

DRIVING PROCESS EFFICIENCY

ANNUAL REPORT 2011



BSL
CORPORATION
BHD 651118-K



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NOTICE OF EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Templer 1, First Floor, Perangsang Templer Golf Club, No.1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan on Monday, 27 February, 2012 at 10.00 a.m. to transact the following business:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 August, 2011 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To elect the following Directors who retire pursuant to Article 78 of the Company's Articles of Association:-
 - (i) Ngiam Tong Kwan **(Resolution 1)**
 - (ii) Ngiam Tee Yang **(Resolution 2)**
 - (iii) Datuk Dr. Syed Muhamad bin Syed Abdul Kadir **(Resolution 3)**
3. To approve Directors' Fees for the financial year ended 31 August, 2011. **(Resolution 4)**
4. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

5. **ORDINARY RESOLUTION**
- AUTHORITY TO ISSUE SHARES
"THAT pursuant to Section 132D of the Companies Act, 1965, the Articles of Association of the Company and the approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorized and empowered to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." **(Resolution 6)**
6. **ORDINARY RESOLUTION**
- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES ON BURSA MALAYSIA SECURITIES BERHAD UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL ("PROPOSED SHARE BUY-BACK")
"THAT, subject to the Companies Act, 1965, the Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market ("LR") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorized to purchase its own ordinary shares of RM0.50 each ("Shares") on the Main Market of Bursa Securities ("Proposed Share Buy-Back") at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interest of the Company provided that:- **(Resolution 7)**
 - (a) The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the prevailing issued and paid-up share capital of the Company at the time of purchase subject to any amount as may be determined by Bursa Securities from time to time and compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02(1) of the LR;
 - (b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the Company's latest audited retained profits and/or share premium accounts;
 - (c) The authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-
 - (i) the conclusion of the next Annual General Meeting ("AGM") at which time shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;
whichever occurs first; and
- (d) Upon the purchase by the Company of its own Shares, the Board of Directors of the Company ("Board") be and is hereby authorized to:-
 - (i) cancel all or part of the Shares purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares"); and/or
 - (ii) retain all or part of the Purchased Shares as treasury shares; and/or
 - (iii) distribute the treasury shares as share dividends to the Company's shareholders for the time being; and/or
 - (iv) resell the treasury shares on Bursa Securities.

AND THAT authority be and is hereby given to the Board to take all such steps as are necessary or expedient to implement, finalise and give full effect to and to implement the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

By Order of the Board

NG YEN HOONG (LS 008016)
LIM POH YEN (MAICSA 7009745)
Company Secretaries

Kuala Lumpur
3 February, 2012

NOTES:-

1. Notes on Appointment of Proxy

- (a) A member (other than an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991) entitled to attend and vote at the Meeting is entitled to appoint a maximum of two Proxies to attend and vote on his (her) behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (b) Where a member appoints two (2) Proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) holdings to be represented by each Proxy.
- (c) The Proxy Form shall be signed by the appointor of his (her) attorney duly authorized in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorized attorney or officer.
- (d) The instrument appointing a Proxy must be deposited at the registered office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time for the Meeting or at any adjournment thereof.
- (e) Only members whose names appear in the Record of Depositors as at 20 February 2012 will be entitled to attend and vote at the Meeting.

EXPLANATORY NOTES:-

- (i) Item 1 of Agenda – This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.
- (ii) Resolution 6 – Authority to Issue Shares
The Proposed Resolution 6 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the Issued Share Capital of the Company for such purposes as the Directors consider would be in the interest of the Company.
The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding future investments(s), acquisition(s) and/or working capital.
As at the date of this notice, the Company did not allot and issue any shares pursuant to the mandate granted to the Directors at the Seventh Annual General Meeting held on 24 February, 2011 as there were no requirement for such fund raising activities.
The mandate will commence from the date of this Annual General Meeting and, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting.
- (iii) Resolution 7 – Proposed Renewal of Authority for Share Buy-Back
Shareholders are advised to refer to the statement to Shareholders dated 3 February, 2012 circulated together with the 2011 Annual Report, when considering Resolution 7.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ngiam Tong Kwan
Ngiam Tee Wee
Ngiam Tee Yang
Teh Yoon Loy
Yukihiro Eguchi
Andy Woo Weng Kok
Datuk Dr Syed Muhamad bin Syed Abdul Kadir
To' Puan Rozana binti Tan Sri Redzuan
Ng Wai Pin

Executive Chairman
Chief Executive Officer / Executive Director
Deputy Chairman / Executive Director
Executive Director
Executive Director
Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Dr Syed Muhamad bin Syed Abdul Kadir
Chairman / Independent Non-Executive Director

Ng Wai Pin
Member / Independent Non-Executive Director

To' Puan Rozana binti Tan Sri Redzuan
Member / Independent Non-Executive Director

COMPANY SECRETARIES

Ng Yen Hoong (LS 008016)
Lim Poh Yen (MAICSA 7009745)

WEBSITE

www.bslcorp.com.my

REGISTERED OFFICE

Level 18, The Gardens, North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

Tel : 03 2264 8888
Fax : 03 2282 2733

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens, North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

Tel : 03 2264 3883
Fax : 03 2282 1886

AUDITORS

Deloitte KassimChan (AF 0080)
Level 19, Uptown 1
No. 1, Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan

Tel : 03 7723 6500
Fax : 03 7726 3986

PRINCIPAL BANKERS

Citibank Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Security Berhad
Stock Name : BSLCORP
Stock Code : 7221

PROFILE OF DIRECTORS

01

NGIAM TONG KWAN

Executive Chairman

Aged 62, Malaysian. Appointed to the Board on 28 April 2005, he started his career as an apprentice tool maker in 1966 at Perusahaan Winco Sdn. Bhd. Five (5) years later, he was promoted to Production Supervisor where he not only supervised employees in the production department but was also involved in production and material planning. He was later promoted to Sales Manager. In 1978, he decided to venture out on his own and set up Ban Seng Lee Industries Sdn. Bhd., guiding it through steady growth over the years. He is also the director and co-founder of Unique, Crestronics and Kotamech.

He provides the strategic business direction for the Group's various businesses and is responsible for overall management of the Group.

He is the Chairman of the Remuneration Committee and Nomination Committee of BSL.

He is the father of Ngiam Tee Wee, the CEO of BSL, father-in-law of Andy Woo Weng Kok, the Executive Director, the uncle of Ngiam Tee Yang, Executive Director and the brother-in-law of Teh Yoon Loy, Executive Director.

02

TEH YOON LOY

Executive Director

Aged 54, Malaysian. Appointed to the Board on 28 April 2005, he graduated with a Degree in Business Administration from Louisiana State University, USA, and after his graduation in 1982, he started his career as a credit and marketing officer with Sincere Leasing Sdn Bhd. He joined BSL as a finance manager in 1984 and in 1989 he was appointed a Director of Unique. He is currently the Managing Director of Unique, responsible for business development and overall performance of Unique.

He is the brother-in-law of the Executive Chairman, Ngiam Tong Kwan.



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PROFILE OF DIRECTORS

03

NGIAM TEE WEE

Chief Executive Officer / Executive Director

Aged 43, Malaysian. Appointed to the Board on 28 April 2005, he graduated with a Bachelor of Land Surveying Degree from University of Melbourne, Australia, and started his career in 1993 as Factory Manager of Unique, a subsidiary of BSL. In 1995, he was transferred to BSLI as an Operations Manager. In 1998, one year after he completed his ISO 9000 Lead Assessor training, he led BSLI to ISO 9002 certification. He was promoted to General Manager in 2000 where his responsibilities included overseeing daily operations, sales and marketing, R&D and engineering. He is currently the Managing Director of Ban Seng Lee Industries Sdn Bhd and CEO of BSL.

He assists the Executive Chairman in the day-to-day operations of the Group. He is also responsible for business development as well as the implementation of corporate strategies.

He is a member of the Risk Assessment & Monitoring Committee of BSL.

He is the adopted son of the Executive Chairman, Ngiam Tong Kwan and the natural brother of Ngiam Tee Yang, Executive Director and brother-in-law of Andy Woo Weng Kok, Executive Director.



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NGIAM TEE YANG

Deputy Chairman / Executive Director

Aged 46, Malaysian. Appointed to the Board on 28 April 2005, he graduated with a Bachelor of Engineering Degree from National University of Singapore in 1989 and later obtained his Graduate Diploma in Sales & Marketing Management from Temasek Polytechnic, Singapore in 1993. He started work as a Management Trainee in Miyoshi Precision (S) Pte Ltd, a Japanese precision metal stamping company in Singapore. He was attached to different departments holding various positions such as Assistant Manager of purchasing department and Sales Manager.

He joined BSLI as the Business Development Manager in 1992. In 1999, he was appointed the Deputy Managing Director for Crestronics. His duties include managing the day-to-day operations and business development for Crestronics. He was promoted to Managing Director of Crestronics in year 2005. In the year 2007, he was appointed as Deputy Chairman of BSL.

He is the nephew of Executive Chairman, Ngiam Tong Kwan and the natural brother of the CEO Ngiam Tee Wee.

PROFILE OF DIRECTORS

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YUKIHIRO EGUCHI

Executive Director

Aged 49, Japanese. Appointed to the Board on 28 April 2005, Mr Eguchi joined his family-owned company Bright Trading Corporation in Tokyo after graduated from Nippon Institute Technology attachment Komaba high school (Formerly Nippon Institute Technology attachment Tokyo Technical High School) in 1981, as an Automotive Mechanical Engineer. In 1986, he joined an American audio-video company, SounDesign Corporation, Tokyo Branch as an Engineer. During this time, he travelled frequently to Korea, and was stationed in Taiwan from 1988 to 1991.

In 1992, he joined New Tech Corporation, Tokyo as an Engineer in the R&D department and was transferred to Nouveau Tech (M) Sdn. Bhd., the Malaysian factory of New Tech Corporation in 1994, as General Manager of the QC department. In 1999, he joined and invested in Crestronics. He is also the Operations Director of Crestronics.

As Operations Director of Crestronics, he is responsible for the overall management of Crestronics.

He has no family relationship with any Director and/or major shareholders of BSL.

06

ANDY WOO WENG KOK

Executive Director

Aged 35, Malaysian. Appointed to the Board on 7 December 2007, he graduated with a Bachelor of Science in Electrical Engineering Degree in 1998 & Bachelor of Science in Computer Engineering Degree in 1999 from Wichita State University, Kansas, USA and started working after graduation in 2000 as a Management Trainee in Western Resources, a Power & Gas Company in Kansas, USA.

He was then being assigned as a Design Engineer for one of its subsidiary, Kansas Gas & Electric (KGE) in 2001. He Works in the engineering design group which is responsible to protect and maintain the running of power sub-station in Wichita, Kansas. His duty also includes doing research and design for electric distribution in Kansas, USA.

He joined Crestronics as a Product Engineer in 2002 and was promoted to Marketing & Purchasing Assistant Manager in 2006. His duty includes developing new customers, acting as a window for existing customers and setting up new models. In the year 2010, he was appointed as Director of Crestronics. He is also responsible in sourcing for electronic parts and components.

He is the son-in-law of the Executive Chairman, Ngiam Tong Kwan.

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PROFILE OF DIRECTORS

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DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR

Independent Non-Executive Director

Aged 64, Malaysian. Appointed to Board on 28 December 2006, Datuk Dr. Syed Muhamad graduated with a Bachelor of Arts (Hons.) from University of Malaya in 1971. He obtained a Masters of Business Administration from the University of Massachusetts, USA, in 1977 and proceeded to obtain a PhD (Business Management) from Virginia Polytechnic Institute and State University, USA, in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons.) from the University of Malaya. He obtained the Certificate in Legal Practice in 2008 from the Malaysian Professional Legal Board. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009, and obtained the Master of Law (Corporate Law) from Universiti Teknologi MARA in December 2009. On 16 June, 2011 he was admitted as a Member of the Chartered Institute of Arbitrators.

He started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (INTAN) and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and there after assumed the post of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management), Finance Division of Federal Treasury. For 1993 to 1997, he joined the Board of Directors, Asian Development Bank, Manila, Philippines, first as Alternate Executive Director and later as Executive Director. Datuk Dr. Syed Muhamad then joined the Ministry of Finance as Secretary (Tax Division) and subsequently became the Deputy Secretary General (Operations) of Ministry of Finance. Prior to his retirement, Datuk Dr. Syed Muhamad was Secretary General, Ministry of Human Resources.

During his career, he wrote and presented many papers relating to human resources development. His special achievement was that his dissertation "A Study on Board of Directors and Organizational Effectiveness" was published by Garland Publisher, Inc. of New York in 1991.

Datuk Dr. Syed Muhamad is a Director of Bumiputra Commerce Holdings Berhad and CIMB Bank Berhad, a subsidiary company of the Bank. He is also a Chairman of CIMB Islamic Bank Berhad and a Director of Euro Holdings



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Berhad and Solution Engineering Holdings Berhad, both companies listed on Bursa Malaysia Securities Berhad. In addition, he holds directorship in a number of private companies. He is the Chairman of the Audit Committee and the Risk Assessment & Monitoring Committee of BSL.

He has no family relationship with any Director and/or major shareholders of BSL.

PROFILE OF DIRECTORS

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TO' PUAN ROZANA BINTI TAN SRI REDZUAN

Independent Non-Executive Director

Aged 47, Malaysian. Appointed to the Board on 28 December 2006, she is a member of the Chartered Association of Certified Accountants (ACCA) and Malaysian Institute of Accountants (MIA).

She currently sits on the board of two public listed companies on Bursa Malaysia Securities Berhad, namely Perduren (M) Berhad and Mamee-Double Decker (M) Berhad. She was the Chief Executive Officer of Plantation & Development (M) Berhad (P & D), a company listed on Bursa Malaysia, from 1999 to 2003. P & D was involved in plantation activities, property development and construction. She also spearheaded the corporate restructuring of the company. Prior to joining the P & D Group of companies in 1995, she was an accountant with the now defunct accounting firm, Arthur Andersen & Co, and subsequently joined PB Securities Sdn. Bhd., a stockbroking firm. She presently sits on the board of various private companies that are in activities such as mining, IT-related business and property development.

She is a member of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Assessment & Monitoring Committee of BSL.

She has no family relationship with any Director and/or major shareholders of BSL.

09

NG WAI PIN

Independent Non-Executive Director

Aged 46 Malaysian. Appointed to the Board on 28 December 2006, he graduated with a LLB Degree from University of Auckland in 1988 and was a barrister and solicitor attached to a leading legal firm in New Zealand for a number of years.

He later joined Shook Lin & Bok, a legal firm in Kuala Lumpur and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1993. He currently runs a company in Australia and also sits on the board of Euro Holdings Berhad and is a Senior Independent Director of Frontken Corporation Berhad, both listed on Bursa Malaysia Securities Berhad. He is also a director of a company listed on the Gre Tai Securities Market in Taiwan.

He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of BSL.

He has no family relationship with any Director and/or major shareholders of BSL.

Note :

a : None of the directors have any conviction for offence (other than traffic offences) within the past 10 years.

b : None of the directors have any conflict of interest with the Company.



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CHAIRMAN'S AND CEO'S STATEMENT



Dear
Shareholders,

On behalf of the Board
of Directors of BSL
Corporation Berhad, we
present this year's Annual
Report and Financial
Statements for the
year ended
31 August, 2011.



FINANCIAL REVIEW

For the financial year under review, the Group turnover for continuing operation increased by RM30.5 million or 20.0% to RM181.5million compared to RM150.9 million in the previous year.

Profit before tax for the financial year ended 31 August, 2011 was RM7.0 million, compared to the profit before tax of RM7.8 million the previous financial year. Despite the slight decline, the Group had achieved better operational results because the previous financial year achievement was supplemented by other income of RM3.2 million.

This overall satisfactory performance of the Group had resulted in an earning per share for continuing operations of 5.3 sen in financial year 2011.

OPERATIONAL REVIEW

The stamping division continued its improvement in revenue by recording an increased of 28.82% compared to year 2010. This was largely driven by the improved sales of components for LCD TVs, followed by the agriculture sectors and microwave ovens. However, margins for operating profit deteriorated due to increased competitions, rising raw material prices and rising operational cost. The stamping division invested approximately RM4.5 million for additional machines in order to increase capacity and for the production of back covers for LCD TVs. We continued to seek improvements and to stabilise our operations at the new Rawang facility.

The PCBA assembly division saw a slight improvement in revenue in FYE 2011. Revenue increased by 2% compared to FYE 2010. The improvement was largely due to the new audio assembly job for a Japanese client which began in the first quarter of financial year 2011. However, this new audio assembly job was more difficult than anticipated. Crestronics experienced a long and stiff learning period before achieving a reasonable productivity and efficiency rate in the final quarter. This contributed to Crestronics' widening its losses from RM116,829 to RM2.1 million in 2011.



*Audio Assembly Product
(Excluding iPhone and iPad)*

Similarly, the forging division also reported improvement in revenue of 3% in 2011 compared to 2010. Profit after tax improved from RM421,301 to a profit of RM601,247. The improvement in revenue was in tandem with better demand from clients. Furthermore, this division carried out much improvement activities, concentrating especially in the efficiency of manpower and machines utilisation.

The Group ran into some difficulties in the 51% owned automotive division. The Group and representatives from Xadacorp Sdn Bhd had differences in opinions on various key management, operational and remuneration issues, which affected the continued operation of Advance Autotek Industries (M) Sdn Bhd ("AAI"). As a result, on May 3, 2011 directors of AAI resolved to cease business operation.

Our associate company in China involved in seamless pipes/tubes production recovered well in 2011. Hongze Yiyang Steel Tubes Co., Ltd. contributed to the Group a profit RM685,918 compared to a loss RM463,221 in year 2010.

In 2011, the Group concentrated on the practice of KPI (Key Performance Index) by increasing the spread of implementation and depth. At the same time, improvement activities or Kaizen are encouraged and practiced throughout the Group. Both

practices, KPI and Kaizen have helped to reduce the impact of severe competition and price deterioration.



New factory to cater for OEM Business

CORPORATE DEVELOPMENTS

The Group is increasing effort to speed up the transformation of our business model from a component/process supplier to an EMS (Electronic Manufacturing Services) company. BSLI has invested in the construction of a new factory located immediately behind its existing stamping plant at Rawang. The build-up of this factory is 120,000 square feet and will cost about RM12 million. This investment is financed by bank borrowings and internal generated fund. It is expected to be complete by third quarter of the current financial year. This new factory will house final assembly lines (OEM) and PCB assembly facilities. We believe that by having metal stamping facilities, final assembly lines and PCB assembly facilities within the same vicinity, will give us the competitive edge over others.

DIVIDEND

The Board do not recommend any dividend payment in respect of the financial year ended 31 August, 2011.





CORPORATE GOVERNANCE

The Board appointed an independent accounting firm to carry out orderly and timely third party internal audit review on the Group's operations and internal procedures. Thus far four internal audit reports have been issued and the Group has implemented the recommendations arising from these internal audit reports.

The Board remains resolute that the Group will continue to improve on the Group's best practices and adhere to the recommendations of the Malaysian Code on Corporate Governance.

The level of compliance is set out in our Statement of Corporate Governance in pages 15 to 23.

CURRENT YEAR OUTLOOK

The Group has benefited from the continued improvement in global economy in 2011. However, the renewed concern over the debt crisis in Europe and the stagnation of the United States economy will bring many challenges in 2012. The Group is also concerned on the price deterioration of LCD TVs, which is a key income earner of the Group.

In mitigation, the Group will emphasize on

- a) Strengthening and improving on the quality of KPI and Kaizen activities.
- b) Speeding up the transformation to the EMS business model.
- c) Increasing the number of clients by venturing beyond electrical/electronics sectors

At the same time, the Group will continue with its prudent management policy and risk management strategy, which had proven effective against uncertainty and volatility in the market.

The Board is optimistic that the Group will be able to achieve another year of success in the financial year ending 31 August 2012.

APPRECIATION

On behalf of the Board, we would like to acknowledge and recognise the contribution by all the Directors, management and employees of the Group for their continuous support and commitment towards our achievements. I also would like to thank our shareholders, clients, business associates, partners and the relevant government authorities for their continuing support to the Group.

Thank you.

NGIAM TONG KWAN

Executive Chairman

NGIAM TEE WEE

Chief Executive Officer

3 February 2012





BSL CORPORATION BHD

100%

Ban Seng Lee
Industries
Sdn. Bhd.

100%

Kotamech
Engineering
Sdn. Bhd.

100%

Crestronics (M)
Sdn. Bhd.

100%

Unique Forging &
Components
Sdn. Bhd.

51%

Advance Autotek
Industries (M)
Sdn. Bhd.

100%

AAI Autoclusters
Sdn. Bhd.

(Application made
to the Registrar of
Companies to be
struck off)

100%

AAI Auto
Electronics
Sdn. Bhd.

100%

BSL (HK) Limited

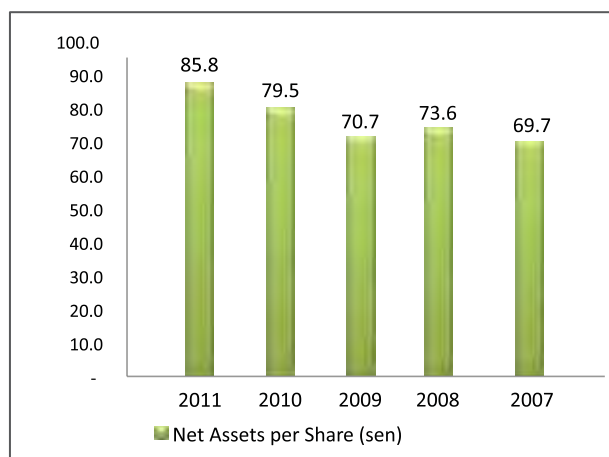
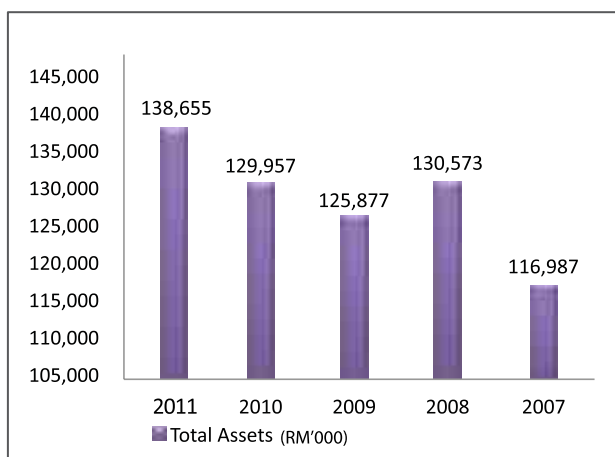
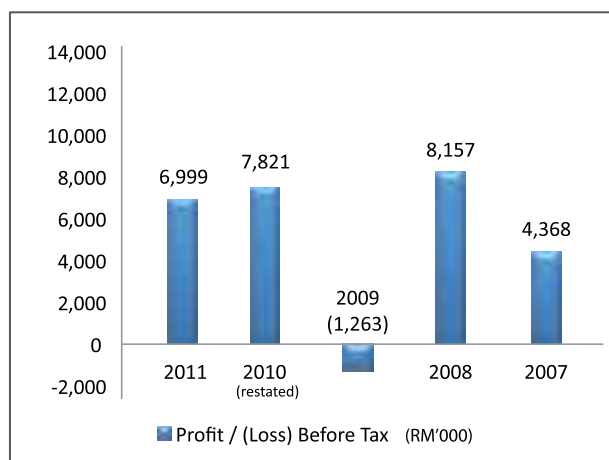
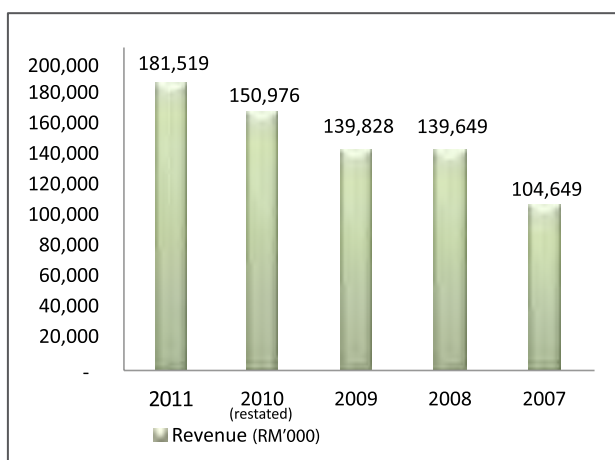
25%

Hongze Yiyang
Steel Tube Co.,Ltd

CORPORATE STRUCTURE

FINANCIAL HIGHLIGHTS

	2011 RM'000	2010 RM'000 (restated)	2009 RM'000	2008 RM'000	2007 RM'000
Income					
Revenue	181,519	150,976	139,828	139,649	104,649
Profit / (Loss) Before Tax	6,999	7,821	(1,263)	8,157	4,368
Profit / (Loss) Attributable to Shareholders	6,209	8,275	(1,695)	4,833	4,295
Balance Sheet					
Total Assets	138,655	129,957	125,877	130,573	116,987
Shareholders' Fund	84,085	77,923	69,295	72,108	68,270
Paid-up Capital	49,000	49,000	49,000	49,000	49,000
Financial Ratios					
Return on Shareholders' Fund (%)	7.38	10.62	(2.45)	6.70	6.29
Earnings per Share (sen)	5.3	7.9	(1.7)	4.9	4.4
Net Assets per Share (sen)	85.8	79.5	70.7	73.6	69.7
Gross Dividend per Share -First and Final (sen)	-	-	-	1.3	1.4



CORPORATE GOVERNANCE STATEMENT

The Board of BSL Corporation Berhad is of the view that good corporate governance is fundamental for the protection and enhancement of shareholders' value. It has therefore, taken steps to ensure that the highest standards of corporate governance are practiced throughout the Group. Save and except where stated otherwise, the Company has complied throughout the financial year with all the best practices of corporate governance.

The Board wishes to report that in compliance with the Malaysian Code of Corporate Governance and the Best Practices set out in the Code, the following have been implemented and put in practice.

1. BOARD OF DIRECTORS

a. Composition of the Board and Board Balance

The Group is led and supervised by an effective Board; consisting of nine (9) members, six (6) Executive Directors and three (3) Independent Non-Executive Directors. This complies with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad which requires at least three (3) or one third of the Board of the Company are independent directors.

The Directors are from various professions and bring to the Board a wide range of experience, skills and knowledge that are necessary to direct and manage successfully the business and affairs of the Group towards enhancing business prosperity and corporate accountability.

The profiles of the Directors are presented in pages 5 to 9.

b. Duties & Responsibilities

The Board assumes full responsibility for the overall performance of the Company and the Group. However, it is the six (6) Executive Directors who take on the primary responsibility of managing the Group's business and meeting the corporate objectives.

The Executive Chairman is primarily responsible for the orderly conduct and effectiveness of the Board while the Chief Executive Officer is responsible to the Board and the day to day running of the business, implementation of the Board policies and making corporate and operational decision. There is a clear division of responsibilities between the Executive Chairman and Chief Executive Officer to ensure a balance of power and authority within the Group.

The Non- Executive Directors play a pivotal role in corporate accountability by providing unbiased and independent views in the sharing of knowledge and experience towards the formation of policies and in the decision-making process.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

1. BOARD OF DIRECTORS (cont'd)

c. Meetings

The Board endeavors to meet at least four (4) times a year, with additional meetings to be convened when necessary.

During the financial year, the Board held five (5) meetings, while the relevant Committees had seven (7) meetings. Record of the directors' attendance is contained in the table below.

DIRECTOR	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Ngiam Tong Kwan	* (5/5)		* (2/2)
Ngiam Tee Wee	* (4/5)		
Ngiam Tee Yang	* (5/5)		
Teh Yoon Loy	* (4/5)		
Yukihiro Eguchi	* (4/5)		
Andy Woo Weng Kok	* (5/5)		
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	# * (5/5)	* (5/5)	
To' Puan Rozana binti Tan Sri Redzuan	# * (5/5)	* (5/5)	* (2/2)
Ng Wai Pin	# * (4/5)	* (4/5)	* (2/2)

Note : *denotes membership and () indicates meetings attended out of the total scheduled meetings held since the beginning of the financial year. # denotes an independent member of the Board.

d. Supply of information

The Directors have full and unrestricted access to all information within the Group and such information are furnished in a form and quality that is required by them to discharge their duties concerning the state of the business and performance before each Board Meeting.

The Directors also have access to the services of the Company Secretaries who have ensured that all appointments were properly made and all statutory obligations as well as obligations arising from the listing rules of the exchange or other regulatory requirements are continuously met.

e. Board Committees

The Board has delegated specific responsibilities to the various Board Committees with clear defined Term of Reference.

The following Board Committees with the respective functions have been set up to assist the Board in discharging its responsibilities:-

(i) Audit Committee

The duties and responsibilities as reflected in the terms of reference of the Audit Committee as well as the members of the Committee are set out on pages 25 to 28 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

1. BOARD OF DIRECTORS (cont'd)

(ii) Remuneration Committee

The members of the Remuneration Committee are currently as follows:

1. **Ngiam Tong Kwan** (Executive Director)
(Chairman)
2. **To' Puan Rozana binti Tan Sri Redzuan** (Independent Non-Executive Director)
(Member)
3. **Ng Wai Pin** (Independent Non-Executive Director)
(Member)

The Remuneration Committee shall recommend to the Board on the remuneration packages of Executive Directors, Chief Executive Officer and Senior Management of the Company and the Group in all its forms, drawing from outside advice as necessary.

The remuneration packages of non-executive directors should be determined by the Board of Directors as a whole with the director concerned abstaining from deliberations and voting on the decisions in respect of his individual remuneration.

(iii) Nomination Committee

The members of the Nomination Committee are currently as follows:

1. **Ngiam Tong Kwan** (Executive Director)
(Chairman)
2. **To' Puan Rozana binti Tan Sri Redzuan** (Independent Non-Executive Director)
(Member)
3. **Ng Wai Pin** (Independent Non-Executive Director)
(Member)

The Nomination Committee shall :

1. Recommend the nomination of a person or persons for all directorships to be filled by the shareholders or the Board;
2. Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder;
3. Recommend to the Board, directors to fill the seats on Board committees;
4. Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual director and thereafter, recommend its findings to the Board; and
5. Review annually the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the board and thereafter, recommend its findings to the Board.

(iv) Risk Assessment and Monitoring Committee

The members of the Risk Assessment and Monitoring Committee are currently:

1. **Datuk Dr Syed Muhamad bin Syed Abdul Kadir** (Independent Non-Executive Director)
(Chairman)
2. **To' Puan Rozana binti Tan Sri Redzuan** (Independent Non-Executive Director)
(Member)
3. **Ngiam Tee Wee** (Chief Executive Officer / Executive Director)
(Member)

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

1. BOARD OF DIRECTORS (cont'd)

The duties and responsibilities of the Risk Assessment and Monitoring Committee are as follows :

- i. To provide oversight, direction and counsel to the risk management process.
- ii. To establish risk management guidelines.
- iii. To evaluate the structure for the Group risk management, risk management processes and support system.
- iv. To consider the quarterly report on risks, major findings and management responses thereto on material issues, changing environments and required changes in risk management programs.
- v. To carry out risk assessment on :
 - (i.) All capital expenditure proposals by the Group of companies exceeding a certain limit;
 - (ii.) Any business ventures into new areas of business and any investment outside of Malaysia;
 - and
 - (iii.) Any transaction which carries exceptional terms, conditions or obligations including contingent obligations.
- vi. To review and approve action and contingency plans developed to mitigate key risks.
- vii. To advise the Board on the risk related issues and recommend strategies, policies and risk tolerance for Board approval.

f. Appointment to the Board

Any proposed new appointments to the Board will require deliberation by the full Board guided by a formal recommendation report prepared by the Nomination Committee.

g. Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

Directors who are appointed by the Board to fill a casual vacancy shall hold office until the next following Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

h. Directors' Training

All the Directors have attended the Mandatory Accreditation Program conducted by the Research Institute of Investment Analyst's Malaysia (RIIAM). The Directors have attended various conferences, seminars and briefings to keep abreast with the latest development in the industry and the global environment in order for them to be effective in performing their fiduciary duties and responsibilities.

The Directors will continue to undergo relevant training programs from time to time to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

1. BOARD OF DIRECTORS (cont'd)

During the financial year ended 31 August, 2011, the Directors had attended the following trainings, seminars and forums:

Directors	Title of Training	Duration
Ngiam Tong Kwan	- corporate disclosure policy	Half day
	- common pitfalls under chapter 10 of listing requirements	Half day
Ngiam Tee Wee	- corporate disclosure policy	Half day
	- common pitfalls under chapter 10 of listing requirements	Half day
Teh Yoon Loy	- Wealth academy investor	Three days
	- corporate disclosure policy	Half day
	- common pitfalls under chapter 10 of listing requirements	Half day
Andy Woo Weng Kok	- Sun Zi's Art of war to profitable sales & marketing strategies & management	Two days
	- corporate disclosure policy	Half day
	- common pitfalls under chapter 10 of listing requirements	Half day
Ngiam Tee Yang	- corporate disclosure policy	Half day
	- common pitfalls under chapter 10 of listing requirements	Half day
Yukihiro Eguchi	- corporate disclosure policy	Half day
	- common pitfalls under chapter 10 of listing requirements	Half day
To' Puan Rozana binti Tan Sri Redzuan	- Latest Development on Goods & Services Tax in Malaysia	One day
	- Psychological Capital - Secrets to Boost Productivity & Win the Competition	One day
	- Board Management Relationship, Analysis of Analysts Commentaries, Toyota Case Study & Portfolio Risk Management	One day
	- Competition Law in Malaysia & Building a Board & Management Relationship that adds real value	One day
Ng Wai Pin	- corporate disclosure policy	Half day
	- common pitfalls under chapter 10 of listing requirements	Half day
	- Managing related party transactions;	One day
	- Brand Creation with Blue Ocean Strategy.	One day

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

1. BOARD OF DIRECTORS (cont'd)

Directors	Title of Training	Duration
Datuk Dr. Syed Muhamad Syed Abdul Kadir	- Khazanah Megatrends Forum - Reclaiming the Commons: Collaborating & Competing in the New Economic Order	Two days
	- Talk on the Malaysian Competition Act : Operationalising the Act, Drawing from Experience in Asia, EU & Australia	One day
	- FIDE Board Simulation Exercise	Two days
	- Group Islamic Finance Forum (GIFF): "Islamic Finance: Opportunities for Tomorrow"	One day
	- Formulation of Capital Market Plan II : The Exchange Landscape & Changing Landscape for Global Exchange	One day
	- Financial Industry Conference 2010	One day
	- MINDA : "Leading Championship Strategies"	Three days
	- Managing the Risk & Evolution in Countering Terrorism Financing & Anti-Money Laundering	One day
	- Khazanah Global Lectures featuring H.E. Mary Robinson, Former President of Ireland	One day
	- Panelist for MOF Inc Companies Directors Programme	One day
	- Governance Programme: Assessing the Risk & Control Environment	Half day
	- Bursa Invest Malaysia 2011: "Malaysia's Strategies for the Development and Regulation of the Capital Market"	One day
	- 5 Bursa's Governance Programme: "Board's Responsibility for Corporate Culture"	One day
	- Breakfast Forum Co-Hosted by MONDA, GE and Talent Corp - 21st Century Corporation: Driving Sustainable Leadership & Innovation	One day
	- Accelerated Arbitration Course	One day
	- CIMB ASEAN Research Institute (CARI): Inaugural CARI Conversation	One day
	- An Introduction to Blue Ocean Strategy	One day
	- Islamic Finance Business: Global Developments	One day
	- Linklaters Seminar on Impact of the New Financial Institutions Legislations across Europe and the US with focus on Basel III	One day
	- FIDE Elective Programme: The Nomination and Remuneration Committee Programme	Two days

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

2. DIRECTORS' REMUNERATION

The Remuneration Committee recommends to the Board, the remuneration framework and package of the Executive Directors, taking into consideration of the experience, level of responsibilities undertaken and the performance of each Executive Director.

Directors' fees are recommended by the Board for approval by the shareholders of the Company at annual general meetings.

Details of the remuneration of the Directors for the financial year ended 31 August, 2011 are set out as follows:

	Salaries & Bonus RM	Other benefits RM	Fees RM	Total RM
Executive Directors	1,645,246	174,385	187,600	2,007,231
Non-Executive Directors	-	3,600	90,300	93,900
Total	1,645,246	177,985	277,900	2,101,131

A breakdown of Directors' remuneration for the financial year ended 31 August, 2011 in successive bands of RM50,000.00 are as follows :

Range of Remuneration(RM)	No. of Director Executive	No. of Director Non-Executive
1 – 50,000	-	3
150,001 – 200,000	1	-
200,001 – 250,000	2	-
250,001 – 300,000	1	-
400,001 – 450,000	2	-
Total	6	3

3. COMMUNICATION WITH SHAREHOLDERS & INVESTORS

The Board values and encourages dialogues with shareholders and investors to facilitate timely dissemination of information on the Group's performance and major developments via appropriate channels of communication.

The Annual General Meeting will be the principal forum for dialogue with individual shareholders, as it provides shareholders the opportunity to ask questions about the resolutions being proposed or about the Company's operations in general, the Board recognises there is a need to maintain an open and continuous communication outside the general meetings.

Apart from our commitment to ensure that all material information relating to the Group is disclosed in a timely manner through announcements to Bursa Malaysia.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

4. ACCOUNTABILITY AND AUDIT

a. Financial Reporting

In presenting the annual financial statements and quarterly consolidated results, the Board aims to provide a true and fair view of the state of affairs of the Group and of the Company, as well as the results and cash flows of the Group and of the Company. In the preparation of the financial statements, the Group is in compliance of the appropriate accounting policies and approved accounting standards.

In addition, the Audit Committee assists the Board in examining information to be disclosed to the public and relevant regulators to ensure the accuracy and authenticity of such information.

b. Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control. The Board also recognises that reviewing of the Group's systems of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives.

A separate statement on Internal Control is provided on page 24.

c. Relationship with Auditors

The Board has established a formal and transparent arrangement with the Group's auditors in seeking professional advice and ensuring compliance with the approved accounting standards in Malaysia.

5. ADDITIONAL COMPLIANCE INFORMATION

(a) Utilisation of Proceeds

The Company did not raise any proceeds from corporate proposals during the financial year ended 31 August, 2011.

(b) Share Buy-back

Details of the Share Buy- Back of the Company during the financial year ended 31 August, 2011 are disclosed under Note 22 in the Audited Financial Statements on page 85 of this Annual Report.

The details of the shares repurchased and retained as treasury shares during the financial year are as follows:-

Month	Lowest	Price per share Highest	Average	Number of Share	Total Consideration(RM)
Sept	0.33	0.33	0.33	141,200	46,696
Oct	0.33	0.37	0.34	26,000	8,760
Nov	0.37	0.40	0.40	484,813	193,717
Total				652,013	249,173

(c) Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised during the financial year ended 31 August, 2011.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

5. ADDITIONAL COMPLIANCE INFORMATION (cont'd)

(d) American Depositary Receipt (" ADR ") / Global Depositary Receipt (" GDR ")

The Company did not sponsor any of those programs during the financial year ended 31 August, 2011.

(e) Sanctions and / or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year under review.

(f) Non-audit Fees

There were no non-audit fees paid and payable to the External Auditor during the financial year ended 31 August, 2011.

(g) Variation in Results

There is no material variance between the audited results for the financial year ended 31 August, 2011 and the unaudited results previously announced.

(h) Profit Guarantees

During the financial year ended 31 August, 2011, there were no profit guarantees given by the Company or its subsidiaries.

(i) Material Contracts or loans

There were no material contract entered into by the Company which involved Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 August, 2011 or, if not then subsisting, entered into since the end of the previous financial year.

(j) Recurrent Related Party Transactions

All recurrent related party transactions entered into by the Group during the financial year ended 31 August, 2011 are disclosed in Notes 6 and 13 of the financial statements in pages 65 and 79 of this Annual Report.

(k) Revaluation of landed properties

The Group has adopted a policy on regular revaluation on landed properties. This is disclosed in Notes 3 and 11 of the Notes to the Financial Statements.

(l) Corporate Social Responsibility

The Board, whilst pursuing the business objectives of growth in enhancing shareholder value, is also cognizant of its corporate social responsibility and the importance of the contribution it can make in respect thereof, particularly towards improving the workplace, the community it operates in and the environment.

The Group is constantly reviewing its workplace and policies to provide a conducive working environment and ensure proper development and utilization of its human resources. Personal development is encouraged and employees are encouraged to improve their knowledge through attendance at relevant seminars and workshops, the cost of which are fully subsidized by the Group.

STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY PROCESSES

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to date of approval of the annual report and financial statements.

INTERNAL AUDIT FUNCTION

The Group had outsourced its internal audit function to an independent party who assists the Audit Committee as well as the Board of Directors in discharging their responsibilities by providing an independent, objective assurance and advisory services that add value and improve the operations by :

- ensuring existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- ensuring adequacy and effectiveness of internal control systems for safeguarding of assets, providing consistent, accurate financial and operational data;
- promoting risk awareness and the value and nature of an effective internal control system;
- ensuring compliance with laws, regulations, corporate policies and procedures; and
- assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the effectiveness of risk management, control and governance processes within the companies' operations.

The internal audit function has focused on high priority activities determined by risk assessment and in accordance with the audit planning memorandum approved by the Audit Committee. Please refer to the Audit Committee Report as set out on pages 25 to 28. The cost incurred for the internal audit functions for the financial year ended 31 August, 2011 was RM33,529.

INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below:

- Organisation structure with clearly defined delegation of responsibilities to the Committees of the Board;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- The subsidiary companies were accredited ISO 9001:2000 & ISO 14001:2004. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted twice a year by assessors of the ISO certification body to ensure that the system is adequately implemented;
- Regular internal audit visits and other specific assignments, if and when the need arises, assigned by the Audit Committee and / or Board who monitors compliance with procedures and assesses the integrity of financial information provided;
- Regular information is provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports such as monthly management accounts and cash flow statements;
- Regular meetings between the Audit Committee and the management on the actions taken on internal control issues identified through reports prepared by the internal auditors, external auditors and/or management; and
- Proper approval and review by the Board on new ventures/business diversification.

The Board is of the view that there were no significant weaknesses in the system of internal control of the Group that may have a material impact on the operations of the Group for the financial year ended 31 August, 2011. The Board will continue to take necessary measures to strengthen and improve its internal control structure in order to manage the risks more effectively.

AUDIT COMMITTEE REPORT

The Audit Committee currently comprises the following directors:

Datuk Dr Syed Muhamad bin Syed Abdul Kadir

Chairman, Independent Non-Executive Director

To' Puan Rozana binti Tan Sri Redzuan

Member, Independent Non-Executive Director

Ng Wai Pin

Member, Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are as follows:

COMPOSITION OF THE COMMITTEE

- (1) The Committee shall be appointed by the Board of Directors from amongst its members which fulfils the following requirements:-
 - (a) shall comprise not less than 3 members;
 - (b) all the audit committee must be non-executive director, with a majority of them being independent directors; and
 - (c) at least one member of the audit committee : -
 - (i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
 - (ii) if he is not a member of MIA, he must have least 3 years' working experience, and : -
 - (aa) he must have passed the examinations specified in Part 1 of the 1st schedule of the Accountants Act, 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Securities Malaysia Berhad.
 - (d) no alternate director is appointed as a member of the audit committee.
- (2) In the event of any vacancy in an audit committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months as per the Bursa Malaysia Securities Berhad Listing Requirement.
- (3) The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee shall discharge the following functions: -

- (1) To review the following and report the same to the Board of Directors: -
 - (a) with the external auditor, the audit plan, his/her evaluation of the system of internal controls, his/her audit report;
 - (b) the assistance given by the employees of the Company to the external auditor;

AUDIT COMMITTEE REPORT

(CONT'D)

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE (cont'd)

- (c) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;-
 - (d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (e) the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on : -
 - (i) change in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (f) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (g) any letter of resignation from the external auditors of the Company; and
 - (h) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment; and
- (2) To recommend the nomination of a person or persons as external auditors.
 - (3) To report promptly to the Bursa Malaysia Securities Bhd (Bursa Securities) where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
 - (4) To carry out any other function that may be mutually agreed upon by the Committee and the Board of Directors.

RIGHTS OF THE COMMITTEE

The Committee shall: -

- (1) have authority to investigate any matter within its terms of reference;
- (2) have the resources which are required to perform its duties;
- (3) have full and unrestricted access to any information pertaining to the Company;
- (4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (5) be able to obtain independent professional or other advice; and
- (6) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT

(CONT'D)

PROCEDURE OF COMMITTEE MEETING

(1) Chairman

The chairman, who shall be an independent director, shall be elected by the Committee from among their members.

If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present shall choose one of their members, to act as chairman of the meeting.

(2) Quorum

The majority of members who must be the independent directors present shall be a quorum.

(3) Attendance

The head of group finance, the internal auditor and a representative of the external auditor shall normally attend the meeting. However, the Committee may invite any person to be in attendance to assist in its deliberations.

Any one of the Company Secretaries shall act as the secretary of the Committee during the term of his /her appointment.

(4) Calling

Any member may at any time, and the head of group finance and the Secretary shall on the requisition of any of the members or the external auditors summon a meeting.

The audit committee meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enable the Audit Committee Members as a whole to participate for the entire duration of the meeting, and that all information and documents for the meeting must be made available to all members prior to or at the meeting. A minute of the proceedings of such meeting duly signed by the Chairman is sufficient evidence of the proceedings to which it relates.

(5) Frequency

Meetings shall be held at least 4 times a year.

(6) Notice

Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to any member either personally or by sending it via fax or through the post or by courier or by e-mail to such member to his registered address as appearing in the Register of Directors, as the case may be.

(7) Voting

A resolution put to the vote of the meeting shall be decided on a show of hands.

In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote.

(8) Keeping of minutes

The minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and shall be circulated to the Committee and the Board of Directors.

(9) Custody, production and inspection of such minutes.

The minutes shall be kept by the Company at the Registered Office or the principal place of business in Malaysia of the Company, and shall be open to the inspection of any member of the committee without charge.

AUDIT COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 August, 2011, the Audit Committee held five (5) meetings and the attendance record is as follows:

Name of Committee Members	Total Meetings in the Financial Year during Committee Member's Tenure	Number of Meeting Attended
Datuk Dr Syed Muhamad Bin Syed Abdul Kadir	5	5
To' Puan Rozana binti Tan Sri Redzuan	5	5
Ng Wai Pin	5	4

The following activities were carried out by the Audit Committee during the financial year ended 31 August, 2011 :

- Reviewing the unaudited quarterly financial results announcements and annual audited financial statements of the Group prior to making recommendation to the Board for consideration and approval.
- Reviewing the major findings of the internal audit investigation and managements' responses and ensure that appropriate actions are taken on the recommendation of the internal audit function.
- Review the related party transaction entered into by BSL Group.

INTERNAL AUDIT FUNCTION

The Company recognises that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process.

In this regards, the Company has appointed external independent professional firms to undertake the internal audit function and risk management function during the financial year with the aim to ensure its existing internal control system is effective and appropriate in mitigating against the Group's significant risks.

The internal auditors report independently to the Audit Committee with their findings and these findings are further deliberated during the Board meeting.

The internal audit plan was approved by the Audit Committee and the scope of internal audit covers the audits of all operations of all subsidiary companies in the Group.

The Board of Directors is required under Paragraph 15.26 (a) of the Bursa Malaysia Main Market Listing Requirements to issue a statement explaining its responsibility for preparing the annual audited financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

It is the responsibility of the Board to ensure that the financial statements are prepared in accordance with the provisions of the Companies Act, 1965, and applicable approved accounting standards in Malaysia. In preparing the financial statements on going concern basis, the Board of Directors have selected appropriate accounting policies and applied them consistently and prudently with reasonable judgements and estimates.

The Board of Directors is also responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made pursuant to a resolution of the Board of Directors' dated 18 January, 2012.

DIRECTORS' REPORT

The directors of **BSL CORPORATION BERHAD**, have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended August 31, 2011.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 13 to the Financial Statements.

During the year, the Group discontinued its business segment involved in trading of automotive components.

Other than as stated above, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

SIGNIFICANT EVENTS

- (a) During the financial year, Advance Autotek Industries (M) Sdn. Bhd., a subsidiary company, received a profit guarantee sum amounting to RM2,489,297 from Xadacorp Sdn. Bhd. ("Vendor") and Messrs. Tio Boon Yaw and Choong Heng @ Chong Choong Heng ("Covenanters") pursuant to the Share Sale Agreement and the Supplemental Agreement entered into between the holding company and the Vendor and the Covenanters dated March 13, 2006 and November 6, 2007 respectively.
- (b) On May 3, 2011, directors of a subsidiary company, Advance Autotek Industries (M) Sdn. Bhd. resolved to cease business operations of the said subsidiary company.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Continuing operations		
Profit/(Loss) before tax	6,999,479	(275,330)
Income tax (expenses)/credit	(1,818,934)	71,333
Profit/(Loss) for the year from continuing operations	5,180,545	(203,997)
Discontinuing operations		
Profit before tax	2,731,886	-
Income tax expenses	(714,726)	-
Profit/(Loss) for the year from discontinued operations	2,017,160	-
Profit/(Loss) for the year	7,197,705	(203,997)
Profit attributable to:		
Equity holders of the Company	6,209,296	
Non-controlling interest	988,409	
	7,197,705	

DIRECTORS' REPORT

(CONT'D)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the exceptional item as disclosed in Note 6 to the Financial Statements.

DIVIDENDS

No dividend has been declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

TREASURY SHARES

During the year, the Company purchased 652,013 of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM249,173 and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares were RM0.3822. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables and have satisfied themselves that all known bad receivables had been written off and that adequate allowances for doubtful receivables have been made; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

DIRECTORS' REPORT

(CONT'D)

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off of bad receivables or the amount of the allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Ngiam Tong Kwan
Ngiam Tee Wee
Ngiam Tee Yang
Teh Yoon Loy
Yukihiro Eguchi
Ng Wai Pin
To' Puan Rozana Bte Tan Sri Redzuan
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Andy Woo Weng Kok

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' INTERESTS

The shareholdings in the Company and the related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.50 each			Balance at 31.8.2011
	Balance at 1.9.2010	Bought	Sold	
Shares in the Company				
Registered in name of directors				
Ngiam Tong Kwan	406,315	-	-	406,315
Teh Yoon Loy	36,347	-	-	36,347
Yukihiro Eguchi	58,445	-	-	58,445
Ngiam Tee Wee	135,000	-	-	135,000
Ngiam Tee Yang	100,000	-	-	100,000
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	100,000	-	-	100,000
Andy Woo Weng Kok	60,000	-	-	60,000

Deemed interest

Ngiam Tong Kwan*	49,980,000	-	-	49,980,000
Ngiam Tong Kwan**	4,192,670	-	-	4,192,670
Andy Woo Weng Kok **	47,000	-	-	47,000
Ng Wai Pin**	17,000	-	-	17,000

	Number of ordinary shares of RM1.00 each			Balance at 31.8.2011
	Balance at 1.9.2010	Bought	Sold	
Shares in the holding company, Esteem Role Sdn. Bhd.				
Registered in name of directors				
Ngiam Tong Kwan	25,472	-	-	25,472
Teh Yoon Loy	7,060	-	-	7,060
Yukihiro Eguchi	3,050	-	-	3,050
Ngiam Tee Wee	7,000	-	-	7,000
Ngiam Tee Yang	5,000	-	-	5,000

* Deemed to have interest by virtue of his substantial interest in Esteem Role Sdn. Bhd.

** Deemed to have interest held through his family members.

By virtue of the above directors' interest in the shares of the Company and of the holding company, they are deemed to have an interest in the shares of the subsidiary companies to the extent that the Company and the holding company have interest.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or being the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than any benefit which may be deemed to have arisen by virtue of the transactions as disclosed in Notes 13 and 27 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby the directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HOLDING COMPANY

The Company is a subsidiary company of Esteem Role Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

NGIAM TONG KWAN

NGIAM TEE WEE

Rawang,
December 28, 2011

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BSL CORPORATION BERHAD

(INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of **BSL CORPORATION BERHAD**, which comprise the statements of financial position of the Group and of the Company as of August 31, 2011 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 96.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of August 31, 2011 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and auditors' reports of the subsidiary company of which we have not acted as auditors, as mentioned in Note 13 to the Financial Statements, being financial statements that have been included in the financial statements of the Group;

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BSL CORPORATION BERHAD (CONT'D)

(INCORPORATED IN MALAYSIA)

- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.
- (d) The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under sub-section (3) of Section 174 of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 35 to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits and Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

LOO CHEE CHOU
Partner - 2783/09/12 (J)
Chartered Accountant

December 28, 2011

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED AUGUST 31, 2011

		The Group		The Company	
	Note	2011 RM	2010 RM (restated)	2011 RM	2010 RM
Continuing operations					
Revenue	5	181,518,653	150,976,515	-	1,200,000
Other income	6	721,769	3,250,800	689,389	681,807
Investment income		137,884	122,647	37,116	77,639
Changes in inventories of work-in-progress and finished goods		749,106	(1,563,737)	-	-
Raw materials and consumables used		(113,411,939)	(91,734,740)	-	-
Production overhead		(15,702,122)	(12,816,718)	-	-
Staff costs	6	(27,190,829)	(23,423,621)	-	-
Depreciation of property, plant and equipment	11	(6,969,673)	(6,542,643)	-	-
Finance costs	7	(1,543,987)	(1,776,693)	(274,013)	(686,646)
Other expenses	6	(11,995,301)	(8,174,051)	(727,822)	(1,089,144)
Share of result of associated company	14	685,918	(463,221)	-	-
Amortisation of prepaid lease payments on leasehold land	12	-	(33,291)	-	-
Profit/(Loss) before tax		6,999,479	7,821,247	(275,330)	183,656
Income tax (expense)/credit	8	(1,818,934)	(82,151)	71,333	(352,807)
Profit for the year from continuing operations		5,180,545	7,739,096	(203,997)	(169,151)
Discontinued operations					
Profit/(Loss) before tax:		2,731,886	1,426,882	-	-
Income tax expense		(714,726)	(372,842)	-	-
Profit for the year from discontinued operations	9	2,017,160	1,054,040	-	-
Profit/(Loss) for the year		7,197,705	8,793,136	(203,997)	(169,151)
Other comprehensive income:					
Exchange differences on translation of foreign operations		201,672	468,938	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		7,399,377	9,262,074	(203,997)	(169,151)
Profit attributable to:					
Equity holders of the company		6,209,296	8,274,829		
Non-controlling interest		988,409	518,307		
		7,197,705	8,793,136		
Total comprehensive income attributable to:					
Equity holders of the company		6,410,968	8,743,767		
Non-controlling interest		988,409	518,307		
		7,399,377	9,262,074		
Basic earnings per ordinary share (sen)	10				
From continuing operations		5.3	7.9		
From continuing and discontinued operations		6.4	8.4		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS OF AUGUST 31, 2011

		The Group		The Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	61,484,907	57,046,691	-	-
Prepaid lease payments on leasehold land	12	-	-	-	-
Investment in subsidiary companies	13	-	-	49,046,047	49,046,047
Investment in an associated company	14	3,871,123	3,185,205	-	-
Goodwill on consolidation	15	-	3,166,090	-	-
Quoted investment	16	-	1,700	-	-
Other investment	17	-	-	-	-
Total Non-Current Assets		65,356,030	63,399,686	49,046,047	49,046,047
Current Assets					
Inventories	18	13,655,802	15,983,492	-	-
Trade receivables	19	27,924,118	29,434,956	-	-
Other receivables, deposits and prepaid expenses	19	2,333,322	6,939,801	1,400	-
Tax recoverable		277,035	900,891	229,387	158,055
Amount owing by subsidiary companies	13	-	-	16,444,021	17,688,102
Short-term deposits with licensed banks	20	15,901,756	3,263,409	-	2,139,171
Cash and bank balances	30	13,206,939	10,034,718	308,199	495,073
Total Current Assets		73,298,972	66,557,267	16,983,007	20,480,401
TOTAL ASSETS		138,655,002	129,956,953	66,029,054	69,526,448

(Forward)

STATEMENTS OF FINANCIAL POSITION

AS OF AUGUST 31, 2011 (CONTD)

		The Group		The Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
EQUITY AND LIABIILITIES					
Capital and Reserves					
Share capital	21	49,000,000	49,000,000	49,000,000	49,000,000
Treasury shares	22	(366,573)	(117,400)	(366,573)	(117,400)
Reserves	23	35,451,708	29,040,740	2,397,173	2,601,170
Equity attributable to equity holders of the Company		84,085,135	77,923,340	51,030,600	51,483,770
Non-controlling interest		4,682,900	2,474,735	-	-
Total Equity		88,768,035	80,398,075	51,030,600	51,483,770
Non-Current and Deferred Liabilities					
Hire-purchase payables	24	2,399,273	1,370,041	-	-
Term loans	25	10,635,750	13,832,750	-	5,600,000
Deferred tax liabilities	26	1,893,000	2,052,642	-	-
Total Non-Current and Deferred Liabilities		14,928,023	17,255,433	-	5,600,000
Current Liabilities					
Trade payables	27	19,692,188	16,568,683	-	-
Other payables and accrued expenses	27	4,382,421	3,559,588	55,684	199,835
Amount owing to subsidiary company	13	-	-	14,942,770	12,242,843
Hire-purchase payables	24	2,416,889	3,406,648	-	-
Bank borrowings	28	6,382,700	6,599,964	-	-
Term loans	25	1,467,000	1,909,366	-	-
Tax liabilities		617,746	259,196	-	-
Total Current Liabilities		34,958,944	32,303,445	14,998,454	12,442,678
Total Liabilities		49,886,967	49,558,878	14,998,454	18,042,678
TOTAL EQUITY AND LIABILITIES		138,655,002	129,956,953	66,029,054	69,526,448

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED AUGUST 31, 2011

The Group	Non-distributable					Foreign currency translation reserve RM	Distributable reserve - Retained earnings RM	Attributable to equity holders of the Company RM	Non- controlling interest RM	Total RM
	Share capital RM	Treasury shares RM	Share premium RM	Revaluation reserve RM						
Balance as of September 1, 2009	49,000,000	(1,899)	1,767,230	184,916	(139,746)	18,484,573	69,295,074	1,596,327		70,891,401
Share of profit guarantee by non-controlling interest	-	-	-	-	-	-	-	360,101		360,101
Repurchase of shares	-	(115,501)	-	-	-	-	(115,501)	-		(115,501)
Transfer to retained earnings upon disposal of leasehold land	-	-	-	(184,916)	-	184,916	-	-		-
Profit for the year	-	-	-	-	-	8,274,829	8,274,829	518,307		8,793,136
Other comprehensive income for the year	-	-	-	-	468,938	-	468,938	-		468,938
Total comprehensive income for the year	-	-	-	-	468,938	8,274,829	8,743,767	518,307		9,262,074
Balance as of August 31, 2010	49,000,000	(117,400)	1,767,230	-	329,192	26,944,318	77,923,340	2,474,735		80,398,075

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED AUGUST 31, 2011 (CONT'D)

The Group	Non-distributable						Attributable to equity holders of the Company		Non-controlling interest	Total
	Share capital	Treasury shares	Share premium	Revaluation reserve	Foreign currency translation reserve	Distributable reserve - Retained earnings	RM	RM	RM	RM
Balance as of September 1, 2010	49,000,000	(117,400)	1,767,230	-	329,192	26,944,318	77,923,340	2,474,735		80,398,075
Share of profit guarantee by non-controlling interest	-	-	-	-	-	-	-	1,219,756		1,219,756
Repurchase of shares	-	(249,173)	-	-	-	-	(249,173)	-		(249,173)
Profit for the year	-	-	-	-	-	6,209,296	6,209,296	988,409		7,197,705
Other comprehensive income	-	-	-	-	201,672	-	201,672	-		201,672
Total comprehensive income for the year	-	-	-	-	201,672	6,209,296	6,410,968	988,409		7,399,377
Balance as of August 31, 2011	49,000,000	(366,573)	1,767,230	-	530,864	33,153,614	84,085,135	4,682,900		88,768,035

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED AUGUST 31, 2011 (CONT'D)

The Company	Share capital RM	Treasury shares RM	Non-distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total RM
Balance as of September 1, 2009	49,000,000	(1,899)	1,767,230	1,003,091	51,768,422
Total comprehensive loss	-	-	-	(169,151)	(169,151)
Repurchase of shares	-	(115,501)	-	-	(115,501)
Balance as of August 31, 2010	49,000,000	(117,400)	1,767,230	833,940	51,483,770
Total comprehensive loss	-	-	-	(203,997)	(203,997)
Repurchase of shares	-	(249,173)	-	-	(249,173)
Balance as of August 31, 2011	49,000,000	(366,573)	1,767,230	629,943	51,030,600

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2011

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash Flows From/(Used In)				
Operating Activities				
Profit/(Loss) for the year	7,197,705	8,793,136	(203,997)	(169,151)
Adjustments for:				
Income tax expenses/(credit) recognised in the income statements	2,533,660	454,993	(71,333)	352,807
Depreciation of property, plant and equipment	7,016,704	6,581,930	-	-
Interest expense	1,566,005	1,778,760	274,013	686,646
Share of results of associated company	(685,918)	463,221	-	-
Allowance for doubtful receivables	391,974	44,098	-	-
Amortisation of prepaid lease payments on leasehold land	-	33,291	-	-
Unrealised loss on foreign exchange	162,425	478,093	211,469	580,193
Quoted investment written off	1,700	-	-	-
Goodwill on consolidation written off	1,896,549	-	-	-
Property, plant and equipment written off	29,156	-	-	-
Gain on disposal of leasehold land	-	(2,025,902)	-	-
Gain on disposal of property, plant and equipment	(18,821)	(1,013,018)	-	-
Interest income	(137,884)	(122,647)	(37,116)	(77,639)
Dividend income	-	-	-	(1,200,000)
Interest receivable from subsidiary companies	-	-	(688,389)	(681,807)
Operating Profit/(Loss) Before Working Capital Changes	19,953,255	15,465,955	(515,353)	(508,951)

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2011 (CONT'D)

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Decrease/(Increase) in:				
Inventories	2,327,690	(1,203,384)	-	-
Trade receivables	908,985	(686,582)	-	-
Other receivables, deposits and prepaid expenses	1,636,479	(412,564)	(1,400)	(325,634)
Amount owing by subsidiary companies	-	-	1,721,002	1,166,340
Increase/(Decrease) in:				
Trade payables	3,123,505	(757,644)	-	-
Other payables and accrued expenses	822,833	(2,274,515)	(144,151)	(166,346)
Amount owing to subsidiary company	-	-	2,699,927	8,262,501
Cash Generated From Operations	28,772,747	10,131,266	3,760,025	8,427,910
Income tax refunded	60,415	181,102	-	160,835
Income tax paid	(1,771,311)	(1,815,978)	-	-
Net Cash Generated From Operating Activities	27,061,851	8,496,390	3,760,025	8,588,745
Cash Flows From/(Used In) Investing Activities				
Proceeds from disposal of property, plant and equipment	38,960	9,323,377	-	-
Proceeds from disposal of leasehold land	-	5,424,670	-	-
Proceeds from disposal of leasehold land in prior year	2,970,000	-	-	-
Proceeds from profit guarantee received	2,489,297	734,900	-	-
Interest received	137,884	122,647	37,116	77,639
Additions to property, plant and equipment (Note)	(7,233,840)	(22,193,510)	-	-
Net Cash (Used In)/Generated From Investing Activities	(1,597,699)	(6,587,916)	37,116	77,639

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2011 (CONT'D)

		The Group		The Company	
		2011	2010	2011	2010
Note		RM	RM	RM	RM
Cash Flows Used In					
Financing Activities					
Proceeds from term loan		3,870,000	10,800,000	-	-
Repayment of hire-purchase payables		(4,230,902)	(4,726,650)	-	-
Repayment of bank borrowings		(558,766)	(94,944)	-	-
Interest paid		(1,566,005)	(1,778,760)	(274,013)	(686,646)
Repayment of term loan		(7,509,366)	(11,025,161)	(5,600,000)	(9,400,000)
Short-term deposits pledged with licensed banks		(20,069)	(18,677)	-	-
Purchase of treasury shares		(249,173)	(115,501)	(249,173)	(115,501)
Net Cash Used In Financing Activities		(10,264,281)	(6,959,693)	(6,123,186)	(10,202,147)
Net Increase/(Decrease) In Cash and Cash Equivalents					
		15,199,871	(5,051,219)	(2,326,045)	(1,535,763)
Effect of changes in foreign currency translation reserves		249,126	-	-	-
Cash and Cash Equivalents at Beginning of Year					
		11,144,598	16,195,817	2,634,244	4,170,007
Cash and Cash Equivalents at End of Year	30	26,593,595	11,144,598	308,199	2,634,244

Note: During the financial year, the Group acquired property, plant and equipment through the following arrangements:

	The Group	
	2011 RM	2010 RM
Total cost of property, plant and equipment acquired	11,504,215	24,965,971
Less: Purchase consideration satisfied by hire-purchase arrangements	(4,270,375)	(2,772,461)
Cash payments	7,233,840	22,193,510

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2011

1. GENERAL INFORMATION

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are as disclosed in Note 13.

During the year, the Group discontinued its business segment involved in trading of automotive components.

Other than state above, there have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 4220, Persimpangan Jalan Batu Arang, Lebuhraya PLUS, 48000 Rawang, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been authorised for issuance by the Board of Directors in accordance with a resolution of the directors on December 28, 2011.

2. BASIS OF PREPARATION OF ACCOUNTS

The financial statements of the Group and of the Company were prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia.

Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised FRSs and Issues Committee Interpretations ("IC Ints.") which are mandatory for financial periods beginning on or after September 1, 2010 as follows:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010)
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 3	Business Combinations (Revised in 2010)
FRS 4	Insurance Contracts
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary)
FRS 7	Financial Instruments: Disclosures
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets – effective date and transition)
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised in 2010)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010)
FRS 128	Investment in Associates (revised in 2010)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION OF ACCOUNTS (cont'd)

FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound investment)
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from FRS 3)
FRS 139	Financial Instruments: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – effective date and transition, embedded derivatives and revised FRS 3 and Revised FRS 127)
FRS 140	Investment Property (Amendments relating to property under construction or development for future use as an investment property, consistency of terminology with FRS 108, investment property held under lease)
Improvements to FRSs (issued in 2009)	
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to consequential amendments arising from revised FRS 3)
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 – Group and Treasury Share Transactions
IC Int. 12	Service Concession Arrangements
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners

The adoption of these new and revised FRSs and IC Ints. did not result in significant changes in the accounting policies of the Company and have no significant effect on the financial performance or position of the Company except for those stated below:

FRS 3: Business Combinations (Revised)

The revised FRS 3 will change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 7: Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

Comparative disclosures have been presented upon initial adoption of this Standard as the Group and the Company had not availed themselves of the transitional provision in this Standard.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION OF ACCOUNTS (cont'd)

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

There is no impact on the Group's and the Company's financial statements as this change in accounting policy affects only the presentation of the Group's and the Company's financial statements.

The revised FRS101 was adopted retrospectively by the Group and the Company.

FRS 123: Borrowing Costs (revised)

FRS 123 (revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This principal change in the Standard has no impact on the financial statements of the Group and of the Company in the period of initial application as it has always been the Group's and the Company's accounting policy to capitalise borrowing costs incurred on qualifying assets.

FRS 127: Consolidated and Separate Financial Statements (revised)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiary companies that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiary companies were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiary companies regardless of whether the disposals would result in the Group losing control over the subsidiary companies, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under FRS 127 (revised), increases or decreases in ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary company is lost as a result of a transaction, event or other circumstance, FRS 127 (revised) requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary company is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

This standard was adopted prospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on September 1, 2010 in accordance with the transitional provisions in FRS 139. On that date, financial assets were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investment or available-for-sale financial assets, as appropriate. Financial liabilities were either classified as financial liabilities at fair value through profit or loss or other financial liabilities (ie those financial liabilities which are not held for trading or designated as at fair value through profit or loss upon initial recognition). All financial assets and financial liabilities within the scope of FRS 139 are recognised and re-measured accordingly.

No adjustments are taken to retained earnings as of September 1, 2010 resulting from the re-measurement of the financial assets and liabilities as the directors are of the opinion that the amounts are immaterial.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION OF ACCOUNTS (cont'd)

FRS and IC Interpretations ("IC Int.") Issued but Not Effective

At the date of authorisation for issue of these financial statements, the new/revised FRSs, IC Int. and amendments to FRSs and IC Int. which were issued but not yet effective and not early adopted by the Group and the Company are as listed below:

FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters and additional exemptions for first-time adopters) ¹
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions) ¹
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) ¹
FRS 124	Related Party Disclosures (revised) ²
Improvements to FRSs (2010) ¹	
IC Int. 4	Determining whether an arrangement contains a lease ¹
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement) ³
IC Int. 15	Agreements for the Construction of Real Estate ⁴
IC Int. 18	Transfers of Assets from Customers ⁵
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after January 1, 2011

² Effective for annual periods beginning on or after January 1, 2012

³ Effective for annual periods beginning on or after July 1, 2011

⁴ Original effective date of July 1, 2010 deferred to January 1, 2012 via amendment issued by Malaysian Accounting Standards Board on August 30, 2010

⁵ Applies prospectively to transfers of assets from customers received on or after January 1, 2011

Consequential amendments were also made to various FRSs as a result of these new or revised FRSs.

The Directors anticipate that abovementioned Standards and Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

On November 19, 2011, the Malaysian Accounting Standards Board ("MASB") announced a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS framework) which is effective on January 1, 2012. The Group and the Company would apply the MFRS framework for the financial year ending August 31, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The principal accounting policies adopted are set out below:

Revenue

Revenue of the Group represents gross invoiced value of goods sold, net of sales tax, discounts and returns whereas revenue of the Company represents dividend income from subsidiary companies.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of returns and trade discounts and allowances.

The Group and the Company recognise revenue when the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group and the Company, upon satisfying the conditions of the Group's and the Company's activities as set out below.

Sales of goods are recognised upon delivery of products and when risks and rewards of ownership have passed and dividend income is recognised when the shareholders' rights to receive payment is established.

Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses and non-monetary benefits are accrued for in the period in which the associated services are rendered by the employees of the Group and of the Company.

(ii) Defined Contribution Plan

The Group makes contributions to the Employees Provident Fund ("EPF") and the contributions to the EPF are charged to the profit or loss for the year in which they relate. Once the obligations have been paid, the Group has no further payment obligations. The Group's contributions to EPF are included under staff costs, as mentioned in Note 6.

Foreign Currency

(i) Functional and Presentation Currencies

The individual financial statements of each entity in the Group are presented in Ringgit Malaysia, Renminbi or Hong Kong Dollar, the currency of the primary economic environment in which the entities operate (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity, are expressed in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group's and the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currency (cont'd)

(ii) Foreign Currency Transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Income Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The tax effects of the unutilised investment allowances are recognised only upon actual realisation.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its subsidiary companies) as mentioned in Note 13 made up to August 31, 2011. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

The results of the subsidiary companies acquired or disposed during the year are included in the statement of comprehensive income from the date of their acquisitions or up to the effective date of their disposals.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

All significant inter-company transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation when costs cannot be recovered. Uniform accounting policies are adopted in the Group's financial statements for like transactions and events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiary companies are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the non-controlling share of changes in equity since the date of combination.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used.

The results of foreign associated company are translated at the average rate of exchange for the financial year.

Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the profit or loss in the year in which the foreign operation or foreign associated company is disposed of.

Business Combinations

The acquisition of subsidiary companies is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3: Business Combinations, is recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in the profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill on Consolidation (cont'd)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit or loss is restated as if the operations had been discontinued from the start of the comparative period.

Property, Plant and Equipment

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

Freehold and leasehold land and buildings are stated at valuation and are revalued at regular intervals of at least once in every five years by the directors based on the valuation reports of independent professional valuers using the "open market value on existing use" basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to profit or loss to the extent that it offsets the previously recorded decrease.

Property, plant and equipment, except for freehold land which is not depreciated, are depreciated on the straight-line method to their estimated residual values at the following annual rates based on the estimated useful lives of the various assets:

Leasehold land	90 - 99 years
Buildings	2%
Plant and machinery	10% - 12%
Office equipment, computer equipment, furniture, fittings, renovation, factory upgrade, factory equipment and tooling equipment	2% - 20%
Motor vehicles	10% - 20%

At the end of each reporting period, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss. Upon disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retained earnings account.

Assets Acquired Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the profit or loss and the corresponding obligations are recorded as liabilities. Finance charges are allocated to the profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Property, plant and equipment under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread evenly over the lease term.

Prepaid Lease Payments on Leasehold Land

Lease of land with title not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite economic life. The upfront payments made on entering into a lease or acquiring a leasehold land that is accounted for as an operating lease are accounted for as prepaid lease payments that are amortised over the lease term on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment in Subsidiary Companies

Subsidiary companies are those entities controlled by the Group and the Company. Control exists when the Group and the Company have the power to govern the financial and operational policies of an enterprise so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than half of the voting power of the entity.

Investment in subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost less impairment losses, if any.

Associated Company

An associated company is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in associated company is stated at cost less impairment losses, if any, in the Company's separate financial statements.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associated company are carried in the statement of financial position of the Group at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associated company, less any impairment in the value of individual investments. Losses of an associated company in excess of the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company) are recognised only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of that associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associated company of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associated company.

Quoted Investment

Quoted investment represents investment in quoted shares of local corporations and is stated at cost less impairment losses.

Other Investments

Other investments, which consist investment in unquoted subordinated bonds, are stated at cost less impairment loss.

Inventories

Inventories are valued at the lower of cost and net realisable value after due allowance is made for all damaged, obsolete and slow moving items. Cost of raw materials is determined on a first-in, first-out basis and includes the purchase price plus cost incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes direct materials, direct labour and a proportion of direct manufacturing overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value, plus transaction costs, except for the financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(a) Financial Assets

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 31.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Financial Assets (cont'd)

(iii) AFS Financial Assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets that have a quoted market price in an active market are measured at fair value at the end of the reporting period. Fair value is determined in the manner disclosed in Note 31. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses and interest calculated using the effective interest method. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

(iv) Loans and receivables

Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loan and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(v) Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in the national or global economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. When an impairment loss subsequently reverses, impairment loss previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Financial Assets (cont'd)

(vi) Derecognition of Financial Assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts they may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

(b) Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(i) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(ii) Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(iii) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 31.

(iv) Other Financial Liabilities

Other financial liabilities, including payables and borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Financial Liabilities and Equity Instruments (cont'd)

(v) Derecognition of Financial Liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire.

(c) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or cash payments (including all transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash without significant risks of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are dealt with below).

- Impairment of receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's receivables at the reporting date is disclosed in Note 19. The Group and the Company expect that there will be no material differences between present value of estimated future cash flows and the carrying amount at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) Critical judgements in applying the Group's accounting policies (cont'd)

- Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of those cash flows. The carrying amount of goodwill at the end of reporting period, pertaining to the Group's single cash generating unit ("CGU"), namely, the operations of Advance Autotek Industries (M) Sdn. Bhd. and its subsidiary companies. The carrying amount of goodwill of RM1,896,549, has been written off to the profit or loss during the current financial year following the cessation of the business operations of the said subsidiary company.

(b) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. SEGMENT REPORTING

Business Segments

For management purposes, the Group is organised into the following segments:

- (i) Investment holding;
- (ii) Stamping and manufacturing of precision metal parts and fabrication of tools and dies;
- (iii) Printed circuit board ("PCB") assembly and assembly of all types of electronics and electrical components, devices and systems;
- (iv) Fabrication and forging of base metal components; and
- (v) Trading of automotive components.

Inter-segment sales are charged at cost plus a percentage of profit mark-up.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, profits of associates, investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SEGMENT REPORTING (cont'd)

The Group – 2011	Continuing operations					Eliminations and adjustments to exclude discontinued operations	Consolidated
	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Discontinued operations Automotive components RM		
Revenue							
External sales	-	131,325,004	36,728,552	13,465,097	24,839,114	(24,829,114)	181,518,653
Inter-segment sales	-	676	-	-	-	(676)	-
Total revenue	-	131,325,680	36,728,552	13,465,097	24,839,114	(676)	181,518,653
Results							
Segment results	(69,786)	11,438,898	(1,909,329)	818,798	2,753,904	(5,312,821)	7,719,664
(Loss)/Profit from operations	(69,786)	11,438,898	(1,909,329)	818,798	2,753,904	(5,312,821)	7,819,108
Finance costs	(274,013)	(904,399)	(929,413)	(124,551)	(22,018)	710,407	(1,543,987)
Share of results of associated company	685,918	-	-	-	-	-	685,918
Investment revenue	37,116	100,768	-	-	-	-	137,884
Profit/(Loss) before tax	379,235	10,635,267	(2,838,742)	694,247	2,731,886	(4,602,414)	6,999,479
Income tax credit/(expense)	71,333	(2,402,827)	605,560	(93,000)	(714,726)	714,726	(1,818,934)
Profit/(Loss) for the year from: Continuing operations	450,568	8,232,440	(2,133,182)	601,247	2,017,160	(3,887,688)	5,180,545
Discontinued operations							2,017,160
Profit for the year							7,197,705

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SEGMENT REPORTING (cont'd)

The Group – 2011	Continuing operations				Eliminations and adjustments to exclude discontinued operations	Consolidated RM
	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Discontinued operations Automotive components RM	
Other information						
Capital additions	-	10,937,490	490,881	265,844	(190,000)	11,504,215
Depreciation of property, plant and equipment	-	3,221,377	2,957,762	790,534	(47,031)	6,969,673
Consolidated statement of financial position						
Assets						
Segment assets	71,002,400	106,186,605	26,449,831	10,095,231	(85,011,506)	138,377,967
Unallocated corporate assets						277,035
Consolidated total assets						138,655,002
Liabilities						
Segment liabilities	18,813,377	34,667,243	25,351,667	3,106,238	(34,606,502)	47,376,221
Unallocated corporate liabilities						2,510,746
Consolidated total liabilities						49,886,967
Geographical segments						

The Group's operations are located mainly in Malaysia. Therefore, information on geographical segments is not presented.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SEGMENT REPORTING (cont'd)

The Group - 2010	Continuing operations					Eliminations and adjustments to exclude discontinued operations	Consolidated RM
	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Discontinued operations Automotive components RM		
Revenue							
External sales	-	101,943,252	35,930,121	13,103,142	12,714,690	(12,714,690)	150,976,515
Inter-segment sales	1,200,000	1,352	-	-	-	(1,201,352)	-
Total revenue	1,200,000	101,944,604	35,930,121	13,103,142	12,714,690	(13,916,042)	150,976,515
Results							
Segment results	775,130	9,865,586	479,536	597,969	1,428,949	(3,208,656)	9,938,514
Profit/(Loss) from operations	775,130	9,865,586	479,536	597,969	1,428,949	(3,208,656)	9,938,514
Finance costs	(686,646)	(571,388)	(1,005,120)	(195,346)	(2,067)	684,874	(1,776,693)
Share of results of associated company	(463,221)	-	-	-	-	-	(463,221)
Investment revenue	77,639	26,330	-	18,678	-	-	122,647
(Loss)/Profit before tax	(297,098)	9,320,528	(525,584)	421,301	1,426,882	(2,524,782)	7,821,247
Income (expense)/tax credit	(352,807)	(577,330)	412,485	-	(372,842)	808,343	(82,151)
(Loss)/Profit for the year from: Continuing operations	(649,905)	8,743,198	(113,099)	421,301	1,054,040	(1,716,439)	7,739,096
Discontinued operations							1,054,040
Profit for the year							8,793,136

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SEGMENT REPORTING (cont'd)

	Continuing operations				Eliminations and adjustments to exclude discontinued operations	Consolidated
	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM		
The Group - 2010					RM	RM
Other information						
Capital additions	-	23,824,001	683,532	185,167	(273,271)	24,692,700
Depreciation of property, plant and equipment	-	2,437,383	3,301,452	803,808	(39,287)	6,542,643
Amortisation of prepaid lease payments on leasehold land	-	33,291	-	-	-	33,291
Consolidated statement of financial position						
Assets						
Segment assets	74,605,596	89,150,146	29,623,815	10,038,037	(83,649,829)	125,889,972
Unallocated corporate assets						4,066,981
Consolidated total assets						129,956,953
Liabilities						
Segment liabilities	22,066,121	27,438,549	25,686,909	3,783,490	(32,532,886)	47,247,040
Unallocated corporate liabilities						2,311,838
Consolidated total liabilities						49,558,878
Geographical segments						

The Group's operations are located mainly in Malaysia. Therefore, information on geographical segments is not presented.

Revenue from one major customer, who is under common control of its holding company, of the Group's precision stamping and tooling; PCB and module assembly; and fabrication and forging segment contributed approximately RM65,114,000 (2010: RM65,407,000) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. OTHER INCOME/(EXPENSES) AND STAFF COSTS

Included in other income/(other expenses) in respect of continuing operations are the following:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Exceptional item:				
Gain on disposal of leasehold land	-	2,025,902	-	-
Goodwill on consolidation written off	(1,896,549)	-	-	-
Realised gain on foreign exchange - net	261,104	157,939	-	-
Gain on disposal of property, plant and equipment	20,339	1,000,021	-	-
Interest receivable from subsidiary companies (Note 3)	-	-	688,389	681,807
Directors' remuneration*	(2,101,131)	(1,845,722)	(275,750)	(273,600)
Rental of motor vehicles	(573,648)	(399,037)	-	-
Allowance for doubtful receivables	(391,974)	(44,098)	-	-
Unrealised loss on foreign exchange	(162,425)	(478,093)	(211,469)	(580,193)
Rental of premises payable:				
Related parties (Note 13)	(222,000)	(222,000)	-	-
Third parties	(169,927)	(98,192)	-	-
Auditors' remuneration:				
Current year	(98,000)	(70,395)	(25,000)	(20,000)
(Over)/Underprovision in prior years	(9,200)	4,434	-	-
Property plant and equipment written off	(5,002)	-	-	-
Rental of machineries	(4,000)	-	-	-
Quoted investment written off	(1,700)	-	-	-
Realised loss on foreign exchange - net	-	(42,581)	-	-

*Directors' remuneration consists of the following:

Executive directors:

Company

- Fees
- Other emoluments

Subsidiary companies

- Fees
- Other emoluments

187,600	163,600	187,600	187,600
-	246,276	-	-
-	350	-	-
1,819,631	1,345,296	-	-
2,007,231	1,755,522	187,600	187,600

Non-executive directors:

Company

- Fees
- Other emoluments

90,300	86,000	88,150	86,000
3,600	4,200	-	-
2,101,131	1,845,722	275,750	273,600

Staff costs include salaries, contributions to EPF, bonuses and all other staff related expenses. During the financial year, included in staff costs are contributions to EPF made by the Group amounting to RM1,265,186 (2010: RM1,003,972).

The remuneration of the key management personnel are directors' remuneration as disclosed above.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. FINANCE COSTS

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest on:				
Term loans	912,171	1,071,270	274,013	686,646
Trust receipts, trade time loan and bankers' acceptances	224,145	207,972	-	-
Hire-purchase	287,225	391,098	-	-
Bank overdrafts	120,446	106,353	-	-
	1,543,987	1,776,693	274,013	686,646

8. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
From continuing operations				
Income tax:				
Estimated current tax	1,920,000	450,188	70,000	379,174
Under/(Over) provision in prior years	50,902	(110,625)	(141,333)	(26,367)
	1,970,902	339,563	(71,333)	352,807
Deferred tax (Note 26):				
Current year	50,057	55,443	-	-
Overprovision in prior years	(202,025)	(312,855)	-	-
	(151,968)	(257,412)	-	-
Total tax expense relating to continuing operations	1,818,934	82,151	(71,333)	352,807
From discontinued operations				
Income tax:				
Estimated current tax	722,400	367,402	-	-
Over provision in prior years	-	(2,234)	-	-
	722,400	365,168	-	-
Deferred tax (Note 26):				
Current year	(9,350)	1,582	-	-
Overprovision in prior years	1,676	6,092	-	-
	(7,674)	7,674	-	-
Total tax expense relating to discontinued operations	714,726	372,842	-	-
Total tax expense/(credit)	2,533,660	454,993	(71,333)	352,807

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INCOME TAX EXPENSE/(CREDIT) (cont'd)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the applicable statutory income tax rate to income tax expense/(credit) at the effective income tax rates of the Group and of the Company is as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Profit/(Loss) before tax:				
Continuing operations	6,999,479	7,821,247	(275,330)	183,656
Discontinued operations (Note 9)	2,731,886	1,426,882	-	-
	9,731,365	9,248,129	(275,330)	183,656
Tax at the statutory tax rates of 25%	2,432,841	2,312,032	(68,833)	45,914
Tax effects of:				
Expenses which are not deductible in determining taxable profit	821,621	408,768	91,566	633,260
Income which are not taxable in determining taxable profit	(35,790)	(683,800)	-	(300,000)
Share of result of associated company	(171,480)	115,805	-	-
Reinvestment allowances utilised	(772,834)	(1,148,000)	-	-
Utilisation of deferred tax assets previously not recognised	(90,000)	(130,190)	-	-
Deferred tax assets not recognised	498,749	-	47,267	-
(Over)/Underprovision in prior years				
in respect of:				
Current tax	50,902	(112,859)	(141,333)	(26,367)
Deferred tax	(200,349)	(306,763)	-	-
	2,533,660	454,993	(71,333)	352,807

Under Schedule 7A of the Income Tax Act, 1967, the Group is allowed to claim reinvestment allowances. During the financial year, the Group claimed RM1,175,000 (2010: RM6,597,000) of reinvestment allowances. The claimed reinvestment allowances are subject to the approval by the tax authorities and available for offset against future business income.

As of August 31, 2011, the tax exempt income of the Group and the Company is as follows:

		The Group	
	Note	2011	2010
		RM	RM
Reinvestment allowances	(i)	40,458,000	37,367,000
Tax exempt account	(ii)	478,000	478,000
		40,936,000	37,845,000

- (i) Arising from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967.
- (ii) Arising from chargeable income on which tax was waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INCOME TAX EXPENSE/(CREDIT) (cont'd)

The above tax exempt accounts, which are subject to approval by the tax authorities, are available to frank the distribution of tax exempt dividends to the shareholders without incurring any further tax liabilities.

As explained in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are generally recognised to the extent it is probable that future taxable profits will be available against which deductible temporary difference, unused tax losses and unused tax credits can be utilised for set-off.

Details of deductible temporary differences of the Group which have not been recognised in the financial statements due to uncertainty of realisation are as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Deductible/(Taxable) temporary differences in respect of property, plant and equipment	-	(1,720,000)	-	-
Unused tax losses	2,168,772	1,773,776	189,068	-
Unabsorbed capital allowances	357,344	837,344	-	-
	2,526,116	891,120	189,068	-
Deferred tax assets not recognised	631,529	222,780	47,267	-

9. DISCONTINUED OPERATIONS

On May 3, 2011, the directors of the subsidiary company, Advance Autotek Industries (M) Sdn. Bhd. resolved to cease business operations of the said subsidiary company.

Analysis of the profit and cash flows for the year from discontinued operations

The results of the discontinued operations included in the statements of comprehensive income are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	The Group	
	2011	2010
	RM	RM
Revenue	24,839,114	12,714,690
Other income	16,866	227,661
Changes in inventories of work-in-progress and finished goods	(879,506)	259
Raw materials and consumables used	(20,440,335)	(10,827,679)
Staff costs	(425,722)	(374,539)
Depreciation of property, plant and equipment	(47,031)	(39,287)
Finance costs	(22,018)	(2,067)
Other expenses	(309,482)	(272,156)

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. DISCONTINUED OPERATIONS (cont'd)

	The Group	
	2011 RM	2010 RM
Profit before tax	2,731,886	1,426,882
Income tax expense (Note 8)	(714,726)	(372,842)
Profit for the year	2,017,160	1,054,040
Profit attributable to:		
Owners of the Company	1,028,751	535,733
Non-controlling interests	988,409	518,307
	2,017,160	1,054,040
Cash flows from discontinued operations:		
Net cash from operating activities	5,986,987	277,354
Net cash from/(used in) investing activities	208,366	(7,370)
Net cash from/(used in) financing activities	1,709,031	(139,144)
Net cash from discontinued operations	7,904,384	130,840

The following amounts income/(expense) have been included in arriving at the profit before tax of the discontinued operations:

	The Group	
	2011 RM	2010 RM
Interest income	16,866	-
Depreciation of property, plant and equipment	(47,031)	(39,287)
Director's remuneration:		
Fees	-	(24,000)
EPF contribution	(21,835)	(23,650)
Other emoluments	(209,948)	(193,000)
Rental expense of premises payable to a related party (Note 13)	(29,484)	(26,883)
(Loss)/Gain on disposal of property, plant and equipment	(1,518)	12,997
Auditors' remuneration:		
Current year	(15,000)	(24,000)
Special	(2,600)	(5,000)
Finance costs:		
Trust receipts	(13,702)	(789)
Hire-purchase	(8,316)	(1,278)
	(22,018)	(2,067)
Property, plant and equipment written off	(24,154)	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. DISCONTINUED OPERATIONS (cont'd)

Analysis of asset and liabilities from discontinued operations:

	The Group	
	2011 RM	2010 RM
Non-Current Assets		
Property, plant and equipment	-	290,225
Current Assets		
Inventories	-	879,506
Trade receivables	562,202	2,479,780
Other receivables, deposits and prepaid expenses	3,865	1,382,741
Amount owing by other related company	95,000	-
Cash and bank balances	8,994,339	1,089,955
Current Liabilities		
Trade payables	-	(7,020)
Other payables and accrued expenses	(44,199)	(39,589)
Hire-purchase payables	-	(51,452)
Bank borrowings	-	(562,766)
Tax liabilities	(57,999)	(262,925)
Non-Current and Deferred Liabilities		
Hire-purchase payables	-	(144,030)
Deferred tax liabilities	-	(7,674)
Net Assets	9,553,208	5,046,751

10. BASIC EARNINGS PER ORDINARY SHARE

	The Group	
	2011 RM	2010 RM
Profit attributable to equity holders of the Company:		
From continuing operations	5,180,545	7,739,096
From discontinued operations	1,028,751	535,733
	6,209,296	8,274,829
	Units	Units
Weighted average number of ordinary shares in issue	97,044,556	97,926,233
Basic earnings per ordinary share (sen):		
From continuing operations	5.3	7.9
From discontinued operations	1.1	0.5
	6.4	8.4

The basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of Company of RM6,209,296 (2010: RM8,274,829) by weighted average number of ordinary shares in issue during the financial year of 97,044,556 (2010: 97,926,233) shares.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT

2011 The Group	At beginning of year RM	Additions RM	Disposals RM	Written off RM	At end of year RM	Comprising		Total RM
						At cost RM	At valuation RM	
Freehold land	6,623,043	4,300,000	-	-	10,923,043	8,200,000	2,723,043	10,923,043
Buildings	15,392,167	-	-	-	15,392,167	12,594,428	2,797,739	15,392,167
Plant and machinery	72,154,993	4,526,969	-	(1,362,210)	75,319,752	75,319,752	-	75,319,752
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	5,991,058	701,706	(4,518)	(59,355)	6,628,891	6,628,891	-	6,628,891
Motor vehicles	3,510,462	921,370	(330,884)	-	4,100,948	4,100,948	-	4,100,948
Construction work in progress	-	1,054,170	-	-	1,054,170	1,054,170	-	1,054,170
	103,671,723	11,504,215	(335,402)	(1,421,565)	113,418,971	107,898,189	5,520,782	113,418,971

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2011 The Group	At beginning of year RM	Accumulated depreciation			At end of year RM	Comprising		Total RM
		Additions RM	Disposals RM	Written off RM		At cost RM	At valuation RM	
Freehold land	-	-	-	-	-	-	-	-
Buildings	371,560	313,238	-	-	684,798	113,215	571,583	684,798
Plant and machinery	41,183,539	5,734,034	-	(1,357,210)	45,560,363	45,560,363	-	45,560,363
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	3,228,565	445,449	(939)	(35,199)	3,637,876	3,637,876	-	3,637,876
Motor vehicles	1,841,368	523,983	(314,324)	-	2,051,027	2,051,027	-	2,051,027
	46,625,032	7,016,704	(315,263)	(1,392,409)	51,934,064	51,362,481	571,583	51,934,064

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2010 The Group	At beginning of year RM	Additions RM	Disposals RM	At end of year RM	Comprising		Total RM
					At cost RM	At valuation RM	
Freehold land	5,424,665	3,900,000	(2,701,622)	6,623,043	3,900,000	2,723,043	6,623,043
Buildings	8,955,174	11,862,171	(5,425,178)	15,392,167	12,594,428	2,797,739	15,392,167
Plant and machinery	66,355,801	7,087,269	(1,288,077)	72,154,993	72,154,993	-	72,154,993
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	5,026,218	1,446,735	(481,895)	5,991,058	5,991,058	-	5,991,058
Motor vehicles	3,144,784	669,796	(304,118)	3,510,462	3,510,462	-	3,510,462
	88,906,642	24,965,971	(10,200,890)	103,671,723	98,150,941	5,520,782	103,671,723

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2010 The Group	At beginning of year		Accumulated depreciation		At end of year		Comprising		Total RM
	RM	RM	Additions RM	Disposals RM	RM	RM	At cost RM	At valuation RM	
Freehold land	-	-	-	-	-	-	-	-	-
Buildings	355,786	355,786	261,058	(245,284)	371,560	77,990	293,570	371,560	371,560
Plant and machinery	36,988,137	36,988,137	5,469,527	(1,274,125)	41,183,539	41,183,539	-	-	41,183,539
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	2,939,325	2,939,325	405,248	(116,008)	3,228,565	3,228,565	-	-	3,228,565
Motor vehicles	1,650,385	1,650,385	446,097	(255,114)	1,841,368	1,841,368	-	-	1,841,368
	41,933,633	41,933,633	6,581,930	(1,890,531)	46,625,032	46,331,462	293,570	46,625,032	46,625,032

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	The Group	
	Net book value	
	2011	2010
	RM	RM
Freehold land	10,923,043	6,623,043
Buildings	14,707,369	15,020,607
Plant and machinery	29,759,389	30,971,454
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	2,991,015	2,762,493
Motor vehicles	2,049,921	1,669,094
Construction in progress	1,054,170	-
	61,484,907	57,046,691
	The Group	
	2011	
	RM	2010
		RM
Depreciation charge for the year:		
Continuing operations	6,969,673	6,542,643
Discontinued operation (Note 9)	47,031	39,287
	7,016,704	6,581,930

The details of the valuation of the Group's land and buildings are as follows:

Details of properties	Year of valuation	Details of valuers	The Group Revalued amount RM
Freehold land	2007	Long Tian Chek, B.Sc., MRICS, MIS (M) Registered Valuer of Henry Butcher, Malaysia Sdn. Bhd.	2,723,043
Freehold building	2007	Long Tian Chek, B.Sc., MRICS, MIS (M) Registered Valuer of Henry Butcher, Malaysia Sdn. Bhd.	2,797,739
			5,520,782

The above valuations were undertaken by independent professional valuers using the "open market value on existing use" basis.

No valuation on land and building has been performed by the Group during the financial year as the directors are of the opinion that the revalued amount above has not differed materially from the current market value.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The historical costs and carrying values of the said revalued properties are as follows:

	The Group	
	2011	2010
	RM	RM
Cost:		
Buildings on land under long lease	400,000	400,000
Freehold land and buildings	4,290,755	4,290,755
	4,690,755	4,690,755
Accumulated depreciation of buildings	(577,174)	(515,855)
Net book value	4,113,581	4,174,900

Included in property, plant and equipment of the Group are the following assets acquired under hire-purchase arrangements:

	The Group	
	2011	2010
	RM	RM
Net book value:		
Plant and machinery	15,390,901	12,996,938
Motor vehicles	1,865,385	1,424,671
	17,256,286	14,421,609

Included in property, plant and equipment of the Group are the following fully depreciated assets which are still in use:

	The Group	
	2011	2010
	RM	RM
Cost:		
Plant and machinery	22,279,608	21,414,614
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	1,858,267	1,805,341
Motor vehicles	1,129,387	1,062,037
	25,267,262	24,281,992

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

As of August 31, 2010, the following property, plant and equipment are charged to licensed banks and financial institutions as security for term loans and other credit facilities, as mentioned in Note 25, granted to the Group:

	The Group	
	2011	2010
	RM	RM
Net book value:		
Buildings	23,662,287	18,289,865
Freehold land	2,723,043	2,977,785
Plant and machinery	6,634,895	2,339,101
	33,020,225	23,606,751

12. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2011	2010
	RM	RM
Cost	-	6,764,864
Disposal	-	(6,764,864)
	-	-
Amortisation:		
At beginning of year	-	(362,805)
Charge for the year	-	(33,291)
Disposal	-	396,096
At end of year	-	-
Net	-	-

The above prepaid land lease relate to lease of land for the subsidiary company located at Lot 47687, Jalan Bukit Idaman 6, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan, Lot PT 12872, Nilai Industrial Area, Nilai, Negeri Sembilan and H.S. (D) 107769, Lot No. PT 12872, Mukim Labu, Daerah Seremban, Negeri Sembilan.

In 2010, the Group disposed off the leasehold land to an independent party for a cash consideration of RM8,421,670 and consequently, the gain on the disposal of the leasehold land of RM2,052,902 has been recognised in the Group's statement of comprehensive income as disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2011	2010
	RM	RM
Unquoted shares in Malaysia - at cost	49,046,047	49,046,047

The details of the subsidiary companies are as follows:

Name of subsidiary companies	Effective equity interest		Place/Country of incorporation	Principal activities
	2011	2010		
	%	%		
Direct				
Ban Seng Lee Industries Sdn. Bhd.	100	100	Malaysia	Stamping and manufacturing of precision metal parts and fabrication of tools and dies.
Crestronics (M) Sdn. Bhd.	100	100	Malaysia	Printed circuit board assembly and assembly of all types of electronic and electrical components, devices and system.
Unique Forging & Components Sdn. Bhd.	100	100	Malaysia	Fabrication and forging of base metal components.
BSL (HK) Limited*	100	100	Hong Kong, People's Republic of China	Investment holding.
Advance Autotek Industries (M) Sdn. Bhd.	51	51	Malaysia	Trading of automotive components. (Discontinued operations in 2011)
Indirect				
Kotamech Engineering Sdn. Bhd.**	100	100	Malaysia	Dormant.
Indirect Subsidiaries				
AAI Auto Electronics Sdn. Bhd.#	51	51	Malaysia	Dormant.
AAI Autoclusters Sdn. Bhd.#	51	51	Malaysia	Dormant. (Application made to the Registrar of Companies to be struck off)

* The financial statements were examined by other firm of auditors other than the auditors of the Company.

** Held through Ban Seng Lee Industries Sdn. Bhd.

Held through Advance Autotek Industries (M) Sdn. Bhd.

The amount owing by subsidiary companies arose mainly from dividend receivable and advances granted which bear interest at 5.5% (2010: 5.5%) per annum and, are unsecured and is payable on demand.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The currency profiles of amount owing by subsidiary companies are as follows:

	The Company	
	2011	2010
	RM	RM
Ringgit Malaysia	12,638,894	13,674,506
Hong Kong Dollar	3,805,127	4,013,596
	16,444,021	17,688,102

The amount owing to subsidiary company, which is denominated in Ringgit Malaysia, arose mainly from advances received and payments made on behalf are unsecured, interest-free (2010: interest-free) and is repayable on demand.

Related Party Transactions:

Significant transactions during the financial year which are determined on a basis negotiated between the Company and its subsidiary companies and other related parties are as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Purchases from companies in which a director of a subsidiary company is a director				
- Orisis Freight Logistics (M) Sdn. Bhd.	1,723,317	8,013,638	-	-
- PKT Logistics (M) Sdn. Bhd.	45,379	303,390	-	-
- Gelombang Mantat Sdn. Bhd.	1,857	22,045	-	-
- Multishield (M) Sdn. Bhd.	2,000	12,400	-	-
Total	1,772,553	8,351,473	-	-
Rental payable to companies in which certain directors of the Company are directors				
- Teh & Co. Sdn. Bhd.	150,000	150,000	-	-
- Teh Chooi Choon Enterprise Sdn. Bhd.	72,000	72,000	-	-
- PKT Logistics (M) Sdn. Bhd.	29,484	26,883	-	-
Total (Note 6)	251,484	248,883	-	-
Purchases from a company in which certain directors of the Company are directors				
- Teh & Co. Sdn. Bhd.	252,741	405,021	-	-
Dividends receivable from subsidiary companies				
- Ban Seng Lee Industries Sdn. Bhd.	-	-	-	1,200,000
Interest receivable from subsidiary companies				
- Crestronics (M) Sdn. Bhd.	-	-	576,593	532,162
- Unique Forging & Components Sdn. Bhd.	-	-	111,796	149,645
Total (Note 6)	-	-	688,389	681,807

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. INVESTMENT IN AN ASSOCIATED COMPANY

	The Group	
	2011	2010
	RM	RM
Unquoted shares at cost*	4,701,171	4,701,171
Share of post-acquisition results	(830,048)	(1,515,966)
	3,871,123	3,185,205

* Held through BSL (HK) Limited, a subsidiary company incorporated in Hong Kong.

The associated company, which is incorporated in the People's Republic of China, is as follows:

Name of Company	Effective equity interest		Principal activities
	2011	2010	
	%	%	
Hongze Yiyang Steel Tubes Co., Ltd. ("HYST")	25	25	Production, manufacturing, sales and distribution of seamless steel tubes and pipes.

The following amounts represent the Group's share of income, expenses, assets and liabilities of the associated company:

	The Group	
	2011	2010
	RM	RM
Revenue	13,274,355	8,415,149
Other income	657,439	476,792
Other expenses	(13,245,876)	(9,338,359)
Profit/(Loss) before tax	685,918	(446,418)
Income tax expense	-	(16,803)
Share of results of associated company	685,918	(463,221)
Assets and liabilities		
Current assets	6,703,935	7,170,025
Non-current assets	5,992,258	6,323,728
Current liabilities	(8,825,070)	(10,308,548)
Net assets	3,871,123	3,185,205

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. GOODWILL ON CONSOLIDATION

	The Group	
	2011 RM	2010 RM
At beginning of year	3,166,090	3,540,889
Less: Share of profit guarantee	(1,269,541)	(374,799)
Less: Goodwill written off	(1,896,549)	-
At end of year	-	3,166,090

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill had been allocated to the following business segment as independent CGUs:

	The Group	
	2011 RM	2010 RM
Automotive components division	-	3,166,090

In 2010, the recoverable amount had been determined based on value in use calculation which used cash flow projections based on financial budgets approved by the directors covering a five year period, and a discount rate of 7.30% per annum.

Cash flow projections during the budget period were based on the same expected gross margins and raw materials price inflation and a steady 10% per annum growth rate throughout the budget period. The directors believed that any reasonably possible change in the key assumptions on which recoverable amount was based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The Group tested goodwill annually for impairment or more frequently if there were indications that goodwill might be impaired.

Following the cessation of business operations of Advance Autotek Industries (M) Sdn. Bhd. during the financial year, the remaining balance of goodwill on consolidation have been fully written off to profit or loss (Note 6).

16. QUOTED INVESTMENT

	The Group	
	2011 RM	2010 RM
Quoted shares in Malaysia - at cost	17,000	17,000
Less: Accumulated impairment	(15,300)	(15,300)
	1,700	1,700
Less: Written off during the year	(1,700)	-
	-	1,700
Market value	-	350

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

17. OTHER INVESTMENT

	The Group and The Company	
	2011 RM	2010 RM
Unquoted subordinated bonds	1,500,000	1,500,000
Less: Accumulated impairment	(1,500,000)	(1,500,000)
Net	-	-

The investment in unquoted subordinated bonds is in relation to the term loan obtained as detailed in Note 25.

18. INVENTORIES

	The Group	
	2011 RM	2010 RM
At cost:		
Raw materials	7,045,166	9,242,456
Work-in-progress	3,970,220	3,712,632
Finished goods	2,640,416	2,645,575
Goods in transit	-	382,829
	13,655,802	15,983,492

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

- (i) Trade receivables comprise amounts receivable for sales of goods.

	The Group	
	2011 RM	2010 RM
Trade receivables	29,897,912	31,087,229
Less: Allowance for doubtful receivables	(1,973,794)	(1,652,273)
Net	27,924,118	29,434,956

Trade receivables disclosed above comprise amounts receivable for trade-related only. All the amounts are classified as current assets.

The average credit period on sales of goods is 30 to 90 days (2009: 30 to 90 days). No interest is charged on trade receivables. Of the trade receivables balance at the end of the year, approximately RM5 million (2010: RM5 million) is due from five of the major customers. There are no other customers who represent more than 10% of the total balance of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (cont'd)

Trade receivables disclosed above include amounts that are past due at the end of the financial year but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right to offset against any amounts owed by the Company to the counterparty.

The analysis of trade receivables are as follows:

	The Group	
	2011	2010
	RM	RM
Not past due and not impaired	19,233,474	18,152,344
Past due but not impaired:		
Past due 0-30 days	6,736,435	7,770,341
Past due 31-60 days	1,411,597	2,635,628
Past due 61-90 days	224,640	731,043
Past due 91-120 days	317,972	145,600
Past due and impaired	1,973,794	1,652,273
Total trade receivables	29,897,912	31,087,229

The movement in allowance for doubtful debts is as follow:

	The Group	
	2011	2010
	RM	RM
At beginning of year	1,652,273	1,625,215
Impairment losses recognised	391,974	44,098
Amounts written off during the year	(70,453)	(17,040)
At end of year	1,973,794	1,652,273

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the financial year.

Ageing of impaired trade receivables:

	The Group	
	2011	2010
	RM	RM
Past due for more than 90 days	1,973,794	1,652,273

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (cont'd)

The foreign currencies profile of trade receivables is as follows:

	The Group	
	2011 RM	2010 RM
Ringgit Malaysia	29,732,171	30,984,753
United States Dollar	165,741	102,476
	29,897,912	31,087,229

(ii) Other receivables, deposits and prepaid expenses consist of the following:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	1,026,521	3,855,804	-	-
Prepaid expenses	991,439	1,239,413	1,400	-
Refundable deposits	315,362	480,687	-	-
Advance payment for purchase of inventories	-	1,363,897	-	-
	2,333,322	6,939,801	1,400	-

Included in other receivables of the Group in 2010 is an amount of RM2,970,000 owing by a third party, representing proceeds receivable from the disposal of a leasehold land. The proceeds from the disposal of the said leasehold land has been fully received during the year.

20. SHORT-TERM DEPOSITS WITH LICENSED BANKS

Included in the short-term deposits of the Group are deposits amounting to RM753,400 (2010: RM733,331) pledged to a licensed bank as collateral for bank overdrafts and other credit facilities granted to a subsidiary company as mentioned in Note 30.

21. SHARE CAPITAL

	The Group and The Company	
	2011 RM	2010 RM
Authorised:		
500,000,000 ordinary shares of RM0.50 each	250,000,000	250,000,000
Issued and fully paid:		
98,000,000 ordinary shares of RM0.50 each	49,000,000	49,000,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. TREASURY SHARES

	The Group and The Company			
	2011 Number of ordinary shares of RM0.50 each	2010	2011 RM	2010 RM
At beginning of year	412,100	6,100	117,400	1,899
Repurchased during the year	652,013	406,000	249,173	115,501
At end of year	1,064,113	412,100	366,573	117,400

During the year, the Company purchased 652,013 (2010: 406,000) of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM249,173 (2010: RM115,501) and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares were RM0.3822 (2010: RM0.2844).

23. RESERVES

		The Group		The Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Non-distributable reserves:					
Share premium	(i)	1,767,230	1,767,230	1,767,230	1,767,230
Foreign currency translation reserve		530,864	329,192	-	-
		2,298,094	2,096,422	1,767,230	1,767,230
Distributable reserve:					
Retained earnings	(ii)	33,153,614	26,944,318	629,943	833,940
		35,451,708	29,040,740	2,397,173	2,601,170

- (i) Share premium arose from the issuance of 20,373,500 shares of RM0.50 each at a premium of RM0.18 per share, net of listing expenses.
- (ii) In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies without Section 108 tax credit balance will automatically move to the single tier tax system on January 1, 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier tax system and disregard the tax credit or to continue to use the tax credits under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending December 31, 2013 or until the tax credits are fully utilised, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be in the new system on January 1, 2014.

As of the reporting date, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividend, the Company has sufficient Section 108 tax credit and tax exempt income as mentioned in Note 8 to frank approximately RM487,000 of the Company's retained earnings as of August 31, 2011 if distributed by way of cash dividends without additional tax liability being incurred. Any dividend paid in excess of this amount during the transitional period will be under the single tier tax system as explained above.

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24. HIRE-PURCHASE PAYABLES

	The Group	
	2011	2010
	RM	RM
Total outstanding	5,097,826	5,012,300
Less: Interest-in-suspense	(281,664)	(235,611)
Principal outstanding	4,816,162	4,776,689
Less: Portion due within the next 12 months (shown under current liabilities)	(2,416,889)	(3,406,648)
Non-current portion	2,399,273	1,370,041

The non-current portion is repayable as follows:

	The Group	
	2011	2010
	RM	RM
Financial year ending August 31:		
2012	-	1,011,915
2013	1,706,749	314,773
2014	692,524	24,784
2015	-	18,569
	2,399,273	1,370,041

The term of the hire-purchase payables is 2 to 5 years and interest rates implicit in the hire-purchase arrangements range from 2.65% to 7.69% (2010: 3.36% to 7.69%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

25. TERM LOANS

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Secured	12,102,750	10,142,116	-	-
Unsecured	-	5,600,000	-	5,600,000
Total outstanding	12,102,750	15,742,116	-	5,600,000
Less: Portion due within the next 12 months (shown under current liabilities)	(1,467,000)	(1,909,366)	-	-
	10,635,750	13,832,750	-	5,600,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

25. TERM LOANS (cont'd)

The non-current portion of the term loans is repayable as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Financial year ending August 31:				
2012	-	7,067,000	-	5,600,000
2013	1,467,000	1,467,000	-	-
2014	1,467,000	1,467,000	-	-
2015	1,467,000	1,467,000	-	-
2016	1,467,000	1,467,000	-	-
Thereafter	4,767,750	897,750	-	-
	10,635,750	13,832,750	-	5,600,000

The Group has secured term loan facilities totaling RM14,650,000 (2010: RM13,300,000) obtained from licensed banks, which are secured by fixed and floating charge over certain property, plant and equipment of the subsidiary companies (Note 11), and corporate guarantee by the Company. The term loans of the Group and the Company bear interest which ranges from 4.95% to 7.30% (2010: 4.10% to 7.25%) per annum. The secured term loan of the Group is repayable by 120 equal monthly installment of RM122,250 each, commencing October, 2009.

The Company participated in a Primary Collateralised Loan Obligations ("CLO") Transaction and obtained an unsecured term loan facility of RM15,000,000 (RM15,000,000). The CLO transactions included a condition to subscribe for the subordinated bonds as disclosed in Note 17, issued pursuant to the CLO of up to 10% of the principal amount of the term loan. This facility bore interest at a prescribed rate of 5.85% (2010: 5.85%) per annum and was repayable in full in October, 2011. During the financial year, the Company prepaid RM5,600,000 (2010: RM9,400,000) as an early settlement of the CLO.

26. DEFERRED TAX LIABILITIES

	The Group	
	2011 RM	2010 RM
At beginning of year	2,052,642	2,302,380
Transfer from/(to) profit or loss (Note 8):		
Property, plant and equipment	1,122,545	399,472
Trade receivables	(80,303)	(300,122)
Other payables and accrued expenses	-	25,904
Unused tax losses	(305,993)	(25,369)
Unabsorbed capital allowances	(895,891)	(349,623)
	(159,642)	(249,738)
At end of year	1,893,000	2,052,642

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. DEFERRED TAX LIABILITIES (cont'd)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statements of financial position purposes:

	The Group	
	2011	2010
	RM	RM
Deferred tax assets	5,222,353	4,099,808
Deferred tax liabilities	(3,329,353)	(2,047,166)
	1,893,000	2,052,642

The net deferred tax liability is in respect of the following:

	The Group Deferred Tax Liabilities/(Assets)	
	2011	2010
	RM	RM
Tax effect of temporary differences arising from:		
Property, plant and equipment	5,222,353	4,099,808
Deferred tax liability (before offsetting)	5,222,353	4,099,808
Offsetted by deferred tax assets:		
Trade receivables	(493,329)	(413,026)
Unused tax losses	(593,773)	(287,780)
Unabsorbed capital allowances	(2,242,251)	(1,346,360)
	(3,329,353)	(2,047,166)
Deferred tax liability (after offsetting)	1,893,000	2,052,642

27. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

- (i) Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group on purchases of goods ranges from 60 to 90 days (2010: 60 to 90 days).

The currency profile of trade payables is as follows:

	The Group	
	2011	2010
	RM	RM
Ringgit Malaysia	18,648,099	16,435,510
United States Dollar	1,042,465	133,173
Singapore Dollar	1,624	-
	19,692,188	16,568,683

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

27. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (cont'd)

Included in trade payables of the Group are amount owing to the following companies in which certain directors of the Company and subsidiary companies are also directors:

	The Group	
	2011	2010
	RM	RM
PKT Logistics (M) Sdn. Bhd.	395	5,966
Orisis Freight Logistics (M) Sdn. Bhd.	5,966	395
Gelombang Mantap Sdn. Bhd.	659	659
Teh & Co. Sdn. Bhd.	-	17,164
	7,020	24,184

The amount owing to the above related companies arose from transactions mentioned in Note 13.

(ii) Other payables and accrued expenses consist of:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Other payables	2,316,971	1,744,107	-	51,719
Accrued expenses	2,065,450	1,815,481	55,684	148,116
	4,382,421	3,559,588	55,684	199,835

The currency profile of other payables and accrued expenses is as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Ringgit Malaysia	3,836,544	2,680,166	55,684	199,835
Japanese Yen	544,898	869,575	-	-
United States Dollar	979	-	-	-
Hong Kong Dollar	-	9,847	-	-
	4,382,421	3,559,588	55,684	199,835

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

28. BANK BORROWINGS

	The Group	
	2011	2010
	RM	RM
Bankers' acceptances	4,621,000	4,617,000
Bank overdrafts (Note 30)	1,761,700	1,420,198
Trust receipts	-	562,766
	6,382,700	6,599,964

The Group has bank overdrafts and other credit facilities amounting to RM29,205,000 (2010: RM37,150,000) which bear interest at rates ranging from 3.40% to 8.30% (2010: 2.00% to 8.55%) per annum.

The overdrafts and other credit facilities are secured by:

- (i) Fixed and floating charge over certain property, plant and equipment of the subsidiary companies (Note 11), leasehold lands of subsidiary companies (Note 13) and short-term deposits of a subsidiary company (Note 20); and
- (ii) Corporate guarantee by the Company.

29. HOLDING COMPANY

The Company is a subsidiary company of Esteem Role Sdn. Bhd., a company incorporated in Malaysia.

30. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash and bank balances	13,206,939	10,034,718	308,199	495,073
Short-term deposits with licensed banks	15,901,756	3,263,409	-	2,139,171
Bank overdrafts (Note 28)	(1,761,700)	(1,420,198)	-	-
	27,346,995	11,877,929	308,199	2,634,244
Less: Short-term deposits pledged to a bank with maturity exceeding 90 days (Note 20)	(753,400)	(733,331)	-	-
	26,593,595	11,144,598	308,199	2,634,244

The said short-term deposits of the Group and the Company bear interest at rates ranging from 1.85% to 3.71% (2010: 2.00% to 3.75%) per annum and have an average maturity period of 30 to 120 days (2010: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. CASH AND CASH EQUIVALENTS (cont'd)

The foreign currencies profile of cash and bank balances is as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	12,682,386	9,853,222	308,199	495,073
United States Dollar	491,425	113,896	-	-
Hong Kong Dollar	33,128	67,600	-	-
	13,206,939	10,034,718	308,199	495,073

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Financial assets				
Loans and receivables, at amortised cost:				
Trade receivables	27,924,118	29,434,956	-	-
Other receivables, deposits and prepaid expenses	1,341,883	4,336,491	-	-
Amount owing by subsidiary companies	-	-	16,444,021	17,688,102
Short-term deposits with licensed banks	15,901,756	3,263,409	-	2,139,171
Cash and bank balances	13,206,939	10,034,718	308,199	495,073
Total	58,374,696	47,069,574	16,752,220	20,322,346
Financial liabilities				
At amortised cost:				
Trade payables	19,692,188	16,568,683	-	-
Other payables and accrued expenses	4,382,421	3,559,588	55,684	199,835
Amount owing to subsidiary company	-	-	14,942,770	12,242,843
Hire-purchase payables	4,816,162	4,776,689	-	-
Bank borrowings	6,382,700	6,599,964	-	-
Term loans	12,102,750	15,742,116	-	5,600,000
Total	47,376,221	47,247,040	14,998,454	18,042,678

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group has taken measures to minimise its exposure to risk and/or costs associated with the financing, investing and operating activities.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

31. FINANCIAL INSTRUMENTS (cont'd)

Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Foreign currency risk

The Group undertakes minimal trade transactions which are denominated in foreign currencies. As a result, the Group's exposure to foreign currency risk is limited.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are disclosed in the respective notes.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit (net of tax) and equity arising from the effect of reasonably possible changes to exchange rates on the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

The Group did not engage in any transactions involving financial derivative instruments during the year.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on hire-purchase payables, bank borrowings, term loans and short-term deposits. The interest rates of hire-purchase payables, term loans, bank borrowings and short-term deposits are disclosed in Notes 20, 24, 25 and 28, respectively.

Interest rate sensitivity

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended August 31, 2011 would increase/decrease by RM57,400. This is mainly attributable to the Group's exposure to interest rates on its variable rate for fixed deposits and borrowings.

Credit risk

The Group trade mainly with certain key customers and are exposed to significant credit risk from these trade receivables. The Group and the Company manage this risk based on careful evaluation of the customers' credit history.

The Group's exposure to credit risk in relation to its trade receivables and other receivables, deposits and prepaid expenses should all its customers fail to perform their obligations as of August 31, 2011, is the carrying amount of these receivables as disclosed in Note 19.

The Group places its short-term deposits with credit worthy institutions. The carrying amount of financial assets in the financial statements, net of any provision of losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and maintain sufficient credit facilities as disclosed in Notes 25 and 28 for contingent funding requirement of working capital.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

31. FINANCIAL INSTRUMENTS (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual repayment obligations.

The Group 2011	Weighted average effective interest rate %	Less than 1 month RM	1 to 3 months RM	3 months to 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
Trade payables	-	-	-	19,692,188	-	-	19,692,188
Other payables and accrued expenses	-	-	4,382,421	-	-	-	4,382,421
Hire-purchase payables	6	-	-	2,417,658	2,398,504	-	4,816,162
Bank borrowings	6	-	-	6,382,700	-	-	6,382,700
Term loans	-	-	-	1,467,000	7,335,000	3,300,750	12,102,750
		-	4,382,421	29,959,546	9,733,504	3,300,750	47,376,221
The Company							
Other payables and accrued expenses	-	-	55,684	-	-	-	55,684
Amount owing to subsidiary company	-	-	-	14,942,770	-	-	14,942,770
		-	55,684	14,942,770	-	-	14,998,454

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

31. FINANCIAL INSTRUMENTS (cont'd)

Fair values of financial assets and liabilities

The carrying amounts of the Group's and of the Company's financial assets and liabilities as reported in the statements of financial position as of August 31, 2011 approximate their fair values because of the short maturity terms of these instruments other than the following financial instruments:

	2011		2010	
The Group	Carrying amount RM	Fair value RM	Carrying amount RM	Fair Value RM
Financial Assets				
Quoted investment (Note 16)	-	-	1,700	350
Other investment (Note 17)	-	-	-	-
Financial Liabilities				
Hire-purchase payables (Note 24)	4,816,162	5,106,781	4,776,689	3,836,390
Term loans (Note 25)	12,102,750	10,100,427	15,742,116	15,125,246
The Company				
Financial Asset				
Other investment (Note 17)	-	-	-	-
Financial Liability				
Term loans (Note 25)	-	-	5,600,000	4,998,112

The market value of quoted investment as at reporting date approximates its fair value.

The fair value of other investment is estimated using the discounted cash flow analysis based on current rate for similar type of investment.

The fair values of hire-purchase payables and term loans are estimated using the discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements which ranges from 3.6% to 7.3% (2010: 3.36% to 7.69%) and per annum and 5.8% to 7.3% (2010: 5.85% to 7.30%) per annum respectively.

Capital Risk Management Policies and Procedures

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The capital structure of the Company as of the end of the reporting period comprises issued capital and retained earnings.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, adjust the dividend payment to shareholders or return capital to shareholders. The Group's overall strategy remains unchanged from 2010.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

31. FINANCIAL INSTRUMENTS (cont'd)

Gearing Ratio

The gearing ratio at end of the reporting period is as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Debts:				
Hire-purchase payables	4,816,162	4,776,689	-	-
Bank borrowings	6,382,700	6,599,964	-	-
Term loans	12,102,750	15,742,116	-	5,600,000
	23,301,612	27,118,769	-	5,600,000
Equity	88,768,035	80,398,075	51,030,600	51,483,770
Debt to equity ratio (%)	26%	34%	-	10.8%

Equity includes all capital and reserves of the Group.

32. CAPITAL COMMITMENT

As of August 31, 2011, the Group has the following capital commitment:

	The Group	
	2011 RM	2010 RM
Approved and contracted for:		
Purchase of land	-	3,870,000
Purchase of plant and machinery	437,000	1,489,485
Construction of factory building	11,515,000	-
	11,952,000	5,359,485

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. CONTINGENT LIABILITIES

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Unsecured:				
Bank guarantee given to financial institution in respect of credit facilities granted to third party	-	343,250	-	-
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	-	-	23,463,314	26,123,907
	-	343,250	23,463,314	26,123,907

34. SIGNIFICANT EVENTS

- (a) During the financial year, Advance Autotek Industries Sdn. Bhd., a subsidiary company, received a profit guarantee sum amounting to RM2,489,297 from Xadacorp Sdn. Bhd. ("Vendor") and Messrs. Tio Boon Yaw and Choong Heng @ Chong Choong Heng ("Covenanters") pursuant to the Share Sale Agreement and the Supplemental Agreement entered into between the holding company and the Vendor and the Covenanters dated March 13, 2006 and November 6, 2007 respectively.
- (b) On May 3, 2011, the directors of the subsidiary company, Advance Autotek Industries (M) Sdn. Bhd. resolved to cease business operations of the said subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

35. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On March 25, 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. This directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On December 20, 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at August 31, 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	The Group RM	The Company RM
Total retained earnings of the Company and its subsidiary companies:		
Realised	72,770,953	841,412
Unrealised	(2,055,425)	(211,469)
	70,715,528	629,943
Total share of retained earnings from associated company:		
Realised	830,048	-
Unrealised	-	-
	830,048	-
Less: Consolidation adjustments	(38,391,962)	-
Total retained earnings as per statement of financial position	33,153,614	629,943

Comparative information is not presented in the first financial year of application pursuant to the directive issued by Bursa Malaysia on March 25, 2010.

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The directors of BSL CORPORATION BERHAD, state that, in their opinion, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of August 31, 2011 and of the results and the financial performance of the Group and of the Company for the year ended on that date.

The information set out in Note 35 to the Financial Statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysia Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of
the Directors,

NGIAM TONG KWAN
Rawang,
December 28, 2011

NGIAM TEE WEE

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **NGIAM TEE WEE**, the director primarily responsible for the financial management of **BSL CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

NGIAM TEE WEE

Subscribed and solemnly declared
by the abovenamed **NGIAM TEE WEE**
at **PETALING JAYA** this 28th December, 2011.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

The details of the properties of the BSL Group as at August 31, 2011 are set out below :

	Name of registered owner / beneficial owner / Location	Description / Existing use	Land / built-up area (sq. m.)	Approximate age of building (Years)	Tenure	Audited NBV as at 31 August 2011 (RM)	Date of Acquisition/ Revaluation
Ban Seng Lee Industries Sdn. Bhd.							
1	Lot 4220 Persimpangan Jalan Batu Arang/ Lebuhraya PLUS, 48000 Rawang, Selangor Darul Ehsan Geram No.50480 Lot No. 4220 Mukim Rawang Daerah Gombak Selangor Darul Ehsan	Single storey detached factory with annexed 2 storey office building / office and factory	19,551 / 11,941	14	Freehold	15,330,333	26 Aug 2009
2	Lot 4212 Mukim Rawang Daerah Gombak Selangor Darul Ehsan	Vacant Land	25,495	N/A	Freehold	47,89,226	30 Sep 2010
3	32A, 1 st Floor Jalan Bukit Idaman 8/1 Taman Bukit Idaman 68100 Batu Caves Selangor Darul Ehsan P.M. 289, Lot No. 52171 Mukim Batu Daerah Gombak Selangor Darul Ehsan	1 unit of apartment located on the 1st floor of 21/2 storey intermediate shop apartment / workers' hostel	Not applicable / 120	17	Leasehold for 99 years expiring on 17 Oct 2089	92,000	24 Aug 2007
4	35A, 1 st Floor Jalan Bukit Idaman 8/1 Taman Bukit Idaman 68100 Batu Caves Selangor Darul Ehsan P.M. 292, Lot No. 52174 Mukim Batu Daerah Gombak Selangor Darul Ehsan	1 unit of apartment located on the 1st floor of 21/2 storey intermediate shop apartment / workers' hostel	Not applicable / 120	17	Leasehold for 99 years expiring on 17 Oct 2089	92,000	24 Aug 2007

LIST OF PROPERTIES

(CONT'D)

	Name of registered owner / beneficial owner / Location	Description / Existing use	Land / built-up area (sq. m.)	Approximate age of building (Years)	Tenure	Audited NBV as at 31 August 2011 (RM)	Date of Acquisition/ Revaluation
Ban Seng Lee Industries Sdn. Bhd.							
5	36A, 1 st Floor Jalan Bukit Idaman 8/1 Taman Bukit Idaman 68100 Batu Caves Selangor Darul Ehsan P.M. 293, Lot No. 52175 Mukim Batu Daerah Gombak Selangor Darul Ehsan	1 unit of apartment located on the 1st floor of 21/2 storey intermediate shop apartment / workers' hostel	Not applicable / 120	17	Leasehold for 99 years expiring on 17 Oct 2089	92,000	24 Aug 2007
6	37A, 1 st Floor Jalan Bukit Idaman 8/1 Taman Bukit Idaman 68100 Batu Caves Selangor Darul Ehsan P.M. 294, Lot No. 52176 Mukim Batu Daerah Gombak Selangor Darul Ehsan	1 unit of apartment located on the 1st floor of 21/2 storey intermediate shop apartment / workers' hostel	Not applicable / 120	17	Leasehold for 99 years expiring on 17 Oct 2089	92,000	24 Aug 2007
Crestronics (M) Sdn. Bhd.							
7	Lot 5002 Batu 51/2 Jalan Meru 41050 Klang Selangor Darul Ehsan H.S. (M) 21401 PT 13725 Mukim Kapar Daerah Klang Selangor Darul Ehsan	Manufacturing / Industrial / office and factory	10,906 / 6,651	21	Freehold	5,956,313	28 Aug 2007

ANALYSIS OF SHAREHOLDINGS

AS AT DECEMBER 30, 2011

Authorised Share Capital	:	RM250,000,000
Issued and Paid-up Capital	:	RM49,000,000
Type of shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Holders	%	Total Holdings	%
1 - 99	7	0.566	367	0.000
100 - 1,000	484	39.127	130,310	0.134
1,001 - 10,000	444	35.893	2,475,512	2.554
10,001 - 100,000	239	19.321	7,656,554	7.899
100,001 - 4,846,793 (*)	62	5.012	36,693,144	37.853
4,846,794 and above (**)	1	0.081	49,980,000	51.560
TOTAL :	1,237	100.000	96,935,887	100.000

Note : * Less than 5% of Issued Shares
 ** 5% and above of Issued Shares

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names	Direct Shareholdings		Indirect Shareholdings (exclude bare trustees)	
	No. of Shares	%	No. of Shares	%
Esteem Role Sdn Bhd	49,980,000	51.56	-	-
Ngiam Tong Kwan	406,315	0.42	49,980,000 (*)	51.56
Nyeam Tong Eng @ Ngiam Tong Yang	269,361	0.28	49,980,000 (*)	51.56
Teh Eng Hock	269,361	0.28	49,980,000 (*)	51.56

(*) Deemed interest through their substantial shareholdings in Esteem Role Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.

LIST OF DIRECTORS' SHAREHOLDINGS

Names	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
Ngiam Tong Kwan	406,315	0.42	53,977,670 (*)	55.68
Ngiam Tee Wee	135,000	0.14	-	-
Ngiam Tee Yang	100,000	0.10	-	-
Teh Yoon Loy	36,347	0.04	-	-
Yukihiro Eguchi	58,445	0.06	-	-
Andy Woo Weng Kok	60,000	0.06	47,000 (**)	0.05
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	100,000	0.10	-	-
To' Puan Rozana Bte Tan Sri Redzuan	-	-	-	-
Ng Wai Pin	-	-	17,000 (**)	0.02

(*) Deemed interest through his substantial shareholding in Esteem Role Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965, and by virtue of the shareholdings held by his spouse and child in the Company.

(**) Deemed interest by virtue of the shareholding held by his spouse in the Company.

ANALYSIS OF SHAREHOLDINGS

AS AT DECEMBER 30, 2011 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Shareholdings	%
1	Esteem Role Sdn Bhd	49,980,000	51.559
2	Xadacorp Sdn Bhd	4,450,000	4.590
3	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teh Pen Sim (M14)	3,880,670	4.003
4	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Haniff Bin Abd Aziz	2,980,000	3.074
5	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Haniff Bin Abd Aziz (REM 851-Margin)	1,544,800	1.593
6	Balakrishnan A/L Muthukaruppan	1,350,000	1.392
7	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Hoon Ghee (M14)	1,347,900	1.390
8	Kim Poh Holdings Sdn Bhd	1,000,000	1.031
9	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Soon Kwui	925,600	0.954
10	Yap See See	900,000	0.928
11	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Woo Yam Sang	868,000	0.895
12	Tan See Chong	834,900	0.861
13	Chang Yoke Lan	800,000	0.825
14	Cheang Wan Ying	800,000	0.825
15	Chang Yoke Mooi	779,337	0.803
16	Kong Chun Wah	766,800	0.791
17	S'ng King Kiok	711,700	0.734
18	Koh Ah Mee @ Hoh Ah Mee	699,800	0.721
19	Chang See Phin	600,100	0.619
20	Woo Yam Sang	546,400	0.563
21	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities Singapore Pte Ltd (Retail Clients)	543,000	0.560
22	Goh Toh Lim	505,000	0.520
23	Loke Keng Hung	491,800	0.507
24	Tan Kim Tiang	438,000	0.451
25	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yee Foong Seng (REM 646)	424,000	0.437
26	Nik Fauzi Bin Nik Hussein	423,500	0.436
27	Ng Ming Kow	420,700	0.433
28	Ngiam Tong Kwan	406,315	0.419
29	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Eng Wah @ Loh Eng Wha (E-TAI)	400,000	0.412
30	Lee Soon Hock	370,000	0.381

No of shares held

Proxy Form

BSL Corporation Berhad. (651118 K)
(Incorporated in Malaysia)

I/We _____ (NRIC No./Company No.) _____
of _____

being a member/members of BSL CORPORATION BERHAD hereby appoint *the Chairman of the meeting or _____ (NRIC No.) _____

of _____

or failing whom _____ (NRIC No.) _____

of _____

as *my/our Proxy(ies) to vote for *me/us and on *my/our behalf at the Eighth Annual General Meeting of the Company to be held at Templer 1, First Floor, Perangsang Templer Golf Club, No.1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan on Monday, 27th day of February 2012 at 10.00 a.m. and at any adjournment thereof for/against* the resolution(s) to be proposed thereat.

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 31 August, 2011 together with the Reports of the Directors and Auditors thereon.			
		Resolution	For	Against
2.	ORDINARY BUSINESS To re-elect the Director, Ngiam Tong Kwan who retires pursuant to Article 78 of the Company's Articles of Association.	1		
3.	To re-elect the Director, Ngiam Tee Yang who retires pursuant to Article 78 of the Company's Articles of Association.	2		
4.	To re-elect the Director, Datuk Dr. Syed Muhamad bin Syed Abdul Kadir who retires pursuant to Article 78 of the Company's Articles of Association.	3		
5.	To approve the payment of Directors' Fees for the financial year ended 31 August, 2011.	4		
6.	To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration.	5		
7.	As SPECIAL BUSINESS To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.	6		
8.	To approve the Proposed Renewal of Authority for the Company to purchase its own ordinary shares on Bursa Malaysia Securities Berhad up to 10% of the Issued and Paid up Share Capital.	7		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

Dated this _____ day of _____ 2012.

Signature/Common Seal of Shareholder(s)

*Delete whichever is not applicable

Notes:

- A member (other than an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the Meeting is entitled to appoint a maximum of two Proxies to attend and vote on his (her) behalf. A proxy may but need not be a member of the Company and the provisions of section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member appoints two (2) Proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) holdings to be represented by each Proxy.
- The Proxy Form shall be signed by the appointor or his (her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer
- The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time for the Meeting or at any adjournment thereof.
- Only member whose names appear in the Record of Depositors as at 20 February 2012 will be entitled to attend and vote at the Meeting

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STAMP

To
The Company Secretary
BSL Corporation Berhad
Level 18, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

Then fold here

A series of thin, white, wavy lines that originate from the top right and curve downwards and outwards, creating a sense of movement and flow. They are set against a solid brown background.

BSL CORPORATION BHD (651118-K)

LEVEL 18, THE GARDENS, NORTH TOWER, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR