

BSL CORPORATION BERHAD

(Company No. 651118-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Aug-19 RM'000	PRECEDING YEAR QUARTER 31-Aug-18 RM'000	CURRENT YEAR TO DATE 31-Aug-19 RM'000	PRECEDING YEAR TO DATE 31-Aug-18 RM'000
Continuing Operations				
Revenue	37,810	41,620	159,647	158,783
Cost of sales	(35,709)	(36,516)	(146,940)	(145,757)
Gross profit	<u>2,101</u>	<u>5,104</u>	<u>12,707</u>	<u>13,026</u>
Other income	1,922	2,070	5,002	5,227
Other expenses	(3,185)	(7,491)	(12,497)	(17,764)
Results from operating activities	<u>838</u>	<u>(317)</u>	<u>5,212</u>	<u>489</u>
Interest expense	(161)	(1,904)	(686)	(2,588)
	-	(7)	-	(23)
Profit/ (Loss) before tax	<u>677</u>	<u>(2,228)</u>	<u>4,526</u>	<u>(2,122)</u>
Income tax expense	(1,755)	938	(3,093)	(366)
Profit /(Loss) for the period/year	<u>(1,078)</u>	<u>(1,290)</u>	<u>1,433</u>	<u>(2,489)</u>
Other comprehensive (loss)/income:				
Fair value of gain/(loss) on other investment	(2,994)	-	(2,994)	-
Exchange differences on translation of foreign operations	147	(259)	(85)	148
Gain on revaluation of properties	-	34,252	-	34,252
Deferred tax on realisation of revaluation reserves	64		64	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR	<u>(3,861)</u>	<u>32,703</u>	<u>(1,582)</u>	<u>31,911</u>
Profit/(Loss) attributable to :				
Equity holders of the company	(1,132)	(585)	1,290	(1,116)
Non-controlling interest	54	(705)	143	(1,372)
	<u>(1,078)</u>	<u>(1,290)</u>	<u>1,433</u>	<u>(2,489)</u>
Total comprehensive income/(loss) attributable to :				
Equity holders of the company	(3,915)	33,408	(1,724)	33,284
Non-controlling interest	54	(705)	142	(1,372)
	<u>(3,861)</u>	<u>32,703</u>	<u>(1,582)</u>	<u>31,911</u>
Basic Earnings/(Loss) Per Share based on the weighted average number of shares in issue (Sen)	<u>(1.17)</u>	<u>(0.61)</u>	<u>1.33</u>	<u>(1.15)</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 AUGUST 2019**

	Note	As at 31-Aug-19 RM'000	As at 31-Aug-18 RM'000
ASSETS			
Non current assets			
Property, plant and equipment		92,178	92,360
Trade receivables		1,062	1,861
Other investments		-	3,163
Total non current assets		<u>93,240</u>	<u>97,384</u>
Current assets			
Inventories		12,916	12,736
Trade receivables		32,916	34,421
Other receivables		3,472	5,640
Contract assets		1,071	316
Current tax assets		156	-
Cash and bank balances		10,984	11,867
Total current assets		<u>61,515</u>	<u>64,980</u>
Total assets		<u>154,755</u>	<u>162,364</u>
Equity and liabilities			
Capital and reserves			
Share capital		50,767	49,000
Share premium		-	1,767
Treasury shares		(459)	(459)
Reserves		58,368	60,086
Equity attributable to equity holders of the parent		<u>108,676</u>	<u>110,394</u>
Non-controlling interest		(350)	(483)
Total equity		<u>108,326</u>	<u>109,911</u>
Non current liabilities			
Long term borrowings		8,163	9,207
Deferred taxation liabilities		5,876	5,031
Total non current liabilities		<u>14,039</u>	<u>14,238</u>
Current liabilities			
Trade payables		22,854	24,828
Other payables		3,588	6,057
Contract liabilities		1,768	1,800
Short term borrowings		4,180	5,354
Tax liabilities		-	176
Total current liabilities		<u>32,391</u>	<u>38,215</u>
Total liabilities		<u>46,430</u>	<u>52,453</u>
Total equity and liabilities		<u>154,755</u>	<u>162,364</u>
Net Assets per share attributable to ordinary equity holders of the parent (RM)		<u>1.12</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. 651118-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2019

	31-Aug-19	31-Aug-18
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	4,526	(2,122)
Adjustments for:		
Non-cash items	4,092	4,513
Non-operating items	<u>501</u>	<u>7,492</u>
Operating profit before working capital changes	9,119	9,883
(Increase)/Decrease in working capital:		
Inventories	(181)	(812)
Receivables	4,170	(672)
Payables	<u>(4,443)</u>	<u>(1,571)</u>
Cash (used in)/generated from operations	8,665	6,828
Net income tax paid	<u>(2,369)</u>	<u>(2,338)</u>
Net cash (used in)/generated from operating activities	<u>6,296</u>	<u>4,490</u>
Cash flows from investing activities		
Interest received	47	92
Proceeds from disposal of property, plant and equipment	171	97
Payment for share-buy back	-	(3)
Purchase of property, plant and equipment	<u>(673)</u>	<u>(1,767)</u>
Net cash generated from/(used in) investing activities	<u>(455)</u>	<u>(1,581)</u>
Cash flows from financing activities		
Net decrease in bank borrowings	(5,453)	(4,525)
Decrease in deposit pledged	605	323
Interest paid	(639)	(880)
Net cash used in financing activities	<u>(5,487)</u>	<u>(5,082)</u>
Net decrease in cash and cash equivalents	354	(2,176)
Effect of changes in foreign currency translation reserves	(85)	340
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>10,157</u>	<u>9,887</u>
Cash and cash equivalents at end of quarter comprise:		
Cash and bank balances	10,446	9,532
Deposits in licensed banks	538	2,335
Bank overdrafts	<u>(289)</u>	<u>(873)</u>
	10,695	10,994
Less : Fixed deposit pledged to licensed bank	<u>(538)</u>	<u>(1,107)</u>
	<u>10,157</u>	<u>9,887</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 fourth quarter ended 31 August 2019

PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 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 except for the adoption of the following new MFRS:

- (i) MFRS 9 *Financial Instruments*
- (ii) MFRS 15 *Revenue from Contracts with Customers*

The adoption of the above mentioned standards did not have a material impact on the financial statements of the Group.

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 fourth quarter ended 31 August 2019

A8. Segment information

Segmental information from continuing operations is presented in respect of the Group's business segments for the financial year ended 31 August 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	-	138,566	13,143	7,938	-	-	159,647
Inter-segment sales / Dividend	13,600	-	2	-	-	(13,602)	0
Total revenue	13,600	138,566	13,145	7,938	-	(13,602)	159,647
Results							
Segment results	12,641	5,251	(735)	601	40	(13,156)	4,641
Profit from operations							4,641
Interest expense							(686)
Interest income							570
Share of results of joint venture							-
Profit before tax							4,526
Income tax expense							(3,092)
Profit for the year							1,433
Attributable to:							
Equity holders of the parent							1,290
Minority interest							143
							1,433

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 fourth quarter ended 31 August 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, 9th July 2019, 25th July 2019, 29th July 2019, 31st July 2019, 30th August 2019 and 27th September 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 and sales tax 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. Following a few adjournments of the decision date, the High Court had on 27th September 2019 set 17th October 2019 for a case management to fix a new decision date. 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 August 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

As at quarter ended 31 August 2019, outstanding corporate guarantees amounting to RM23.16 million were given by the Company to financial institutions for credit facilities granted to the subsidiary companies and undertaking provided by the Company to subsidiary companies.

A13. Capital commitments

At the end of the reporting quarter, there were no approved and contracted for capital commitments.

Notes on the interim financial statements
For the fourth quarter ended 31 August 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 4th quarter and year to date:

<u>Group</u> <u>RM'000</u>	4th Quarter ended		Variance	
	31-Aug-19	31-Aug-18		
Revenue	37,810	41,620	(3,810)	-9%
Operating (loss)/profit before interest	316	(394)	710	-180%
Profit/(Loss) before tax	677	(2,227)	2,904	-130%
Profit/(Loss) after tax	(1,078)	(1,289)	211	-16%
Profit/(Loss) attributable to owners	(1,132)	(584)	(548)	94%

<u>Group</u> <u>RM'000</u>	Year to date		Variance	
	31-Aug-19	31-Aug-18		
Revenue	159,647	158,783	864	1%
Operating profit before interest	4,641	353	4,288	1215%
Profit/(Loss) before tax	4,526	(2,122)	6,648	-313%
Profit/(Loss) after tax	1,433	(2,488)	3,921	-158%
Profit/(Loss) attributable to owners	1,290	(1,116)	2,406	-216%

The Group registered a lower revenue and loss after tax for Q42019 as compared to Q42018. Revenue were lower across all segments of the Group as disclosed in the respective segment breakdown below. On a yearly basis, revenue were higher due to the higher engineering, procurement, construction and commissioning projects from the renewable energy segment but this was offsetted slightly by the lower revenue in other segments.

In prior year, there were provision for impairment in the investment in joint venture amounting to RM4.58mil and unrealized foreign exchange losses of RM0.46mil and RM0.44mil for the amount owing from subsidiary and investment in overseas shares respectively. The unrealized foreign exchange losses were realized this quarter through the capitalization of intercompany owings and the recognition of the full fair value losses in the investment in overseas shares resulting in a net realized foreign exchange loss of RM0.08mil. The fair value loss of RM2.99mil is recognized as other comprehensive losses during the quarter.

The Group recognized interest income arising from financial asset at amortized cost amounting to RM0.52mil in the current YTD 2019 as compared to a net finance cost of RM1.2mil in YTD 2018.

Notes on the interim financial statements
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Precision stamping & tooling segment

<u>Precision stamping and tooling</u> <u>RM'000</u>	4th Quarter ended		Variance	
	31-Aug-19	31-Aug-18		
Revenue	34,223	35,962	(1,739)	-5%
Operating profit before interest	1,088	3,140	(2,052)	-65%

<u>Precision stamping and tooling</u> <u>RM'000</u>	Year to date		Variance	
	31-Aug-19	31-Aug-18		
Revenue	138,566	140,545	(1,979)	-1%
Operating profit before interest	5,251	7,177	(1,926)	-27%

The precision stamping and tooling division recorded lower revenue and operating profits for both Q4 2019 and YTD 2019 as compared to Q4 2018 and YTD 2018. This is mainly due to lower sales contribution from the TV segment where it continue to be impacted by the shifting demand to larger sized TVs as well as from LED TV to OLED TV. Our current machineries only allows for stamping up to certain sizes of TVs. In addition, tooling sales contribution and scrap sales had also decreased during the period. Despite the lower contribution from the TV segment, the agricultural component segment continues to record growing sales.

Printed circuit board (“PCB”) & module assembly segment

<u>PCB Assembly</u> <u>RM'000</u>	4th Quarter ended		Variance	
	31-Aug-19	31-Aug-18		
Revenue	2,884	4,499	(1,616)	-36%
Operating profit/(loss) before interest	(220)	(62)	(159)	258%

<u>PCB Assembly</u> <u>RM'000</u>	Year to date		Variance	
	31-Aug-19	31-Aug-18		
Revenue	13,143	15,405	(2,262)	-15%
Operating loss before interest	(735)	(1,253)	518	-41%

The PCB segment recorded lower revenue but higher operating loss on a quarter-to-quarter basis while lower revenue but lesser operating losses on a yearly basis. Revenue were lower mainly due to a customer performing the PCB assembly in-house. This segment also implemented more cost controls in place which reduced the overall operating losses. In prior year to date FY2018, this segment

Notes on the interim financial statements
For the fourth quarter ended 31 August 2019

recognized unrealized foreign exchange losses of RM0.44mil arising from its investment in overseas shares. In the current year, a loss in fair value of this investment was recognized amounting to RM2.99mil and concurrently a realized foreign exchange loss of RM0.18mil.

Renewable energy

Renewable energy segment RM'000	4th Quarter ended		Variance	
	31-Aug-19	31-Aug-18		
Revenue	703	1,157	(454)	-39%
Operating profit/(loss) before interest	(274)	(40)	(234)	592%

Renewable energy segment RM'000	Year to date		Variance	
	31-Aug-19	31-Aug-18		
Revenue	7,938	2,098	5,840	278%
Operating profit/(loss) before interest	601	(680)	1,281	-188%

The renewable energy recorded lower revenue and operating profit in the Q4 2019 as compared to Q4 2018 due to the timing of recognition of contributions from the Engineering, Procurement, Construction and Commissioning (“EPCC”) projects of the segment. Major EPCCs were completed in Q3 2019. On a yearly basis, YTD 2019 recorded higher revenue and an operating profit as compared to YTD 2018.

B2. Variation of results against the immediate preceding quarter

Group RM'000	Quarter ended		Variance	
	31-Aug-19	31-May-19		
Revenue	37,810	45,348	(7,538)	-17%
Operating profit/(loss)	316	2,486	(2,170)	-87%
Profit/(Loss) before tax	677	2,338	(1,661)	-71%
Profit/(Loss) after tax	(1,078)	1,726	(2,804)	-162%
Profit/(Loss) attributable to owners	(1,132)	1,670	(2,803)	-168%

The Group’s revenue and profit were lower due to lesser tooling sales and EPCC recognition in Q4 2019 vs Q3 2019. Tooling sales of RM0.98mil were recognized in Q4 2019 as compared to RM1.76mil in Q3 2019 while EPCC revenue of RM0.45mil were recognized in Q4 2019 as compared to RM4.27mil in Q3 2019. The Group incurred losses after tax for the current quarter Q4 2019 due to prior year’s under provision for deferred taxation.

Notes on the interim financial statements
For the fourth quarter ended 31 August 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 such as wages. 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.

The ongoing trade war between the US and China is expected to be favorable to the Group and are exploring potential opportunities presently. Foreign companies are considering of shifting the manufacturing hubs from China to Malaysia and we are getting enquiries from these companies for quotations.

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 31.08.2019 RM'000	Current year to date 31.08.2019 RM'000
Depreciation of property, plant & equipment	1,035	4,092
Finance cost	161	686
Loss/(Gain) on disposal of property, plant and equipment	(131)	(171)
Net foreign exchange (Gain)/loss	10	(90)
Interest income	(571)	(617)

B6. Income tax expense

	Current Quarter 31.08.2019 RM'000	Current year To date 31.08.2019 RM'000
Income tax	763	2,037
Deferred tax	991	1,055
	1,754	3,092

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 fourth quarter ended 31 August 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	289	-	289
Term loans	2,245	-	2,245
Hire purchase	1,646	-	1,646
	<u>4,180</u>	<u>-</u>	<u>4,180</u>
Long term			
Terms loans	6,214	-	6,214
Hire purchase	1,949	-	1,949
	<u>8,163</u>	<u>-</u>	<u>8,163</u>
	<u>12,343</u>	<u>-</u>	<u>12,343</u>

All borrowings are denominated in Ringgit Malaysia.

Notes on the interim financial statements
For the fourth quarter ended 31 August 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
	31.08.19	31.08.18	31.08.19	31.08.18
Profit/(Loss) attributable to equity holders of the parent (RM'000)	(1,132)	(585)	1,290	(1,116)
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	(1.17)	(0.61)	1.33	(1.15)
Profit/(Loss) from discontinued operations	-	-	-	-
Total (sen)	(1.17)	(0.61)	1.33	(1.15)

Notes on the interim financial statements
For the fourth quarter ended 31 August 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 9 October 2019.

By order of the Board

Ngiam Tong Kwan
Executive Chairman
Selangor
9 October 2019