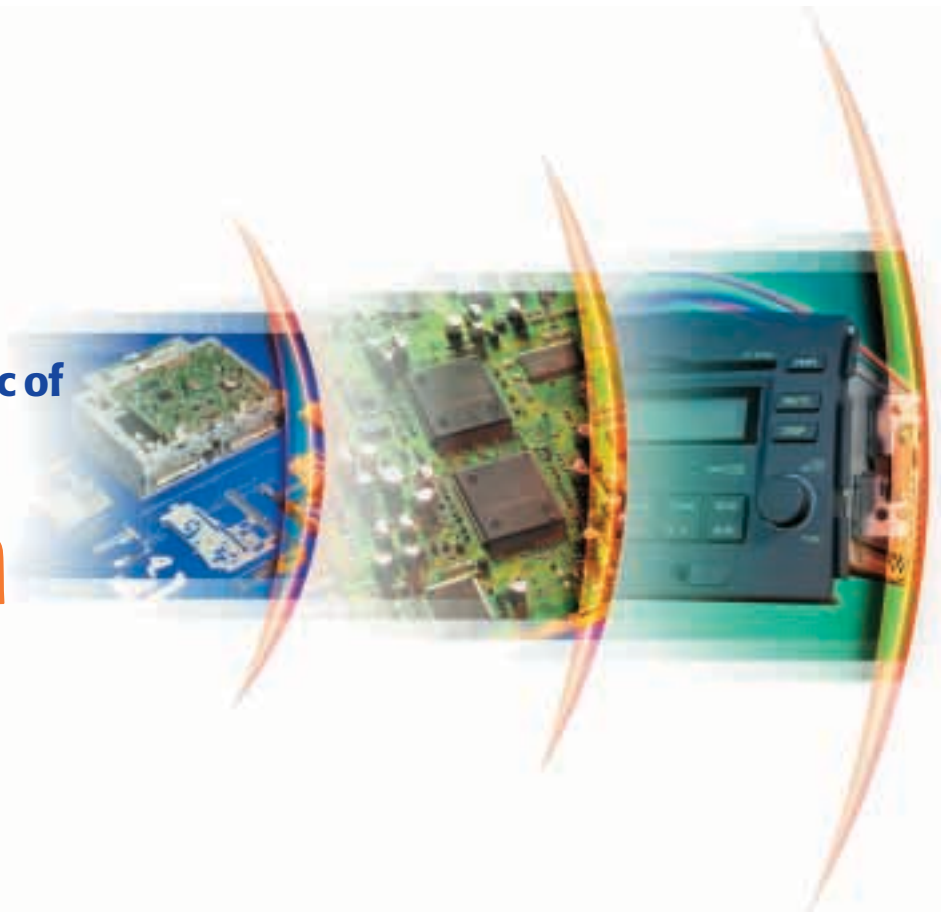
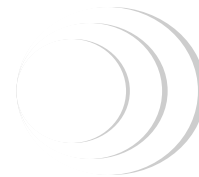


Fostering a mosaic of
Change
and
Growth





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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Melati 1 & 2, Sheraton Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Friday, 23 February 2007 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 2006 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 Tong Kwan (RESOLUTION 2)
 - (ii) Ngiam Tee Yang (RESOLUTION 3)
3. To elect the following Directors who retire pursuant to Article 83 of the Company's Articles of Association:
 - (i) Datuk Dr Syed Muhamad bin Syed Abdul Kadir (RESOLUTION 4)
 - (ii) To' Puan Rozana binti Tan Sri Redzuan (RESOLUTION 5)
 - (iii) Ng Wai Pin (RESOLUTION 6)
4. To approve Directors' Fees for the financial year ended 31 August 2006. (RESOLUTION 7)
5. To approve the payment of first and final tax exempt dividend of 7.5% for the financial year ended 31 August 2006 (RESOLUTION 8)
6. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. (RESOLUTION 9)

Special Business

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

“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting.”

(RESOLUTION 10)



NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Third Annual General meeting to be held on 23 February 2007, a first and final tax exempt dividend of 7.5% in respect of the financial year ended 31 August 2006, if approved, will be paid on 23 March 2007.

The entitlement date for the dividend payment is 9 March 2007.

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 9 March 2007 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
30 January 2007

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

The Ordinary Resolution proposed under Resolution 10, 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.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. VENUE, DATE AND TIME OF THE 3RD ANNUAL GENERAL MEETING

The details of the Third Annual General Meeting of the Company:

Place: Melati 1 & 2, Sheraton Subang Hotel
Jalan SS12/1
47500 Subang Jaya
Selangor Darul Ehsan

Date & Time: 23 February 2007 (Friday) at 10.00 a.m.

2. DIRECTORS STANDING FOR ELECTION/RE-ELECTION

The name of Directors who are standing for election or re-election pursuant to Article 78 of the Company's Articles of Association:

- (i) Ngiam Tong Kwan
- (ii) Ngiam Tee Yang

The name of Directors who are standing for election or re-election pursuant to Article 83 of the Company's Articles of Association:

- (i) Datuk Dr Syed Muhamad bin Syed Abdul Kadir
- (ii) To' Puan Rozana binti Tan Sri Redzuan
- (iii) Ng Wai Pin

3. ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The attendance record at Board Meetings and other details of the abovenamed Directors can be found in the Profile of Board of Directors in this Annual Report.

CORPORATE INFORMATION



BOARD OF DIRECTORS

Ngiam Tong Kwan

Executive Chairman

Ngiam Tee Wee

Chief Executive Officer/Executive Director

Ngiam Tee Yang

Executive Director

Teh Yoon Loy

Executive Director

Yukihiro Eguchi

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

Ngiam Tee Wee

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: 03-7725 2888
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: 03-7725 4888
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 57, Malaysian. Appointed to the Board on 28 April 2005, he started his career as an apprentice tool maker in 1966 at Perusahaan Winco Sdn. Bhd. Five (5) years later, he was promoted to Production Supervisor where he not only supervised employees in the production department but was also involved in production and material planning. He was later promoted to Sales Manager. In 1978, he decided to venture out on his own and set up Ban Seng Lee Industries Sdn. Bhd., guiding it through steady growth over the years. He is also the director and co-founder of Unique, Crestronics and Kotamech.

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

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

He is the father of Ngiam Tee Wee, the CEO of BSL, 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 38, 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 was made the managing director of BSLI and CEO of BSL in 2005.

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 Audit Committee and 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.

NGIAM TEE YANG

Executive Director

Aged 41, Malaysian. Appointed to the Board on 28 April 2005, he graduated with a Bachelor of Engineering Degree from National University of Singapore and Diploma in Sales & Marketing Management from Temasek Polytechnic, 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 was made the Managing Director of Crestronics in year 2005.

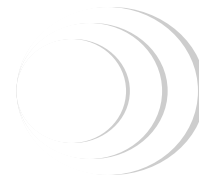
He is the nephew of Executive Chairman, Ngiam Tong Kwan and the natural brother of the CEO Ngiam Tee Wee.

TEH YOON LOY

Executive Director

Aged 49, 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.



YUKIHIRO EGUCHI

Executive Director

Aged 44, Japanese. Appointed to the Board on 28 April 2005, Mr Eguchi joined his family-owned company Bright Trading Corporation in Tokyo after graduated from Tokyo Technical High School in 1981, as an Automotive Mechanical Engineer. In 1986, he joined an American audio-video company, SounDesign Corporation, Tokyo Branch as an Engineer. During this time, he travelled frequently to Korea, and was stationed in Taiwan from 1988 to 1991.

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

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

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

DATUK DR SYED MUHAMAD BIN SYED ABDUL KADIR

Independent Non-Executive Director

Aged 59, 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 thereafter 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, CIMB Bank Berhad and Bumiputra-Commerce Bank (L) Limited, a subsidiary company of the Bank. He is also a Chairman of CIMB Islamic Bank Berhad and a Director of Euro Holdings Berhad and Solutions Engineering Holdings Berhad, both companies listed on Bursa Malaysia Securities Berhad. In addition, he holds directorship in a number of private companies.

He is the Chairman of the Audit Committee and the Risk Assessment & Monitoring Committee of BSL.

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



PROFILE OF DIRECTORS

TO' PUAN ROZANA BINTI TAN SRI REDZUAN

Independent Non-Executive Director

Aged 42, 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 41, 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.

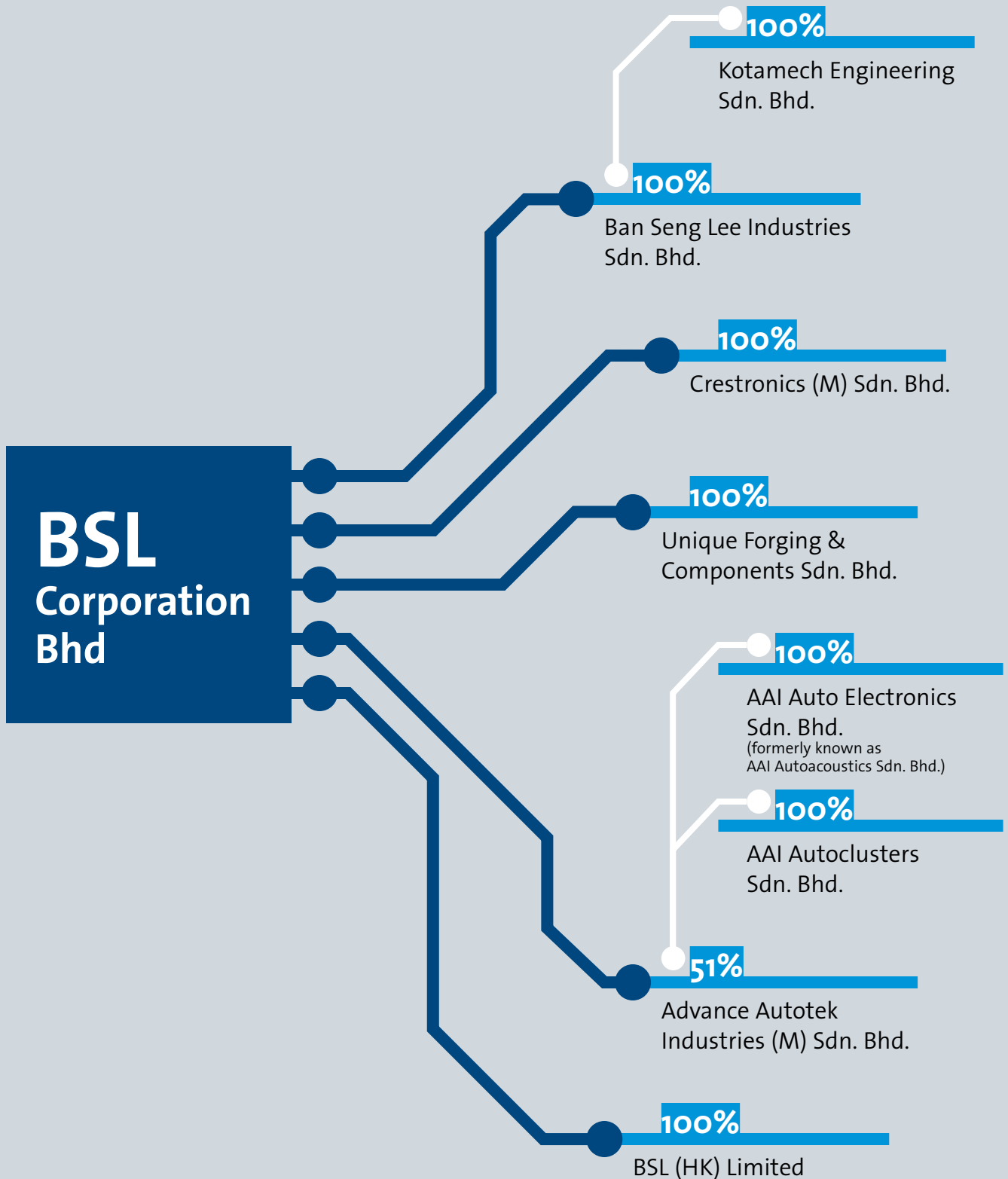
He is a member of the Remuneration Committee and Nomination Committee of BSL.

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: Save as disclosed above, none of the directors have any family relationship with any director and/or major shareholder of the Company.
- c: None of the directors have any conflict of interest with the Company.

CORPORATE STRUCTURE



EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholders,

This year marks the second year for me as Executive Chairman of BSL Corporation Berhad, a position and a responsibility I will continue to carry out with the utmost diligence and respect.



On behalf of the Board, I wish to thank the outgoing Board directors who have contributed towards BSL Corporation's initial public offering ("IPO") in November 2005, and towards the development of the Group since the IPO. On the same note, I also wish to

welcome the new Board directors who undoubtedly will contribute towards the Group's commitment towards change and growth.

Indeed 2006 has been a year of changes. Technological advancement saw the emergence and the rapid growth of high capacity flash memory and micro hard disk which re-shaped the audio industry, in particular portable/personal audio devices, while LCD and plasma TVs took the home entertainment industry into another realm and dimension. As a result, we saw drastic changes in certain of our clients' product portfolio.



But as our CEO, Ngiam Tee Wee, will describe in his CEO Review, the Group has managed to remain both responsive and resilient in the face of these challenges.

On the operational front, we were able to harness our resources and enhance our capabilities and in the process, expand our product range and customer base.

On the corporate front, we successfully completed our first acquisition in April 2006 – 51% of Advance Autotek Industries Sdn. Bhd. ("AAI"), a company principally involved in the assembly and manufacturing of electrical and electronic automotive components, a move expected to yield benefits to the rest of the Group in the coming years. Already, Crestronics is set to commence the production and assembly of car audio systems for both Hyundai and Kia cars under a Technical Assistance Agreement

signed between AAI and Hyundai Autonet of Korea in October 2006.



In the same month, the Group announced its Memorandum of Understanding ("MOU") with

Zhangjiagang City Yiyang Pipe Producing Co., Ltd ("Yiyang") in respect of a joint venture enterprise in China for the production, manufacture and sale of seamless tubes and pipes. We have since in December 2006 announced an extension of the MOU in order to facilitate the completion of an ongoing due diligence exercise on Yiyang.



FINANCIAL REVIEW

For the 12 months ended August 31, 2006, the Group achieved a turnover of RM90.265 million, about 5% higher than the RM85.983 million in FY2005. However, if we strip out the post-acquisition turnover contribution from AAI, Group turnover actually declined by 1% to RM85.014 million. Nevertheless, profit before taxation hit RM12.938 million (RM12.503 million without AAI), about 9% higher than the RM11.828 million in FY2005, while profit after minorities and taxation was RM9.875 million, about 16% higher than the RM8.484 million in FY2005. This translated into an earnings per share of 11.0 sen per share, while net tangible assets rose to RM63.504 million.



OPERATIONAL PERFORMANCE

Despite the modest improvement in Group turnover, the Group profit performance remained commendable, partly due to a lower effective tax rate, mainly attributable to Crestronics' under-provision of deferred taxation in 2005, and partly due to improved margins coming from a higher margin product mix on the part of Crestronics and Unique Forging.

A more detailed review of the subsidiaries' performances is out in pages 45 to 47.

DIVIDEND

In view of the satisfactory performance in 2006, and in recognition of the support from our shareholders, I am pleased to inform you that the Board is recommending a first and final tax exempt dividend of 7.50% for the financial year under review.

CORPORATE GOVERNANCE

During the year, 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 two 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. In this regard, I am pleased to welcome Datuk Dr Syed Muhamad bin Syed Abdul Kadir as Chairman of the Audit Committee. I am confident that Datuk Dr Syed, together with our two capable colleagues on the Audit Committee, will help ensure that this objective is achieved.

The level of compliance is set out in our Statement of Corporate Governance in pages 16 to 22.



EXECUTIVE CHAIRMAN'S STATEMENT



APPRECIATION

Finally, it is only befitting that I acknowledge and recognise that the Group's achievements over the past year or so are possible, primarily because of the continued support from our valued customers, suppliers, bankers and shareholders, as well as the continued contribution and commitment on the part of our staff and employees. On behalf of the Board, I thank you all and look forward to another successful and fruitful year for all of us.

Ngiam Tong Kwan

Executive Chairman

January 19, 2007

CURRENT YEAR OUTLOOK

The Malaysian economy is expected to remain robust in the coming year. This together with the expected resurgence in the audio industry and our growing presence in the LCD and plasma TVs should give us another positive year.

What is more exciting is the fact that the Group is financially well positioned to take advantage of growth opportunities that will not only complement the Group's existing core businesses, but will also build on the Group's core competency and manufacturing experience and track record. In October 2006 BSL Corporation announced that it participated in a Collateralised Loan Obligations ("CLO") Programme arranged by Alliance Investment Bank, raising proceeds of RM15.0 million. This is in addition to the operating cash balance of RM7.197 million as at August 31, 2006 (which includes RM3.28 million of unutilised IPO proceeds).

Nevertheless, in view of the fact that the Group will continue to seek growth opportunities, whether on a concerted or opportunistic basis, the Group will continue to study and identify ways to strengthen its financial position in the coming year, including a potential transfer listing to the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), something that will give us access to larger institutional investors.



The year 2006 has been a mixed year for most manufacturers involved in consumer electronics and automotive components and parts in Malaysia. It was a transitional year where many major products undergo drastic change in technology.

A prime example is the television industry, where the focus has shifted strongly to LCD and Plasma TVs. In the audio industry, it is the advent of high capacity flash memory and micro hard disk drive that has re-shaped audio products. This is especially true for the portable/personal audio devices.

BSL Group has done remarkably well under these trying conditions. Crestronics, which has seen a drop in sales due to the decline in the production of CRT TVs, has recovered steadily through better sales from another customer's DVDs and LCD TVs. Ban Seng Lee Industries ("BSLI") was affected by a drop in the audio sector but minimized the impact by bringing in new customers.

In April 2006, BSL Group successfully completed its first M&A. After careful consideration, BSL Group acquired 51% equity in Advance Autotek Industries Sdn. Bhd. ("AAI"), a company principally involved in the assembly and manufacturing of electrical and electronic automotive components for automotive assemblers such as Naza, Oriental-Hyundai and Inokom. The acquisition of AAI will have a positive longer term impact on the Group. Our core competency and expertise in metal stamping, PCB assembly and metal forging are perfect complements to AAI's business, where we will be able to assist in localization of automotive components to meet AFTA requirements. As a result, AAI is expected increase its product range which in turn will result in "spill-over" benefits to the other subsidiaries in the Group.

BSLI

In 2006 BSLI expanded the range and type of processes available to clients. We began the production of aluminum heat sinks and roll forming process. The aluminum heat sink production caters to audio customers and is also expected to meet requirements from LCD/Plasma TVs. The roll forming process, which started at the end of 2006, is for a new European client based in Malaysia. This client exports most of the roll formed products to Europe and Asia. In 2007, BSLI expects to widen its range and type of processes available in-house, thus reinforcing its reputation as a complete one-stop center for manufacturing services.

BSLI has also secured four substantial new clients in 2006, who are involved in various products such as digital camera, audio, car air-conditioners and ventilation fans. Their contribution to our turnover is expected to grow steadily over the next 2 to 3 years. In 2007, BSLI is expected to benefit from the sales recovery of a major consumer electronics customer who had suffered a one year slump in sales due to the popularity of portable audio devices. The customer has forecasted improved sales for 2007 in anticipation of the transfer of several audio models from its China plant ahead of an expected recovery in our home audio market.



CEO'S REVIEW

CRESTRONICS

2006 saw an increase in the sales and profits of Crestronics. The decline in sales from certain consumer products such as washing machines and refrigerators was somewhat offset by higher sales attributed to new clients and an increase in contribution from the DVD, LCD TV and telecommunications sectors.

Trends in 2006 showed all of our clients reacting increasingly fast to market requirements which means the lead time for our orders will now be shorter and more unpredictable. Crestronics is confident it can meet this challenge, as being a midsize organization, it has the advantage of being flexible and responsive. Already, we are shoring up our work force and production capabilities in order to be more cost efficient and meet stringent environmental controls.

We expect the decline of sales from CRT TV production to be mitigated by continued increases in sales from audio-videos, DVD players, LCD TVs, telecommunication products such as PDA handphones.



UNIQUE FORGING AND COMPONENTS SDN. BHD.

A slowdown in the automotive industry has affected the sales of steel forging. This was somewhat off-set by the higher demand for hydraulic fittings. Nevertheless we expect our sales in 2007 to increase against sales in 2006 as we have been aggressively

sourcing for businesses related to seamless pipes especially in the automotive, hydraulic, gas, audio, construction and industrial sectors, and this have resulted in orders from our customers. At the same time,

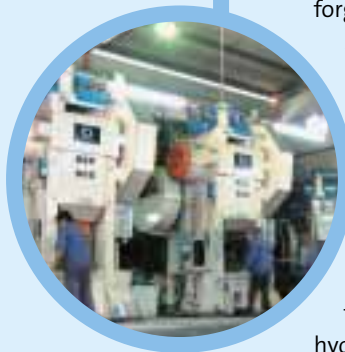
since we started steel forging, we have added 15 new customers to our list and this is expected to increase in 2007.

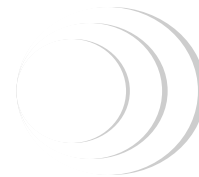
The addition of 16 NC Lathe machines has also given us an edge in the competitive hydraulic fittings

market. We are able to add

value to our forging products by providing machining to our customers. We also hope to be able to work closely with our customers to penetrate into the Indonesian market, where we understand the demand for hydraulic fittings is significant.

In November 2006, BSL Corporation entered into a Memorandum of Understanding ("MOU") with Zhangjiagang City Yiyang Pipe Producing Co., Ltd ("Yiyang") in respect of a joint venture enterprise in China for the production, manufacture and sale of seamless tubes and pipes. Should we embark on this project, we will have a greater pricing advantage, making us even more competitive, especially in the automotive, hydraulic, gas and industrial sectors.





AAI

The automotive market suffered a decline in volume in 2006 due to tightening of credit by financial institutions and the drop in value of second hand vehicles. AAI moved quickly to remedy the volume drop by increasing its product range. In October 2006, AAI made significant progress by signing a 'Technical Agreement' with Hyundai Autonet of Korea, a major supplier to Hyundai Motor Company and KIA Motor Company on their audio and electronics control systems.

The 'Technical Agreement' initially covers the manufacture and assembly of car audio systems for both Hyundai and Kia cars in Malaysia and South East Asia. However, AAI will be working hand in hand with car assemblers to supply progressively model by model so that quality and delivery are ensured. This product is another key step for the Group towards being an Electronic Manufacturing Services ("EMS") company. Crestronics will begin the manufacture and assembly of car audio system in early 2007. AAI plans to later localize the vehicle electronics control systems in line with our customers' localization plan. This will augur well with the government emphasis on vehicle auto electronics program.

In 2007, AAI will benefit from its wider product range and the expected recovery of the automotive market. At the same time, it is already eyeing more automotive components and accessories for the Group.

In the year ahead, sales contribution from the consumer electronics sector should return to positive growth as a result of LCD/Plasma TVs, the resurgent audio industry, new customers, our expanded range and type of processes as well as spill-over benefits from AAI. More importantly, the Group will continue to make strategic headways in its ambition to become an EMS company.

BUSINESS OUTLOOK

In this ever-changing manufacturing environment, BSL Group will continue its dynamic plans in order to stay ahead. The earlier mentioned MOU with Yiyang is part and parcel of our ongoing plan to seek and initiate good business opportunities that will enhance our returns on shareholders' funds over the medium to longer term. At the same time, we will remain focused on our people, our customers to ensure that they remain relevant at all times.

Ngiam Tee Wee

Chief Executive Officer/Executive Director

January 19, 2007





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 eight (8) members, five (5) 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 8.

b. Duties & Responsibilities

The Board assumes full responsibility for the overall performance of the Company and the Group. However, it is the five (5) 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.



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. Seven (7) meetings were held during the financial year ended 31 August 2006. 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	7	7	100%
Ngiam Tee Wee	7	7	100%
Ngiam Tee Yang	7	7	100%
Teh Yoon Loy	7	7	100%
Yukihiro Eguchi	7	7	100%
Dato' Hamzah bin Mohd Salleh (<i>resigned wef 1.6.2006</i>)	6	5	83%
Dato' Kalsom Abdul Rahman (<i>resigned wef 19.12.2006</i>)	7	5	71%
Gan Leng Swee (<i>resigned wef 31.12.2006</i>)	7	7	100%
Chong Ai Wan (<i>resigned wef 31.12.2006</i>)	7	7	100%
Datuk Dr Syed Muhamad bin Syed Abdul Kadir (<i>appointed on 28.12.2006</i>)	Nil	N/A	N/A
To' Puan Rozana binti Tan Sri Redzuan (<i>appointed on 28.12.2006</i>)	Nil	N/A	N/A
Ng Wai Pin (<i>appointed on 28.12.2006</i>)	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.

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 24 to 27 of this Annual Report.

(ii) Remuneration Committee

The members of the Remuneration Committee are currently as follows:

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

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

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.



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**
(Chairman) (Independent Non-Executive Director)
2. **To' Puan Rozana binti Tan Sri Redzuan**
(Member) (Independent Non-Executive Director)
3. **Ngiam Tee Wee**
(Member) (Chief Executive Officer/Executive Director)

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 require to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

h. Directors' Training

During the financial year under review, all the Directors have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts' Malaysia (RIIAM). 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

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	1,060,500	—	86,300	1,146,800
Non-Executive Directors	—	—	109,830	109,830
Total	1,060,500	—	196,130	1,256,630

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	2	4
50,001 – 100,000	—	—
100,001 – 150,000	—	—
150,001 – 200,000	1	—
200,001 – 250,000	—	—
250,001 – 300,000	—	—
300,001 – 350,000	1	—
350,001 – 400,000	1	—
Total	5	4

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 recognizes there is a need to maintain an open and continuous communication outside the general meetings.

Apart from our commitment to ensure that all material information relating to the Group is disclosed in a timely manner through announcements to Bursa Malaysia, the Board plans to establish an investor relations programme as a channel for regular communication with shareholders, stakeholders, investment analysts, fund managers and the media.



4. ACCOUNTABILITY AND AUDIT

a. Financial Reporting

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

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

b. Internal Control

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

A separate statement on Internal Control is provided on page 23.

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 standard in Malaysia.

5. ADDITIONAL COMPLIANCE INFORMATION

(a) Utilization of Proceeds

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

	Proposed Utilization RM'000	Actual Utilizations RM'000	Balance RM'000
Capital expenditure	4,800	2,497	2,303
Repayment of bank borrowings	6,900	6,900	—
Working Capital	2,102	2,102	—
Estimated listing expenses	1,900	1,900	—
Total	15,702	13,399	2,303

(b) Share Buy-back

There was no share buy-backs during the financial year ended 31 August 2006.

(c) Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised during the financial year ended 31 August 2006.

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

The Company did not sponsor any of those programmes.

(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 2006.



CORPORATE GOVERNANCE STATEMENT

5. ADDITIONAL COMPLIANCE INFORMATION (continued)

(g) Variation in Results

There is no material variance between the unaudited results, the audited results for the financial year ended 31 August 2006 and the estimated results as set out in the prospectus dated 30 September 2005.

(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 2006 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 2006 are disclosed in Notes 5 and 10 of the financial statements in pages 48 and 57 of this Annual Report.

(k) Revaluation of landed properties

The Group had, in November year 2004, revalued its landed properties pursuant to the listing exercise of the Company on the Second Board of Bursa Malaysia. The statement regarding the revaluation policy on landed properties is disclosed at Notes 3 and 9 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 24 to 27.

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;
- 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 19 January 2007.



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

Ngiam Tee Wee

Member, Chief Executive Officer/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 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.



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;
 - h. whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment; and
2. To recommend the nomination of a person or persons as external auditors.
3. To report promptly to the Bursa Malaysia Securities 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

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

5. Frequency

Meetings shall be held at least 4 times a year.

6. Notice

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

7. Voting

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

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

8. Keeping of Minutes

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

9. Custody, Production and Inspection of Such Minutes.

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



SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 August 2006, the Audit Committee held six (6) 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 <i>(Appointed as Chairman of Audit Committee with effect from 31 December 2006)</i>	Nil	Nil
To' Puan Rozana binti Tan Sri Redzuan <i>(Appointed as a Committee Member with effect from 31 December 2006)</i>	Nil	Nil
Ngiam Tee Wee	6	6
Gan Leng Swee <i>(Resigned with effect from 31 December 2006)</i>	6	6
Chong Ai Wan <i>(Resigned with effect from 31 December 2006)</i>	6	6

The following activities were carried out by the Audit Committee during the financial year ended 31 August 2006:

- 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 recognizes 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.



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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, 2006.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 10 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 EVENTS

- (i) On November 15, 2005, the entire issued and paid-up share capital of the Company comprising 98,000,000 ordinary shares of RM0.50 each was listed on the Second Board of Bursa Malaysia Securities Berhad.
- (ii) On March 13, 2006, the Company entered into a conditional Share Sale Agreement with Xadacorp Sdn. Bhd. and Messrs. Tio Boon Yaw and Choong Heng @ Chong Choong Heng to acquire 255,000 ordinary shares of RM1.00 each of Advance Autotek Industries (M) Sdn. Bhd. ("AAI") shares, representing 51% equity interest in AAI, for a cash consideration of RM4,590,000. The acquisition was approved by Foreign Investment Committee on March 28, 2006 and completed on April 25, 2006. Consequently, AAI became a subsidiary company of the Company.
- (iii) On August 14, 2006, AAI incorporated a wholly-owned subsidiary company in Malaysia, namely AAI Auto Electronics Sdn. Bhd. (formerly known as AAI Autoacoustics Sdn. Bhd.) ("AAI Electronics"). AAI Electronics is a private limited company with an authorised share capital of RM100,000, divided into 100,000 ordinary shares of RM1.00 each and issued and fully paid-up shares of RM2, divided into 2 ordinary shares of RM1.00 each and its intended principal activities are manufacturing and assembling of automotive parts and components.
- (iv) On August 18, 2006, AAI incorporated another wholly-owned subsidiary company in Malaysia, namely AAI Autoclusters Sdn. Bhd. ("AAI Autoclusters"). AAI Autoclusters is a private limited company with an authorised share capital of RM100,000, divided into 100,000 ordinary shares of RM1.00 each and issued and fully paid-up shares of RM2, divided into 2 ordinary shares of RM1.00 each and its intended principal activities are manufacturing and assembling of automotive parts and components.

SUBSEQUENT EVENTS

- (i) On November 7, 2006, the Company entered into a Memorandum of Understanding with Zhangjiagang City Yiyang Pipe Producing Co., Ltd., a company incorporated in the People's Republic of China, to set up a foreign joint venture company in the city of Zhangjiagang, Jiangsu Province, the People's Republic of China, for manufacturing and sale of seamless tubes and pipes.
- (ii) 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\$1.00 each and issued and fully paid-up share of HK\$1.00, divided into 1 ordinary share of HK\$1.00 each and its intended principal activity is investment holding.



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	12,937,799	3,884,245
Income tax expense	(2,907,488)	—
Net profit for the year	10,030,311	3,884,245
Minority interest	(155,422)	—
Net profit for the year	9,874,889	3,884,245

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

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors have proposed a first and final dividend of 7.5%, tax exempt, amounting to RM3,675,000 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

During the current financial year, the issued and fully paid ordinary share capital of the Company was increased from 73,930,000 ordinary shares of RM0.50 each to 98,000,000 ordinary shares of RM0.50 each by:

- (a) a rights issue of 3,696,500 new ordinary shares of RM0.50 each at an issue price of RM0.50 each on a basis of one new ordinary share for every existing twenty shares held; and
- (b) a public issue of 20,373,500 new ordinary shares of RM0.50 each at an issue price of RM0.68 per share.

The above new shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company did not issue any 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

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

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

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

DIRECTORS

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

Ngiam Tong Kwan

Ngiam Tee Wee

Ngiam Tee Yang

Teh Yoon Loy

Yukihiro Eguchi

Gan Leng Swee

Chong Ai Wan

Dato' Kalsom Abdul Rahman (*resigned on 19.12.2006*)

Dato' Hamzah Bin Mohd Salleh (*resigned on 1.6.2006*)

Messrs. Gan Leng Swee and Chong Ai Wan shall retire under Article 79 of the Company's Articles of Association in the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.



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 1.9.2005	Bought	Sold	Balance at 31.8.2006
Shares in the Company				
Registered in name of directors				
Ngiam Tong Kwan	21,069,940	1,053,497	(21,717,122)	406,315
Teh Yoon Loy	1,882,666	94,134	(1,940,453)	36,347
Yukihiro Eguchi	1,106,000	55,300	(1,102,855)	58,445
Ngiam Tee Wee	—	135,000	—	135,000
Ngiam Tee Yang	—	100,000	—	100,000
Gan Leng Swee	—	60,000	(55,000)	5,000
Chong Ai Wan	—	60,000	(50,000)	10,000
Deemed interest				
Ngiam Tong Kwan*	—	49,980,000	—	49,980,000
Ngiam Tong Kwan**	—	4,132,670	—	4,132,670

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

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

	Number of ordinary shares of RM1.00 each			
	Balance at 1.9.2005	Bought	Sold	Balance at 31.8.2006
Shares in the holding company, Esteem Role Sdn. Bhd.				
Registered in name of directors				
Ngiam Tong Kwan	—	39,834	—	39,834
Teh Yoon Loy	—	3,559	—	3,559
Yukihiro Eguchi	—	2,023	—	2,023

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

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 10 and 16 to the Financial Statements.

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

HOLDING COMPANY

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

AUDITORS

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

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

Ngiam Tong Kwan

Ngiam Tee Wee

Petaling Jaya,
December 22, 2006

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 MASB 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, 2006 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 22, 2006

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 22nd day of
December, 2006.

Before me,

S. Selvarajah, B144
Commissioner for Oaths



REPORT OF THE AUDITORS TO THE MEMBERS OF BSL CORPORATION BERHAD

We have audited the accompanying balance sheets as of August 31, 2006 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 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, 2006 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 have been properly kept in accordance with the provisions of the Act.

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.

Our 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

Rosita Tan
1874/9/08(I)
Partner

December 22, 2006

INCOME STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2006

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	4	90,265,111	27,113,829	4,200,000	150,000
Other operating income		350,650	78,492	—	—
Changes in inventories of work-in-progress and finished goods		(556,607)	692,418	—	—
Raw materials and consumables used		(50,160,971)	(14,274,518)	—	—
Staff costs	5	(16,543,310)	(5,379,890)	—	—
Depreciation of property, plant and equipment	9	(4,645,708)	(1,460,106)	—	—
Other operating expenses		(5,043,924)	(1,386,217)	(405,391)	(102,233)
Profit from operations	5	13,665,241	5,384,008	3,794,609	47,767
Finance costs	6	(827,532)	(395,811)	—	—
Interest income from short-term deposits		100,090	11,675	89,636	—
Profit before tax		12,937,799	4,999,872	3,884,245	47,767
Income tax expense	7	(2,907,488)	(1,610,511)	—	—
Profit after tax		10,030,311	3,389,361	3,884,245	47,767
Minority interest		(155,422)	—	—	—
Net profit for the year		9,874,889	3,389,361	3,884,245	47,767
Earnings per ordinary share – Basic (sen)	8	11	14		

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



BALANCE SHEETS

AS OF AUGUST 31, 2006

		The Group		The Company	
	Note	2006	2005	2006	2005
		RM	RM	RM	RM
Assets					
Property, plant and equipment	9	42,449,427	41,457,523	—	—
Investment in subsidiary companies	10	—	—	49,046,046	44,456,046
Goodwill on consolidation	11	3,961,754	—	—	—
Quoted investment	12	7,700	7,700	—	—
Current Assets					
Inventories	13	13,933,340	9,597,830	—	—
Trade receivables	14	25,000,905	13,127,191	—	—
Other receivables, deposits and prepaid expenses	14	3,347,131	2,762,997	26,188	738,585
Amount owing by subsidiary companies	10	—	—	7,668,401	150,000
Short-term deposits with licensed banks	15	3,073,082	432,786	2,546,566	—
Cash and bank balances	24	7,197,281	6,356,342	837,658	100
		52,551,739	32,277,146	11,078,813	888,685
Current Liabilities					
Trade payables	16	11,106,477	5,301,788	—	—
Other payables and accrued expenses	16	2,240,930	3,419,158	37,760	106,543
Amount owing to subsidiary company	10	—	—	5,392,167	8,229,731
Hire-purchase payables – current portion	17	1,625,934	1,811,657	—	—
Bank borrowings	18	6,512,529	5,317,321	—	—
Term loans – current portion	19	1,727,157	2,584,099	—	—
Tax liabilities		330,000	716,054	—	—
		23,543,027	19,150,077	5,429,927	8,336,274
Net Current Assets/(Liabilities)		29,008,712	13,127,069	5,648,886	(7,447,589)
Long-term and Deferred Liabilities					
Hire-purchase payables – non-current portion	17	318,703	1,894,857	—	—
Term loans – non-current portion	19	2,556,735	5,321,730	—	—
Deferred tax liabilities	20	4,327,678	3,587,378	—	—
		(7,203,116)	(10,803,965)	—	—
Minority interest		(759,031)	—	—	—
Net Assets		67,465,446	43,788,327	54,694,932	37,008,457
Represented By:					
Issued capital	21	49,000,000	36,965,000	49,000,000	36,965,000
Reserves	22	18,465,446	6,823,327	5,694,932	43,457
Shareholders' Equity		67,465,446	43,788,327	54,694,932	37,008,457

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED AUGUST 31, 2006

	Issued capital RM	← Non-distributable → Share premium RM	Reserve on consolidation RM	Distributable (Accumulated loss)/ Unappropriated profit RM	Total RM
The Group					
Balance as of September 1, 2004	2	—	—	(4,310)	(4,308)
Issue of shares	36,964,998	—	—	—	36,964,998
Acquisition of subsidiary companies	—	—	3,438,276	—	3,438,276
Net profit for the year	—	—	—	3,389,361	3,389,361
Balance as of August 31, 2005	36,965,000	—	3,438,276	3,385,051	43,788,327
Issue of shares	12,035,000	3,667,230	—	—	15,702,230
Listing expenses	—	(1,900,000)	—	—	(1,900,000)
Net profit for the year	—	—	—	9,874,889	9,874,889
Balance as of August 31, 2006	49,000,000	1,767,230	3,438,276	13,259,940	67,465,446
The Company					
Balance as of September 1, 2004	2	—	—	(4,310)	(4,308)
Issue of shares	36,964,998	—	—	—	36,964,998
Net profit for the year	—	—	—	47,767	47,767
Balance as of August 31, 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)
Net profit for the year	—	—	—	3,884,245	3,884,245
Balance as of August 31, 2006	49,000,000	1,767,230	—	3,927,702	54,694,932

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



CASH FLOW STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2006

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Cash Flows From Operating Activities					
Profit before tax		12,937,799	4,999,872	3,884,245	47,767
Adjustments for:					
Depreciation of property, plant and equipment		4,645,708	1,460,106	–	–
Interest expense		827,532	395,811	–	–
Gain on disposal of property, plant and equipment – net		(271,737)	(61,600)	–	–
Interest income		(100,090)	(11,675)	(89,636)	–
Allowance for diminution in value of quoted investment		–	5,000	–	–
Dividend income		–	–	(4,200,000)	–
Operating Profit/(Loss) Before Working Capital Changes		18,039,212	6,787,514	(405,391)	47,767
(Increase)/Decrease in:					
Inventories		(4,267,751)	(824,127)	–	–
Trade receivables		(7,774,069)	2,496,780	–	–
Other receivables, deposits and prepaid expenses		(262,843)	7,129,877	712,397	(738,585)
Amount owing by subsidiary companies		–	–	(4,918,401)	(150,000)
Increase/(Decrease) in:					
Trade payables		2,966,474	(2,408,970)	–	–
Other payables and accrued expenses		(1,183,729)	(333,095)	(68,783)	104,543
Amount owing to subsidiary company		–	–	(1,237,564)	738,585
Amount owing to a director		–	–	–	(2,310)
Cash From/(Used In) Operations		7,517,294	12,847,979	(5,917,742)	–
Income tax paid		(3,076,774)	(674,102)	–	–
Net Cash From/(Used In) Operating Activities		4,440,520	12,173,877	(5,917,742)	–
Cash Flows From Investing Activities					
Proceeds from disposal of property, plant and equipment		278,300	70,000	–	–
Interest received		100,090	11,675	89,636	–
Acquisition of subsidiary companies	10	(4,493,666)	(3,111,634)	(4,590,000)	–
Additions to property, plant and equipment (Note)		(4,441,181)	(304,455)	–	–
Net Cash Used In Investing Activities		(8,556,457)	(3,334,414)	(4,500,364)	–

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



		The Group		The Company	
	Note	2006	2005	2006	2005
		RM	RM	RM	RM
Cash Flows From Financing Activities					
Issue of shares		15,702,230	98	15,702,230	98
Repayment of bank borrowings		(3,055,185)	(2,905,170)	—	—
Payment of listing expenses		(1,900,000)	—	(1,900,000)	—
Repayment of hire-purchase payables		(1,861,877)	(625,020)	—	—
Interest paid		(827,532)	(395,811)	—	—
Short-term deposits pledged with licensed banks		(83,276)	(93,307)	—	—
Net Cash From/(Used In) Financing Activities		7,974,360	(4,019,210)	13,802,230	98
Net Increase In Cash and Cash Equivalents		3,858,423	4,820,253	3,384,124	98
Cash and Cash Equivalents					
at Beginning of Year		4,820,255	2	100	2
Cash and Cash Equivalents at End of Year	24	8,678,678	4,820,255	3,384,224	100

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

	The Group	
	2006 RM	2005 RM
Total cost of property, plant and equipment acquired	5,630,101	955,636
Less: Purchase consideration satisfied by:		
Term loans	(1,088,920)	(252,000)
Hire-purchase arrangements	(100,000)	(399,181)
Cash payments	4,441,181	304,455

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 10.

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

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 total number of employees in the Group and the Company as of August 31, 2006 was 947 and Nil (2005: 924 and Nil) respectively.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on December 22, 2006.

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. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of freehold and leasehold land and buildings.

Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and of the subsidiary companies controlled by the Company made up to the end of the financial year.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair value of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions and balances are eliminated on consolidation.

Goodwill

Goodwill on consolidation, which represents the excess of the Company's cost of investment over the share of the fair values of the assets and liabilities of a subsidiary company at the date of acquisition, is recognised as an asset and is not amortised.

Reserve on Consolidation

Reserve arising on consolidation represents the excess of the fair values attributable to the related net assets of the subsidiary companies at the date of acquisition over the cost of the Company's investment. Reserve on consolidation is transferred to the income statements upon the disposal of the related investment.



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 5.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates or where settlement has not yet been made at the end of the financial year, at the approximate exchange rates prevailing at that date. All foreign exchange gains or losses are reflected in the income statements.

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

	2006 RM	2005 RM
Currencies		
1 United States Dollar	3.6770	3.7698
1 Singapore Dollar	2.3379	2.2395
100 Japanese Yen	3.1485	—

Income Tax

The tax effects of transactions are recognised, using the "balance sheet liability" method and all deductible temporary differences and unused tax credits are recognised. Where deductible temporary differences and unused tax credits would give rise to net deferred tax assets, the tax effects are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment and Depreciation

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.

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%

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.

Investment in Subsidiary Companies

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

Quoted Investment

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

Impairment of Assets

The carrying amounts of property, plant and equipment, investment in subsidiary companies, other investment and goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statements, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals are recognised in the income statements, unless it reverses an impairment loss on revalued asset, in which case, the reversal is treated as revaluation increase.



3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Inventories

Inventories are valued at the lower of cost (determined principally on the 'first-in, first-out' basis) and net realisable value. The cost of raw materials comprises the original purchase price plus the costs incurred in bringing these inventories to their present location and condition. The cost of finished goods and work-in-progress include the costs of raw materials, direct labour and a proportion of the production 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. Net realisable value is arrived at after considering the allowance for obsolete and slow-moving inventories.

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.

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.

Financial Assets

The Group's principal financial assets are 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.

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

Cash Flow Statements

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

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

4. **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

4. SEGMENT REPORTING (continued)

	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Automotive components RM	Eliminations RM	Consolidated RM
The Group – 2006							
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	(405,391)	7,737,475	3,366,738	2,531,902	434,517		13,665,241
Profit from operations							13,665,241
Finance costs							(827,532)
Interest income from short-term deposits							100,090
Profit before tax							12,937,799
Income tax expense							(2,907,488)
Profit after tax							10,030,311
Other Information							
Capital additions	–	2,872,665	2,051,586	705,850	–	–	5,630,101
Depreciation of property, plant and equipment	–	2,068,431	1,833,198	741,704	2,375	–	4,645,708
Consolidated Balance Sheets							
Assets							
Segment assets	3,410,412	58,494,125	24,496,802	12,980,454	5,809,391	(10,182,318)	95,008,866
Unallocated corporate assets							3,961,754
Consolidated total assets							98,970,620
Liabilities							
Segment liabilities	37,760	13,126,635	15,000,305	6,365,472	3,930,347	(12,372,054)	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.

4. SEGMENT REPORTING (continued)

	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Eliminations RM	Consolidated RM
The Group – 2005						
Revenue						
External sales	–	18,131,653	5,781,815	3,200,361	–	27,113,829
Inter-segment sales	150,000	–	–	43,486	(193,486)	–
Total revenue	150,000	18,131,653	5,781,815	3,243,847	(193,486)	27,113,829
Results						
Segment results	(102,233)	4,181,019	673,504	631,718	–	5,384,008
Profit from operations						5,384,008
Finance costs						(395,811)
Interest income from short-term deposits						11,675
Profit before tax						4,999,872
Income tax expense						(1,610,511)
Profit after tax						3,389,361
Other Information						
Capital additions	–	329,765	460,839	165,032	–	955,636
Depreciation of property, plant and equipment	–	632,763	573,581	253,762	–	1,460,106
Consolidated Balance Sheets						
Assets						
Segment assets	738,585	44,961,084	17,953,545	10,089,155	–	73,742,369
Consolidated total assets						73,742,369
Liabilities						
Segment liabilities	106,543	14,856,191	6,973,817	3,714,059	–	25,650,610
Unallocated corporate liabilities						4,303,432
Consolidated total liabilities						29,954,042

Geographical Segments

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





NOTES TO THE FINANCIAL STATEMENTS

5. PROFIT FROM OPERATIONS

Profit from operations is arrived at:

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
After charging:				
Directors' remuneration*	1,256,630	410,880	182,050	90,000
Rental of premises payable:				
Related parties (Note 10)	224,500	74,000	—	—
Third parties	52,340	24,520	—	—
Rental of motor vehicles	112,550	—	—	—
Auditors' remuneration	67,500	25,000	12,000	10,000
Rental of machineries	23,000	54,790	—	—
Loss on disposal of property, plant and equipment	671	—	—	—
Allowance for diminution in value of quoted investment	—	5,000	—	—
Realised loss on foreign exchange	—	2,516	—	—
And crediting:				
Gain on disposal of property, plant and equipment	272,408	61,600	—	—
Realised gain on foreign exchange	31,383	—	—	—

* Directors' remuneration consists of the following:

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Executive directors:				
Company				
— Fees	80,300	53,800	80,300	53,800
Subsidiary companies				
— Fees	6,000	—	—	—
— Other emoluments	1,060,500	320,880	—	—
	1,066,500	320,880	—	—
	1,146,800	374,680	80,300	53,800
Non-executive directors:				
Company				
— Fees	101,750	36,200	101,750	36,200
Subsidiary companies				
— Fees	8,080	—	—	—
	109,830	36,200	101,750	36,200
	1,256,630	410,880	182,050	90,000

Staff costs include salaries, contributions to EPF, bonuses and all other staff related expenses. During the financial year, included in staff costs are contributions to EPF made by the Group amounting to RM1,137,837 (2005: RM370,474).



6. FINANCE COSTS

	The Group	
	2006 RM	2005 RM
Interest on:		
Term loans	266,298	155,448
Trust receipts and bankers' acceptances	258,437	99,219
Hire-purchase	188,788	88,689
Bank overdrafts	114,009	52,455
	827,532	395,811

7. INCOME TAX EXPENSE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Estimated current tax:				
Income tax	2,029,388	959,370	—	—
Deferred tax (Note 20)	579,422	307,195	—	—
	2,608,810	1,266,565	—	—
Underprovision in prior years:				
Income tax	137,800	45,943	—	—
Deferred tax (Note 20)	160,878	298,003	—	—
	298,678	343,946	—	—
	2,907,488	1,610,511	—	—

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	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit before tax	12,937,799	4,999,872	3,884,245	47,767
Tax at the statutory tax rates of:				
20% on first RM500,000 of chargeable income	308,661	291,747	—	—
28% on balance of chargeable income	3,239,123	992,919	1,087,589	13,375
Tax effects of:				
Expenses which are not deductible in determining taxable profit	498,826	359,799	88,411	28,625
Reinvestment allowances claimed	(1,437,800)	(377,900)	—	—
Tax exempt dividend received from subsidiary company	—	—	(1,176,000)	(42,000)
	2,608,810	1,266,565	—	—

Under Schedule 7A of the Income Tax Act, 1967, the Group is allowed to claim reinvestment allowances and as of August 31, 2006, the Group has unutilised reinvestment allowances of approximately RM7,492,000 (2005: RM435,000). The unutilised reinvestment allowances is subject to the approval by the tax authorities and available for offset against future business income.



NOTES TO THE FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE (continued)

As of August 31, 2006, the tax exempt income of the Group and the Company is as follows:

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Reinvestment allowances	(i)	19,080,000	13,945,000	–	–
Tax exempt account	(ii)	3,515,000	3,515,000	–	–
Tax exempt dividend income	(iii)	4,350,000	150,000	4,350,000	150,000
		26,945,000	17,610,000	4,350,000	150,000

- (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.

8. EARNINGS PER ORDINARY SHARE

	The Group	
	2006 RM	2005 RM
Net profit attributable to shareholders (RM)	9,874,889	3,389,361
Number of shares in issue as of beginning of year (units)	73,930,000	4
Weighted average on rights issue (units)	3,544,589	–
Weighted average on public issue (units)	16,466,253	–
Weighted average on effect of acquisition of subsidiary companies (units)	–	24,643,396
Weighted average number of ordinary shares in issue (units)	93,940,842	24,643,400
Earnings per ordinary share – Basic (sen)	11	14

The basic earnings per ordinary share is calculated by dividing the Group's profit after tax and minority interest of RM9,874,889 (2005: RM3,389,361) by the weighted average number of issued shares during the financial year.



NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Net book value		Depreciation charge for
	2006	2005	2005
Freehold land	5,589,154	5,589,154	–
Long leasehold land	6,658,078	6,730,639	24,187
Buildings	8,252,188	8,318,268	29,106
Plant and machinery	19,438,321	18,259,609	1,175,755
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	1,727,583	1,597,459	90,380
Motor vehicles	784,103	962,394	140,678
	42,449,427	41,457,523	1,460,106

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

Details of properties	Year of valuation	Details of valuers	The Group Revalued amount RM
Freehold land and buildings	2004	Long Tian Chek, B.Sc., MRICS, MIS (M) Registered Valuer of Henry Butcher, Lim & Long (Selangor) Sdn. Bhd. and Siew Weng Hong, Registered Valuer of Henry Butcher Malaysia (NS) Sdn. Bhd.	5,660,000
Long leasehold land and buildings	2004	Long Tian Chek, B.Sc., MRICS, MIS (M) Registered Valuer of Henry Butcher, Lim & Long (Selangor) Sdn. Bhd. and Siew Weng Hong, Registered Valuer of Henry Butcher Malaysia (NS) Sdn. Bhd.	10,700,000
			16,360,000

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

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

	The Group	
	2006	2005
	RM	RM
Cost:		
Long leasehold land and buildings	10,321,736	10,321,736
Freehold land and buildings	4,892,335	4,892,335
	15,214,071	15,214,071
Accumulated depreciation of leasehold land and buildings	(1,397,372)	(1,216,516)
Net book value	13,816,699	13,997,555

As of August 31, 2006, the unexpired lease period of the Group's leasehold land ranges from 84 to 90 years (2005: 85 to 91 years).



9. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	The Group	
	2006	2005
	RM	RM
Net book value:		
Plant and machinery	4,196,657	4,592,321
Motor vehicles	565,691	378,493
	4,762,348	4,970,814

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

	The Group	
	2006	2005
	RM	RM
Cost:		
Plant and machinery	6,795,735	6,343,667
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	879,551	824,363
Motor vehicles	420,688	271,039
	8,095,974	7,439,069

As of August 31, 2006, 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 18 and 19, granted to the Group:

	The Group	
	2006	2005
	RM	RM
Net book value:		
Buildings	8,060,188	8,122,268
Long leasehold land	6,658,078	6,730,639
Freehold land	5,589,154	5,589,154
Plant and machinery	3,399,250	4,871,923
	23,706,670	25,313,984



NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN SUBSIDIARY COMPANIES

	The Group	
	2006 RM	2005 RM
Unquoted shares in Malaysia – at cost	49,046,046	44,546,046

The details of the subsidiary companies, which are incorporated in Malaysia, are as follows:

Name of subsidiary companies	Effective equity interest		Principal activities
	2006 %	2005 %	
Direct			
Ban Seng Lee Industries Sdn. Bhd.	100	100	Stamping and manufacturing of precision metal parts and fabrication of tools and dies.
Crestronics (M) Sdn. Bhd.	100	100	Printed circuit board assembly and assembly of all types of electronic and electrical components, devices and system.
Unique Forging & Components Sdn. Bhd.	100	100	Fabrication and forging of base metal components.
Advance Autotek Industries (M) Sdn. Bhd.	51	–	Trading of automotive parts.
Indirect			
Kotamech Engineering Sdn. Bhd.*	100	100	Dormant.
AAI Auto Electronics Sdn.Bhd. (formerly known as AAI Autoacoustics Sdn. Bhd.)#	51	–	Dormant.
AAI Autoclusters Sdn. Bhd.#	51	–	Dormant.

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

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

During the financial year, the Company acquired 51% of the equity interest, comprising 255,000 ordinary shares of RM1 each, in Advance Autotek Industries (M) Sdn. Bhd. The acquisition was completed on April 25, 2006.



10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The effect of the abovementioned acquisitions on the financial results of the Group for the current financial year are as follows:

	The Group	
	2006 RM	2005 RM
Revenue	5,251,225	27,113,829
Other operating income	–	78,492
Changes in inventories of work-in-progress and finished goods	–	692,418
Raw materials and consumables used	(4,720,422)	(14,274,518)
Staff costs	(46,040)	(5,379,890)
Depreciation of property, plant and equipment	(2,375)	(1,460,106)
Other operating expenses	(47,871)	(1,283,984)
Profit from operations	434,517	5,486,241
Finance costs	–	(395,811)
Interest income from short-term deposits	–	11,675
Profit before tax	434,517	5,102,105
Income tax expense	(117,328)	(1,610,511)
Net profit after tax	317,189	3,491,594
Minority interest	(155,422)	–
Increase in Group's profit attributable to shareholders	161,767	3,491,594



NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The effect of the abovementioned acquisitions on the financial position of the Group as of date of acquisition are as follows:

	The Group	
	2006 RM	2005 RM
Trade receivables	4,099,645	15,623,971
Goodwill on consolidation	3,961,754	–
Cash and bank balances	96,334	6,521,778
Inventories	67,759	8,773,703
Property, plant and equipment	14,074	41,970,393
Other receivables, deposits and prepaid expenses	10,430	1,553,665
Trade payables	(2,838,215)	(7,710,758)
Minority interest	(603,609)	–
Tax liabilities	(212,671)	–
Other payables and accrued expenses	(5,501)	(3,752,253)
Amount owing to holding company	–	7,491,146
Tax recoverable	–	467,530
Quoted investment	–	12,700
Term loans	–	(8,627,903)
Bank borrowings	–	(5,372,851)
Hire-purchase payables	–	(3,932,353)
Reserve on consolidation	–	(3,438,276)
Deferred tax liabilities	–	(2,982,180)
Bank overdrafts	–	(2,055,768)
Total	4,590,000	44,542,544
Less: Cash and cash equivalents	(96,334)	(4,466,010)
Less: Purchase consideration satisfied by issue of shares	–	(36,964,900)
Cash flow on acquisition, net of cash and cash equivalents acquired	4,493,666	3,111,634

The amount owing by subsidiary companies arose mainly from dividend receivable and advances which is unsecured, interest free and has no fixed terms of repayments.

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



10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Purchases from companies in which a director of a subsidiary company is a director				
– Orisis Freight Logistics (M) Sdn. Bhd.	5,949,642	–	–	–
– PKT Logistics (M) Sdn. Bhd.	20,345	–	–	–
– Gelombang Mantap Sdn. Bhd.	900	–	–	–
– Multishield (M) Sdn. Bhd.	518	–	–	–
Total	5,971,405	–	–	–
Rental payable to companies in which certain directors of the Company are directors				
– Teh & Co. Sdn. Bhd.	152,500	74,000	–	–
– Teh Chooi Choon Enterprise Sdn. Bhd.	72,000	–	–	–
Total (Note 5)	224,500	74,000	–	–
Purchases from a company in which certain directors of the Company are directors				
– Teh & Co. Sdn. Bhd.	118,027	148,237	–	–
Sales to a company in which certain directors of the Company are directors				
– Shokowsha Technology (M) Sdn. Bhd.	87,995	82,200	–	–
Dividends receivable from subsidiary companies				
– Ban Seng Lee Industries Sdn. Bhd.	–	–	1,600,000	–
– Crestronics (M) Sdn. Bhd.	–	–	1,600,000	150,000
– Unique Forging & Components Sdn. Bhd.	–	–	1,000,000	–
Total	–	–	4,200,000	150,000

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.



NOTES TO THE FINANCIAL STATEMENTS

11. GOODWILL ON CONSOLIDATION

	The Group	
	2006	2005
	RM	RM
At beginning of year	—	—
Goodwill arising from acquisition of a subsidiary company	3,961,754	—
At end of year	3,961,754	—

12. QUOTED INVESTMENT

	The Group	
	2006	2005
	RM	RM
Quoted investment in shares of local corporations	12,700	12,700
Less: Allowance for diminution in value	(5,000)	(5,000)
Net	7,700	7,700
Market value	6,700	7,700

13. INVENTORIES

	The Group	
	2006	2005
	RM	RM
At cost:		
Raw materials	7,724,151	4,131,253
Work-in-progress	3,041,692	3,321,154
Finished goods	1,868,278	2,145,423
Goods in transit	1,299,219	—
	13,933,340	9,597,830



14. 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 60 to 90 days (2005: 60 to 90 days).

	The Group	
	2006 RM	2005 RM
Trade receivables	25,466,806	13,593,092
Less: Allowance for doubtful receivables	(465,901)	(465,901)
Net	25,000,905	13,127,191

The foreign currencies profile of trade receivables is as follows:

	The Group	
	2006 RM	2005 RM
Ringgit Malaysia	24,678,224	13,492,663
United States Dollar	788,582	100,429
	25,466,806	13,593,092

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Prepaid expenses	1,472,303	1,063,751	988	738,585
Tax recoverable	1,163,234	852,373	—	—
Other receivables	423,687	546,616	25,200	—
Refundable deposits	287,907	300,257	—	—
	3,347,131	2,762,997	26,188	738,585

15. SHORT-TERM DEPOSITS WITH LICENSED BANKS

Included in the short-term deposits of the Group are RM176,583 (2005: RM93,307), pledged to a licensed bank as collateral for bank overdrafts and other credit facilities granted to a subsidiary company as mentioned in Note 18.



NOTES TO THE FINANCIAL STATEMENTS

16. 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 (2005: 60 to 90 days).

The foreign currencies profile of trade payables is as follows:

	The Group	
	2006 RM	2005 RM
Ringgit Malaysia	10,957,256	5,216,673
United States Dollar	149,221	81,428
Singapore Dollar	—	3,687
	11,106,477	5,301,788

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	
	2006 RM	2005 RM
Orisis Freight Logistics (M) Sdn. Bhd.	3,097,926	—
Teh & Co. Sdn. Bhd.	5,000	30,674
PKT Logistics (M) Sdn. Bhd.	1,861	—
	3,104,787	30,674

The amount owing to the above related companies arose from transactions mentioned in Note 10.

- (ii) Other payables and accrued expenses consist of:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	1,148,642	2,984,784	2,310	91,843
Accrued expenses	1,092,288	434,374	35,450	14,700
	2,240,930	3,419,158	37,760	106,543

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
United States Dollar	671,700	—	—	—
Ringgit Malaysia	1,569,230	3,419,158	37,760	106,543
	2,240,930	3,419,158	37,760	106,543



17. HIRE-PURCHASE PAYABLES

	The Group	
	2006	2005
	RM	RM
Total outstanding	2,046,972	3,989,927
Less: Interest-in-suspense	(102,335)	(283,413)
Principal outstanding	1,944,637	3,706,514
Less: Portion due within the next 12 months (shown under current liabilities)	(1,625,934)	(1,811,657)
Non-current portion	318,703	1,894,857

The non-current portion is repayable as follows:

	The Group	
	2006	2005
	RM	RM
Financial year ending August 31:		
2007	—	1,644,483
2008	283,704	250,374
2009	34,999	—
	318,703	1,894,857

The term of the hire-purchase payables is 2 to 5 years and interest rates implicit in the hire-purchase arrangements range from 2.55% to 8.60% (2005: 2.55% to 8.60%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

18. BANK BORROWINGS

	The Group	
	2006	2005
	RM	RM
Bankers' acceptances	3,774,912	3,151,054
Bank overdrafts (Note 24)	1,415,102	1,875,566
Trust receipts	1,322,515	290,701
	6,512,529	5,317,321

The Group has bank overdrafts and other credit facilities amounting to RM23,150,000 (2005: RM21,000,000) which bear interest at rates ranging from 6.85% to 8.30% (2005: 7.00% to 7.75%) per annum.

The overdrafts and other credit facilities are secured by:

- Fixed and floating charge over certain property, plant and equipment of the subsidiary companies (Note 9) and short-term deposits of a subsidiary company (Note 15);
- Joint and several guarantees by certain directors of the Company and the subsidiary company; and
- Corporate guarantee by the Company.



NOTES TO THE FINANCIAL STATEMENTS

19. TERM LOANS

	The Group	
	2006	2005
	RM	RM
Total outstanding	4,283,892	7,905,829
Less: Portion due within the next 12 months (shown under current liabilities)	(1,727,157)	(2,584,099)
Non-current portion	<u>2,556,735</u>	<u>5,321,730</u>

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

	The Group	
	2006	2005
	RM	RM
Financial year ending August 31:		
2007	–	2,117,743
2008	959,120	864,952
2009	701,551	814,789
2010	521,064	610,502
2011 and thereafter	375,000	913,744
	<u>2,556,735</u>	<u>5,321,730</u>

The Group has term loan facilities totaling RM14,330,000 (2005: RM10,282,000) obtained from licensed banks, which are secured by fixed and floating charge over certain property, plant and equipment of the subsidiary companies (Note 9), joint and several guarantees by certain directors of the Company and corporate guarantee by the Company. The term loans of the Group bear interest at rates ranging from 7.25% to 9.25% (2005: 3.90% to 8.50%) per annum.

20. DEFERRED TAX LIABILITIES

	The Group	
	2006	2005
	RM	RM
At beginning of year	3,587,378	–
Arising from the acquisition of subsidiary companies	–	2,982,180
Transfer to income statements (Note 7):		
Current year	579,422	307,195
Underprovision in prior year	160,878	298,003
	<u>740,300</u>	<u>605,198</u>
At end of year	<u>4,327,678</u>	<u>3,587,378</u>

	Deferred Tax Liabilities The Group	
	2006	2005
	RM	RM
The deferred tax liabilities are in respect of the tax effects of:		
Temporary differences in respect of property, plant and equipment	3,959,862	3,215,562
Revaluation surplus of freehold and leasehold land and buildings	367,816	367,816
Others	–	4,000
	<u>4,327,678</u>	<u>3,587,378</u>



21. SHARE CAPITAL

	The Group and The Company	
	2006 RM	2005 RM
Authorised:		
Ordinary shares of RM0.50 each:		
At beginning of year	250,000,000	100,000
Created during the year	—	249,900,000
At end of year	<u>250,000,000</u>	<u>250,000,000</u>
Issued and Fully Paid:		
Ordinary shares of RM0.50 each:		
At beginning of year	36,965,000	2
Issued during the year:		
Rights issue	1,848,250	—
Public issue	10,186,750	—
Acquisition of subsidiary companies	—	36,964,998
At end of year	<u>49,000,000</u>	<u>36,965,000</u>

During the current financial year, the issued and fully paid ordinary share capital of the Company was increased from 73,930,000 ordinary shares of RM0.50 each to 98,000,000 ordinary shares of RM0.50 each by:

- a rights issue of 3,696,500 new ordinary shares of RM0.50 each at an issue price of RM0.50 each on a basis of one new ordinary share for every existing twenty shares held; and
- a public issue of 20,373,500 new ordinary shares of RM0.50 each at an issue price of RM0.68 per share.

The above new shares issued rank pari passu with the then existing ordinary shares of the Company.



NOTES TO THE FINANCIAL STATEMENTS

22. RESERVES

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Non-distributable reserves:					
Reserve on consolidation	(i)	3,438,276	3,438,276	—	—
Share premium	(ii)	1,767,230	—	1,767,230	—
		5,205,506	3,438,276	1,767,230	—
Distributable reserve:					
Unappropriated profit	(iii)	13,259,940	3,385,051	3,927,702	43,457
		18,465,446	6,823,327	5,694,932	43,457

- (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.

The movements in reserve on consolidation are as follows:

	The Group	
	2006 RM	2005 RM
At beginning of year	3,438,276	—
Acquisition of subsidiary companies	—	3,438,276
At end of year	3,438,276	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) Based on the tax-exempt dividend income received as mentioned in Note 7, the Company is able to distribute its entire unappropriated profits as of August 31, 2006 by way of cash dividend without additional tax liability being incurred.

23. HOLDING COMPANY

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



24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	7,197,281	6,356,342	837,658	100
Short-term deposits with licensed banks	3,073,082	432,786	2,546,566	—
Bank overdrafts (Note 18)	(1,415,102)	(1,875,566)	—	—
	8,855,261	4,913,562	3,384,224	100
Less: Short-term deposits pledged (Note 15)	(176,583)	(93,307)	—	—
	8,678,678	4,820,255	3,384,224	100

The said short-term deposits of the Group and the Company bear interest at rates ranging from 2.5% to 3.0% (2005: 2.5% to 3.0%) per annum and have an average maturity period of 30 days (2005: 30 days).

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Ringgit Malaysia	6,872,259	6,322,562	837,658	100
United States Dollar	325,022	33,780	—	—
	7,197,281	6,356,342	837,658	100

25. 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.

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on hire-purchase payables, bank borrowings, term loans and short-term deposits. The interest rates of hire-purchase payables, bank borrowings, term loans and short-term deposits are disclosed in Notes 17, 18, 19 and 24 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, 2006, is the carrying amount of these receivables as disclosed in the balance sheets.



NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

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 18 and 19 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 financial assets and liabilities as reported in the balance sheets as of August 31, 2006 approximate their fair values because of the short maturity terms of these instruments other than the following financial instruments:

	2006		2005	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
The Group				
Financial Asset				
Quoted investment (Note 12)	7,700	6,700	7,700	7,700
Financial Liabilities				
Hire-purchase payables (Note 17)	1,944,637	1,896,080	3,706,514	3,566,125
Term loans (Note 19)	4,283,892	4,161,106	7,905,829	6,834,702

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

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.

26. CAPITAL COMMITMENT

As of August 31, 2006, the Group has the following capital commitment:

	The Group	
	2006 RM	2005 RM
Approved and contracted for:		
Purchase of plant and machinery	2,272,000	353,000



27. SIGNIFICANT EVENTS

- (i) On November 15, 2005, the entire issued and paid-up share capital of the Company comprising 98,000,000 ordinary shares of RM0.50 each was listed on the Second Board of Bursa Malaysia Securities Berhad.
- (ii) On March 13, 2006, the Company entered into a conditional Share Sale Agreement with Xadacorp Sdn. Bhd. and Messrs. Tio Boon Yiew and Choong Heng @ Chong Choong Heng to acquire 255,000 ordinary shares of RM1.00 each of Advance Autotek Industries (M) Sdn. Bhd. ("AAI") shares, representing 51% equity interest in AAI, for a cash consideration of RM4,590,000. The acquisition was approved by Foreign Investment Committee on March 28, 2006 and completed on April 25, 2006. Consequently, AAI became a subsidiary company of the Company.
- (iii) On August 14, 2006, AAI incorporated a wholly-owned subsidiary company in Malaysia, namely AAI Auto Electronics Sdn. Bhd. (formerly known as AAI Autoacoustics Sdn. Bhd.) ("AAI Electronics"). AAI Electronics is a private limited company with an authorised share capital of RM100,000, divided into 100,000 ordinary shares of RM1.00 each and issued and fully paid-up shares of RM2, divided into 2 ordinary shares of RM1.00 each and its intended principal activities are manufacturing and assembling of automotive parts and components.
- (iv) On August 18, 2006, AAI incorporated another wholly-owned subsidiary company in Malaysia, namely AAI Autoclusters Sdn. Bhd. ("AAI Autoclusters"). AAI Autoclusters is a private limited company with an authorised share capital of RM100,000, divided into 100,000 ordinary shares of RM1.00 each and issued and fully paid-up shares of RM2, divided into 2 ordinary shares of RM1.00 each and its intended principal activities are manufacturing and assembling of automotive parts and components.

28. SUBSEQUENT EVENTS

- (i) On November 7, 2006, the Company entered into a Memorandum of Understanding with Zhangjiagang City Yiyang Pipe Producing Co., Ltd., a company incorporated in the People's Republic of China, to set up a foreign joint venture company in the city of Zhangjiagang, Jiangsu Province, the People's Republic of China, for manufacturing and sale of seamless tubes and pipes.
- (ii) 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\$1.00 each and issued and fully paid-up share of HK\$1.00, divided into 1 ordinary share of HK\$1.00 each and its intended principal activity is investment holding.

29. CONTINGENT LIABILITY

As of August 31, 2006, the Company is contingently liable to the extent of RM10,000,000 (2005: RMNil) in respect of unsecured corporate guarantees given to a local financial institution for credit facilities granted to a subsidiary company.



LIST OF PROPERTIES

The details of the properties of the BSL Group as at August 31, 2006 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
BSLI 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	13	Leasehold for 99 years expiring on 17 Oct 2089	7,075,612	9 Nov 2004
BSLI 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	2,939.394	10 Nov 2004
BSLI 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 shopoffice/ vacant	167/502	7	Freehold	268,800	10 Nov 2004
BSLI 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 2½ storey intermediate shop apartment/ workers' hostel	Not applicable/ 120	12	Leasehold for 99 years expiring on 17 Oct 2089	96,000	9 Nov 2004



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
BSLI 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 2½ storey intermediate shop apartment/ workers' hostel	Not applicable/ 120	12	Leasehold for 99 years expiring on 17 Oct 2089	96,000	9 Nov 2004
BSLI 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 2½ storey intermediate shop apartment/ workers' hostel	Not applicable/ 120	12	Leasehold for 99 years expiring on 17 Oct 2089	96,000	9 Nov 2004
BSLI 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 2½ storey intermediate shop apartment/ workers' hostel	Not applicable/ 120	12	Leasehold for 99 years expiring on 17 Oct 2089	96,000	9 Nov 2004
BSLI 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	12	Freehold	4,450,589	9 Nov 2004



LIST OF PROPERTIES

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 2006 (RM)	Market value (RM)/ Date of valuation
Crestronics Lot 5002 Batu 5½ 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	16	Freehold	5,381,025	30 Nov 2004

ANALYSIS OF SHAREHOLDINGS

AS AT DECEMBER 31, 2006

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		Total	
	Holders	%	Holdings	%
Less than 100	2	0.23	117	0.00
100 to 1,000	398	45.28	122,610	0.13
1,001 to 10,000	294	33.45	1,572,812	1.60
10,001 to 100,000	121	13.76	4,411,854	4.50
100,001 to 4,899,999 *	63	7.17	41,912,607	42.77
4,900,000 and above **	1	0.11	49,980,000	51.00
Total	879	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
Dato' Mohd. Haniff Bin Abd. Aziz	5,000,000	5.10	—	—

^(*) 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	—	—
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	100,000	0.102	—	—

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



ANALYSIS OF SHAREHOLDINGS

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	4.541
3	HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Teh Pen Sim (M12)</i>	3,880,670	3.960
4	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohd Haniff Bin Abd Aziz</i>	3,000,000	3.061
5	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohd Haniff Bin Abd Aziz (REM 817-Margin)</i>	2,000,000	2.041
6	CIMSEC Nominees (Asing) Sdn Bhd <i>Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)</i>	1,545,000	1.577
7	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB-Principal Asset Management Berhad for Lembaga Tabung Haji</i>	1,507,800	1.539
8	Nik Fauzi Bin Nik Hussein	1,423,500	1.453
9	Amanah Raya Nominees (Tempatan) Sdn Bhd	1,357,200	1.385
10	Balakrishnan A/L Muthukaruppan	1,350,000	1.378
11	HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Hoon Ghee (M12)</i>	1,347,900	1.375
12	Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad for Income Plus Fund (N14011980070)</i>	1,000,000	1.020
13	Tan Geok Soo	1,000,000	1.020
14	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Woo Yam Sang</i>	931,000	0.950
15	Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad for Lifetime Dana Barakah (230122)</i>	858,700	0.876
16	S'ng King Kiok	767,300	0.783
17	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Kon Lim</i>	699,000	0.713
18	Chang Yoke Lan	600,000	0.612
19	Cheang Wan Ying	600,000	0.612
20	Yap See See	600,000	0.612
21	Chang Yoke Mooi	549,737	0.561
22	ECM Libra Avenue Nominees (Asing) Sdn Bhd	500,000	0.510
23	Lee Kim Poh	500,000	0.510
24	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yee Foong Seng (REM 646-Margin)</i>	500,000	0.510
25	Lee Choon Hooi	480,000	0.490
26	Kong Chun Wah	472,800	0.483
27	Chang See Phin	455,900	0.465
28	Sharifah Rohaizah Binti Syed Abu Bakar	453,000	0.462
29	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yee Foong Seng (REM 646)</i>	436,000	0.445
30	Tan Kim Tiang	413,000	0.421
		83,658,507	85.365

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 3rd Annual General Meeting of the Company to be held at the Melati 1 & 2, Sheraton Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Friday, 23 February 2007 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:

Resolutions	For	Against
Ordinary Business		
1. Receive the Audited Financial Statements for financial year ended 31 August 2006.		
2. Re-election of Ngiam Tong Kwan as Director pursuant to Article 78 of the Company's Articles of Association.		
3. Re-election of Ngiam Tee Yang as Director pursuant to Article 78 of the Company's Articles of Association.		
4. Re-election of Datuk Dr Syed Muhamad bin Syed Abdul Kadir as Director pursuant to Article 83 of the Company's Articles of Association.		
5. Re-election of To' Puan Rozana binti Tan Sri Redzuan as Director pursuant to Article 83 of the Company's Articles of Association.		
6. Re-election of Ng Wai Pin as Director pursuant to Article 83 of the Company's Articles of Association.		
7. Approval of Directors' Fees.		
8. Declaration of First and Final Tax Exempt Dividend of 7.5%.		
9. Re-appoint Messrs Deloitte KassimChan.		
Special business		
10. Authority to the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

(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 _____ 2007.

No of Share Held

Signature or Common Seal of Member(s)

**Delete whichever is not applicable*

Notes:

- A member (other than an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the Meeting is entitled to appoint a maximum of two Proxies to attend and vote on his (her) behalf. A proxy may but need not be a member of the Company and the provisions of section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member appoints two (2) Proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) holdings to be represented by each Proxy.
- The Proxy Form shall be signed by the appointor or his (her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer
- The instrument appointing a Proxy must be deposited at the Office of the Company not less than 48 hours before the time for the Meeting or at any adjournment thereof.

Stamp

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
