



BSL
CORPORATION
BHD 651118-K



ANNUAL
REPORT
2008

TURNING ADVERSITY
INTO ADVANTAGE



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Fifth Annual
General Meeting

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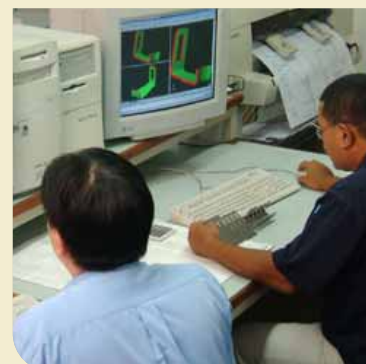
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Notice of Fifth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Company will be held at Subang 2, Sheraton Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 23 February, 2009 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, 2008 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, 2008. (Resolution 4)
4. To approve the payment of the first and final dividend of 1.33 sen per ordinary share, less income tax for the financial year ended 31 August, 2008 as recommended by the Directors. (Resolution 5)
5. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

Special Business

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

6. ORDINARY RESOLUTION AUTHORITY TO ISSUE SHARES

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue 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 in any one financial year 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 7)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Fifth Annual General Meeting to be held on 23 February, 2009, a first and final dividend of 1.33 sen per ordinary share, less income tax in respect of the financial year ended 31 August, 2008, if approved, will be paid on 23 March, 2009.

The entitlement date for the dividend payment is 13 March, 2009.

A depositor shall qualify for entitlement to the dividend only in respect of : -

- (a) Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 13 March, 2009 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

NG YEN HOONG (LS 008016)

LIM POH YEN (MAICSA 7009745)
Company Secretaries

Kuala Lumpur
23 January, 2009

NOTES :

1. Notes on Appointment of Proxy

- (a) A member (other than an 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.

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) Ordinary Resolution – Authority to Issue Shares

The Ordinary Resolution proposed under Resolution 7, if passed, will empower the Directors of the Company to issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority 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.

Statement Accompanying

Notice of the Fifth Annual General Meeting

(Pursuant to Paragraph 8.28 (2) of the Listing Requirements of the Bursa Malaysia Securities Berhad)

DIRECTORS STANDING FOR RE-ELECTION

The Directors who are standing for re-election at the Fifth Annual General Meeting of the Company are as follows :

ARTICLE 78

Ngiam Tong Kwan

Ngiam Tee Yang

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir

The details of the above Directors are set out in their respective profiles on pages 6 to 8. The details of their interest in the securities of the Company are set out on page 91.

Corporate Information

BOARD OF DIRECTORS

Ngiam Tong Kwan
Executive Chairman

Ngiam Tee Wee
Chief Executive Officer / Executive Director

Ngiam Tee Yang
Deputy Chairman / Executive Director

Teh Yoon Loy
Executive Director

Yukihiro Eguchi
Executive Director

Andy Woo Weng Kok
Executive Director

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

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

Ng Wai Pin
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Dr Syed Muhamad bin Syed Abdul Kadir
Chairman

Ng Wai Pin
Member

To' Puan Rozana binti Tan Sri Redzuan
Member

COMPANY SECRETARIES

Ng Yen Hoong (LS 008016)

Lim Poh Yen (MAICSA 7009745)

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

REGISTRARS

PFA Registration 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

Second Board of the
Bursa Malaysia Securities Berhad

Profile of Directors

Ngiam Tong Kwan

Executive Chairman

Aged 59, 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.

Teh Yoon Loy

Executive Director

Aged 51, 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 BSLI 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.

Ngiam Tee Wee

Chief Executive Officer / Executive Director

Aged 40, 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.



Profile of Directors (cont'd)

Ngiam Tee Yang

Deputy Chairman / Executive Director

Aged 43, Malaysian. Appointed to the Board on 28 April 2005, he graduated with a Bachelor of Engineering Degree from National University of Singapore and later obtained his Graduate Diploma in Sales & Marketing Management from Temasek Polytechnic, Singapore in 1989. 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 as the 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.

Yukihiro Eguchi

Executive Director

Aged 46, Japanese. Appointed to the Board on 28 April 2005, Mr Eguchi joined his family-owned company Bright Trading Corporation in Tokyo after graduated from 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.

Andy Woo Weng Kok

Executive Director

Aged 32, 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. He is also responsible in sourcing for electronic parts and components.

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

Profile of Directors (cont'd)

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir

Independent Non-Executive Director

Aged 61, 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 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 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.

To' Puan Rozana Binti Tan Sri Redzuan

Independent Non-Executive Director

Aged 44, 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, a main Board company involved in properties, and a Mesdaq company, Karyon Industries Berhad, a manufacturing concern. 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.



Profile of Directors (cont'd)

Ng Wai Pin

Independent Non-Executive Director

Aged 43, Malaysian. Appointed to 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 is currently the chief executive officer of a company listed on the Australian Stock Exchange and sits on the board of Euro Holdings Berhad and Frontken Corporation Berhad, both listed on Bursa Malaysia Securities Berhad.

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.

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 financial year ended 31 August 2008.

FINANCIAL REVIEW

Against the backdrop of the recent global economic turbulence since the middle of the year 2008, for the 12 months ended 31 August 2008, the Group achieved a turnover of RM139.649million, about 33% higher than the RM104.648million in FY2007. Profit before taxation increased significantly by RM3.789million to RM8.157million, about 87% higher than the RM4.368million in FY2007, while net profit attributable to equity holders of the Company was RM4.833million, about 13% higher than the RM4.295million in FY2007. This translated into weighted average earnings per share of 4.93 sen per share, while net tangible assets rose to RM72.108million or RM0.74 per share

OPERATIONAL REVIEW

Crestronics, the PCB Assembly Division, which saw a loss last year enjoyed a significant turnaround in year 2008 mainly due to the increase in order for the production of video product by one of its major customer. The automotive division also saw a substantial improvement due to the increased in order from one of its major customer which is involved in production of smaller car & MPV, as well as the new sales from car audio.



The Group has continued its effort to aggressively enlarge its client base and to provide new services or processes to enlarge its earning base and to enhance its profitability. These include continue supporting our European customers in expanding roll forming processes, to provide full assembly for audio product and being the sole distributor for NC Lathe machines. The automotive division will also aggressively expand its Audio sales to SEA region under the Technical Assistant Agreement signed with Hyundai Autonet of Korea, a major supplier to Hyundai Motor Company and KIA Motor Company.

On the corporate front, in September 2008, we disposed 25% of the issued and paid-up share capital of Hongze Yiyang Steel Tubes Co. Ltd ("HYST"), the seamless steel pipe plant in China, to Zhangjiagang City Yiyang Pipe producing Co., Ltd ("Yiyang"), our joint venture partner for a cash consideration of USD1,800,000. As a result of the disposal, the shareholding of the Company in HYST was reduced from 50% to 25%. The disposal was in line with the restructuring of our partner, Yiyang for its proposed listing in Shenzhen Stock Exchange. This listing will increase the profile of all the subsidiaries under Yiyang and further expect to enhance business opportunities for HYST. The construction of the plant was recently completed & successfully commissioned. We expect the plant will contribute positively in the near future.

DIVIDEND

In view of the current performance in 2008, and in recognition of the support from our shareholders, we are pleased to inform that the Board is recommending a first and final dividend of 1.33 sen, less 25% tax, per share for the financial year under review. Subject to the approval of shareholders at the Annual General Meeting to be convened on 23 February 2009, the dividend will be payable in March 2009.

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 continues 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 13 to 19.

CURRENT YEAR OUTLOOK

The Malaysian Government is seeking to bolster the domestic demand by announcing recently the RM7billion stimulus plan and interest cut. The Government has forecasted a GDP growth of 3.5% this year. Even with the recent weaker export growth, we expect the electronic & electrical segment will still remain as one of the main contributor to the future growth of export & manufacturing sector.

In view of the current economic environment, the Group will intensify improvement at key operation areas so that it will remain strong and able to confidently & competitively sail out of the current turbulent situation. Turning adversity into advantage. At the same time, the Group will also continue working towards expanding our product range & client base.

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. We 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

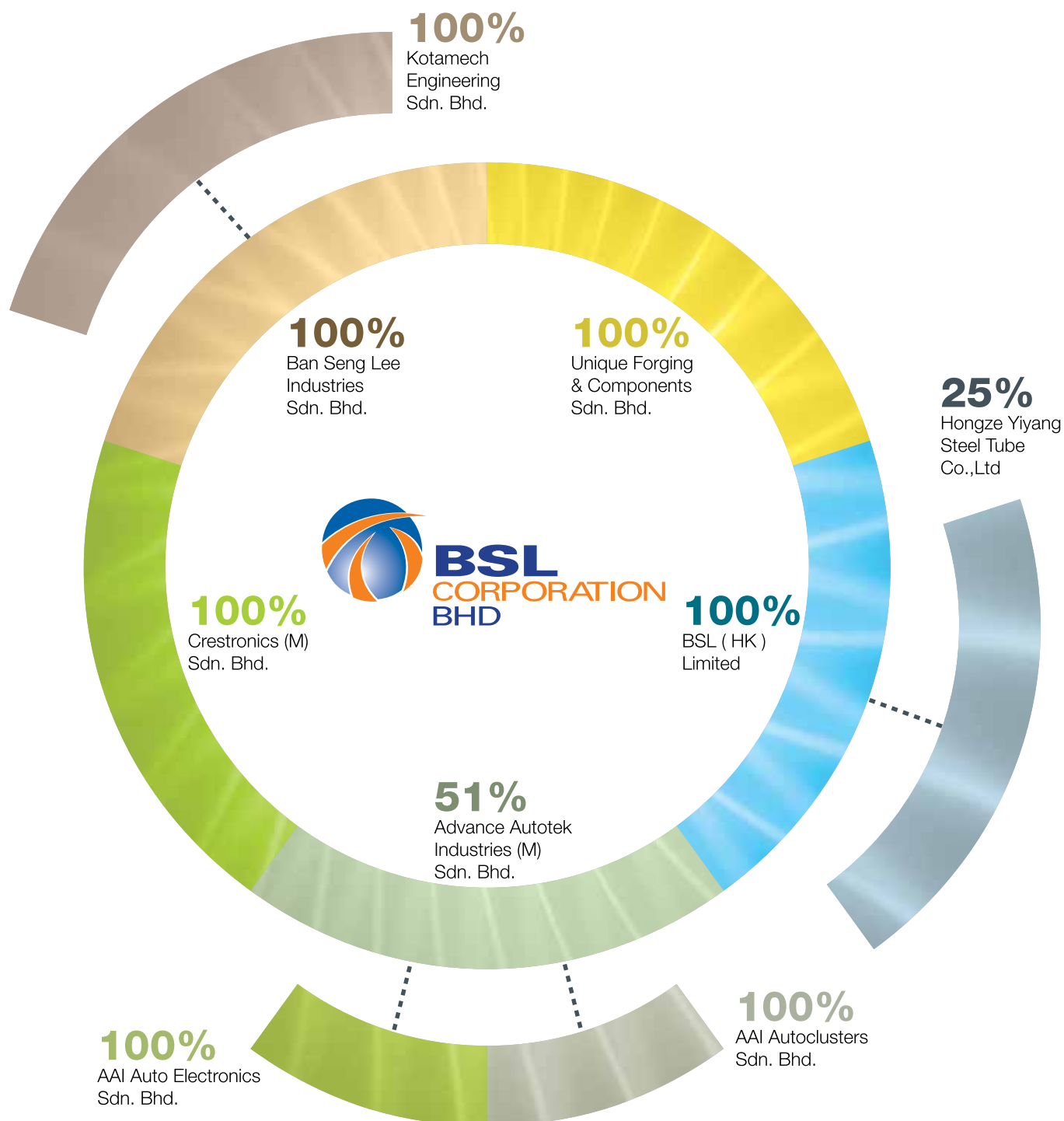
Chairman

Ngiam Tee Wee

Chief Executive Officer



Corporate Structure



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; consist 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 Board composition brings together an extensive pool of experience in the technical, financial, business and government sectors, in particular, the independent directors bring to the Board deliberations invaluable experience on issues of business strategy and resource allocation.

The profiles of the Directors are presented in pages 6 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 for the day to day running of the business, implementation of the Board policies and making 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.

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.

Five (5) meetings were held during the financial year ended 31 August, 2008. The record of attendance for the directors who held office during the financial year is set out below :

Directors	Number of Meeting held during Director's Tenure in Office	Attendance	Percentage of Attendance
Ngiam Tong Kwan	5	5	100%
Ngiam Tee Wee	5	5	100%
Ngiam Tee Yang	5	5	100%
Teh Yoon Loy	5	5	100%
Yukihiro Eguchi	5	5	100%
Andy Woo Weng Kok (Appointed with effect from 7 December 2007)	4	4	100%
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	5	5	100%
To' Puan Rozana binti Tan Sri Redzuan	5	5	100%
Ng Wai Pin	5	4	80%

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 had delegated specific responsibilities to four (4) committees all of which have written terms of reference approved by the Board. These committees have the authority to examine particular areas and report back to the Board with their findings and recommendations. The ultimate responsibility for the final decision on all matters lies with the Board. These committees are:

Corporate Governance Statement

(cont'd)

1. BOARD OF DIRECTORS (cont'd)

(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 21 to 24 of this Annual Report.

(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.

Corporate Governance Statement

(cont'd)

1. BOARD OF DIRECTORS (cont'd)

(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*)

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.

Corporate Governance Statement

(cont'd)

1. BOARD OF DIRECTORS (cont'd)

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.

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 under review are as follows :

	Salaries & Bonus RM	Other benefits RM	Fees RM	Total RM
Executive Directors	1,602,161	144,291	204,850	1,951,302
Non-Executive Directors	-	3,900	85,250	89,150
Total	1,602,161	148,191	290,100	2,040,452

A breakdown of Directors' remuneration for the financial year 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
50,001 – 100,000	1	-
100,001 – 150,000	-	-
150,001 – 200,000	-	-
200,001 – 250,000	2	-
250,001 – 300,000	1	-
300,001 – 350,000	-	-
350,001 – 400,000	2	-
Total	6	3

Corporate Governance Statement

(cont'd)

3. COMMUNICATION WITH SHAREHOLDERS & INVESTORS

The Board values and encourages dialogues with shareholders to facilitate better understanding of the Group's objectives and financial performance.

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, the Board plans to establish an investor relations programme as a channel for regular communication with shareholders, stakeholders, investment analysts, fund managers and the media.

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 20.

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.

Corporate Governance Statement

(cont'd)

5. ADDITIONAL COMPLIANCE INFORMATION

(a) Utilisation of Proceeds

The total gross proceeds raised by the Company from its floatation exercise have been fully utilised in the following manner as at the date of this Annual Report :-

	Proposed Utilisation RM'000	Utilised RM'000
Capital expenditure	4,800	4,800
Repayment of bank borrowings	6,900	6,900
Working capital	2,102	2,102
Estimated listing expenses	1,900	1,900
Total	15,702	15,702

(b) Share Buy-back

There was no share buy-back during the financial year ended 31 August 2008.

(c) Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised during the financial year ended 31 August 2008.

(d) American Depositary Receipt (“ ADR ”) / Global Depositary Receipt (“ GDR ”)

The Company did not sponsor any of those programs during the financial year.

(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 2008.

(g) Variation in Results

There is no material variance between the audited results for the financial year ended 31 August 2008 and the unaudited results previously announced.

(h) Profit Guarantees

During the financial year, 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 2008 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 2008 are disclosed in Notes 6 and 12 of the financial statements in pages 59, 72, and 73 of this Annual Report.

(k) Revaluation of landed properties

The Group has adopted a policy on regular revaluation on landed properties. This is disclosed at Note 3 and 10 of the Notes to the Financial Statements.

(l) Corporate Social Responsibility

There were no corporate social responsibility activities or practices undertaken by the Company and its subsidiaries.

Statement of 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 21 to 24.

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.

There are no material losses incurred during the financial year as a result of weaknesses in internal control. The management will continue to take adequate measures to strengthen the control environment in which the Group operates. Statement made in accordance with the resolution of the Board of Directors dated 23 December 2008.

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;
 - (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;

Audit Committee Report

(cont'd)

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE (cont'd)

- (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.

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 numbers, to act as chairman of the meeting.

Audit Committee Report (cont'd)

PROCEDURE OF COMMITTEE MEETING (cont'd)

(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 hold 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 2008, 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
Ngiam Tee Wee (Resigned as a Committee Member with effect from 7 December 2007)	1	1
Datuk Dr Syed Muhamad Bin Syed Abdul Kadir	5	5
To' Puan Rozana binti Tan Sri Redzuan	5	5
Ng Wai Pin (Appointed as a Committee Member with effect from 7 December 2007)	4	4

The following activities were carried out by the Audit Committee during the financial year ended 31 August 2008 :

- 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 external auditors' scope of works and the audit planning memorandum, the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- 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.

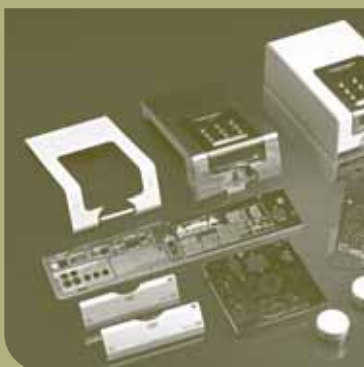
Directors' Responsibilities Statement

The Board of Directors is required under Paragraph 15.27 (a) of the Bursa Malaysia Listing Requirements to issue a statement explaining its responsibility for preparing the annual audited financial statements.

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 23 December, 2008.



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Analysis of Shareholdings



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, 2008.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 12 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

SIGNIFICANT EVENT

During the financial year, the Company entered into a Supplemental Agreement with Xadacorp Sdn. Bhd. ("Vendor") and Messrs. Tio Boon Yaw and Choong Heng @ Chong Choong Heng ("Covenanters") to vary certain terms of the Share Sale Agreement dated April 25, 2006. The variation entails an acknowledgment by the Vendor and Covenanters that they are indebted to the Company to the amount of RM825,227, being the shortfall of the profit after tax of Advance Autotek Industries (M) Sdn. Bhd. ("AAI"), a subsidiary company, for the calendar year ended December 31, 2006 and a revision to the guarantee period from January 1, 2006 to December 31, 2009 and achieving profit after tax of RM7,112,753 for the period. On November 15, 2007, AAI had received the said amount of RM825,227 from the Vendor and Covenanters.

SUBSEQUENT EVENTS

Subsequent to the financial year,

- i) The Company via BSL (HK) Limited ("BSLHK"), a company incorporated in Hong Kong, People's Republic of China, its wholly-owned subsidiary company entered into a revised joint venture agreement and a Share Sales Agreement with Zhangjiagang City Yiyang Pipe Producing Co., Ltd ("Yiyang") for the disposal of 11,377,050 ordinary shares of RMB1.00 each, representing 25% of the issued and paid-up share capital of Hongze Yiyang Steel Tubes Co., Ltd ("HYST"), the subsidiary company of BSLHK for a cash consideration of USD1,800,000 or approximately USD0.16 per share.

Consequently, the shareholding of BSLHK in HYST has been reduced from 50% to 25% upon the disposal.

- ii) The Company proposes to undertake the purchase of its own ordinary shares on Bursa Malaysia Securities Berhad of not more than ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back"). The Proposed Share Buy-Back is subject to and conditional upon the approval of the shareholders of the Company at a forthcoming Extraordinary General Meeting to be held.

Directors' Report (cont'd)

RESULTS OF OPERATIONS

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

	The Group	The Company
	RM	RM
Profit before tax	8,156,894	2,588,480
Income tax expense	(2,715,940)	(1,605,771)
Profit for the year	<u>5,440,954</u>	<u>982,709</u>
Attributable to :		
Equity holders of the Company	4,833,094	
Minority interest	<u>607,860</u>	
	<u>5,440,954</u>	

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.

DIVIDENDS

A first and final dividend of 1.37 sen per share, less 26% tax, amounting to RM993,529, proposed in respect of ordinary shares in the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year.

The directors have proposed a first and final dividend of 1.33 sen per share, less 25% tax, amounting to RM977,550 in respect of the current financial year. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

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.

Directors' Report (cont'd)

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.

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets 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 bad receivables had been written off and adequate allowances have been made for doubtful receivables; 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.

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

- (a) which would render the amount of bad receivables written off or the amount of 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.

Directors' Report (cont'd)

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 (appointed on 7.12.2007)

In accordance with Article 83 of the Company's Articles of Association, Andy Woo Weng Kok, who was appointed to the Board since the date of the last report, retired at the Annual General Meeting ("AGM") held on February 18, 2008 and, being eligible, was duly re-elected at the said AGM.

Ngiam Tong Kwan, Ngiam Tee Yang and Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir retire under Article 78 of the Company's Articles of Association in the forthcoming AGM and, being eligible, offer themselves for re-election.

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 1.9.2007 or date of appointment	Bought	Sold	Balance at 31.8.2008
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

Number of ordinary shares of RM1.00 each				
	Balance at 1.9.2007	Bought	Sold	Balance at 31.8.2008
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.

Directors' Report (cont'd)

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' 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 12 and 25 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
Petaling Jaya,
December 22, 2008

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 balance sheets as of August 31, 2008 of the Group and of the Company and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 86.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purposes. We do not assume responsibility towards any other person for the content of this report.

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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

Independent Auditors' Report

to The Members of BSL Corporation Berhad (incorporated in Malaysia)
(cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting 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, 2008 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 12 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.
- 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 reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN

AF 0080

Chartered Accountants

LOO CHEE CHOU

Partner - 2783/09/10 (J)

Chartered Accountant

December 22, 2008

Income Statements

for the Year Ended August 31, 2008

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	5	139,649,418	104,648,888	4,268,000	2,250,000
Other income	6	615,589	658,661	483,334	437,221
Investment income		159,650	417,826	111,898	393,061
Changes in inventories of work-in-progress and finished goods		3,446,008	2,478,012	-	-
Raw materials and consumables used		(102,074,340)	(74,296,605)	-	-
Staff costs	6	(18,770,297)	(15,946,171)	-	-
Depreciation of property, plant and equipment	10	(5,256,344)	(5,194,952)	-	-
Finance costs	7	(2,188,855)	(2,083,372)	(879,904)	(804,375)
Other expenses	6	(6,882,942)	(6,241,844)	(1,394,848)	(878,526)
Share of result of associated company	13	(468,432)	-	-	-
Amortisation of prepaid lease payments on leasehold land	11	(72,561)	(72,561)	-	-
Profit before tax		8,156,894	4,367,882	2,588,480	1,397,381
Income tax (expense)/credit	8	(2,715,940)	326,981	(1,605,771)	(23,789)
Profit for the year		5,440,954	4,694,863	982,709	1,373,592
Attributable to :					
Equity holders of the Company		4,833,094	4,294,653		
Minority interest		607,860	400,210		
		5,440,954	4,694,863		
Earnings per ordinary share					
Basic (sen)	9	5	4		

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

Balance Sheets

as of August 31, 2008

		The Group		The Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	45,796,883	38,466,526	-	-
Prepaid lease payments on leasehold land	11	6,512,956	6,585,517	-	-
Investment in subsidiary companies	12	-	-	49,046,047	49,046,047
Investment in an associated company	13	9,870,773	10,339,205	-	-
Goodwill on consolidation	14	3,540,889	3,961,754	-	-
Quoted investment	15	1,700	5,600	-	-
Other investment	16	750,000	1,500,000	750,000	1,500,000
Total Non-Current Assets		66,473,201	60,858,602	49,796,047	50,546,047
Current Assets					
Inventories	17	19,795,345	15,588,398	-	-
Trade receivables	18	27,301,579	23,170,100	-	-
Other receivables, deposits and prepaid expenses	18	4,022,593	7,553,207	144,409	9,987
Amount owing by subsidiary companies	12	-	-	20,723,914	20,847,939
Short-term deposits with licensed banks	19	5,330,521	1,940,291	2,293,504	1,052,490
Cash and bank balances	28	7,650,211	7,876,680	384,507	1,380,035
Total Current Assets		64,100,249	56,128,676	23,546,334	23,290,451
TOTAL ASSETS		130,573,450	116,987,278	73,342,381	73,836,498

(Forward)

Balance Sheets

as of August 31, 2008 (cont'd)

		The Group		The Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	20	49,000,000	49,000,000	49,000,000	49,000,000
Reserves	21	23,108,458	19,270,015	3,382,704	3,393,524
Equity attributable to equity holders of the Company		72,108,458	68,270,015	52,382,704	52,393,524
Minority interest		2,171,463	1,159,241	-	-
Total Equity		74,279,921	69,429,256	52,382,704	52,393,524
Non-Current and Deferred Liabilities					
Hire-purchase payables - non-current portion	22	4,771,497	2,482,712	-	-
Term loans - non-current portion	23	15,970,628	16,707,403	15,000,000	15,000,000
Deferred tax liabilities	24	3,499,193	2,303,793	-	-
Total Non-Current and Deferred Liabilities		24,241,318	21,493,908	15,000,000	15,000,000
Current Liabilities					
Trade payables	25	12,991,060	10,600,871	-	-
Other payables and accrued expenses	25	4,617,494	2,364,254	434,498	404,777
Amount owing to subsidiary company	12	-	-	5,525,179	6,038,197
Hire-purchase payables - current portion	22	3,710,297	1,724,747	-	-
Bank borrowings	26	9,556,308	10,324,858	-	-
Term loans - current portion	23	698,366	953,297	-	-
Tax liabilities		478,686	96,087	-	-
Total Current Liabilities		32,052,211	26,064,114	5,959,677	6,442,974
Total Liabilities		56,293,529	47,558,022	20,959,677	21,442,974
TOTAL EQUITY AND LIABILITIES		130,573,450	116,987,278	73,342,381	73,836,498

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

Statements of Changes in Equity

for the Year Ended August 31, 2008

The Group	Share capital RM	Non-distributable		Distributable reserve - Retained earnings RM	Attributable to equity holders of the Company RM	Minority interest RM	Total RM
		Share premium RM	Revaluation reserve RM				
As of September 1, 2006	49,000,000	1,767,230	-	16,698,216	67,465,446	759,031	68,224,477
Dividend paid (Note 29)	-	-	-	(3,675,000)	(3,675,000)	-	(3,675,000)
Gain on revaluation of property	-	-	184,916	-	184,916	-	184,916
Total recognised income and expense - profit for the year	-	-	-	4,294,653	4,294,653	400,210	4,694,863
As of August 31, 2007 <i>(Forward)</i>	49,000,000	1,767,230	184,916	17,317,869	68,270,015	1,159,241	69,429,256

Statements of Changes in Equity

for the Year Ended August 31, 2008 (cont'd)

The Group	Non-distributable					Distributable			Minority interest	Total
	Share capital RM	Share premium RM	Revaluation reserve RM	Foreign currency translation reserve RM	Attributable to equity holders of the Company RM	Reserve - Retained earnings RM	Reserve - Retained earnings RM	Reserve - Retained earnings RM		
As of August 31, 2007	49,000,000	1,767,230	184,916	-	68,270,015	17,317,869	17,317,869	17,317,869	1,159,241	69,429,256
Dividend paid (Note 29)	-	-	-	-	(993,529)	(993,529)	(993,529)	(993,529)	-	(993,529)
Minority interest share of profit guarantee	-	-	-	-	-	-	-	-	404,362	404,362
Currency translation differences	-	-	-	(1,122)	(1,122)	-	-	(1,122)	-	(1,122)
Total recognised income and expense - profit for the year	-	-	-	-	4,833,094	4,833,094	4,833,094	4,833,094	607,860	5,440,954
As of August 31, 2008	49,000,000	1,767,230	184,916	(1,122)	72,108,458	21,157,434	21,157,434	21,157,434	2,171,463	74,279,921

(Forward)

Statements of Changes in Equity

for the Year Ended August 31, 2008 (cont'd)

The Company	Share capital RM	Non-distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total RM
As of September 1, 2006				
Dividend paid (Note 29)	49,000,000	1,767,230	3,927,702	54,694,932
Total recognised income and expense - profit for the year	-	-	(3,675,000)	(3,675,000)
	-	-	1,373,592	1,373,592
As of August 31, 2007				
Dividend paid (Note 29)	49,000,000	1,767,230	1,626,294	52,393,524
Total recognised income and expense - profit for the year	-	-	(993,529)	(993,529)
	-	-	982,709	982,709
As of August 31, 2008				
	49,000,000	1,767,230	1,615,474	52,382,704

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

Cash Flow Statements

for the Year Ended August 31, 2008

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash Flows From/(Used In)				
Operating Activities				
Profit for the year	5,440,954	4,694,863	982,709	1,373,592
Adjustments for :				
Depreciation of property, plant and equipment	5,256,344	5,194,952	-	-
Income tax expense/(credit) recognised in the income statements	2,715,940	(326,981)	1,605,771	23,789
Interest expense	2,188,855	2,083,372	879,904	804,375
Allowance for diminution in value of other investment	750,000	-	750,000	-
Share of losses of associated company	468,432	-	-	-
Allowance for doubtful receivables	99,604	-	-	-
Amortisation of prepaid lease payments on leasehold land	72,561	72,561	-	-
Unrealised loss on foreign exchange	56,034	73,358	181,687	73,358
Allowance for diminution in value of quoted investment	3,900	2,100	-	-
Property, plant and equipment written off	36	-	-	-
Gain on disposal of property, plant and equipment - net	(295,122)	(67,524)	-	-
Interest income	(159,650)	(417,826)	(111,898)	(393,061)
Dividend income	-	-	(4,268,000)	(2,250,000)
Interest receivable from subsidiary companies	-	-	(483,334)	(437,221)
Operating Profit/(Loss) Before Working Capital Changes	16,597,888	11,308,875	(463,161)	(805,168)

(Forward)

Cash Flow Statements

for the Year Ended August 31, 2008 (cont'd)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
(Increase)/Decrease in :				
Inventories	(4,206,947)	(1,655,058)	-	-
Trade receivables	(4,268,312)	1,830,805	-	-
Other receivables, deposits and prepaid expenses	2,615,162	(3,984,138)	(621,513)	25,201
Amount owing by subsidiary companies	-	-	3,583,992	(10,565,675)
Increase/(Decrease) in :				
Trade payables	2,405,308	(505,606)	-	-
Other payables and accrued expenses	2,253,240	123,324	29,721	367,017
Amount owing to subsidiary company	-	-	(513,018)	646,030
Cash From/(Used In) Operations	15,396,339	7,118,202	2,016,021	(10,332,595)
Income tax refund	1,011,048	-	-	-
Income tax paid	(1,233,537)	(2,226,114)	(9,000)	(32,789)
Net Cash From/(Used In) Operating Activities	15,173,850	4,892,088	2,007,021	(10,365,384)
Cash Flows (Used In)/ From Investing Activities				
Proceeds from disposal of property, plant and equipment	478,133	110,600	-	-
Interest received	159,650	417,826	111,898	393,061
Additions to property, plant and equipment (Note)	(6,285,624)	(3,177,417)	-	-
Acquisition of interest in an associated company	-	(10,339,205)	-	-
Increase in other investment	-	(1,500,000)	-	(1,500,000)
Incorporation of a subsidiary company	-	-	-	(1)
Net Cash (Used In)/From Investing Activities	(5,647,841)	(14,488,196)	111,898	(1,106,940)

(Forward)

Cash Flow Statements

for the Year Ended August 31, 2008 (cont'd)

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Cash Flows From/(Used In) Financing Activities					
Proceed from profit guarantee received		825,227	-	-	-
Repayment of hire-purchase payables		(2,209,789)	(2,288,049)	-	-
Interest paid		(2,188,855)	(2,083,372)	(879,904)	(804,375)
Dividend paid		(993,529)	(3,675,000)	(993,529)	(3,675,000)
Repayment of term loan		(991,706)	(1,623,192)	-	-
(Repayment)/Drawdown of bank borrowings		(768,550)	5,227,431	-	-
Short-term deposits pledged with licensed banks		(137,815)	(349,663)	-	-
Drawdown of term loan		-	15,000,000	-	15,000,000
Net Cash (Used In)/From Financing Activities		(6,465,017)	10,208,155	(1,873,433)	10,520,625
Net Increase/(Decrease) In Cash And Cash Equivalents		3,060,992	612,047	245,486	(951,699)
Effect of changes in exchange rates		(35,046)	-	-	-
Cash and Cash Equivalents At Beginning Of Year		9,290,725	8,678,678	2,432,525	3,384,224
Cash and Cash Equivalents At End Of Year	28	12,316,671	9,290,725	2,678,011	2,432,525

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

	The Group	
	2008 RM	2007 RM
Total cost of property, plant and equipment acquired	12,769,748	7,728,288
Less: Purchase consideration satisfied by hire-purchase arrangements	(6,484,124)	(4,550,871)
Cash payments	6,285,624	3,177,417

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

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are as disclosed in Note 12.

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 Second Board 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 47687, Jalan Bukit Idaman 6, Taman Bukit Idaman, 68100 Batu Caves, 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 22, 2008.

2. BASIS OF PREPARATION OF ACCOUNTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

Adoption of New and Revised Financial Reporting Standards

During the current financial year, the Group and the Company adopted all the new or revised Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board that are relevant to their operations and effective for annual periods beginning on or after September 1, 2007 as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

Notes to the Financial Statements

(cont'd)

The adoption of the above FRSs did not result in substantial changes to the Group's and the Company's accounting policies and did not have any material financial effect on the financial statements of the Group and of the Company for the current and prior financial years.

Accounting Standards and IC Interpretations Issued but Not Effective

As of the date of issuing the financial statements, the following new/revised FRSs and IC Interpretations have been issued but not yet effective :

FRS 4	Insurance Contracts **
FRS 7	Financial Instruments : Disclosures **
FRS 8	Operating Segments *
FRS 139	Financial Instruments : Recognition and Measurement **
IC Interpretation 9	Reassessment of Embedded Derivatives **
IC Interpretation 10	Interim Financial Reporting and Impairment **

* Effective for accounting periods beginning on or after July 1, 2009.

** Effective for accounting periods beginning on or after January 1, 2010.

The directors anticipate that the adoption of these FRSs and IC Interpretations in future periods will have no material financial impact on the financial statements of the Group and of the Company except as disclosed below.

FRS 139 Financial Instruments : Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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.

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.

Notes to the Financial Statements

(cont'd)

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.

(ii) Defined Contribution Plan

The Group makes contributions to the Employees Provident Fund ("EPF") and the contributions to the EPF are charged to the income statements in the period 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 Conversion

The financial statements of the Group and of the Company are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. 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.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statements 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.

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiary company have been translated into Ringgit Malaysia as follows:

Assets and liabilities	-	at closing rate
Issued capital	-	at historical rate
Revenue and expenses	-	at average rate

All translation gains or losses are taken up and reflected in translation reserve.

Notes to the Financial Statements

(cont'd)

The closing rate used in the translation of foreign incorporated subsidiary company's financial statements is as follows :

Foreign Currency	2008	2007
	RM	RM
1 Hong Kong Dollar	0.4341	0.4419

The exchange rates of foreign currencies against Ringgit Malaysia ruling at balance sheet date are as follows :

Currencies	2008	2007
	RM	RM
1 United States Dollar	3.3895	3.5035
1 Singapore Dollar	2.3937	2.3007
100 Japanese Yen	3.1065	3.0259
1 Hong Kong Dollar	0.4341	0.4419

Income Taxes

Income tax 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 balance sheet date.

Deferred tax is provided for, using the "liability" method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are 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 goodwill or 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.

The carrying amount of deferred tax assets, if any, is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Notes to the Financial Statements

(cont'd)

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

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies mentioned in Note 12 made up to August 31, 2008. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their 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.

The result of subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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 are recognised at their fair values at the acquisition date.

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 exceeds the cost of the business combination, the excess is recognised immediately in the income statements.

The interest of minority 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 arising on the acquisition of subsidiary companies represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies recognised 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)

For the purposes 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 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 gain or loss on disposal.

Impairment of Assets Excluding Goodwill

At each balance sheet date, 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 estimates 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 income statements.

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 income statements.

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 three 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)

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 income statements. 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 income statements 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, furniture, fittings, renovation, factory upgrade and factory equipment	8%	-	16%
Motor vehicles	10%	-	20%

Where parts or an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each balance sheet date, 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 income statements. 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 financial statements and the corresponding obligations are recorded as liabilities. Finance charges are allocated to the income statements 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.

Leasing

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.

Notes to the Financial Statements

(cont'd)

Rentals payable under operating leases are charged to income statements 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.

Investment in Subsidiary Companies

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

Associated Company

An associated company is a non-subsidiary company in which the Group holds as long-term investment between 20% to 50% of the equity voting rights and in which the Group is in a position to exercise significant influence in its management.

The results and assets and liabilities of associated companies are incorporated in the financial statements of the Group using the equity method of accounting based on the latest audited and/or management financial statements of the associated companies made up to August 31, 2008 while dividends received are reflected as a reduction of the investment in the consolidated balance sheet.

Under the equity method, investments in associated companies are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associated companies, 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 not recognised unless the Group has incurred obligations or made payments on behalf of the associated company.

Where necessary, adjustments are made to the financial statements of associated companies to bring their accounting policies into line with those used by other members of the Group.

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 the income statements.

Notes to the Financial Statements

(cont'd)

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, except where losses provide evidence of an impairment of the asset transferred, in which case, appropriate provision is made for impairment.

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 of 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.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful receivables is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Payables

Trade and other payables are stated at the nominal value of the amount for goods and services received.

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 each balance sheet 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.

Notes to the Financial Statements

(cont'd)

Financial Assets

The Group's principal financial assets are quoted investment, other investment, trade and other receivables and cash and cash equivalents. The principal financial assets of the Company also include amount owing by subsidiary companies.

Financial Liabilities

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

Significant financial liabilities of the Group include trade and other payables, hire-purchase payables, bank borrowings and term loans. Financial liabilities of the Company also include amount owing to subsidiary company.

Dividends on ordinary share are recognised in shareholders' equity in the year in which they are declared.

Bank borrowings are recorded at the proceeds received net of direct issue costs and finance costs are accounted for on an accrual basis.

Cash Flow Statements

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

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).

- Allowance for doubtful receivables

The Group makes allowance for doubtful receivables based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

Notes to the Financial Statements

(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 balance sheet date, pertaining to the Group's single cash generating unit ("CGU"), namely, the operations of Advance Autotek Industries (M) Sdn. Bhd. and its subsidiary companies, was RM3,540,889 (2007:RM3,961,754) and no impairment loss has been recognised in the income statements during the current financial year as the management are of the opinion that the recoverable amount of the cash-generating unit is higher than the carrying amount.

(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 balance sheet date, 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.

Notes to the Financial Statements

(cont'd)

The Group - 2008	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Automotive components RM	Eliminations RM	Consolidated RM
Revenue							
External sales	-	59,371,907	38,279,860	17,166,069	24,831,582	-	139,649,418
Inter-segment sales	4,268,000	160,868	-	-	-	(4,428,868)	-
Total revenue	4,268,000	59,532,775	38,279,860	17,166,069	24,831,582	(4,428,868)	139,649,418
Results							
Segment results	3,523,005	3,849,287	4,893,239	1,050,420	2,089,914	(4,751,334)	10,654,531
Profit from operations							10,654,531
Finance costs							(2,188,855)
Share of results of associated company							(468,432)
Investment revenue							159,650
Profit before tax							8,156,894
Income tax expense							(2,715,940)
Profit for the year							5,440,954
Attributable to :							
Equity holders of the Company							4,833,094
Minority interest							607,860
							5,440,954

(Forward)

Notes to the Financial Statements

(cont'd)

	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Automotive components RM	Eliminations RM	Consolidated RM
Other information							
Capital additions	-	1,318,922	11,199,316	250,950	560	-	12,769,748
Depreciation of property, plant and equipment	-	1,762,662	2,655,714	809,810	28,158	-	5,256,344
Consolidated Balance Sheets Assets							
Segment assets	83,582,027	62,413,884	35,408,358	16,777,538	7,488,967	(79,179,617)	126,491,157
Unallocated corporate assets							4,082,293
Consolidated total assets							130,573,450
Liabilities							
Segment liabilities	31,188,794	13,797,451	25,350,593	8,662,043	2,895,409	(29,578,640)	52,315,650
Unallocated corporate liabilities							3,977,879
Consolidated total liabilities							56,293,529

Geographical segments

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

(Forward)

Notes to the Financial Statements

(cont'd)

The Group - 2007	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Automotive components RM	Eliminations RM	Consolidated RM
Revenue							
External sales	-	49,508,260	26,004,604	18,524,160	10,611,864	-	104,648,888
Inter-segment sales	2,250,000	22,893	-	6,602	-	(2,279,495)	-
Total revenue	2,250,000	49,531,153	26,004,604	18,530,762	10,611,864	(2,279,495)	104,648,888
Results							
Segment results	1,781,338	4,765,216	(885,186)	1,943,464	1,145,312	(2,716,716)	6,033,428
Profit from operations							6,033,428
Finance costs							(2,083,372)
Investment revenue							417,826
Profit before tax							4,367,882
Income tax credit							326,981
Profit for the year							4,694,863
Attributable to :							
Equity holders of the Company							4,294,653
Minority interest							400,210
							4,694,863

Notes to the Financial Statements

(cont'd)

	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Automotive components RM	Eliminations RM	Consolidated RM
Other information							
Capital additions	-	1,403,847	4,917,542	1,279,067	127,832	-	7,728,288
Depreciation of property, plant and equipment	-	2,081,493	2,295,339	809,137	8,983	-	5,194,952
Consolidated Balance Sheets Assets							
Segment assets	84,220,129	62,225,085	25,516,115	14,931,692	5,088,853	(80,413,206)	111,568,668
Unallocated corporate assets							5,418,610
Consolidated total assets							116,987,278
Liabilities							
Segment liabilities	31,861,065	15,807,444	18,794,547	7,334,597	2,641,150	(31,280,661)	45,158,142
Unallocated corporate Liabilities							2,399,880
Consolidated total liabilities							47,558,022
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)

6. OTHER INCOME/(EXPENSES)

Included in other income/(other expenses) are the following :

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Gain on disposal of property, plant and equipment	297,624	69,004	-	-
Realised gain on foreign exchange	159,105	118,746	-	-
Directors' remuneration*	(2,040,452)	(1,503,800)	(270,000)	(83,000)
Allowance for diminution in value of other investment	(750,000)	-	(750,000)	-
Rental of machineries	(242,062)	(408,310)	-	-
Rental of premises payable :				
Related parties (Note 12)	(222,000)	(222,000)	-	-
Third parties	(83,450)	(62,200)	-	-
Rental of motor vehicles	(106,740)	(105,170)	-	-
Realised loss on foreign exchange	(102,020)	-	-	-
Allowance for doubtful receivables	(99,604)	-	-	-
Auditors' remuneration :				
Current year	(95,070)	(85,302)	(17,000)	(17,000)
Underprovision in prior year	(6,500)	(770)	(5,000)	-
Unrealised loss on foreign exchange	(56,034)	(73,358)	(181,687)	(73,358)
Allowance for diminution in value of quoted investment	(3,900)	(2,100)	-	-
Loss on disposal of property, plant and equipment	(2,502)	(1,480)	-	-
Property, plant and equipment written off	(36)	-	-	-
Interest receivable from subsidiary companies (Note 12)	-	-	483,334	437,221

Notes to the Financial Statements

(cont'd)

* Directors' remuneration consists of the following :

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive directors :				
Company				
- Fees	180,850	-	180,850	-
- Other emoluments	476,829	334,800	-	-
Subsidiary companies				
- Fees	24,000	24,000	-	-
- Other emoluments	1,269,623	1,062,000	-	-
	1,951,302	1,420,800	180,850	-
Non-executive directors :				
Company				
- Fees	85,250	83,000	85,250	83,000
- Other emoluments	3,900	-	3,900	-
	2,040,452	1,503,800	270,000	83,000

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 RM1,083,714 (2007: RM1,078,680).

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

7. FINANCE COSTS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest on :				
Term loans	1,052,888	1,178,373	879,904	804,375
Trust receipts, trade time loan and bankers' acceptances	691,972	563,456	-	-
Hire-purchase	329,553	193,023	-	-
Bank overdrafts	114,442	148,520	-	-
	2,188,855	2,083,372	879,904	804,375

Notes to the Financial Statements

(cont'd)

8. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Estimated current tax :				
Income tax	1,496,000	1,720,000	1,030,000	-
Deferred tax (Note 24)	960,500	(277,971)	-	-
	2,456,500	1,442,029	1,030,000	-
Under/(Over)provision in prior years :				
Income tax	24,540	(23,096)	575,771	23,789
Deferred tax (Note 24)	234,900	(1,745,914)	-	-
	259,440	(1,769,010)	575,771	23,789
Income tax expense/(credit)	2,715,940	(326,981)	1,605,771	23,789

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rates 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	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	8,156,894	4,367,882	2,588,480	1,397,381
Tax at the statutory tax rates of :				
20% on first RM500,000 of chargeable income	297,108	90,876	-	-
26% (2007: 27%) on balance of chargeable income	2,155,724	1,349,595	673,005	377,293
Tax effects of :				
Expenses which are not deductible in determining taxable profit	350,388	368,006	311,995	230,207
Income which are not taxable in determining taxable profit	-	(136,549)	-	-
Reinvestment allowances utilised	(347,880)	(229,899)	-	-
Tax exempt dividend received from subsidiary company	-	-	-	(607,500)
Deferred tax assets not recognised	1,160	-	45,000	-

(Forward)

Notes to the Financial Statements

(cont'd)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Under/(Over)provision in prior years in respect of :				
Current tax	24,540	(23,096)	575,771	23,789
Deferred tax	234,900	(1,745,914)	-	-
	2,715,940	(326,981)	1,605,771	23,789

Under Schedule 7A of the Income Tax Act, 1967, the Group is allowed to claim reinvestment allowances. During the financial year, the Group claimed RM4,280,000 (2007: RM2,940,000) of reinvestment allowances of which RM1,338,000 (2007: RM851,477) was utilised during the year. As of August 31, 2008, the Group has unutilised reinvestment allowances of approximately RM11,547,000 (2007: RM8,557,000). The unutilised reinvestment allowances is subject to the approval by the tax authorities and available for offset againsts future business income.

As of August 31, 2008, the tax exempt income of the Group and the Company is as follows :

		The Group	
	Note	2008 RM	2007 RM
Reinvestment allowances	(i)	17,237,000	15,899,000
Tax exempt account	(ii)	478,000	478,000
		17,715,000	16,377,000

- (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.

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

Notes to the Financial Statements

(cont'd)

As mentioned 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 recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of August 31, 2008, the amount of net deferred tax assets, calculated at the current tax rate which is not recognised in the financial statements due to uncertainty of its realisation, is as follows :

	Deferred Tax Assets			
	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax effect of temporary differences arising from :				
Amount owing by subsidiary companies	-	-	45,000	-
Unutilised reinvestment allowances	2,886,750	2,224,820	-	-
Unabsorbed capital allowances	17,867	17,867	-	-
Unused tax losses	8,689	7,529	-	-
	2,913,306	2,250,216	45,000	-

The unutilised reinvestment allowances, unabsorbed capital allowances and unused tax losses are subject to the approval by the tax authorities and available for offset against future taxable profit.

9. BASIC EARNINGS PER ORDINARY SHARE

	The Group	
	2008 RM	2007 RM
Profit attributable to equity holders of the Company	4,833,094	4,294,653
Weighted average number of ordinary shares in issue	98,000,000	98,000,000
Basic earnings per ordinary share (sen)	5	4

The basic earnings per ordinary share is calculated by dividing the profit attributable to equity holder of Company of RM4,833,094 (2007: RM4,294,653) by the number of ordinary shares in issue during the financial year of 98,000,000 (2007: 98,000,000) shares.

Notes to the Financial Statements

(cont'd)

10. PROPERTY, PLANT AND EQUIPMENT

2008 The Group	At beginning of year RM	Reclassification RM	Additions RM	Disposals RM	Written off RM	At end of year RM	Comprising	
							At cost RM	At valuation RM
Freehold land	5,353,081	71,584	-	-	-	5,424,665	-	5,424,665
Buildings	8,694,501	(71,584)	332,257	-	-	8,955,174	332,257	8,622,917
Plant and machinery	49,221,891	-	11,694,292	(859,709)	-	60,056,474	60,056,474	-
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	4,273,924	-	466,581	(11,922)	(53,551)	4,675,032	4,675,032	-
Motor vehicles	2,934,215	-	276,618	(152,370)	-	3,058,463	3,058,463	-
	70,477,612	-	12,769,748	(1,024,001)	(53,551)	82,169,808	68,122,226	14,047,582
								82,169,808

(Forward)

Notes to the Financial Statements

(cont'd)

	← Accumulated depreciation →				← → Comprising →	
	At beginning of year			At end of year	At cost	At valuation
	RM	RM	RM	RM	RM	RM
The Group						
Freehold land	-	-	-	-	-	-
Buildings	-	175,250	-	175,250	1,360	173,890
Plant and machinery	27,973,712	4,407,192	(713,801)	31,667,103	31,667,103	-
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	2,370,250	303,131	(8,346)	2,611,520	2,611,520	-
Motor vehicles	1,667,124	370,771	(118,843)	1,919,052	1,919,052	-
	32,011,086	5,256,344	(840,990)	36,372,925	36,199,035	173,890
						36,372,925

(Forward)

Notes to the Financial Statements

(cont'd)

	At beginning of year	Comprising					Total
		RM	RM	RM	RM	RM	
2007	RM	RM	RM	RM	RM	RM	RM
The Group	RM	RM	RM	RM	RM	RM	RM
Freehold land	5,589,154	-	(236,073)	5,353,081	-	5,353,081	5,353,081
Buildings	8,593,825	197,143	(96,467)	8,694,501	-	8,694,501	8,694,501
Plant and machinery	43,107,919	6,146,104	(32,132)	49,221,891	49,221,891	-	49,221,891
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	3,794,808	486,416	(7,300)	4,273,924	4,273,924	-	4,273,924
Motor vehicles	2,403,205	898,625	(367,615)	2,934,215	2,934,215	-	2,934,215
	63,488,911	7,728,288	(407,047)	70,477,612	56,430,030	14,047,582	70,477,612

(Forward)

Notes to the Financial Statements

(cont'd)

	Accumulated depreciation				Comprising	
	At beginning of year	Revaluation adjustment	At end of year	At cost	At valuation	Total
The Group	RM	RM	RM	RM	RM	RM
Freehold land	-	-	-	-	-	-
Buildings	341,637	(517,456)	-	-	-	-
Plant and machinery	23,669,598	(32,130)	27,973,712	27,973,712	-	27,973,712
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	2,067,225	(2,800)	2,370,250	2,370,250	-	2,370,250
Motor vehicles	1,619,102	(329,042)	1,667,124	1,667,124	-	1,667,124
	27,697,562	(363,972)	32,011,086	32,011,086	-	32,011,086

Notes to the Financial Statements

(cont'd)

	The Group	
	Net book value	
	2008	2007
	RM	RM
Freehold land	5,424,665	5,353,081
Buildings	8,779,924	8,694,501
Plant and machinery	28,389,371	21,248,179
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	2,063,512	1,903,674
Motor vehicles	1,139,411	1,267,091
	45,796,883	38,466,526

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
Freehold land and building	2007	Long Tian Chek, B.Sc., MRICS, MIS (M) Registered Valuer of Henry Butcher, Malaysia Sdn. Bhd.	4,400,000
Long leasehold building	2007	Long Tian Chek, B.Sc., MRICS, MIS (M) Registered Valuer of Henry Butcher, Malaysia Sdn. Bhd.	3,896,800
Freehold land	2007	Siew Weng Hong, Registered Valuer of Henry Butcher Malaysia (NS) Sdn. Bhd.	230,000
			14,047,582

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

Notes to the Financial Statements

(cont'd)

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

	The Group	
	2008 RM	2007 RM
Cost :		
Long leasehold buildings	3,518,536	3,518,536
Freehold land and buildings	4,892,335	4,892,335
	8,410,871	8,410,871
Accumulated depreciation of buildings	(1,236,945)	(1,168,226)
Net book value	7,173,926	7,242,645

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

	The Group	
	2008 RM	2007 RM
Net book value :		
Plant and machinery	13,459,699	7,648,724
Motor vehicles	959,064	1,121,110
	14,418,763	8,769,834

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

	The Group	
	2008 RM	2007 RM
Cost :		
Plant and machinery	10,094,632	7,336,533
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	1,266,269	1,012,065
Motor vehicles	855,769	693,469
	12,216,670	9,042,067

Notes to the Financial Statements

(cont'd)

As of August 31, 2008, the following property, plant and equipment are pledged to licensed banks and financial institutions as security for term loans and other credit facilities, as mentioned in Note 23, granted to the Group :

	The Group	
	2008 RM	2007 RM
Net book value :		
Buildings	6,603,541	6,494,539
Freehold land	7,405,048	7,353,043
Plant and machinery	2,197,956	2,850,346
	16,206,545	16,697,928

11. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2008 RM	2007 RM
Cost	6,803,200	6,803,200
Less amortisation :		
At beginning of year	217,683	145,122
Charge for the year	72,561	72,561
At end of year	290,244	217,683
Net	6,512,956	6,585,517

The leasehold lands have been pledged for term loan and bank borrowings as disclosed in Notes 23 and 26.

12. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2008 RM	2007 RM
Unquoted shares in Malaysia - at cost	49,046,047	49,046,047

Notes to the Financial Statements

(cont'd)

The details of the subsidiary companies are as follows :

Name of subsidiary companies	Effective equity interest		Place/Country of incorporation	Principal activities
	2008 %	2007 %		
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.
Indirect				
Kotamech Engineering Sdn. Bhd.**	100	100	Malaysia	Dormant.
AAI Auto Electronics Sdn. Bhd.#	51	51	Malaysia	Dormant.
AAI Autoclusters Sdn. Bhd.#	51	51	Malaysia	Dormant.

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

** This is held through Ban Seng Lee Industries Sdn. Bhd.

This is held through Advance Autotek Industries (M) Sdn. Bhd.

Notes to the Financial Statements

(cont'd)

The amount owing by subsidiary companies, which arose mainly from dividend receivable and advances granted which bear interest at 6.5% (2007: 6.5%) per annum, are unsecured and has no fixed terms of repayment.

The amount owing to subsidiary company, which arose mainly from consideration payable on the acquisition of subsidiary companies in previous year and payments made on behalf are unsecured, interest free and has no fixed terms of repayment.

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Purchases from companies in which a director of a subsidiary company is a director				
- Orisis Freight Logistics (M) Sdn. Bhd.	19,995,755	6,644,526	-	-
- PKT Logistics (M) Sdn. Bhd.	289,903	124,324	-	-
- Gelombang Mantat Sdn. Bhd.	11,260	7,220	-	-
- Multishield (M) Sdn. Bhd.	7,314	9,264	-	-
Total	20,304,232	6,785,334	-	-
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	-	-
Total (Note 6)	222,000	222,000	-	-
Purchases from a company in which certain directors of the Company are directors				
- Teh & Co. Sdn. Bhd.	371,252	146,858	-	-
Sales to a company in which certain directors of the Company are directors				
- Shokowsha Technology (M) Sdn. Bhd.	281,102	202,180	-	-

Notes to the Financial Statements

(cont'd)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Dividends receivable from subsidiary companies				
- Ban Seng Lee Industries Sdn. Bhd.	-	-	1,816,000	1,900,000
- Crestronics (M) Sdn. Bhd.	-	-	2,120,000	200,000
- Unique Forging & Components Sdn. Bhd.	-	-	332,000	150,000
Total	-	-	4,268,000	2,250,000
Interest receivable from subsidiary companies				
- Crestronics (M) Sdn. Bhd.	-	-	294,508	230,017
- Unique Forging & Components Sdn. Bhd.	-	-	188,826	207,204
Total (Note 6)	-	-	483,334	437,221

13. INVESTMENT IN AN ASSOCIATED COMPANY

	The Group	
	2008 RM	2007 RM
Unquoted shares at cost*		
At beginning of year	10,339,205	10,339,205
Less : Share of loss of associated company	(468,432)	-
At end of year	9,870,773	10,339,205

* This is 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
	2008 %	2007 %	
Hongze Yiyang Steel Tubes Co., Ltd.	50	50	Production, manufacturing, sales and distribution seamless steel tubes and pipes.

Notes to the Financial Statements

(cont'd)

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

	The Group	
	2008 RM	2007 RM
Revenue	205,985	-
Other operating expenses	(811,074)	-
Loss before tax	(605,089)	-
Income tax credit	136,657	-
Share of loss of associated company	(468,432)	-
Current assets	4,686,389	-
Non-current assets	13,634,306	10,339,205
Current liabilities	(8,449,922)	-
Net assets	9,870,773	10,339,205

14. GOODWILL ON CONSOLIDATION

	The Group	
	2008 RM	2007 RM
At beginning of year	3,961,754	3,961,754
Less : Share of profit guarantee	(420,865)	-
At end of year	3,540,889	3,961,754

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	
	2008 RM	2007 RM
Automotive components division	3,540,889	3,961,754

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

During the financial year, the Group assessed the recoverable amount of goodwill and no write-down of the carrying amounts of assets in the CGU was necessary.

Notes to the Financial Statements

(cont'd)

15. QUOTED INVESTMENT

	The Group	
	2008 RM	2007 RM
Quoted investment in shares of local corporations	17,000	17,000
Less : Allowance for diminution in value	(15,300)	(11,400)
Net	1,700	5,600
Market value	1,400	5,200

16. OTHER INVESTMENT

	The Group and The Company	
	2008 RM	2007 RM
Unquoted subordinated bonds, at cost		
At beginning of year	1,500,000	1,500,000
Less : Allowance for diminution in value	(750,000)	-
At end of year	750,000	1,500,000

The investment in unquoted subordinated bonds is in relation to the term loan obtained as detailed in Note 23.

17. INVENTORIES

	The Group	
	2008 RM	2007 RM
At cost :		
Raw materials	8,645,214	8,110,472
Work-in-progress	6,459,542	4,578,739
Finished goods	4,464,392	2,899,187
Goods in transit	226,197	-
	19,795,345	15,588,398

Notes to the Financial Statements

(cont'd)

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

- i) Trade receivables comprise amounts receivable for sales of goods. The credit period granted by the Group on sale of goods range from 30 to 90 days (2007: 30 to 90 days).

	The Group	
	2008 RM	2007 RM
Trade receivables	27,852,800	23,636,001
Less : Allowance for doubtful receivables	(551,221)	(465,901)
Net	27,301,579	23,170,100

During the financial year, bad receivables amounting to RM14,284 (2007: RMNil) were written off against the allowance for doubtful receivables.

The foreign currencies profile of trade receivables is as follows :

	The Group	
	2008 RM	2007 RM
Ringgit Malaysia	27,245,517	23,517,461
United States Dollar	607,283	118,540
	27,852,800	23,636,001

- ii) Other receivables, deposits and prepaid expenses consist of :

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Prepaid expenses	2,025,049	3,394,707	15,000	987
Other receivables	1,202,033	2,452,210	-	-
Tax recoverable	541,404	1,456,856	129,409	9,000
Refundable deposits	254,107	249,434	-	-
	4,022,593	7,553,207	144,409	9,987

Notes to the Financial Statements

(cont'd)

The foreign currencies profile of other receivables, deposits and prepaid expenses is as follows :

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	4,022,593	7,335,857	144,409	9,987
United States Dollar	-	217,350	-	-
	4,022,593	7,553,207	144,409	9,987

19. SHORT-TERM DEPOSITS WITH LICENSED BANKS

Included in the short-term deposits of the Group are deposits amounting to RM664,061 (2007: RM526,246) pledged to a licensed bank as collateral for bank overdrafts and other credit facilities granted to a subsidiary company as mentioned in Note 26.

20. SHARE CAPITAL

	The Group and The Company	
	2008 RM	2007 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

21. RESERVES

		The Group		The Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable reserves :					
Share premium	(i)	1,767,230	1,767,230	1,767,230	1,767,230
Revaluation reserve	(ii)	184,916	184,916	-	-
Foreign currency translation reserve		(1,122)	-	-	-
		1,951,024	1,952,146	1,767,230	1,767,230
Distributable reserve :					
Retained earnings	(iii)	21,157,434	17,317,869	1,615,474	1,626,294
		23,108,458	19,270,015	3,382,704	3,393,524

Notes to the Financial Statements

(cont'd)

- (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) Revaluation reserve arose from revaluation of freehold land and buildings and leasehold building in previous years.
- (iii) Based on the prevailing tax rate applicable to dividends and the estimated tax credits available, the Company is able to distribute approximately RM1,439,000 out of its retained earnings as of August 31, 2008 by way of cash dividends without additional tax liabilities being incurred.

The Malaysian Budget 2008 introduced a single tier dividend system with effect from year of assessment 2008. Companies without Section 108 tax credit will automatically move to the new single tier dividend system on January 1, 2008 whilst companies with such tax credit are given an irrevocable option to elect for a switch to the new system during the transitional period of six years. All the companies will be in the new system on January 1, 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of the shareholders. The recipient of the dividend will not be able to claim any tax credits as in the previous imputation system. The Company has not opted to elect for a switch to the new system as of todate.

22. HIRE-PURCHASE PAYABLES

	The Group	
	2008 RM	2007 RM
Total outstanding	9,203,292	4,572,466
Less : Interest-in-suspense	(721,498)	(365,007)
Principal outstanding	8,481,794	4,207,459
Less : Portion due within the next 12 months (shown under current liabilities)	(3,710,297)	(1,724,747)
Non-current portion	4,771,497	2,482,712

The non-current portion is repayable as follows :

	The Group	
	2008 RM	2007 RM
Financial year ending August 31 :		
2009	-	1,595,838
2010	3,113,250	886,874
2011	1,658,247	-
	4,771,497	2,482,712

Notes to the Financial Statements

(cont'd)

The term of the hire-purchase payables is 2 to 5 years and interest rates implicit in the hire-purchase arrangements range from 0% to 7.38% (2007: 4.74% to 7.60%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

23. TERM LOANS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Secured	1,668,994	2,660,700	-	-
Unsecured	15,000,000	15,000,000	15,000,000	15,000,000
Total outstanding	16,668,994	17,660,700	15,000,000	15,000,000
Less : Portion due within the next 12 months (shown under current liabilities)	(698,366)	(953,297)	-	-
	15,970,628	16,707,403	15,000,000	15,000,000

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Financial year ending August 31 :				
2009	-	714,147	-	-
2010	545,926	574,453	-	-
2011	15,424,702	15,418,803	15,000,000	15,000,000
	15,970,628	16,707,403	15,000,000	15,000,000

The Group has secured term loan facilities totaling RM3,581,000 (2007: RM10,830,900) obtained from licensed banks, which are secured by fixed and floating charge over certain property, plant and equipment of the subsidiary companies (Note 10), and corporate guarantee by the Company. The term loans of the Group and the Company bear interest at rates ranging from 7.50% to 7.75% (2007: 6.25% to 8.00%) per annum.

The Company participated in a Primary Collateralised Loan Obligations ("CLO") Transaction and obtained an unsecured term loan facility of RM15,000,000 (2007: RM15,000,000). The CLO transactions include a condition to subscribe for the subordinated bonds as disclosed in Note 16, issued pursuant to the CLO of up to 10% of the principal amount of the term loan. This facility bears interest at a prescribed rate of 5.85% (2007: 5.85%) per annum and is repayable in full in 2011.

Notes to the Financial Statements

(cont'd)

24. DEFERRED TAX LIABILITIES

At beginning of year

Transfer from/(to) income statements (Note 8) :

Current year

Under/(Over)provision in prior years

At end of year

The Group	
2008 RM	2007 RM
2,303,793	4,327,678
960,500	(277,971)
234,900	(1,745,914)
1,195,400	(2,023,885)
3,499,193	2,303,793

The deferred tax liabilities are in respect of the tax effects of :

Temporary differences in respect of :

Property, plant and equipment

Trade receivables

Cash and bank balances

Trade payables

Unabsorbed capital allowances

Deferred Tax Liabilities/(Assets) The Group	
2008 RM	2007 RM
3,538,094	2,903,507
(34,201)	(3,714)
(8,500)	-
3,800	-
-	(596,000)
3,499,193	2,303,793

25. 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 (2007: 60 to 90 days).

The foreign currencies profile of trade payables is as follows :

Ringgit Malaysia

United States Dollar

The Group	
2008 RM	2007 RM
12,744,210	10,441,688
246,850	159,183
12,991,060	10,600,871

Notes to the Financial Statements

(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	
	2008 RM	2007 RM
PKT Logistics (M) Sdn. Bhd.	24,859	47,002
Orisis Freight Logistics (M) Sdn. Bhd.	309,241	29,136
Teh & Co. Sdn. Bhd.	25,246	22,866
	359,346	99,004

The amount owing to the above related companies arose from transactions mentioned in Note 12.

ii) Other payables and accrued expenses consist of :

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Accrued expenses	1,734,584	1,317,359	404,777	397,777
Other payables	2,882,910	1,046,895	29,721	7,000
	4,617,494	2,364,254	434,498	404,777

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	3,700,592	2,335,258	434,498	404,777
Japanese Yen	712,492	-	-	-
Singapore Dollar	130,487	-	-	-
United States Dollar	68,036	28,996	-	-
Hong Kong Dollar	5,887	-	-	-
	4,617,494	2,364,254	434,498	404,777

Notes to the Financial Statements

(cont'd)

26. BANK BORROWINGS

	The Group	
	2008 RM	2007 RM
Bankers' acceptances	5,894,000	9,731,343
Trust receipts	1,882,047	593,515
Trade time loan	1,780,261	-
	9,556,308	10,324,858

The Group has bank overdrafts and other credit facilities amounting to RM37,150,000 (2007: RM37,150,000) which bear interest at rates ranging from 3.63% to 8.30% (2007: 4.87% to 8.25%) 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 10), leasehold lands of subsidiary companies (Note 11) and short-term deposits of a subsidiary company (Note 19); and
- (ii) Corporate guarantee by the Company.

27. HOLDING COMPANY

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

28. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	7,650,211	7,876,680	384,507	1,380,035
Short-term deposits with licensed banks	5,330,521	1,940,291	2,293,504	1,052,490
	12,980,732	9,816,971	2,678,011	2,432,525
Less : Short-term deposits pledged (Note 19)	(664,061)	(526,246)	-	-
	12,316,671	9,290,725	2,678,011	2,432,525

Notes to the Financial Statements

(cont'd)

The said short-term deposits of the Group and the Company bear interest at rates ranging from 2.85% to 3.16% (2007: 2.5% to 3.3%) per annum and have an average maturity period of 30 to 90 days (2007: 30 days).

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	7,063,437	7,800,382	384,507	1,380,035
United States Dollar	556,924	22,872	-	-
Hong Kong Dollar	29,850	53,426	-	-
	7,650,211	7,876,680	384,507	1,380,035

29. DIVIDEND PAID

	The Group and The Company	
	2008 RM	2007 RM
First and final dividend paid for 2007 - 1.37 sen per share, less 26% tax	993,529	-
First and final dividend paid for 2006 - 7.5%, 3.75 sen per share, tax exempt	-	3,675,000
	993,529	3,675,000

The directors have proposed a first and final dividend of 1.33 sen per share, less 25% tax, amounting to RM977,550 in respect of the current financial year. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

30. FINANCIAL INSTRUMENTS

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, liquidity risk and cash flow 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)

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.

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 22, 23, 26 and 28 respectively.

Credit risk

The Group is mainly exposed to credit risk from trade receivables.

The Group has no major concentration of credit risks and manages these risks by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

The Group's exposure to credit risk in relation to its trade receivables, should all its customers fail to perform their obligations as of August 31, 2008, is the carrying amount of these receivables as disclosed in the balance sheets.

Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities as disclosed in Notes 23 and 26 for contingent funding requirement of working capital.

Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

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 balance sheets as of August 31, 2008 approximate their fair values because of the short maturity terms of these instruments other than the following financial instruments :

	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
The Group				
Financial Assets				
Quoted investment (Note 15)	1,700	1,400	5,600	5,200
Other investment (Note 16)	750,000	632,395	1,500,000	1,339,480

(Forward)

Notes to the Financial Statements

(cont'd)

	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
The Group				
Financial Liabilities				
Hire-purchase payables (Note 22)	8,481,794	7,818,819	4,207,459	3,936,309
Term loans (Note 23)	16,668,994	14,226,182	17,660,700	14,237,882
The Company				
Financial Asset				
Other investment (Note 16)	750,000	632,395	1,500,000	1,339,480
Financial Liability				
Term loans (Note 23)	15,000,000	12,647,907	15,000,000	11,948,897

The market value of quoted investment as at balance sheet date approximates their fair values.

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 4.70% to 7.38% and 5.85% to 6.70% (2007: 2.8% to 7.6% and 5.85% to 7.25%) per annum respectively.

31. CAPITAL COMMITMENT

As of August 31, 2008, the Group has the following capital commitment :

	The Group	
	2008 RM	2007 RM
Approved and contracted for :		
Purchase of plant and machinery	459,375	983,000

Notes to the Financial Statements

(cont'd)

32. CONTINGENT LIABILITY

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unsecured :				
Guarantees given to financial institutions in respect of credit facilities granted to subsidiaries	-	-	25,595,032	11,163,000
Performance guarantee given to third parties in respect of supplies of goods and services to a subsidiary company	-	1,500,000	-	1,500,000
	-	1,500,000	25,595,032	12,663,000

33. SIGNIFICANT EVENT

During the financial year, the Company entered into a Supplemental Agreement with Xadacorp Sdn. Bhd. ("Vendor") and Messrs. Tio Boon Yaw and Choong Heng @ Chong Choong Heng ("Covenanters") to vary certain terms of the Share Sale Agreement dated April 25, 2006. The variation entails an acknowledgment by the Vendor and Covenanters that they are indebted to the Company to the amount of RM825,227, being the shortfall of the profit after tax of Advance Autotek Industries (M) Sdn. Bhd. ("AAI"), a subsidiary company, for the calendar year ended December 31, 2006 and a revision to the guarantee period from January 1, 2006 to December 31, 2009 and achieving profit after tax of RM7,112,753 for the period. On November 15, 2007, AAI had received the said amount of RM825,227 from the Vendor and Covenanters.

34. SUBSEQUENT EVENTS

Subsequent to the financial year,

- (i) The Company via BSL (HK) Limited ("BSLHK"), a company incorporated in Hong Kong, People's Republic of China, its wholly-owned subsidiary company entered into a revised joint venture agreement and a Share Sales Agreement with Zhangjiagang City Yiyang Pipe Producing Co., Ltd ("Yiyang") for the disposal of 11,377,050 ordinary shares of RMB1.00 each, representing 25% of the issued and paid-up share capital of Hongze Yiyang Steel Tubes Co., Ltd ("HYST"), the subsidiary company of BSLHK for a cash consideration of USD1,800,000 or approximately USD0.16 per share. Consequently, the shareholding of BSLHK in HYST has been reduced from 50% to 25% upon the disposal.
- (ii) The Company proposes to undertake the purchase of its own ordinary shares on Bursa Malaysia Securities Berhad of not more ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back"). The Proposed Share Buy-Back is subject to and conditional upon the approval of the shareholders of the Company at a forthcoming Extraordinary General Meeting to be held.

Statements by Directors

The directors of BSL CORPORATION BERHAD, state that, in their opinion, the accompanying balance sheets and the statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of August 31, 2008 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of
the Directors,

NGIAM TONG KWAN

Petaling Jaya
December 22, 2008

NGIAM TEE WEE

Declaration by the Officer Primarily Responsible for the Financial Management of the Company

I, CHAY JIUN YEE, the officer primarily responsible for the financial management of BSL CORPORATION BERHAD, do solemnly and sincerely declare that the accompanying balance sheets and the statements of income, cash flows and changes in equity 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.

CHAY JIUN YEE

Subscribed and solemnly declared by
the abovenamed CHAY JIUN YEE at
PETALING JAYA this 22th December, 2008.

Before me,

COMMISSIONER FOR OATHS

List of Properties

The details of the properties of the BSL Group as at August 31, 2008 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 2008 (RM)	Date of valuation
Ban Seng Lee Industries Sdn. Bhd.							
1	Lot 47687 Jalan Bukit Idaman 6 Taman Bukit Idaman 68100 Batu Caves Selangor Darul Ehsan H.S. (M) 13569 Lot No. PT 22183 Mukim Batu Daerah Gombak Selangor Darul Ehsan	Single storey detached factory with annexed 3 storey office building / office and factory	7,067 / 5,909	15	Leasehold for 99 years expiring on 17 Oct 2089	7,061,033	24 Aug 2007
2	Lot 17513, Jalan 2 Selayang Industrial Park 68100 Batu Caves Selangor Darul Ehsan Geran No. 29087 Lot No. 17513 Mukim Batu Daerah Gombak Selangor Darul Ehsan Geran No. 29078 Lot No. 17508 Mukim Batu Daerah Gombak Selangor Darul Ehsan	Single storey detached factory / manufacturing / factory	2,926 / 2,364	14	Freehold	4,366,032	26 Aug 2007
3	Lot PT 12872 Nilai Industrial Area Nilai, Negeri Sembilan H.S. (D) 107769 Lot No. PT 12872 Mukim Labu Daerah Seremban Negeri Sembilan	Manufacturing / Industrial land / vacant	21,827 / –	–	Leasehold for 99 years expiring on 22 Aug 2095	2,878,788	29 Aug 2007
4	No. 12214 Jalan BBN 1/1G Putra Point Bandar Baru Nilai 71800 Nilai Negeri Sembilan H.S. (D) 92294, PT 12214 Mukim Labu Daerah Seremban Negeri Sembilan	3 storey terrace shop office / vacant	167 / 502	9	Freehold	225,400	29 Aug 2007

List of Properties

(cont'd)

The details of the properties of the BSL Group as at August 31, 2008 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 2008 (RM)	Date of valuation
Ban Seng Lee Industries Sdn. Bhd.							
5	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 2 ^{1/2} storey intermediate shop apartment / workers' hostel	Not applicable / 120	14	Leasehold for 99 years expiring on 17 Oct 2089	98,000	24 Aug 2007
6	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 2 ^{1/2} storey intermediate shop apartment / workers' hostel	Not applicable / 120	14	Leasehold for 99 years expiring on 17 Oct 2089	98,000	24 Aug 2007
7	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 2 ^{1/2} storey intermediate shop apartment / workers' hostel	Not applicable / 120	14	Leasehold for 99 years expiring on 17 Oct 2089	98,000	24 Aug 2007
8	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 2 ^{1/2} storey intermediate shop apartment / workers' hostel	Not applicable / 120	14	Leasehold for 99 years expiring on 17 Oct 2089	98,000	24 Aug 2007

List of Properties

(cont'd)

The details of the properties of the BSL Group as at August 31, 2008 are set out below :

	Name of registered owner / beneficial owner / Location	Description / Existing use	Land / built-up area (sq. m.)	Date of issuance of certificate of fitness	Approximate age of building (Years)	Tenure	Audited NBV as at 31 August 2008 (RM)	Date of valuation
	Crestronics (M) Sdn. Bhd.							
9	Lot 5002 Batu 5 ^{1/2} 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	16 Jun 1989, 14 Jan 1991 and 18 Feb 1991	18	Freehold	5,794,293	28 Aug 2007

Analysis of Shareholdings

as at December 23, 2008

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	%
Less than 100	6	0.46	317	0.00
100 to 1,000	497	38.11	142,710	0.15
1,001 to 10,000	497	38.11	2,790,612	2.85
10,001 to 100,000	239	18.33	7,845,054	8.00
100,001 to 4,899,999 *	64	4.91	37,241,307	38.00
4,900,000 and above **	1	0.08	49,980,000	51.00
Total	1,304	100.00	98,000,000	100.00

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	51.00	-	-
Ngiam Tong Kwan	406,315	0.41	49,980,000 (*)	51.00
Nyeam Tong Eng @ Ngiam Tong Yang	269,361	0.27	49,980,000 (*)	51.00
Teh Eng Hock	269,361	0.27	49,980,000 (*)	51.00

(*) Deemed interest though the substantial shareholding 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	0.41	53,977,670 (***)	55.08
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 though the substantial shareholding in Esteem Role Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.

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

(***) Deemed interest by virtue of the shareholdings held in Esteem Role Sdn Bhd, held by spouse and child in the company.

Analysis of Shareholdings

(cont'd)

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Shareholdings	%
1	Esteem Role Sdn Bhd	49,980,000	51.000
2	Xadacorp Sdn Bhd	4,450,000	4.540
3	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teh Pen Sim (M12)	3,880,670	3.959
4	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Haniff Bin Abd Aziz	3,000,000	3.061
5	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Haniff Bin Abd Aziz (REM 817-Margin)	1,777,800	1.814
6	Balakrishnan A/L Muthukaruppan	1,350,000	1.377
7	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Hoon Ghee (M12)	1,347,900	1.375
8	Lee Kim Poh	1,000,000	1.020
9	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Soon Kwui (REM 196)	975,600	0.995
10	Yap See See	900,000	0.918
11	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Woo Yam Sang	868,000	0.885
12	Tan See Chong	834,900	0.851
13	Chang Yoke Lan	800,000	0.816
14	Cheang Wan Ying	800,000	0.816
15	Kong Chun Wah	733,400	0.748
16	S'ng King Kiok	711,700	0.726
17	Koh Ah Mee @ Hoh Ah Mee	696,800	0.711
18	Chang See Phin	600,100	0.612
19	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	576,400	0.588
20	Chang Yoke Mooi	572,137	0.583
21	Woo Yam Sang	546,400	0.557
22	Goh Toh Lim	505,000	0.515
23	Loke Keng Hung	454,900	0.464
24	Tan Kim Tiang	438,000	0.446
25	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yee Foong Seng (REM 646)	424,000	0.432
26	Nik Fauzi Bin Nik Hussein	423,500	0.432
27	Ng Ming Kow	415,200	0.423
28	Ngiam Tong Kwan	406,315	0.414
29	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Eng Wah @ Loh Eng Wha (E-Tai)	400,000	0.408
30	Lee Soon Hock	370,000	0.377

Proxy Form

BSL Corporation Berhad. (651118 K)

(Incorporated in Malaysia)

No of shares held

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 Fifth Annual General Meeting of the Company to be held at the Subang 2, Sheraton Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 23rd day of February 2009 at 10.00 a.m. and at any adjournment thereof for/against* the resolution(s) to be proposed thereat.

Item Agenda

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 August, 2008 together with the Reports of the Directors and Auditors thereon.			
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, 2008.	4		
6.	To approve the payment of the First and Final Dividend of 1.33 sen per Ordinary Share less income tax for the financial year ended 31 August, 2008.	5		
7.	To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration.	6		
8.	As SPECIAL BUSINESS To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.	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 _____ 2009.

* Delete whichever is not applicable

Signature / Common Seal of Shareholder(s)

Notes :

- A member (other than an 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 Office of the Company not less than 48 hours before the time for the Meeting or at any adjournment thereof.

To

**The Company Secretary
BSL Corporation Berhad**

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

S t a m p

