



A N N U A L R E P O R T 2 0 0 7



Unfolding
Opportunities
For Growth



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Notice of Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth 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, 18 February, 2008 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, 2007 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To elect the following Directors who retire pursuant to Article 78 of the Company's Articles of Association :
 - (i) Ngiam Tee Wee (Resolution 2)
 - (ii) Teh Yoon Loy (Resolution 3)
 - (iii) Yukihiro Eguchi (Resolution 4)
3. To elect Andy Woo Weng Kok who retires pursuant to Article 83 of the Company's Articles of Association. (Resolution 5)
4. To approve Directors' Fees for the financial year ended 31 August, 2007. (Resolution 6)
5. To approve the payment of first and final dividend of 2.74%, less 27% tax for the financial year ended 31 August, 2007. (Resolution 7)
6. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)

Special Business

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

7. **ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES** (Resolution 9)
 " 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. "
8. **SPECIAL RESOLUTION - PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY** (Resolution 10)
 " THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as detailed in Appendix 1 be and are hereby approved. "

AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the proposed amendments to the Articles of Association of the Company. "

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Fourth Annual General meeting to be held on 18 February, 2008, a first and final dividend of 2.74% less 27% tax in respect of the financial year ended 31 August, 2007, if approved, will be paid on 18 March, 2008.

The entitlement date for the dividend payment is 4 March, 2008.

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 4 March, 2008 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

Petaling Jaya
25 January, 2008

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 14, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for the meeting or at any adjournment thereof.

2. Explanatory Notes on Special Business

(i) Ordinary Resolution - Authority to Allot and Issue Shares

The Ordinary Resolution proposed under Resolution 9, if passed, will empower the Directors of the Company to allot and 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.

(ii) Special Resolution - Amendments to the Articles of Association

The proposed amendments to the articles of association of the Company will bring the Articles of Association of the Company in line with the amendments to the Listing Requirement of Bursa Malaysia Securities Berhad.

The Appendix 1 referred to in the Proposed Resolution is enclosed together with the Company's Annual Report 2007.

Statement Accompanying

Notice of the Fourth 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 Fourth Annual General Meeting of the Company are as follows :

Name of Directors	Shareholdings of Directors	Details of Individual Director and other Disclosure Requirements
Ngiam Tee Wee (Article 78 of the Company's Articles of Association)	Refer to page 89 of the Annual Report	Refer to page 06 of the Annual Report
Teh Yoon Loy (Article 78 of the Company's Articles of Association)	Refer to page 89 of the Annual Report	Refer to page 06 of the Annual Report
Yukihiro Eguchi (Article 78 of the Company's Articles of Association)	Refer to page 89 of the Annual Report	Refer to page 07 of the Annual Report
Andy Woo Weng Kok (Article 83 of the Company's Articles of Association)	Refer to page 89 of the Annual Report	Refer to page 08 of the Annual Report

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 14, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 7718 6188
Fax : 03 7725 7791

REGISTRARS

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 7718 6000
Fax : 03 7722 2311

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 58, 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 Corporation Bhd.

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.

Ngiam Tee Wee

Chief Executive Officer /
Executive Director

Aged 39, 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.

Teh Yoon Loy

Executive Director

Aged 50, 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 Yang

Deputy Chairman / Executive Director

Aged 42, 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 and started work after graduation in 1989 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 the 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 assumed the position of Managing Director of Crestronics in year 2005. He was subsequently promoted to Deputy Chairman of BSL in year 2007.

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 45, 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, SoundDesign 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.



Profile of Directors (cont'd)

Andy Woo Weng Kok

Executive Director

Aged 31, 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 is responsible to protect and maintain the running of power sub-stations 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.

Datuk Dr Syed Muhamad Bin Syed Abdul Kadir

Independent Non-Executive Director

Aged 60, 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 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 Federal Treasury. From 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 General

(Operations). 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 Bhd 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 43, 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.

Ng Wai Pin

Independent Non-Executive Director

Aged 42, 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, we wish to welcome our new Board member, Mr. Andy Woo and congratulate our Executive Director Mr. Ngiam Tee Yang for being appointed as our Deputy Executive Chairman. We believe they will undoubtedly contribute towards the Group's commitment towards change and growth.

Year 2007 continued to see changes and intense competition in the electronic & electrical appliances / device industries. Audio products faced intense competition from portable players whereas CRT TVs have abruptly lost its flavour with consumers. In this volatile environment, Malaysia has emerged as a one of the preferred production location for LCD and Plasma TV production. As a result, we saw drastic changes in certain of our clients' product portfolio.

The Group has able to remain competitive operationally in the industries and looking forward to extend and enhance the services / processes provided to our clients. In the mean time, the Group continues to work towards expanding our product range and client base.

On the corporate front, in June 2007, we had successfully completed our first foreign joint venture in Hongze Yiyang Steel Tube Co., Ltd. ("Hongze Yiyang"),

China, a 50% joint with Zhangjiagang Yiyang Pipe Producing Co., Ltd. ("Yiyang") Hongze Yiyang principally involve in production, manufacture and sale of seamless steel tubes and pipes. This joint venture has pool together the resources and expertise of both BSL & Yiyang to operate the business using the existing marketing network and technical expertise developed by both parties.

FINANCIAL REVIEW

For the 12 months ended 31 August 2007, the Group achieved a turnover of RM104.65million, about 16% higher than the RM90.27million in FY2006. Nevertheless, profit before taxation hit RM4.37million, about 66% lower than the RM12.94million in FY2006, while profit after minorities and taxation was RM4.29million, about 57% lower than the RM9.87million in FY2006. This translated into weighted average earnings per share of 4.38 sen per share, while net tangible assets rose to RM64.31million.

OPERATIONAL REVIEW

Despite the improvement in Group turnover, the Group profit performance has been reduced substantially. Crestronics (M) Sdn. Bhd. ("Crestronics") which seen a loss this year was mainly affected by the decline in the production of CRT TVs by one of its major customers and Ban Seng Lee Industries Sdn. Bhd. ("BSLI") was affected by the decrease in order in its audio and camcorder market.

Both the companies have aggressively enlarged their client base in year 2007 to mitigate the situation. Several new customers have been acquired including European based customers. However, some of these customers came in at the expense of lower margins. In order to enlarge the Groups earning base, the Group implemented new manufacturing services such as roll forming process, provided complete assembly for some audio products and became the sole

distributor for NC Latch Machine for South East Asia region by a manufacturer from China.

The automotive market continued to be sluggish in 2007 mainly due to tightening of credit by financial institutions and the drop in value of second hand vehicles. However with the successful signing of "Technical Agreement" with HyundaiAutonetofKorea, a majorsupplier to Hyundai Motor Company and KIA Motor Company on their audio, GPS and electronics control systems, Advance Autotek Industries (M) Sdn. Bhd. ("AAI") was able to achieve satisfactory result in 2007. Crestronics will begin the manufacturing and assembly of car audio systems in 2008.

DIVIDEND

In view of the current performance in 2007, and in recognition of the support from our shareholders, we are pleased to inform you that the Board is recommending a first and final dividend of 2.74%, less 27% tax for the financial year under review. Subject to the approval of shareholders at the Annual General Meeting to be convened on 18 February, 2008, the dividend will be paid in March 2008.

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.



SMT Lines



Robotic Transfer Presses



Steel Forging :
HCP 600 ton with 300KVA induction furnace

CURRENT YEAR OUTLOOK

Malaysian economy is forecasted to have a GDP growth rate of about 6% supported by the resilient domestic demand and the rollout of mega projects under the 9th Malaysian Plan. This in return will drive the demand for electrical & electronics products and therefore contribute positively towards the growth of manufacturing sector.

For the year ahead, electrical & electronics industries are still expected to be the major contributors to the Group's performance. The Group will continue to be dynamic and aggressive in seizing opportunities and is optimistic that efforts in targeting growth products such as LCD TV and Blue Ray DVD player will further enhance profit. The Group will also further its effort in increasing its European based clients.

In the automotive market, AAI expects to achieve better results in 2008 upon the expected recovery of the automotive market. AAI will further benefit from the increase in number of new launches by its clients and the increase in volume for its audio products. Efforts will also be made to increase the product range of AAI.

In addition to the above, the Group will continue to look for opportunities for Merger and Acquisitions and joint ventures especially in manufacturing related areas.

APPRECIATION

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

Thank you.

Ngiam Tong Kwan
Chairman

Ngiam Tee Wee
Chief Executive Officer

08 January 2008



Automotive Audio System



Factory in China Under Construction



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.

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 (continued)

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, 2007. The record of attendance for the directors who held office during the financial year is set out below :

Directors	Number of Meetings 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	4	80%
Yukihiro Eguchi	5	4	80%
Datuk Dr Syed Muhamad bin Syed Abdul Kadir (appointed wef 28.12.2006)	3	3	100%
To' Puan Rozana binti Tan Sri Redzuan (appointed wef 28.12.2006)	3	3	100%
Ng Wai Pin (appointed wef 28.12.2006)	3	3	100%
Andy Woo Weng Kok (appointed wef 07.12.2007)	Nil	N/A	N/A

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.

Corporate Governance Statement (cont'd)

1. BOARD OF DIRECTORS (continued)

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 :

(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 (continued)

e. Board Committees (continued)

(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 programmes.
- 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 taken into account in determining the Directors who are to retire by rotation at the meeting.

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

h. Directors' Training

All the Directors have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analyst's Malaysia (RIAIAM). The Directors will continue to undergo relevant training programmes from time to time to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively.

Corporate Governance Statement (cont'd)

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	1,396,800	-	24,000	1,420,800
Non-Executive Directors	-	-	83,000	83,000
Total	1,396,800	-	107,000	1,503,800

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 Directors	
	Executive	Non-Executive
1 - 50,000	-	6
50,001 - 100,000	-	-
100,001 - 150,000	-	-
150,001 - 200,000	3	-
200,001 - 250,000	-	-
250,001 - 300,000	1	-
300,001 - 350,000	1	-
Total	5	6

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.

Corporate Governance Statement (cont'd)

4. ACCOUNTABILITY AND AUDIT

a. Financial Reporting

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

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

b. Internal Control

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

A separate statement on Internal Control is provided on page 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.

5. ADDITIONAL COMPLIANCE INFORMATION

(a) Utilisation of Proceeds

The status of utilisation of proceeds of RM15.70 million raised by the Company from its Initial Public Offering as at the date of this Annual Report is as follows :

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
Capital expenditure	4,800	4,118	682
Repayment of bank borrowings	6,900	6,900	-
Working Capital	2,102	2,102	-
Estimated listing expenses	1,900	1,900	-
Total	15,702	15,020	682

(b) Share Buy-back

There was no share buy-back during the financial year ended 31 August 2007.

(c) Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised during the financial year ended 31 August 2007.

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

The Company did not sponsor any of those programmes 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 2007.

Corporate Governance Statement (cont'd)

5. ADDITIONAL COMPLIANCE INFORMATION (continued)

(g) Variation in Results

There is no material variance between the audited results for the financial year ended 31 August 2007 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 has been entered into by the Company and/or its substantial shareholders' interest, either still subsisting at the end of the financial year ended 31 August 2007 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 2007 are disclosed in Notes 7 and 13 of the financial statements in pages 56, 70, and 71 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 4 and 11 of the Notes to the Financial Statements.

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 8 January 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. the majority shall be independent directors;
 - c. at least one member :
 - 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 at least 3 years' working experience, and he must have passed the examinations specified in Part 1 of the 1st schedule of the Accountants Act, 1967 or 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; and
 - d. shall not comprise any alternate director of the Company.
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.

Audit Committee Report (cont'd)

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 and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - d. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - e. the quarterly results and year-end financial statements, prior to the approval by the Board of directors;
 - f. any related party transaction and conflict of interest situation that may arise within the Company or group;
 - g. any letter of resignation from the external auditors; and
 - h. whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.
2. To recommend the nomination of a person or persons as external auditors.
3. To report promptly to the Bursa Malaysia Securities Berhad (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 (if any);
5. be able to obtain independent professional or other advice; and
6. be able to convene meetings with the external auditors, excluding the attendance of the executive board members, whenever deemed necessary.

Audit Committee Report (cont'd)

Procedure of Committee Meeting

1. Chairman

The chairman, who shall be an independent director, shall be elected by the Committee from among their members. If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present shall choose one of their numbers, to act as chairman of the meeting.

2. Quorum

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

3. Attendance

The head of group finance, the internal auditor and a representative of the external auditor shall normally attend the meeting. However, the Committee may invite any person to be in attendance to assist in its deliberations. Any one of the Company Secretaries shall act as the secretary of the Committee during the term of his / her appointment.

4. Calling

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

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

5. Frequency

Meetings shall be held at least 4 times a year.

6. Notice

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

7. Voting

A resolution put to the vote of the meeting shall be decided on a show of hands. In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote.

8. Keeping of Minutes

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

9. Custody, Production and Inspection of Such Minutes.

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

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 August 2007, the Audit Committee held five (5) meetings and the attendance record is as follows :

Name of Committee Members	Total Meetings in the Financial Year during Committee Member's Tenure	Number of Meeting Attended
Datuk Dr Syed Muhamad bin Syed Abdul Kadir (Appointed as Chairman of Audit Committee with effect from 31 December 2006)	3	3
To' Puan Rozana binti Tan Sri Redzuan (Appointed as a Committee Member with effect from 31 December 2006)	3	3
Ngiam Tee Wee (Resigned as a Committee Member with effective from 7 December 2007)	5	5
Ng Wai Pin (Appointed as a Committee Member with effect from 7 December 2007)	Nil	N/A

The following activities were carried out by the Audit Committee during the financial year ended 31 August 2007 :

- 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.

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' Responsibility 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.



Financial Statements

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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, 2007.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

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

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

On November 10, 2006, the Company incorporated a wholly-owned subsidiary company in Hong Kong, namely BSL (HK) Limited ("BSLHK"). BSLHK is a limited company with an authorised share capital of HK\$10,000, divided into 10,000 ordinary shares of HK\$1 each and issued and fully paid-up share of HK\$1, divided into 1 ordinary share of HK\$1 each and its principal activity is investment holding.

On June 25, 2007, BSLHK subscribed for 50% equity in Hongze Yiyang Steel Tubes Co., Ltd., a company incorporated in the People's Republic of China, to set up a foreign joint venture company in the city of Hongze, Jiangsu Province, the People's Republic of China, for manufacturing and sale of seamless tubes and pipes.

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Profit before tax	4,367,882	1,397,381
Income tax credit/(expense)	326,981	(23,789)
Profit for the year	4,694,863	1,373,592

Directors' Report (cont'd)

Attributable to :
Equity holders of the Company

Minority interest

The Group
RM

4,294,653
400,210
4,694,863

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 7.5%, tax exempt, amounting to RM3,675,000, 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 year.

The directors have proposed a first and final dividend of 2.74%, less 27% tax, amounting to RM980,000 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.

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.

Directors' Report (cont'd)

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 there are no known bad receivables to be written off and that adequate allowance for doubtful receivables has been made; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would require the writing off of bad receivables or render 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.

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' Report (cont'd)

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 (appointed on 28.12.2006)

To' Puan Rozana Bte Tan Sri Redzuan (appointed on 28.12.2006)

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir (appointed on 28.12.2006)

Gan Leng Swee (resigned on 31.12.2006)

Chong Ai Wan (resigned on 31.12.2006)

Ngiam Tee Wee, Teh Yoon Loy and Yukihiro Eguchi shall retire under Article 78 of the Company's Articles of Association in the forthcoming Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election.

In accordance with Article 83 of the Company's Articles of Association, To' Puan Rozana Bte Tan Sri Redzuan, Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir and Ng Wai Pin, who were appointed to the Board since the date of the last report, retired at the AGM held on February 23, 2007 and, being eligible, were duly re-elected at the said AGM.

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 1.9.2006 or at date of appointment	Bought	Sold	Balance at 31.8.2007
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

Directors' Report (cont'd)

	Number of ordinary shares of RM0.50 each			
	Balance at 1.9.2006 or at date of appointment	Bought	Sold	Balance at 31.8.2007
Shares in the Company Deemed interest				
Ngiam Tong Kwan *	49,980,000	-	-	49,980,000
Ngiam Tong Kwan **	4,192,670	-	-	4,192,670

	Number of ordinary shares of RM1.00 each			
	Balance at 1.9.2006	Bought	Sold	Balance at 31.8.2007
Shares in the holding company, Esteem Role Sdn. Bhd.				
Registered in name of directors				
Ngiam Tong Kwan	39,834	-	(14,362)	25,472
Teh Yoon Loy	3,559	3,501	-	7,060
Yukihiro Eguchi	2,023	1,027	-	3,050
Ngiam Tee Wee	-	7,000	-	7,000
Ngiam Tee Yang	-	5,000	-	5,000

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

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

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

Directors' Report (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or being the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than any benefit which may be deemed to have arisen by virtue of the transactions as disclosed in Notes 13 and 21 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 6, 2007

Report of the Auditors

To the Members of BSL Corporation Berhad (Incorporated in Malaysia)

We have audited the accompanying balance sheets as of August 31, 2007 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the abovementioned financial statements are properly 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 :
 - (i) the state of affairs of the Group and of the Company as of August 31, 2007 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) 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.

We have considered the financial statements and the auditors' reports of the subsidiary company, of which we have not acted as auditors, as mentioned under Note 13 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

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.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174 (3) of the Act.

DELOITTE KASSIMCHAN

AF 0080

Chartered Accountants

LOO CHEE CHOU

2783/09/08 (J)

Partner

December 6, 2007

Income Statements

For the Year Ended August 31, 2007

	Note	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	6	104,648,888	90,265,111	2,250,000	4,200,000
Other income	7	658,661	350,650	437,221	-
Investment income		417,826	100,090	393,061	89,636
Changes in inventories of work-in-progress and finished goods		2,478,012	(556,607)	-	-
Raw materials and consumables used		(74,296,605)	(50,160,971)	-	-
Staff costs	7	(15,946,171)	(16,543,310)	-	-
Depreciation of property, plant and equipment	11	(5,194,952)	(4,573,147)	-	-
Finance costs	8	(2,083,372)	(827,532)	(804,375)	-
Other expenses	7	(6,241,844)	(5,043,924)	(878,526)	(405,391)
Amortisation of prepaid lease payments on leasehold land	12	(72,561)	(72,561)	-	-
Profit before tax		4,367,882	12,937,799	1,397,381	3,884,245
Income tax credit/(expense)	9	326,981	(2,907,488)	(23,789)	-
Profit for the year		4,694,863	10,030,311	1,373,592	3,884,245
Attributable to :					
Equity holders of the Company		4,294,653	9,874,889		
Minority interest		400,210	155,422		
		4,694,863	10,030,311		
Earnings per ordinary share					
Basic (sen)	10	4	11		

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

Balance Sheets

As of August 31, 2007

	Note	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	38,466,526	35,791,349	-	-
Prepaid lease payments on leasehold land	12	6,585,517	6,658,078	-	-
Investment in subsidiary companies	13	-	-	49,046,047	49,046,046
Investment in an associated company	14	10,339,205	-	-	-
Goodwill on consolidation	15	3,961,754	3,961,754	-	-
Quoted investment	16	5,600	7,700	-	-
Other investment	17	1,500,000	-	1,500,000	-
Total Non-Current Assets		60,858,602	46,418,881	50,546,047	49,046,046
Current Assets					
Inventories	18	15,588,398	13,933,340	-	-
Trade receivables	19	23,170,100	25,000,905	-	-
Other receivables, deposits and prepaid expenses	19	7,553,207	3,347,131	9,987	26,188
Amount owing by subsidiary companies	13	-	-	20,847,939	7,668,401
Short-term deposits with licensed banks	20	1,940,291	3,073,082	1,052,490	2,546,566
Cash and bank balances	29	7,876,680	7,197,281	1,380,035	837,658
Total Current Assets		56,128,676	52,551,739	23,290,451	11,078,813
TOTAL ASSETS		116,987,278	98,970,620	73,836,498	60,124,859

Balance Sheets

As of August 31, 2007 (cont'd)

	Note	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	26	49,000,000	49,000,000	49,000,000	49,000,000
Reserves	27	19,270,015	18,465,446	3,393,524	5,694,932
Equity attributable to equity holders of the Company		68,270,015	67,465,446	52,393,524	54,694,932
Minority interest		1,159,241	759,031	-	-
Total Equity		69,429,256	68,224,477	52,393,524	54,694,932
Non-Current Liabilities					
Hire-purchase payables -non-current portion	22	2,482,712	318,703	-	-
Term loans - non-current portion	24	16,707,403	2,556,735	15,000,000	-
Deferred tax liabilities	25	2,303,793	4,327,678	-	-
Total Non-Current Liabilities		21,493,908	7,203,116	15,000,000	-
Current Liabilities					
Trade payables	21	10,600,871	11,106,477	-	-
Other payables and accrued expenses	21	2,364,254	2,240,930	404,777	37,760
Amount owing to subsidiary company	13	-	-	6,038,197	5,392,167
Hire-purchase payables - current portion	22	1,724,747	1,625,934	-	-
Bank borrowings	23	10,324,858	6,512,529	-	-
Term loans - current portion	24	953,297	1,727,157	-	-
Tax liabilities		96,087	330,000	-	-
Total Current Liabilities		26,064,114	23,543,027	6,442,974	5,429,927
Total Liabilities		47,558,022	30,746,143	21,442,974	5,429,927
TOTAL EQUITY AND LIABILITIES		116,987,278	98,970,620	73,836,498	60,124,859

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

Statements of Changes in Equity

For the Year Ended August 31, 2007

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	Reserve on consolidation RM	Revaluation reserve RM				
As of September 1, 2005	36,965,000	-	3,438,276	-	3,385,051	43,788,327	-	43,788,327
Issue of shares	12,035,000	3,667,230	-	-	-	15,702,230	-	15,702,230
Listing expenses	-	(1,900,000)	-	-	-	(1,900,000)	-	(1,900,000)
Acquisition of subsidiary companies	-	-	-	-	-	-	603,609	603,609
Total recognised income and expenses - profit for the year	-	-	-	-	9,874,889	9,874,889	155,422	10,030,311
As of August 31, 2006	49,000,000	1,767,230	3,438,276	-	13,259,940	67,465,446	759,031	68,224,477

Statements of Changes in Equity

For the Year Ended August 31, 2007 (cont'd)

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	Reserve on consolidation RM	Revaluation reserve RM				
As previously reported above	49,000,000	1,767,230	3,438,276	-	13,259,940	67,465,446	759,031	68,224,477
Effect of adoption of FRS 3	-	-	(3,438,276)	-	3,438,276	-	-	-
As restated	49,000,000	1,767,230	-	-	16,698,216	67,465,446	759,031	68,224,477
Dividend paid (Note 30)	-	-	-	-	(3,675,000)	(3,675,000)	-	(3,675,000)
Gain on revaluation of property	-	-	-	184,916	-	184,916	-	184,916
Total recognised income and expenses - profit for the year	-	-	-	-	4,294,653	4,294,653	400,210	4,694,863
As of August 31, 2007	49,000,000	1,767,230	-	184,916	17,317,869	68,279,015	1,159,241	69,429,256

Statements of Changes in Equity

For the Year Ended August 31, 2007 (cont'd)

The Company	Share capital RM	Non-distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total RM
As of September 1, 2005	36,965,000	-	43,457	37,008,457
Issue of shares	12,035,000	3,667,230	-	15,702,230
Listing expenses	-	(1,900,000)	-	(1,900,000)
Total recognised income and expenses - profit for the year	-	-	3,884,245	3,884,245
As of August 31, 2006	49,000,000	1,767,230	3,927,702	54,694,932
Dividend paid (Note 30)	-	-	(3,675,000)	(3,675,000)
Total recognised income and expenses - profit for the year	-	-	1,373,592	1,373,592
As of August 31, 2007	49,000,000	1,767,230	1,626,294	52,393,524

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

Cash Flow Statements

For the Year Ended August 31, 2007

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash Flows From Operating Activities				
Profit for the year	4,694,863	10,030,311	1,373,592	3,884,245
Adjustments for :				
Depreciation of property, plant and equipment	5,194,952	4,573,147	-	-
Interest expense	2,083,372	827,532	804,375	-
Unrealised loss on foreign exchange	73,358	-	73,358	-
Amortisation of prepaid lease payments on leasehold land	72,561	72,561	-	-
Allowance for diminution in value of quoted investment	2,100	-	-	-
Interest income	(417,826)	(100,090)	(393,061)	(89,636)
Income tax (credit)/expenses recognised in the income statements	(326,981)	2,907,488	23,789	-
Gain on disposal of property, plant and equipment - net	(67,524)	(271,737)	-	-
Dividend income	-	-	(2,250,000)	(4,200,000)
Interest receivable from subsidiary companies	-	-	(437,221)	-
Operating Profit/(Loss) Before Working Capital Changes	11,308,875	18,039,212	(805,168)	(405,391)
(Increase)/Decrease in : Inventories	(1,655,058)	(4,267,751)	-	-
Trade receivables	1,830,805	(7,774,069)	-	-
Other receivables, deposits and prepaid expenses	(3,984,138)	(262,843)	25,201	712,397
Amount owing by subsidiary companies	-	-	(10,565,675)	(4,918,401)

Cash Flow Statements

For the Year Ended August 31, 2007 (cont'd)

	Note	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Increase/(Decrease) in : Trade payables		(505,606)	2,966,474	-	-
Other payables and accrued expenses		123,324	(1,183,729)	367,017	(68,783)
Amount owing to subsidiary company		-	-	646,030	(1,237,564)
Cash From/(Used In) Operations		7,118,202	7,517,294	(10,332,595)	(5,917,742)
Income tax paid		(2,226,114)	(3,076,774)	(32,789)	-
Net Cash From/(Used In) Operating Activities		4,892,088	4,440,520	(10,365,384)	(5,917,742)
Cash Flows From Investing Activities					
Interest received		417,826	100,090	393,061	89,636
Proceeds from disposal of property, plant and equipment		110,600	278,300	-	-
Acquisition of interest in an associated company		(10,339,205)	-	-	-
Additions to property, plant and equipment (Note)		(3,177,417)	(4,441,181)	-	-
Increase in other investment		(1,500,000)	-	(1,500,000)	-
Incorporation of a subsidiary company		-	-	(1)	-
Acquisition of subsidiary companies	13	-	(4,493,666)	-	(4,590,000)
Net Cash Used In Investing Activities		(14,488,196)	(8,556,457)	(1,106,940)	(4,500,364)

Cash Flow Statements

For the Year Ended August 31, 2007 (cont'd)

	Note	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Cash Flows From Financing Activities					
Drawdown of term loan		15,000,000	-	15,000,000	-
Drawdown of bank borrowings		5,227,431	-	-	-
Dividend paid		(3,675,000)	-	(3,675,000)	-
Repayment of hire-purchase payables		(2,288,049)	(1,861,877)	-	-
Interest paid		(2,083,372)	(827,532)	(804,375)	-
Repayment of term loan		(1,623,192)	(3,055,185)	-	-
Short-term deposits pledged with licensed banks		(349,663)	(83,276)	-	-
Issue of shares		-	15,702,230	-	15,702,230
Payment of listing expenses		-	(1,900,000)	-	(1,900,000)
Net Cash From Financing Activities		10,208,155	7,974,360	10,520,625	13,802,230
Net Increase/(Decrease) In Cash And Cash Equivalents		612,047	3,858,423	(951,699)	3,384,124
Cash and Cash Equivalents At Beginning Of Year		8,678,678	4,820,255	3,384,224	100
Cash and Cash Equivalents At End Of Year	29	9,290,725	8,678,678	2,432,525	3,384,224

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

	The Group	
	2007 RM	2006 RM
Total cost of property, plant and equipment acquired	7,728,288	5,630,101
Less : Purchase consideration satisfied by : Term loans	-	(1,088,920)
Hire-purchase arrangements	(4,550,871)	(100,000)
Cash payments	3,177,417	4,441,181

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 13.

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 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan.

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 6, 2007.

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.

3. ADOPTION OF FINANCIAL REPORTING STANDARDS

In the current financial year, the Group and the Company adopted all of the new and revised Financial Reporting Standards ("FRS") issued by MASB that are relevant to their operations and effective for annual periods beginning on or after January 1, 2006 as follows :

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 107 2004	Cash Flow Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 112 2004	Income Taxes
FRS 114 2004	Segment Reporting
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118 2004	Revenue
FRS 119 2004	Employee Benefits
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 137 2004	Provisions, Contingent Liabilities and Contingent Assets

Notes to the Financial Statements (cont'd)

The application of the revised FRS 101 has resulted in a change in the presentation of the income statements, balance sheets and statements of changes in equity and cash flow statements for the current financial year. The changes in presentation have also been applied retrospectively. With the exception of FRS 3 and FRS 117 as explained below, the adoption of the other new and revised FRSs above did not result in substantial changes to the Group's accounting policies and does not have any financial effects on the results of the Group and of the Company for the current and prior financial years.

FRS 3: Business Combination

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities recognised over cost of acquisitions (previously referred to as "reserve on consolidation"), after reassessment, is now recognised immediately in the income statements. Prior to September 1, 2006, negative goodwill was credited as reserve on consolidation in the balance sheet of the Group. In accordance with the transitional provisions of FRS 3, the reserve on consolidation as of September 1, 2006 of RM3,438,276 was derecognised with a corresponding increase in retained earnings.

FRS 117: Lease

This standard requires the classification of leasehold land as prepaid lease payments. The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land.

As of August 31, 2006, the leasehold interest in long leasehold land which are stated at cost less accumulated depreciation are classified as property, plant and equipment. With the adoption of FRS 117 on September 1, 2006, the leasehold interests in long leasehold land of the Group with carrying amount of RM6,658,078 will be accounted for as operating leases and will be reclassified as prepaid lease payments in accordance with the transitional provisions of FRS117. The prepaid lease payments will be amortised evenly over the lease term of the land.

Accounting Standards Issued but Not Effective

At the date of authorisation of the financial statements, the following FRSs, amendments to FRS and Interpretations were in issue but are not yet effective until future periods :

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 124	Related Party Disclosures
FRS 129	Financial Reporting in Hyperinflationary Economy
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 119 2004	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration And Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

Notes to the Financial Statements (cont'd)

FRS 6, FRS 111, FRS 120, FRS 129 amendments to FRS 119 2004, amendment to FRS 121 and IC Interpretations No. 1, 2, 5, 6, 7 and 8 are not expected to be relevant to the Group's and the Company's operations. The directors anticipate that the adoption of the other FRSs 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 124 Related Party Disclosures

FRS 124 is effective for accounting periods beginning on or after October 1, 2006 and will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial period beginning September 1, 2007.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 mainly deals with the recognition and measurement of financial assets, financial liabilities and certain contracts falling within its scope. The effective date of this standard has been deferred to a date to be announced by MASB.

4. 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.

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 7.

Notes to the Financial Statements (cont'd)

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.

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

Foreign Currency	2007 RM	2006 RM
1 Hong Kong Dollar	0.4419	-

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

Currencies	2007 RM	2006 RM
1 United States Dollar	3.5035	3.6770
1 Singapore Dollar	2.3007	2.3379
100 Japanese Yen	3.0259	3.1485
1 Hong Kong Dollar	0.4419	-

Notes to the Financial Statements (cont'd)

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 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 statement, 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.

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 13 made up to August 31, 2007. 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.

Notes to the Financial Statements (cont'd)

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.

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, 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 (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 (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 (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.

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.

Notes to the Financial Statements (cont'd)

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 unappropriated profit 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.

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.

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.

Investment in associated company is stated at cost less impairment loss. The results of the associated company has not been accounted for under the equity method as the directors of the Company are of the opinion that the results of the associated company is immaterial and have no material financial impact on the consolidated financial statements during the financial year.

Quoted Investment

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

Notes to the Financial Statements (cont'd)

Other Investments

Other investments, which consist of investment in unquoted subordinated bonds, are stated at cost less allowance for diminution in value of investment to recognise any decline, other than a temporary decline, in the value of the investments.

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.

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 shareholder's 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.

Notes to the Financial Statements (cont'd)

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.

5. 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).

• Allowances for doubtful receivables

The Group makes allowances 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.

(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.

6. 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 - 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)

Other information	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Automotive components RM	Eliminations RM	Consolidated RM
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)

The Group - 2006

	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	-	47,676,602	24,618,807	12,718,477	5,251,225	-	90,265,111
Inter-segment sales	4,200,000	43,058	-	6,822	-	(4,249,880)	-
Total revenue	4,200,000	47,719,660	24,618,807	12,725,299	5,251,225	(4,249,880)	90,265,111

Results

Segment results	3,794,609	7,780,533	3,366,738	2,538,724	434,517	(4,249,880)	13,665,241
Profit from operations							13,665,241
Finance costs							(827,532)
Investment revenue							100,090
Profit before tax							12,937,799
Income tax expense							(2,907,488)
Profit for the year							10,030,311
Attributable to : Equity holders of the Company							9,874,889
Minority interest							155,422
							10,030,311

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	-	2,872,665	2,051,586	705,850	-	-	5,630,101
Depreciation of property, plant and equipment	-	1,995,870	1,833,198	741,704	2,375	-	4,573,147
Consolidated Balance Sheets Assets							
Segment assets	60,124,859	58,219,032	23,823,497	12,765,618	5,809,391	(66,896,765)	93,845,632
Unallocated corporate assets							5,124,988
Consolidated total assets							98,970,620
Liabilities							
Segment liabilities	5,429,927	13,126,635	15,000,305	6,365,472	3,930,347	(17,764,221)	26,088,465
Unallocated corporate liabilities							4,657,678
Consolidated total liabilities							30,746,143
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)

7. OTHER INCOME / (EXPENSES)

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Realised gain on foreign exchange	118,746	31,383	-	-
Gain on disposal of property, plant and equipment	69,004	272,408	-	-
Directors' remuneration*	(1,503,800)	(1,256,630)	(83,000)	(182,050)
Rental of machineries	(408,310)	(23,000)	-	-
Rental of premises payable :				
Related parties (Note 13)	(222,000)	(224,500)	-	-
Third parties	(62,200)	(52,340)	-	-
Rental of motor vehicles	(105,170)	(112,550)	-	-
Auditors' remuneration :				
Current year	(85,302)	(67,500)	(17,000)	(12,000)
Underprovision in prior year	(770)	-	-	-
Unrealised loss on foreign exchange	(73,358)	-	(73,358)	-
Allowance for diminution in value of quoted investment	(2,100)	-	-	-
Loss on disposal of property, plant and equipment	(1,480)	(671)	-	-
Interest receivable from subsidiary companies (Note 13)	-	-	437,221	-

* Directors' remuneration consists of the following :

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors :				
Company				
- Fees	-	80,300	-	80,300
- Other emoluments	334,800	-	-	-
Subsidiary companies				
- Fees	24,000	6,000	-	-
- Other emoluments	1,062,000	1,060,500	-	-
	1,086,000	1,066,500	-	-

(Forward)

Notes to the Financial Statements (cont'd)

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-executive directors :				
Company				
- Fees	83,000	101,750	83,000	101,750
Subsidiary companies				
- Fees	-	8,080	-	-
	83,000	109,830	83,000	101,750
	1,503,800	1,256,630	83,000	182,050

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 RM 1,078,680 (2006 : RM 1,137,837).

8. FINANCE COSTS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest on :				
Term loans	1,178,373	266,298	804,375	-
Trust receipts and bankers' acceptances	563,456	258,437	-	-
Hire-purchase	193,023	188,788	-	-
Bank overdrafts	148,520	114,009	-	-
	2,083,372	827,532	804,375	-

Notes to the Financial Statements (cont'd)

9. INCOME TAX (CREDIT) / EXPENSE

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Estimated current tax :				
Income tax	1,720,000	2,029,388	-	-
Deferred tax (Note 25)	(277,971)	579,422	-	-
	1,442,029	2,608,810	-	-
(Over)/Underprovision in prior years :				
Income tax	(23,096)	137,800	23,789	-
Deferred tax (Note 25)	(1,745,914)	160,878	-	-
	(1,769,010)	298,678	23,789	-
Income tax (credit)/expense	(326,981)	2,907,488	23,789	-

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rates to income tax expense at the effective income tax rates of the Group and of the Company is as follows :

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	4,367,882	12,937,799	1,397,381	3,884,245
Tax at the statutory tax rates of :				
20% on first RM500,000 of chargeable income	90,876	308,661	-	-
27% (2006 : 28%) on balance of chargeable income	1,349,595	3,239,123	377,293	1,087,589

Notes to the Financial Statements (cont'd)

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Tax effects of :				
Expenses which are not deductible in determining taxable profit	368,006	498,826	230,207	88,411
Income which are not taxable in determining taxable profit	(136,549)	-	-	-
Reinvestment allowances claimed	(229,899)	(1,437,800)	-	-
Tax exempt dividend received from subsidiary company	-	-	(607,500)	(1,176,000)
(Over)/Underprovision in prior years in respect of :				
Current tax	(23,096)	137,800	23,789	-
Deferred tax	(1,745,914)	160,878	-	-
	(326,981)	2,907,488	23,789	-

Under Schedule 7A of the Income Tax Act, 1967, the Group is allowed to claim reinvestment allowances and as of August 31, 2007, the Group has unutilised reinvestment allowances of approximately RM 8,439,200 (2006 : RM 6,541,000). The unutilised reinvestment allowances is subject to the approval by the tax authorities and available for offset against future business income.

As of August 31, 2007, the tax exempt income of the Group and the Company is as follows :

		The Group		The Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Reinvestment allowances	(i)	19,931,000	19,080,000	-	-
Tax exempt account	(ii)	1,015,000	1,015,000	-	-
Tax exempt dividend income	(iii)	2,925,000	4,350,000	2,925,000	4,350,000
		23,871,000	24,445,000	2,925,000	4,350,000

(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.

(iii) Arising from tax exempt dividends received from subsidiary companies.

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)

10. EARNINGS PER ORDINARY SHARE

	The Group	
	2007	2006
Profit attributable to equity holders of the Company (RM)	4,294,653	9,874,889
Number of shares in issue as of beginning of year (units)	98,000,000	73,930,000
Weighted average on rights issue (units)	-	3,544,589
Weighted average on public issue (units)	-	16,466,253
Weighted average number of ordinary shares in issue (units)	98,000,000	93,940,842
Earnings per ordinary share - Basic (sen)	4	11

The basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of the company of RM 4,294,653 (2006 : RM 9,874,889) by the weighted average number of issued shares during the financial year.

Notes to the Financial Statements (cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

2007	The Group	At beginning of year RM	Additions RM	Disposals RM	Revaluation adjustment RM	At end of year RM	Comprising		Total RM
							At cost RM	At valuation 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)	(332,540)	70,477,612	56,430,030	14,047,582	70,477,612

Notes to the Financial Statements (cont'd)

	Accumulated depreciation					Comprising		
	At beginning of year RM	Additions RM	Disposals RM	Revaluation adjustment RM	At end of year RM	At cost RM	At valuation RM	Total RM
The Group								
Freehold land	-	-	-	-	-	-	-	-
Buildings	341,637	175,819	-	(517,456)	-	-	-	-
Plant and machinery	23,669,598	4,336,244	(32,130)	-	27,973,712	27,973,712	-	27,973,712
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	2,067,225	305,825	(2,800)	-	2,370,250	2,370,250	-	2,370,250
Motor vehicles	1,619,102	377,064	(329,042)	-	1,667,124	1,667,124	-	1,667,124
	27,697,562	5,194,952	(363,972)	(517,456)	32,011,086	32,011,086	-	32,011,086

Notes to the Financial Statements (cont'd)

2006 The Group	At beginning of year RM	Additions RM	Acquisition of subsidiary company RM	Disposals RM	Transfer to prepaid lease payments (effect of FRS117) RM	Comprising		Total RM
						At cost RM	At valuation RM	
Freehold land	5,589,154	-	-	-	-	-	5,589,154	5,589,154
Long leasehold land	6,803,200	-	-	-	(6,803,200)	-	-	-
Buildings	8,488,029	105,796	-	-	-	-	8,593,825	8,593,825
Plant and machinery	38,746,709	4,976,550	-	(615,340)	-	43,107,919	-	43,107,919
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	3,397,838	383,834	16,666	(3,530)	-	3,794,808	-	3,794,808
Motor vehicles	2,376,193	163,921	-	(136,909)	-	2,403,205	-	2,403,205
	65,401,123	5,630,101	16,666	(755,779)	(6,803,200)	49,305,932	14,182,979	63,488,911

Notes to the Financial Statements (cont'd)

	←		Accumulated depreciation			→		←		→	
	At beginning of year RM	Additions RM	Acquisition of subsidiary company RM	Disposals RM	Transfer to Prepaid lease payments (effect of FRS117) RM	At end of year RM	At cost RM	At valuation RM	Total RM		
The Group											
Freehold land	-	-	-	-	-	-	-	-	-	-	
Long leasehold land	72,561	-	-	-	(72,561)	-	-	-	-	-	
Buildings	169,761	171,876	-	-	-	341,637	-	341,637	341,637	341,637	
Plant and machinery	20,487,100	3,792,246	-	(609,748)	-	23,669,598	23,669,598	-	23,669,598	23,669,598	
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	1,800,379	266,813	2,592	(2,559)	-	2,067,225	2,067,225	-	2,067,225	2,067,225	
Motor vehicles	1,413,799	342,212	-	(136,909)	-	1,619,102	1,619,102	-	1,619,102	1,619,102	
	23,943,600	4,573,147	2,592	(749,216)	(72,561)	27,697,562	27,355,925	341,637	27,697,562	27,697,562	

Notes to the Financial Statements (cont'd)

	The Group Net book value	
	2007 RM	2006 RM
Freehold land	5,353,081	5,589,154
Buildings	8,694,501	8,252,188
Plant and machinery	21,248,179	19,438,321
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	1,903,674	1,727,583
Motor vehicles	1,267,091	784,103
	38,466,526	35,791,349

The details of the valuation of the Group's freehold Land leasehold 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	
	2007 RM	2006 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	(1,168,226)	(1,099,507)
Net book value	7,242,645	7,311,364

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

	The Group	
	2007 RM	2006 RM
Net book value :		
Plant and machinery	6,887,042	4,196,657
Motor vehicles	1,150,282	565,691
	8,037,324	4,762,348

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

	The Group	
	2007 RM	2006 RM
Cost :		
Plant and machinery	7,210,121	6,795,735
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	1,012,065	879,551
Motor vehicles	693,469	420,688
	8,915,655	8,095,974

Notes to the Financial Statements (cont'd)

As of August 31, 2007, the following property, plant and equipment are pledged to licensed banks and financial institutions as security for bank overdrafts, term loans and other credit facilities, as mentioned in Notes 23 and 24, granted to the Group :

	The Group	
	2007 RM	2006 RM
Net book value :		
Buildings	6,633,966	8,060,188
Freehold land	5,353,081	5,589,154
Plant and machinery	2,850,346	3,399,250
	14,837,393	17,048,592

12. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2007 RM	2006 RM
Transfer from property, plant and equipment (effect of FRS 117) (Note 11)	6,803,200	6,803,200
Less amortisation :		
At beginning of year	145,122	72,561
Charge for the year	72,561	72,561
At end of year	217,683	145,122
Net	6,585,517	6,658,078

The leasehold lands have been pledged for bank borrowings and term loan as disclosed in Note 23 and 24.

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Group	
	2007 RM	2006 RM
Unquoted shares in Malaysia - at cost	49,046,047	49,046,046

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
Direct	2007 %	2006 %		
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	-	Hong Kong, 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. (formerly known as AAI Autoacoustics 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.

On November 10, 2006, the Company incorporated a wholly-owned subsidiary company in Hong Kong, namely BSL (HK) Limited (" BSLHK "). BSLHK is a limited company with an authorised share capital of HK\$10,000, divided into 10,000 ordinary shares of HK\$1 each and issued and fully paid-up share of HK\$1, divided into 1 ordinary share of HK\$1 each.

On June 25, 2007, BSLHK set up a foreign joint venture company with Hongze Yiyang Steel Tubes Co., Ltd., a company incorporated in the People's Republic of China, as mentioned in Note 14.

Notes to the Financial Statements (cont'd)

The effect of the acquisitions of subsidiary company on the financial results of the Group in 2006 was as follows :

	The Group 2006 RM
Revenue	5,251,225
Raw materials and consumables used	(4,720,422)
Staff costs	(46,040)
Depreciation of property, plant and equipment	(2,375)
Other operating expenses	(47,871)
Profit from operations	434,517
Income tax expense	(117,328)
Profit for the year	317,189
Attributable to : Equity holders of the Company	472,611
Minority interest	(155,422)
	317,189

The effect of the acquisitions of subsidiary company on the financial position of the Group in 2006 was as follows :

	The Group 2006 RM
Trade receivables	4,099,645
Goodwill on consolidation	3,961,754
Cash and bank balances	96,334
Inventories	67,759
Property, plant and equipment	14,074
Other receivables, deposits and prepaid expenses	10,430
Trade payables	(2,838,215)
Minority interest	(603,609)
Tax liabilities	(212,671)
Other payables and accrued expenses	(5,501)
Total	4,590,000
Less : Cash and cash equivalents	(96,334)
Cash flow on acquisition, net of cash and cash equivalents acquired	4,493,666

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 6.5% (2006 : Nil) per annum, which 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	
	2007 RM	2006 RM	2007 RM	2006 RM
Purchases from companies in which a director of a subsidiary company is a director				
- Orisis Freight Logistics (M) Sdn. Bhd.	6,644,526	5,949,642	-	-
- PKT Logistics (M) Sdn. Bhd.	124,324	20,345	-	-
- Gelombang Mantat Sdn. Bhd.	7,220	900	-	-
- Multishield (M) Sdn. Bhd.	9,264	518	-	-
Total	6,785,334	5,971,405	-	-
Rental payable to companies in which certain directors of the Company are directors				
- Teh & Co. Sdn. Bhd.	150,000	152,500	-	-
- Teh Chooi Choon Enterprise Sdn. Bhd.	72,000	72,000	-	-
Total (Note 7)	222,000	224,500	-	-
Purchases from a company in which certain directors of the Company are directors				
- Teh & Co. Sdn. Bhd.	146,858	118,027	-	-
Sales to a company in which certain directors of the Company are directors				
- Shokowsha Technology (M) Sdn. Bhd.	202,180	87,995	-	-

Notes to the Financial Statements (cont'd)

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Dividends receivable from subsidiary companies				
- Ban Seng Lee Industries Sdn. Bhd.	-	-	1,900,000	1,600,000
- Crestronics (M) Sdn. Bhd.	-	-	200,000	1,600,000
- Unique Forging & Components Sdn. Bhd.	-	-	150,000	1,000,000
Total	-	-	2,250,000	4,200,000
Interest receivable from subsidiary companies				
- Crestronics (M) Sdn. Bhd.	-	-	230,017	-
- Unique Forging & Components Sdn. Bhd.	-	-	207,204	-
Total (Note 7)	-	-	437,221	-

14. INVESTMENT IN AN ASSOCIATED COMPANY

	The Group	
	2007 RM	2006 RM
Unquoted shares at cost*	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
	2007 %	2006 %	
Hongze Yiyang Steel Tubes Co., Ltd.	50	-	Dormant and the intended principal activities are to manufacture and sales of seamless steel tubes and pipes.

Notes to the Financial Statements (cont'd)

The financial statements of the associated company have not been accounted for under the equity method as the associated company was incorporated in August 2007. The directors of the Company are of the opinion that the financial impact of the non-equity accounting of the result of the associated company from the date of incorporation to August 31, 2007 is not significant to the Group as the associated company is still dormant.

15. GOODWILL ON CONSOLIDATION

	The Group	
	2007 RM	2006 RM
At beginning of year	3,961,754	-
Goodwill arising from acquisition of a subsidiary company	-	3,961,754
At end of year	3,961,754	3,961,754

16. QUOTED INVESTMENT

	The Group	
	2007 RM	2006 RM
Quoted investment in shares of local corporations	17,000	17,000
Less : Allowance for diminution in value	(11,400)	(9,300)
Net	5,600	7,700
Market value	5,200	6,700

17. OTHER INVESTMENT

	The Group and The Company	
	2007 RM	2006 RM
Unquoted subordinated bonds, at cost	1,500,000	-

The investment in unquoted subordinated bonds is in relation to the term loan obtained as detailed in Note 24.

Notes to the Financial Statements (cont'd)

18. INVENTORIES

	The Group	
	2007 RM	2006 RM
At cost:		
Raw materials	8,110,472	7,724,151
Work-in-progress	4,578,739	3,041,692
Finished goods	2,809,243	1,868,278
Goods in transit	89,944	1,299,219
	15,588,398	13,933,340

19. 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 (2006 : 60 to 90 days).

	The Group	
	2007 RM	2006 RM
Trade receivables	23,636,001	25,466,806
Less : Allowance for doubtful receivables	(465,901)	(465,901)
Net	23,170,100	25,000,905

The foreign currencies profile of trade receivables is as follows :

	The Group	
	2007 RM	2006 RM
Ringgit Malaysia	23,517,461	24,678,224
United States Dollar	118,540	788,582
	23,636,001	25,466,806

Notes to the Financial Statements (cont'd)

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Prepaid expenses	3,394,707	1,472,303	987	988
Tax recoverable	1,456,856	1,163,234	9,000	-
Other receivables	2,452,210	423,687	-	25,200
Refundable deposits	249,434	287,907	-	-
	7,553,207	3,347,131	9,987	26,188

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	7,335,857	3,347,131	9,987	26,188
United States Dollar	217,350	-	-	-
	7,553,207	3,347,131	9,987	26,188

20. SHORT-TERM DEPOSITS WITH LICENSED BANKS

Included in the short-term deposits of the Group are deposits amounting to RM526,246 (2006 : RM176,583) pledged to a licensed bank as collateral for bank overdrafts and other credit facilities granted to a subsidiary company as mentioned in Note 23.

21. 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 (2006 : 60 to 90 days).

The foreign currencies profile of trade payables is as follows :

	The Group	
	2007 RM	2006 RM
Ringgit Malaysia	10,441,688	10,957,256
United States Dollar	159,183	149,221
	10,600,871	11,106,477

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	
	2007 RM	2006 RM
PKT Logistics (M) Sdn. Bhd.	47,002	1,861
Orisis Freight Logistics (M) Sdn. Bhd.	29,136	3,097,926
Teh & Co. Sdn. Bhd.	22,866	5,000
	99,004	3,104,787

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

ii) Other payables and accrued expenses consist of :

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Accrued expenses	1,317,359	1,092,288	397,777	35,450
Other payables	1,046,895	1,148,642	7,000	2,310
	2,364,254	2,240,930	404,777	37,760

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	2,335,258	1,569,230	404,777	37,760
United States Dollar	28,996	671,700	-	-
	2,364,254	2,240,930	404,777	37,760

Notes to the Financial Statements (cont'd)

22. HIRE-PURCHASE PAYABLES

	The Group	
	2007 RM	2006 RM
Total outstanding	4,572,466	2,046,972
Less : Interest-in-suspense	(365,007)	(102,335)
Principal outstanding	4,207,459	1,944,637
Less : Portion due within the next 12 months (shown under current liabilities)	(1,724,747)	(1,625,934)
Non-current portion	2,482,712	318,703

The non-current portion is repayable as follows :

	The Group	
	2007 RM	2006 RM
Financial year ending August 31 :		
2008	-	283,704
2009	1,595,838	34,999
2010	886,874	-
	2,482,712	318,703

The term of the hire-purchase payables is 2 to 3 years and interest rates implicit in the hire-purchase arrangements range from 4.74% to 7.60% (2006 : 2.55% to 8.60%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

23. BANK BORROWINGS

	The Group	
	2007 RM	2006 RM
Bankers' acceptances	9,731,343	3,774,912
Trust receipts	593,515	1,322,515
Bank overdrafts (Note 29)	-	1,415,102
	10,324,858	6,512,529

The Group has bank overdrafts and other credit facilities amounting to RM33,650,000 (2006 : RM23,150,000) which bear interest at rates ranging from 4.87% to 8.25% (2006 : 6.85% to 8.30%) per annum.

Notes to the Financial Statements (cont'd)

The overdrafts and other credit facilities are secured by :

(i) Fixed and floating charge over certain property, plant and equipment of the subsidiary companies (Note 11) and short-term deposits of a subsidiary company (Note 20); and

(ii) Corporate guarantee by the Company.

24. TERM LOANS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Secured	2,660,700	4,283,892	-	-
Unsecured	15,000,000	-	15,000,000	-
Total outstanding	17,660,700	4,283,892	15,000,000	-
Less : Portion due within the next 12 months (shown under current liabilities)	(953,297)	(1,727,157)	-	-
	16,707,403	2,556,735	15,000,000	-

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Financial year ending August 31 :				
2008	-	959,120	-	-
2009	714,147	701,551	-	-
2010	574,453	521,064	-	-
2011	15,418,803	375,000	15,000,000	-
	16,707,403	2,556,735	15,000,000	-

Notes to the Financial Statements (cont'd)

The Group has secured term loan facilities totaling RM10,830,900 (2006 : RM14,330,000) obtained from licensed banks, which are secured by fixed and floating charge over certain property, plant and equipment of the subsidiary companies (Note 11), and corporate guarantee by the Company. The term loans of the Group and the Company bear interest at rates ranging from 6.25% to 8.00% (2006 7.25% to 9.25%) per annum.

During the financial year, the Company participated in a Primary Collateralised Loan Obligations ("CLO") Transaction and obtained an unsecured term loan facility of RM15,000,000 (2006 : RMNil). The CLO transactions include a condition to subscribe for the subordinated bonds disclosed in Note 17 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% (2006: Nil) per annum and is repayable in full in 2011.

25. DEFERRED TAX LIABILITIES

	The Group	
	2007 RM	2006 RM
At beginning of year	4,327,678	3,587,378
Transfer (to)/from income statements (Note 9) : Current year	(277,971)	579,422
(Over)/Underprovision in prior year	(1,745,914)	160,878
	(2,023,885)	740,300
At end of year	2,303,793	4,327,678

	Deferred Tax Liabilities / (Asset) The Group	
	2007 RM	2006 RM
The deferred tax liabilities are in respect of the tax effects of : Temporary differences in respect of property, plant and equipment	2,899,793	3,959,862
Unabsorbed capital allowances	(596,000)	-
Revaluation surplus of freehold and leasehold land and buildings	-	367,816
	2,303,793	4,327,678

Notes to the Financial Statements (cont'd)

26. SHARE CAPITAL

	The Group and The Company	
	2007 RM	2006 RM
Authorised :		
500,000,000 ordinary shares of RM0.50 each	250,000,000	250,000,000
Issued and fully paid :		
Ordinary shares of RM0.50 each :		
At beginning of year	49,000,000	36,965,000
Issued during the year :		
Rights issue	-	1,848,250
Public issue	-	10,186,750
At end of year	49,000,000	49,000,000

27. RESERVES

		The Group		The Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable reserves :					
Reserve on consolidation	(i)	-	3,438,276	-	-
Share premium	(ii)	1,767,230	1,767,230	1,767,230	1,767,230
Revaluation reserve	(iii)	184,916	-	-	-
		1,952,146	5,205,506	1,767,230	1,767,230
Distributable reserve :					
Unappropriated profit	(iv)	17,317,869	13,259,940	1,626,294	3,927,702
		19,270,015	18,465,446	3,393,524	5,694,932

(i) Reserve on consolidation represents the excess of the fair value attributable to the related net assets of subsidiary companies at date of acquisition over the Company's cost of investment. Reserve on consolidation has been derecognised upon the adoption of FRS 3, Business Combinations, at the beginning of the financial year with a corresponding adjustment to opening retained earnings as of September 1, 2006.

Notes to the Financial Statements (cont'd)

The movements in reserve on consolidation are as follows :

	The Group	
	2007 RM	2006 RM
At beginning of year : As previously stated	3,438,276	3,438,276
Effect of adoption of FRS 3	(3,438,276)	-
As restated	-	3,438,276
At end of year	-	3,438,276

(ii) 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.

(iii) Revaluation reserve arose from revaluation of freehold land and buildings and leasehold building.

(iv) Based on the tax-exempt dividend income received as mentioned in Note 9, the Company is able to distribute its entire unappropriated profit as of August 31, 2007 by way of cash dividend without additional tax liability being incurred.

28. HOLDING COMPANY

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

29. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	7,876,680	7,197,281	1,380,035	837,658
Short-term deposits with licensed banks	1,940,291	3,073,082	1,052,490	2,546,566
Bank overdrafts (Note 23)	-	(1,415,102)	-	-
	9,816,971	8,855,261	2,432,525	3,384,224
Less : Short-term deposits pledged (Note 20)	(526,246)	(176,583)	-	-
	9,290,725	8,678,678	2,432,525	3,384,224

Notes to the Financial Statements (cont'd)

The said short-term deposits of the Group and the Company bear interest at rates ranging from 2.5% to 3.3% (2006 : 2.5% to 3.0%) per annum and have an average maturity period of 30 days (2006 : 30 days).

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	7,800,382	6,872,259	1,380,035	837,658
Hong Kong Dollar	53,426	-	-	-
United States Dollar	22,872	325,022	-	-
	7,876,680	7,197,281	1,380,035	837,658

30. DIVIDEND PAID

	The Group and The Company	
	2007 RM	2006 RM
First and final dividend paid for 2006 : 7.5%, tax exempt	3,675,000	-

The directors have proposed a first and final dividend of 2.74%, less 27% tax, amounting to RM980,000 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.

31. 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.

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.

Notes to the Financial Statements (cont'd)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on hirepurchase payables, bank borrowings, term loans and short-term deposits. The interest rates of hire-purchase payables, bank borrowings, term loans and short-term deposits are disclosed in Notes 22, 23, 24 and 29 respectively.

Credit risk

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

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, 2007, 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 24 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, 2007 approximate their fair values because of the short maturity terms of these instruments other than the following financial instruments :

	2007		2006	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
The Group				
Financial Asset				
Quoted investment (Note 16)	5,600	5,200	7,700	6,700
Other investment (Note 17)	1,500,000	1,339,480	-	-
Financial Liabilities				
Hire-purchase payables (Note 22)	4,207,459	3,936,609	1,944,637	1,896,080
Term loans (Note 24)	17,660,700	14,237,882	4,283,892	4,161,106

Notes to the Financial Statements (cont'd)

The Company Financial Asset	2007 Carrying amount RM	Fair value RM	2006 Carrying amount RM	Fair value RM
Other investment (Note 17)	1,500,000	1,339,480	-	-
Financial Liabilities				
Term loans (Note 24)	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 2.8% to 7.6% and 5.85% to 7.25% (2006 : 3.5% to 10.5% and 6%) per annum respectively.

32. CAPITAL COMMITMENT

As of August 31, 2007, the Group has the following capital commitment :

	The Group	
	2007 RM	2006 RM
Approved and contracted for : Purchase of plant and machinery	983,000	2,272,000

Notes to the Financial Statements (cont'd)

33. CONTINGENT LIABILITY

Unsecured :

Guarantees given to financial institutions in respect of credit facilities granted to subsidiaries

Performance guarantee given to third parties in respect of supplies of goods and services to a subsidiary company

The Group		The Company	
2007 RM	2006 RM	2007 RM	2006 RM
-	-	11,163,000	10,000,000
1,500,000	-	1,500,000	-
1,500,000	-	12,663,000	10,000,000

34. SUBSEQUENT EVENT

Subsequent to 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 RM825,226, being the shortfall of the profit after tax of Advance Autotek Industries (M) Sdn. Bhd., 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. The Company had claimed under the bank guarantee provided by Vendor and Covenanters for the short fall in the profit after tax of RM825,226 on November 15, 2007.

35. COMPARATIVE FIGURES AND PRIOR YEAR ADJUSTMENTS

In the current financial year, the Group and the Company adopted all of the new and revised Financial Reporting Standards ("FRSs") and Interpretations issued by MASB that are relevant to its operations. The principal effect of the changes in accounting policies resulting from the adoption of the new / revised FRSs is disclosed below :

2006

The Group Income Statements

Depreciation of property, plant and equipment

As previously
Stated
RM

Reclassifications
RM

As restated
RM

4,645,708

(72,561)

4,573,147

Amortisation of prepaid lease payments on leasehold land

-

72,561

72,561

Balance Sheets

As of August 31, 2006

Property, plant and equipment

42,449,427

(6,658,078)

35,791,349

Prepaid lease payments on leasehold land

-

6,658,078

6,658,078

Statement by Directors

The directors of **BSL CORPORATION BERHAD**, state that, in their opinion, the accompanying balance sheets and the related 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, 2007 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

NGIAM TEE WEE

Petaling Jaya
December 6, 2007

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 related 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 6th December, 2007.

Before me,

E. Radakrishnan, B008
COMMISSIONER FOR OATHS

List of Properties

The details of the properties of the BSL Group as at August 31, 2007 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 2006 (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	14	Leasehold for 99 years expiring on 17 Oct 2089	7,173,227	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	13	Freehold	4,400,000	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	2,909,091	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	8	Freehold	230,000	29 Aug 2007

List of Properties (cont'd)

	Name of registered owner / beneficial owner / Location	Description / Existing use	Land / built-up area (sq. m.)	Approximate age of building (Years)	Tenure	Audited NBV as at 31 August 2007 (RM)	Date of valuation
5	32A, 1st 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	13	Leasehold for 99 years expiring on 17 Oct 2089	100,000	24 Aug 2007
6	35A, 1st 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	13	Leasehold for 99 years expiring on 17 Oct 2089	100,000	24 Aug 2007
7	36A, 1st 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	13	Leasehold for 99 years expiring on 17 Oct 2089	100,000	24 Aug 2007
8	37A, 1st 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	13	Leasehold for 99 years expiring on 17 Oct 2089	100,000	24 Aug 2007

List of Properties (cont'd)

	Name of registered owner / beneficial owner / Location	Description / Existing use	Land / built-up area (sq. m.)	Date of issuance of certificate of fitness	Approximate age of building (Years)	Tenure	Audited NBV as at 31 August 2007 (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	17	Freehold	5,520,782	28 Aug 2007

Analysis of Shareholdings

As at December 21, 2007

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	4	0.29	217	0.00
100 to 1,000	503	36.77	149,510	0.16
1,001 to 10,000	548	40.06	3,068,312	3.13
10,001 to 100,000	248	18.13	8,166,854	8.33
100,001 to 4,899,999 *	64	4.68	36,635,107	37.38
4,900,000 and above **	1	0.07	49,980,000	51.00
Total	1,368	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	49,980,000 (*)	51.00
Ngiam Tee Wee	135,000	0.14	-	-
Ngiam Tee Yang	100,000	0.10	-	-
Teh Yoon Loy	34,347	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.

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	Tan Geok Soo	1,000,000	1.020
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	801,900	0.818
13	Chang Yoke Lan	800,000	0.816
14	Cheang Wan Ying	800,000	0.816
15	S'ng King Kiok	711,700	0.726
16	Kok Ah Mee @ Hoh Ah Mee	637,000	0.650
17	Kong Chun Wah	628,400	0.641
18	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	576,400	0.588
19	Chang Yoke Mooi	572,137	0.583
20	Woo Yam Sang	533,400	0.544
21	Chang See Phin	513,200	0.523
22	Tan Kim Tiang	438,000	0.446
23	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yee Foong Seng (REM 646)	424,000	0.432
24	Nik Fauzi Bin Nik Hussein	423,500	0.432
25	Ngiam Tong Kwan	406,315	0.414
26	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Soon Kwui (REM 196)	400,000	0.408
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Eng Wah @ Loh Eng Wha (E-Tai)	400,000	0.408
28	Lim Chai Hong	396,600	0.404
29	Ng Ming Kow	386,700	0.394
30	Loke Keng Hung	373,600	0.381

Proxy Form

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

No of shares held

I / We _____
of _____
being a member / members of **BSL CORPORATION BERHAD** hereby appoint *the Chairman of the meeting
or _____
of _____
or failing him _____
of _____

as *my / our proxy / proxies to attend and vote for *me / us and on *my / our behalf at the Fourth 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, 18 February, 2008 at 10.00 am and at any adjournment thereof, and to vote as indicated below :

Resolutions	For	Against
Ordinary Business		
1. To receive the Audited Financial Statements for the financial year ended 31 August, 2007 together with the Reports of the Directors and Auditors thereon.		
2. To re-elect the Director, Ngiam Tee Wee who retires pursuant to Article 78 of the Company's Articles of Association.		
3. To re-elect the Director, Teh Yoon Loy who retires pursuant to Article 78 of the Company's Articles of Association.		
4. To re-elect the Director, Yukihiro Eguchi who retires pursuant to Article 78 of the Company's Articles of Association.		
5. To re-elect the Director, Andy Woo Weng Kok who retires pursuant to Article 83 of the Company's Articles of Association.		
6. To approve the payment of Directors' Fees for the financial year ended 31 August, 2007.		
7. To approve the declaration of the First and Final Dividend of 2.74% less 27% tax for the financial year ended 31 August, 2007.		
8. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration.		
SPECIAL BUSINESS		
9. Authority to the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
10. Proposed Amendments to the Articles of Association of the Company.		

(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 _____ 2008.

* Delete whichever is not applicable

Signature or Common Seal of Member(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 Registered Office at Level 14, Uptown 1, No. 1, Jalan SS21/58, Damansara uptown, 47400 Petaling Jaya, Selangor not less than 48 hours before the time for the Meeting or at any adjournment thereof.

S t a m p

To

The Company Secretary
BSL Corporation Berhad

Level 14, Uptown 1
No.1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
