

BSL CORPORATION BERHAD

Company Number: 200401012615 (651118-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 NOVEMBER 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Nov-19 RM'000	PRECEDING YEAR QUARTER 30-Nov-18 RM'000	CURRENT YEAR TO DATE 30-Nov-19 RM'000	PRECEDING YEAR TO DATE 30-Nov-18 RM'000
Continuing Operations				
Revenue	35,716	41,212	35,716	41,212
Cost of sales	(33,778)	(36,883)	(33,778)	(36,883)
Gross profit/(loss)	<u>1,938</u>	<u>4,329</u>	<u>1,938</u>	<u>4,329</u>
Other income	616	1,200	616	1,200
Other expenses	(2,830)	(3,129)	(2,830)	(3,129)
Results from operating activities	<u>(276)</u>	<u>2,401</u>	<u>(276)</u>	<u>2,401</u>
Interest expense	(176)	(134)	(176)	(134)
(Loss)/Profit before tax	<u>(453)</u>	<u>2,267</u>	<u>(453)</u>	<u>2,267</u>
Income tax expense	(5)	(427)	(5)	(427)
(Loss)/Profit for the period/year	<u>(458)</u>	<u>1,840</u>	<u>(458)</u>	<u>1,840</u>
Other comprehensive losses:				
Exchange differences on translation of foreign operations	0	(253)	0	(253)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR	<u>(458)</u>	<u>1,587</u>	<u>(458)</u>	<u>1,587</u>
(Loss)/Profit attributable to :				
Equity holders of the company	(297)	1,558	(297)	1,558
Non-controlling interest	(160)	282	(160)	282
	<u>(458)</u>	<u>1,840</u>	<u>(458)</u>	<u>1,840</u>
Total comprehensive (loss)/ income attributable to :				
Equity holders of the company	(297)	1,305	(297)	1,305
Non-controlling interest	(160)	282	(160)	282
	<u>(458)</u>	<u>1,587</u>	<u>(458)</u>	<u>1,587</u>
Basic (Loss)/Earnings Per Share based on the weighted average number of shares in issue (Sen)	<u>(0.31)</u>	<u>1.61</u>	<u>(0.31)</u>	<u>1.61</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 2019.

BSL CORPORATION BERHAD

Company Number: 200401012615 (651118-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 NOVEMBER 2019**

	Note	As at 30-Nov-19 RM'000	As at 31-Aug-19 RM'000
ASSETS			
Non current assets			
Property, plant and equipment		91,380	92,178
Right to use assets		1,088	-
Trade receivables		1,062	1,062
Total non current assets		<u>93,530</u>	<u>93,240</u>
Current assets			
Inventories		12,438	12,916
Trade receivables		29,038	32,916
Other receivables		5,520	3,472
Contract assets		1,305	1,071
Current tax assets		736	212
Cash and bank balances		9,029	10,984
Total current assets		<u>58,068</u>	<u>61,571</u>
Total assets		<u>151,599</u>	<u>154,811</u>
Equity and liabilities			
Capital and reserves			
Share capital		50,767	50,767
Treasury shares		(459)	(459)
Reserves		58,065	58,362
Equity attributable to equity holders of the parent		<u>108,373</u>	<u>108,670</u>
Non-controlling interest		(510)	(350)
Total equity		<u>107,862</u>	<u>108,320</u>
Non current liabilities			
Long term borrowings		7,236	8,136
Lease liabilities		975	-
Deferred taxation liabilities		5,881	5,876
Total non current liabilities		<u>14,092</u>	<u>14,012</u>
Current liabilities			
Trade payables		20,702	22,854
Other payables		3,083	3,594
Contract liabilities		2,000	1,768
Short term borrowings		3,732	4,208
Lease liabilities		126	-
Tax liabilities		-	56
Total current liabilities		<u>29,644</u>	<u>32,480</u>
Total liabilities		<u>43,736</u>	<u>46,491</u>
Total equity and liabilities		<u>151,599</u>	<u>154,811</u>
Net Assets per share attributable to ordinary equity holders of the parent (RM)		<u>1.12</u>	<u>1.12</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 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 NOVEMBER 2019**

	Non-distributable						Distributable				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign currency translation reserve RM'000	Revaluation reserves 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 2019	50,767	-	(1,129)	34,049	(3,154)	(459)	28,596	108,670	(350)	108,320	
Realisation of revaluation reserves (Loss)/Profit for the year	-	-	-	(50)	-	-	50	-	-	-	
Other comprehensive (loss)/ income for the year	-	-	0	-	-	-	(297)	(297)	(160)	(458)	
	-	-	0	-	-	-	-	0	-	0	
Total comprehensive (loss)/income for the year	-	-	0	-	-	-	(297)	(297)	(160)	(458)	
Balance as at 30 November 2019	<u>50,767</u>	<u>-</u>	<u>(1,129)</u>	<u>33,999</u>	<u>(3,154)</u>	<u>(459)</u>	<u>28,349</u>	<u>108,373</u>	<u>(510)</u>	<u>107,862</u>	
Balance as at 1 September 2018	49,000	1,767	(1,045)	34,252	(161)	(459)	27,039	110,393	889	109,911	
Realisation of revaluation reserves Profit/(Loss) for the year	-	-	-	(66)	-	-	66	-	-	-	
Other comprehensive income/(loss) for the year	-	-	(253)	-	-	-	1,558	1,558	282	1,840	
	-	-	-	-	-	-	-	(253)	-	(253)	
Total comprehensive (loss)/income for the year	-	-	(253)	(66)	-	-	1,558	1,305	282	1,587	
Balance as at 30 November 2018	<u>49,000</u>	<u>1,767</u>	<u>(1,297)</u>	<u>34,186</u>	<u>(161)</u>	<u>(459)</u>	<u>28,663</u>	<u>111,699</u>	<u>1,171</u>	<u>111,498</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 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 NOVEMBER 2019

	30-Nov-19	30-Nov-18
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(453)	2,267
Adjustments for:		
Non-cash items	987	1,077
Non-operating items	162	(149)
Operating profit before working capital changes	<u>696</u>	<u>3,195</u>
 (Increase)/Decrease in working capital:		
Inventories	478	(511)
Receivables	1,603	(2,345)
Payables	(2,430)	(36)
Cash (used in)/generated from operations	<u>347</u>	<u>303</u>
Income tax paid	(580)	(686)
Net cash (used in)/generated from operating activities	<u>(234)</u>	<u>(383)</u>
 Cash flows from investing activities		
Interest received	-	8
Proceeds from disposal of property, plant and equipment	6	5
Purchase of property, plant and equipment	(189)	(494)
Net cash generated from/(used in) investing activities	<u>(183)</u>	<u>(481)</u>
 Cash flows from financing activities		
Net decrease in bank borrowings	(1,258)	(1,139)
Interest paid	(161)	(134)
Net cash used in financing activities	<u>(1,419)</u>	<u>(1,273)</u>
 Net decrease in cash and cash equivalents	(1,835)	(2,137)
Effect of changes in foreign currency translation reserves	0	(253)
 Cash and cash equivalents at beginning of financial period	<u>10,156</u>	<u>9,887</u>
Cash and cash equivalents at end of financial period	<u><u>8,321</u></u>	<u><u>7,497</u></u>
 Cash and cash equivalents at end of quarter comprise:		
Cash and bank balances	8,491	7,135
Deposits in licensed banks	538	2,344
Bank overdrafts	(171)	(875)
	<u>8,859</u>	<u>8,604</u>
Less : Fixed deposit pledged to licensed bank	(538)	(1,107)
	<u><u>8,321</u></u>	<u><u>7,497</u></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 2019.

Notes on the interim financial statements
For the first quarter ended 30 November 2019

PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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 2019.

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 2019 except for the adoption of the following new MFRS:

(i) MFRS 16 *Leases*

The Group implemented MFRS16 *Leases* on 1 September 2019 based on the modified retrospective approach where comparative numbers are not required to be restated. Adoption of MFRS16 *Leases* resulted in the recognition of the following items as at first quarter ended 30 November 2019:

Item	RM'000
Right to use assets	1,088
Lease liabilities	1,101
Depreciation expense	34
Finance cost	15

A2. Qualification of annual financial statements

There were no audit qualifications on the financial statements for the year ended 31 August 2019.

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.

Notes on the interim financial statements
For the first quarter ended 30 November 2019

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.

A8. Segment information

Segmental information from continuing operations is presented in respect of the Group's business segments for first quarter ended 30 November 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	-	32,116	3,173	427	-	-	35,716
Inter-segment sales	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total revenue	-	32,116	3,173	427	-	0	35,716
Results							
Segment results	(123)	(208)	135	(109)	15	(13,156)	(277)
Loss from operations							(277)
Interest expense							(176)
Loss before tax							(453)
Income tax expense							(5)
Loss for the period							(458)
Attributable to:							
Equity holders of the parent							(297)
Minority interest							(160)
							(458)

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 first quarter ended 30 November 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, 27th September 2019, 17th October 2019, 5th November 2019, 6th January 2020 and 15th January 2020 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 Shah Alam High Court ("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 6 January 2020 dismissed CMSB's judicial review application. CMSB will be appealing to the Court of Appeal against the High Court's decision. The High Court had also granted an interim stay order in respect of the enforcement of the said bills of demand until the filing of the notice of appeal to the Court of Appeal and application for stay to the High Court by 6 February 2020. CMSB had filed in the notice of appeal to the Court of Appeal on 13 January 2020. At this juncture, BSL is unable to determine precisely the financial impact to the Group for the financial year ended 31 August 2020. Save as disclosed above, there were no material events subsequent to the current quarter ended 30 November 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 30 November 2019, outstanding corporate guarantees amounting to RM10.97 million were given by the Company to financial institutions for credit facilities granted to the subsidiary companies.

A13. Capital commitments

	Approved and contracted for RM'000	Approved but not contracted for RM'000
Purchase of plant and equipment	969	574

Notes on the interim financial statements
For the first quarter ended 30 November 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 1st quarter and year to date:

<u>Group</u> <u>RM'000</u>	1st Quarter / Year to date ended		Variance	
	30-Nov-19	30-Nov-18		
Revenue	35,716	41,213	(5,496)	-13%
Operating (loss)/profit before interest	(277)	2,392	(2,669)	-112%
(Loss)/Profit before tax	(453)	2,267	(2,720)	-120%
(Loss)/Profit after tax	(458)	1,840	(2,298)	-125%
(Loss)/Profit attributable to owners	(297)	1,558	(1,855)	-119%

The Group registered lower revenue and a loss after tax in the current quarter as compared to prior quarter. Revenue were lower across all segments of the Group as disclosed in the respective segment breakdown below.

Overall Group loss after tax were recorded due to the following factors:

- 1) Lower revenue from the engineering, procurement, construction and commissioning projects ("EPCC") by approximately RM2.03mil.
- 2) Higher cost of production in terms of labour costs due to the impact of increase in minimum wage which was effective January 2019.
- 3) Lower tooling sales contribution by RM0.46mil during the current quarter.
- 4) Prior year quarter recognized unrealized foreign exchange gains of RM0.27mil from the intercompany owings and investment in overseas shares. The Group is no longer exposed significantly from the unrealized foreign exchange as we have capitalized the intercompany owings while the investment in overseas shares were written down to nil fair value during the financial year ended 31.08.2019.
- 5) Higher upkeep of factory amounting by approximately RM0.10mil mainly due to preparing the factory for a new client.
- 6) Lower scrap sales contribution by RM0.32mil due to lower market price for scrap metal.

Notes on the interim financial statements
For the first quarter ended 30 November 2019

Precision stamping & tooling segment

Precision stamping and tooling	1st Quarter / Year to date ended		Variance	
	30-Nov-19	30-Nov-18		
RM'000				
Revenue	32,116	35,118	(3,002)	-9%
Operating (loss)/profit before interest	(208)	1,477	(1,685)	-114%

The revenue for this segment declined mainly from its 2 main customers. The revenue from the agricultural customer were lower by 24% on a quarter to quarter basis due to lower global demand. The TV segment continue to decline by 10% on a quarter to quarter basis. The TV segment continue to decline as our current machineries only allows for stamping of up to certain sizes of TV while demand has shifted for larger sized TVs currently.

This segment incurred operating losses due to the following:

- 1) Higher cost of production in terms of labour costs due the impact of increase in minimum wage which was effective January 2019. Despite the reduction in labour headcount, labour costs remain largely the same on a quarter to quarter basis due to the minimum wage impact.
- 2) Lower tooling sales contribution by RM0.46mil during the current quarter.
- 3) Higher upkeep of factory amounting to approximately RM0.10mil mainly due to preparing the factory for a new client.
- 4) Lower scrap sales contribution by RM0.32mil due to lower market price for scrap metal.

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

PCB Assembly	1st Quarter / Year to date ended		Variance	
	30-Nov-19	30-Nov-18		
RM'000				
Revenue	3,173	3,630	(456)	-13%
Operating profit before interest	135	84	51	60%

Despite the lower revenue, operating results improved mainly due to improved margins and lower manpower costs.

This segment will also not be affected by unrealized foreign exchange impact due to recognition of fair value loss from the overseas investment during the financial year ended 31 Aug 2019. This segment recognized unrealized for foreign exchange gains of RM0.08mil in prior quarter.

Notes on the interim financial statements
For the first quarter ended 30 November 2019

Renewable energy

Renewable energy segment	1st Quarter / Year to date ended		Variance	
	30-Nov-19	30-Nov-18		
RM'000				
Revenue	427	2,467	(2,039)	-83%
Operating (loss)/profit before interest	(109)	779	(888)	-114%

The renewable energy segment recorded lower revenue and an operating loss during the current quarter. Lower revenue was mainly due to the EPCC project is still at the early stages while previous quarter EPCC project was already close to completion.

In addition, this segment had recorded revenue from a new customer which is GSparx Sdn. Bhd. which is a fully owned subsidiary of Tenaga Nasional Berhad. We are an approved EPCC contractor under GSparx and have successful completed a number of projects awarded during the quarter under review.

B2. Variation of results against the immediate preceding quarter

Group	Quarter ended		Variance	
	30-Nov-19	31-Aug-19		
RM'000				
Revenue	35,716	37,810	(2,093)	-6%
Operating profit/(loss)	(277)	316	(592)	-188%
Profit/(Loss) before tax	(453)	677	(1,129)	-167%
Profit/(Loss) after tax	(458)	(1,014)	556	-55%
Profit/(Loss) attributable to owners	(297)	(2,423)	2,125	-88%

Lower revenue in the current quarter against the preceding quarter were mainly due to the higher tooling sales in Q4 ended 31 Aug 2019. In addition, the Group recognized RM0.52mil of interest income from financial asset at amortised cost in the immediate preceding quarter.

B3. Current year prospects

The Board foresees the current year's prospect to continue to be challenging due to the overall global economic condition, stiffer competition, more stringent customer requirements and increase in operating costs.

In view of that the Group is always seeking new technology and machineries and to implement further automation which improves process efficiency and optimize labour headcount. The Group is also in the midst of offering more key processes in-house to customers which will increase its market share. Furthermore, with the recent investments in machineries for the sheet metal business, the Group is well positioned to meet the shifting demand of high mix low volume jobs.

Notes on the interim financial statements
For the first quarter ended 30 November 2019

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 30.11.2019 RM'000	Current year to date 30.11.2019 RM'000
Depreciation of property, plant & equipment	987	987
Finance cost	176	176
Loss/(Gain) on disposal of property, plant and equipment	(6)	(6)
Net foreign exchange (Gain)/loss	1	1
Interest income	-	-

B6. Income tax expense

	Current Quarter 30.11.2019 RM'000	Current year To date 30.11.2019 RM'000
Income tax	6	6
Deferred tax	(1)	(1)
	5	5

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

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.

Notes on the interim financial statements
For the first quarter ended 30 November 2019

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	171	-	171
Term loans	1,887	-	1,887
Hire purchase	1,674	-	1,674
	<hr/>	<hr/>	<hr/>
	3,732	-	3,732
Long term			
Terms loans	5,752	-	5,752
Hire purchase	1,484	-	1,484
	<hr/>	<hr/>	<hr/>
	7,236	-	7,236
	<hr/>	<hr/>	<hr/>
	10,968	-	10,968

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 2019 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.

Notes on the interim financial statements
For the first quarter ended 30 November 2019

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	Year to	Year to
	30.11.19	30.11.18	Date	Date
	30.11.19	30.11.18	30.11.19	30.11.18
(Loss)/Profit attributable to equity holders of the parent (RM'000)	(297)	1,558	(297)	1,558
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	96,636	96,636	96,636	96,636
Basic (Loss)/Earnings Per Share based on the weighted average number of shares in issue (sen) for:				
(Loss)/Profit from continuing operations	(0.31)	1.61	(0.31)	1.61
(Loss)/Profit from discontinued operations	-	-	-	-
Total (sen)	(0.31)	1.61	(0.31)	1.61

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 16 January 2020.

By order of the Board

Ngiam Tong Kwan
Executive Chairman
Selangor
16 January 2020