31-May-18		
Revenue	121,837	117,163	4,674	4%
Operating profit before interest	4,326	747	3,578	479%
Profit/(Loss) before tax	3,849	105	3,744	3574%
Profit/(Loss) after tax	2,512	(1,199)	3,711	-309%
Profit/(Loss) attributable to owners	2,423	(532)	2,954	-556%

The Group registered a higher revenue for the 3rd quarter ended 31 May 2019 at RM45.348mil as compared to RM38.494mil in the third quarter ended 31 May 2018. The higher revenue were contributed by higher sales volume from the precision metal stamping division as well as the renewable energy segment through the ongoing Engineering, Procurement, Construction and Commissioning ("EPCC") engagement during the quarter. As a result, the Group registered a profit after tax of RM1.726mil as compared to a loss after tax of RM0.608mil in the prior quarter. Current quarter also reported an unrealized foreign exchange gains of approximately RM0.341mil as compared to an unrealized foreign exchange gains of RM0.08mil in the prior quarter.

On a yearly basis, total revenue were higher due to the EPCC engagement carried during the year. There were no major EPCC carried out in the prior year. Accordingly, the gross profit margins were higher and this contributed to the higher operating profit before interest. In addition, the current year to date impact of the unrealized foreign exchange is a gain of RM0.1mil as compared to a loss of RM1.2mil in prior year.

Notes on the interim financial statements
For the third quarter ended 31 May 2019

Precision stamping & tooling segment

<u>Precision stamping and tooling</u> <u>RM'000</u>	3rd Quarter ended		Variance	
	31-May-19	31-May-18		
Revenue	37,358	34,681	2,677	8%
Operating profit before interest	1,750	725	1,025	141%

<u>Precision stamping and tooling</u> <u>RM'000</u>	Year to date		Variance	
	31-May-19	31-May-18		
Revenue	104,343	104,583	(240)	0%
Operating profit before interest	4,163	4,037	126	3%

Revenue for the current quarter is higher as compared to the previous quarter mainly due to the higher tooling sales. Operating profit before interest has shown improvements due to the higher margins generated in the current quarter. On a yearly basis, revenue were similar to prior year while operating profit before interest has increased slightly due to the improvement in margins.

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

<u>PCB Assembly</u> <u>RM'000</u>	3rd Quarter ended		Variance	
	31-May-19	31-May-18		
Revenue	3,468	3,627	(158)	-4%
Operating profit/(loss) before interest	121	(324)	446	-137%

<u>PCB Assembly</u> <u>RM'000</u>	Year to date		Variance	
	31-May-19	31-May-18		
Revenue	10,261	10,999	(737)	-7%
Operating loss before interest	(515)	(1,192)	677	-57%

On a quarterly and yearly basis, revenue has decreased slightly due to a customer performing the PCB assembly in-house. Operating loss before interest has also improved due to tighter control of costs. In addition, the impact of unrealized foreign exchange losses were lesser where this segment incurred losses RM7k and RM103k in the current quarter and year respectively as compared to losses of RM45k and RM417k in the prior quarter and year respectively.

Notes on the interim financial statements
For the third quarter ended 31 May 2019

Renewable energy

<u>Renewable energy segment</u> <u>RM'000</u>	3rd Quarter ended		Variance	
	31-May-19	31-May-18		
Revenue	4,522	185	4,337	2345%
Operating profit/(loss) before interest	354	(273)	626	-230%

<u>Renewable energy segment</u> <u>RM'000</u>	Year to date		Variance	
	31-May-19	31-May-18		
Revenue	7,235	941	6,294	669%
Operating profit/(loss) before interest	875	(641)	1,515	-237%

Revenue in the current quarter and year to date were mainly derived from the 2 EPCC engagements during the period under review. In prior quarter and year, revenue were mainly from trading sales.

B2. Variation of results against the immediate preceding quarter

<u>Group</u> <u>RM'000</u>	Quarter ended		Variance	
	31-May-19	28-Feb-19		
Revenue	45,348	35,277	10,072	29%
Operating profit/(loss)	2,486	(553)	3,039	-550%
Profit/(Loss) before tax	2,338	(756)	3,094	-409%
Profit/(Loss) after tax	1,726	(1,054)	2,780	-264%
Profit/(Loss) attributable to owners	1,670	(805)	2,476	-307%

The Group's revenue from all business segments has increased from prior quarter. Correspondingly, the operating results have improved with higher margins. In additions, the Group benefited from favorable foreign exchange in the current quarter with unrealized gains of RM0.341mil in current quarter as compared to a loss of RM0.483mil in the prior quarter.

Notes on the interim financial statements
For the third quarter ended 31 May 2019

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 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 on a yearly basis.

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 31.05.2019 RM'000	Current year to date 31.05.2019 RM'000
Depreciation of property, plant & equipment	994	3,059
Finance cost	156	525
Loss/(Gain) on disposal of property, plant and equipment	(12)	(39)
Net foreign exchange (Gain)/loss	(327)	(103)
Interest income	(7)	(48)

B6. Income tax expense

	Current Quarter 31.05.2019 RM'000	Current year To date 31.05.2019 RM'000
Income tax	591	1,274
Deferred tax	22	64
	613	1,338

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 third quarter ended 31 May 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 RM'000	Unsecured RM'000	Total RM'000
Short term			
Bank overdrafts	999	-	999
Term loans	2,509	-	2,509
Hire purchase	1,011	-	1,011
	<u>4,519</u>	<u>-</u>	<u>4,519</u>
Long term			
Terms loans	6,781	-	6,781
Hire purchase	673	-	673
	<u>7,454</u>	<u>-</u>	<u>7,454</u>
	<u>11,973</u>	<u>-</u>	<u>11,973</u>

All borrowings are denominated in Ringgit Malaysia.

Notes on the interim financial statements
For the third quarter ended 31 May 2019

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.

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		Cumulative	
	Current	Preceding	Current	Preceding
	Year	Year	Year to	Year to
	Quarter	Quarter	Date	Date
	31.05.19	31.05.18	31.05.19	31.05.18
Profit/(Loss) attributable to equity holders of the parent (RM'000)	1,670	(328)	2,423	(532)
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	1.73	(0.34)	2.51	(0.55)
Profit/(Loss) from discontinued operations	-	-	-	-
Total (sen)	1.73	(0.34)	2.51	(0.55)

Notes on the interim financial statements
For the third quarter ended 31 May 2019

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 18 July 2019.

By order of the Board

Ngiam Tong Kwan
Executive Chairman
Selangor
18 July 2019