BSL CORPORATION BHD 651118-K


# EMBRACING CHANGES

## ANNUAL REPORT 2017

# CONTENTS


02 Notice of Fourteenth Annual General Meeting

06 Corporate Information

07 Profile of Directors

10 Profile of the Key Senior Management

12 CEO's Statement & Management Discussion and Analysis

15 Corporate Structure

16 Group Financial Highlights

17 Corporate Governance Statement

27 Corporate Social Responsibility ("CSR")

28 Other Compliance Information

29 Statement on Risk Management and Internal Control

32 Audit Committee Report

35 Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statements

36 Financial Statements

92 List of Properties

93 Analysis of Shareholdings

Form of Proxy

# NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fourteenth Annual General Meeting of the Company will be held at Meeting Room, Ground Floor, Hotel S. Damansara, No. 1, Jalan Cempaka SD 12/5, Bandar Sri Damansara, PJU 9, 52200 Kuala Lumpur on Friday, 26 January 2018 at 9.00 a.m. to transact the following businesses:-

## AGENDA

**ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 31 August 2017 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1 of Ordinary Business)**

2. To re-elect the following Directors who retire pursuant to Article 78 of the Company's Articles of Association:-

   i Ngiam Tee Yang **Resolution 1**
   ii. Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir **Resolution 2**

3. To approve the payment of Directors' fees of RM244,950 for the financial year ended 31 August 2017. **Resolution 3**

4. To approve the payment of Directors' fees for an amount not exceeding RM265,000 for the financial year ending 31 August 2018. **Resolution 4**

5. To approve the payment of Directors' benefits for an amount not exceeding RM50,000 from 31 January 2017 until the next Annual General Meeting of the Company. **Resolution 5**

6. To re-appoint Messrs Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

**SPECIAL BUSINESS**

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

7. **ORDINARY RESOLUTION I**
   **Authority To Allot And Issue Shares** **Resolution 7**

   "THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION II**
   **Proposed Renewal of Authority for Share Buy-Back** **Resolution 8**

   "THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

   i. the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase;
   ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements available at the time of the purchase; and
   iii. the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares dividend.

AND THAT the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

i. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
ii. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
iii. revoked or varied by Ordinary Resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalize and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any party of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of the Main Market Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities."

9. **ORDINARY RESOLUTION III**
**Continuing in Office as Independent Non-Executive Directors**

"THAT, subject to the passing of Resolution 2, approval be and is hereby given to Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 9**

"THAT approval be and is hereby given to To' Puan Rozana Bte Tan Sri Redzuan who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 10**

"THAT approval be and is hereby given to Ng Wai Pin who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 11**

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

**JOANNE TOH JOO ANN [LS 0008574]**
**YAP SIT LEE [MAICSA 7028098]**
Company Secretaries

Kuala Lumpur
28 December 2017

**NOTES:**

1. **Appointment of Proxy**

   a. A proxy may but need not be a member of the Company.
   b. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote at the Meeting except where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, in which event it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
   c. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act.
   d. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
   e. 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.
   f. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarily certified copy of the power or authority must be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or at any adjournment thereof.
   g. Only members whose names appear in the Record of Depositors as at 19 January 2018 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

**EXPLANATORY NOTES ON ORDINARY BUSINESS**

1. **Agenda item No. 1 - Audited Financial Statements for the Financial Year Ended 31 August 2017**

   The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

2. **Agenda item No. 2 (i) and (ii) - Re-election of Directors**

   Ngiam Tee Yang and Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Fourteenth Annual General Meeting.

   The Board has through the Nomination Committee, considered the assessment of the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

   The board has also through the Nomination Committee conducted an assessment on Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir's independence and is satisfied that he has complied with the criteria prescribed under the Bursa Securities.

3. **Agenda items No. 3, 4 and 5 – Payment of Directors' Fees and Benefits**

   Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

   The Proposed Resolution 4 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

   The proposed Resolution 5 for the Directors' benefits are benefit payable to the Executive Director and meeting allowances. Meeting allowances are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period from 31 January 2017 up to the next Annual General Meeting. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

4. **Agenda item No. 7 - Authority To Allot And Issue Shares**

The Ordinary Resolution proposed under Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

The Ordinary Resolution proposed under Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

5. **Agenda item No. 8 - Proposed Renewal of Authority for Share Buy-Back**

The Ordinary Resolution proposed under Resolution 8, if passed, will empower the Directors to purchase up to ten per centum (10%) of the issued share capital of the Company through Bursa Securities.

Please refer to the Statement to Shareholders dated 28 December 2017 for further information.

6. **Agenda item No. 9 - Continuing in Office as Independent Non-Executive Directors**

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin, were appointed to the Board on 28 December 2006 and have therefore served for more than nine (9) years. As at the date of this Notice, they have served the Company for eleven (11) years.

The Board has via the Nomination Committee assessed the independence of Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin, considered them to be independent and recommended that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

i. they fulfilled the criteria of an Independent Director pursuant to Main Market Listing Requirements of Bursa Securities;
ii. they are familiar with the Company's business operations as they have been with the Company for a period of more than nine (9) years;
iii. their long tenures with the Company have neither impaired nor compromised their independent judgement. They continue to remain objective and are able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;
iv. they have exercised due care during their tenure as Independent Directors of the Company and carried out their duties in the interest of the Company and shareholders;
v. they have devoted sufficient time and commitment to discharge their responsibilities as an Independent Non-Executive Directors; and
vi. they do not have any business dealings with the Group.

The Ordinary Resolution proposed under Resolutions 9, 10 and 11 if passed, will enable Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin to continue to act as Independent Non-Executive Directors of the Company.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Ngiam Tong Kwan**
*Executive Chairman*

**Ngiam Tee Wee**
*Chief Executive Officer/*
*Executive Director*

**Ngiam Tee Yang**
*Deputy Chairman/Executive Director*

**Teh Yoon Loy**
*Executive Director*

**Datuk Dr. Syed Muhamad**
**Bin Syed Abdul Kadir**
*Independent Non-Executive*
*Director*

**To' Puan Rozana**
**Bte 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*
*Independent Non-Executive Director*

**Ng Wai Pin**
*Member*
*Independent Non-Executive Director*

**To' Puan Rozana**
**Bte Tan Sri Redzuan**
*Member*
*Independent Non-Executive Director*

## COMPANY SECRETARIES

**JOANNE TOH JOO ANN**
(LS 0008574)
**YAP SIT LEE**
(MAICSA 7028098)

## WEBSITE

www.bslcorp.com.my

## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 03 2783 9191
Fax : 03 2783 9111

## SHARE REGISTRAR

**Tricor Investor & Issuing House**
**Services Sdn. Bhd.** (11324H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 03 2783 9299
Fax : 03 2783 9222

## AUDITORS

**Mazars PLT** (AF1954)
Wisma Selangor Dredging,
11th Floor, South Block,
142-A, Jalan Ampang,
50450 Kuala Lumpur, Malaysia
Tel : 03 2161 5222
Fax : 03 2161 3909

## PRINCIPAL BANKERS

OCBC Bank ( Malaysia ) Berhad

## STOCK EXCHANGE LISTING

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

## NGIAM TONG KWAN

*Executive Chairman*

Aged 68 | Malaysian | Male

Appointed to the Board of BSL Corporation Bhd ("BSL") 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. ("BSLI"), guiding it through steady growth over the years. He is also the director and co-founder of Unique Forging & Components Sdn. Bhd. ("Unique") and Crestronics (M) Sdn. Bhd. ("Crestronics").

He is the Chairman of the Remuneration Committee of BSL.

He is the father of Ngiam Tee Wee, the Chief Executive Officer ("CEO") of BSL, the uncle of Ngiam Tee Yang, an Executive Director of BSL and the brother-in law of Teh Yoon Loy, an Executive Director of BSL.

He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers.

## TEH YOON LOY

*Executive Director*

Aged 60 | Malaysian | Male

Appointed to the Board on 28 April 2005, he graduated with a Degree in Business Administraiton 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 as a Director of Unique.

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

He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers.

## NGIAM TEE WEE

*Chief Executive Officer / Executive Director*

Aged 49 | Malaysian | Male

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

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

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

He is the adopted son of the Executive Chairman, Ngiam Tong Kwan and the natural brother of Ngiam Tee Yang, an Executive Director of BSL.

He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers.

## DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR

*Independent Non-Executive Director*

Aged 70 | Malaysian | Male

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir, is an Independent Non-Executive Chairman of CIMB Islamic Bank Berhad and he was appointed to the Board on 28 December 2006. He 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. In 1982 he pursued the Ph. D. programme in Business Management at Virginia Polytechnic Institute and State University, USA and was conferred Ph.D in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons.) from the University of Malaya. He obtained the Certificate in Legal Practice in 2008 from the Malaysian Professional Legal Board. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009, and obtained the Master of Law (Corporate Law) from Universiti Teknologi MARA in December 2009. In June 2011 he became a member of The Chartered Institute of Arbitrators, United Kingdom and in May 2012 became the fellow of the Institute.

He started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (INTAN) and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and there after assumed the post of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management), Finance Division of the Federal Treasury.

From 1993 to 1997, he joined the Board of Directors, Asian Development Bank, Manila, Philippines, first as Alternate Director and later as Executive Director. Datuk Dr. Syed Muhamad then joined the Ministry of Finance as Secretary (Tax Division) and subsequently became the Deputy Secretary General (Operations) of Ministry of Finance. Prior to his retirement, Datuk Dr. Syed Muhamad was Secretary General, Ministry of Human Resources.

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

Datuk Dr. Syed Muhamad is also a Director of Euro Holdings Berhad, Solutions Engineering Holdings Berhad, ACR ReTakaful SEA Berhad, Malakoff Corporation Berhad, Sun Life Malaysia Takaful Berhad and Sun Life Malaysia Assurance Berhad. He is also a Director of CIMB Principal Islamic Asset Management Sdn. Bhd.. In addition, he holds a directorship in a number of private companies.

He does not have any family relationships with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## NGIAM TEE YANG

*Deputy Chairman / Executive Director*

Aged 51 | Malaysian | Male

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

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

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

He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers.

## TO' PUAN ROZANA BTE TAN SRI REDZUAN

*Independent Non-Executive Director*

Aged 53 | Malaysian | Female

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 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 property development and waste-water treatment.

She also sits on the board of Tomypak Holdings Berhad.

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. She has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## NG WAI PIN

*Independent Non-Executive Director*

Aged 52 | Malaysian | Male

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

He later joined Shook Lin & Bok, a legal firm in Kuala Lumpur and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1993. After leaving the legal practice, he became the Chief Executive Officer of a company listed on Bursa Securities and later on the Chief Executive Officer of another company listed on the Australian Stock Exchange.

He is currently the Chairman and Managing Director of Frontken Corporation Berhad and a director of various private companies locally and overseas.

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

He has no family relationship with any Director and/or major shareholders of BSL. He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# PROFILE OF THE KEY SENIOR MANAGEMENT

## ANDY WOO WENG KOK

*Executive Director of Crestronics (M) Sdn. Bhd.*

Aged 41 | Malaysian | Male

He graduated with a Bachelor of Science in Electrical Engineering Degree in 1998 & Bachelor of Science in Computer Engineering Degree in 1999 from Wichita State University, Kansas, USA and started working after graduation in 2000 as a Management Trainee in Western Resources, a Power & Gas Company in Kansas, USA.

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

He joined Crestronics as a Product Engineer in 2002 and was promoted to Marketing & Purchasing Assistant Manager in 2006. His duty includes developing new customers, acting as a window for existing customers and setting up new models.

He is the son-in-law of the Executive Chairman, Ngiam Tong Kwan. He does not hold any directorship in public companies and listed issuers. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## CHAN CHOON KEUW

*Deputy General Manager*

Aged 59 | Malaysian | Male

He began his carrier at Matsushita Industrial Corporation Sdn. Bhd. after completed his MCE in year 1978 as a dies maintenance staff.

He joined BSLI in year 1983 and attached to Tool room as a tool room technician. Mr. Chan earned much experience at BSLI holding various key positions before being promoted to Deputy General Manager. He was in-charge of the Quality Assurance Department in 1987, Production Department in 1998 and Engineering Department in 2006. In 1998, he successfully completed Lead Assessor training and assisted the company to achieve ISO 9001 certification.

Currently he is the Management Representative for both QMS & EMS.

He does not hold any directorship in Public Companies and listed issuers. He does not have any family relationship with director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## NISHIMURA KOICHI

*Business Development*

Aged 56 | Japanese | Male

Nishimura Koichi was appointed as senior manager of business development of BSLI on Jan 2008. He graduated from Osaka College of Art in 1982, majoring in interior design. He started his career in Malaysia in 1991, beginning work as an interior designer where he often handle contract and project management.

Throughout his 8 years with BSLI, he takes care of the sales department with special emphasis on Japanese clients and to develop new customers.

He does not hold any directorship in Public Companies and listed issuers. He does not have any family relationship with director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## YUKIHIRO EGUCHI

*Operation Director for Crestronics (M) Sdn. Bhd.*

Aged 55 | Japanese | Male

He joint Crestronics on 28 April 2005, Mr Eguchi joined his family-owned company Bright Trading Corporation in Tokyo after graduated from Nippon Institute Technology attachment Komaba high school (Formerly Nippon Institute Technology attachment Tokyo Technical High School) in 1981, as an Automotive Mechanical Engineer. In 1986, he joined an American audio-video company, Sound Design Corporation, Tokyo Branch as an Engineer. During this period, 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 does not hold any directorship in Public Companies and listed issuers. He does not have any family relationship with director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## CHAY JIUN YEE

*Chief Financial Officer*

Aged 45 | Malaysian | Male

Chay Jiun Yee was appointed as the Chief Financial Officer of BSL on 1 November 2017. He completed his ACCA in the year 2006. He is also a member of the MIA.

He began his career with Tan Peng Sam & Co as an audit assistant in 1996. He subsequently joined Malayan United Industries Berhad in 1998 as an account executive. In the year 2004, he joined BSL as a finance manager and was a key person in the Initial Public Offering of BSL in the main market of Bursa Malaysia. In the year 2009, he left BSL and joined 2 other companies in the finance manager capacity before rejoining BSL on 1 November 2017. Over the years, he has gained vast experience through his involvement in corporate exercises, group reporting, audit, tax and finance operations.

He does not hold any directorship in any Public Companies and listed issuers. He does not have any family relationship with any director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## KENNETH NG

*Finance Manager*

Aged 29 | Malaysian | Male

Kenneth Ng was appointed as the Finance Manager of BSL Corporation Berhad on 11 September 2017. He graduated with a Bachelor's Degree in Business and Commerce majoring in Accounting & Banking and Finance from Monash University in the year 2009. He is also a member of CPA Australia.

He began his career with KPMG as an audit assistant in 2010 and later in 2015 he was promoted to audit manager. He has over 5 years of audit experience covering public listed, non-public listed companies and multinational companies. In 2015, he joined a private company in the corporate finance department where he was involved in corporate exercises, audit, tax, reporting and corporate secretarial matters.

He does not hold any directorship in any Public Companies and listed issuers. He does not have any family relationship with any director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present to you the Annual Report for BSL Corporation Berhad ("BSL") for the financial year ended 31 August 2017.

### OVERVIEW

During the financial year ended 31 August 2017 ("FY2017"), the Group continues its objective to grow on the existing business as well as diversify into new segments to have a stronger income stream. The strategy to grow the core business of stamping and PCB assembly is via the in-depth focus on EMS sector and we have secured new opportunities which are explained further at the Current Year Outlook segment below. FY2017 was also a proud year where the renewable energy sector of the Group has gained further traction through the completion of key projects as described in the Operational Review segment below.

### FINANCIAL REVIEW

For the financial year under review, the Group's turnover from continuing operations increased by RM38.0 million or 35.1% to RM146.3 million as compared to RM108.3 million recorded in the previous year.

The growth in turnover was contributed by the increase in orders for TV back chassis as well as agricultural components. In addition, the completed solar energy engineering, procurement, construction and commissioning ("EPCC") projects by the renewable energy division also contributed positively towards the growth in turnover.

The Group reported a profit after tax for the FY2017 of RM3.67 million compared to RM4.60 million the previous year which is a slight decline of RM0.93 million.

The higher profit after tax in previous year was due to the non-operation income from the conversion of provision of doubtful debts and the gain on disposal of our former PCBA factory located in Meru, Klang.

Despite the decline in profit after tax, the Group has posted better operational results. Besides improvements in turnover, sustained efforts in various continual improvements especially in efficiency has helped increase operational profit.

Profit per share for the continuing operations of the Group is 3.31 sen.

### CAPITAL STRUCTURE AND CAPITAL EXPENDITURES

The Group continues to strengthen its balance sheet as evidenced by the improved equity attributable to the owners of the Company of RM77.1 million where it has increased by 3.7% from prior year.

During the financial year under review, the Group incurred capital expenditures amounting to RM8.7 million. Significant portion of this expenditure relates to the solar farm we constructed and own at Universiti Teknologi Malaysia. The capital expenditure of the Group is mainly funded by the internally generated funds and external borrowings.

Our total borrowings currently stands at RM17.38 million as compared to RM15.50 million in the prior year which translates to a debt to equity ratio of 22%. Complementing this healthy debt to equity ratio is a strong balance sheet with a net assets attributable to owners of the Company of RM77.1 miilion and overall cash holdings of RM13.9 million. The Group also reported a net cash generated from operating activities of RM5.85 million during the year.

## OPERATIONAL REVIEW

Despite a challenging environment, the stamping division continued to show improvement in both turnover and profitability. For 4 years in a row, we have improved our turnover from RM69.0 million (FY2014) to RM121.2 million (FY2017). This latest result means that we are almost back to our peak turnover of RM131.0 million achieved in FY2011. Turnover improved by RM24.3 million or 25.1% compared to previous year's turnover of RM96.9 million. Profit before tax improved from RM0.18 million to RM5.6 million. We enjoyed improved sales from many key clients, with clients from television, agriculture, ventilation fans and air-conditional industries leading the way. Our production of back chassis for LCD TV commenced smoothly with sizeable contribution to both sales and profit. In view of increasing cost of manufacturing, this division is continuing effort in automation. Among completed projects were automation for multi-tapping, spot welding and wire bending. We will intensify automation effort if further increase in minimum wages or foreign workers levy cost materialize as expected in 2018.

Our PCB Assembly division registered RM13.9 million in sales compared to RM11.6 million, an improvement of RM2.3 million or 19.8%. However, this division suffered a loss of RM0.5 million as compared to a profit of RM2.2 million a year earlier. Last year's profit was boosted by special gain from conversion of doubtful debt into securities and gain from disposal of vacant factory. Operationally, we have managed to reduce the losses. Several clients increased their order quantities due to favourable market condition and increased confidence in this division. These include clients in audio and home appliances. This division also managed to rope in new clients with various end products such as automotive USB, infant ICU monitoring system and electrical surge protector. We concentrated on effort to stabilize the operation after much changes to drive improvement was implemented the previous year. In coming months, we hope to implement new software to improve planning, delivery and inventory control.

We are proud to announce that the stamping division has successfully upgraded their ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System) to the latest 2015 version by their respective certification bodies while the PCB Assembly division is in progress towards achieving the same feat.

Our renewable energy division registered a turnover of RM20.4 million and profit of RM2.2 million.

During the year, we had completed 2 EPCC projects for Solar Energy project of which one of the project is owned by BSL at Universiti Teknologi Malaysia in Kuala Lumpur. The connection to Grid was completed in January 2017.

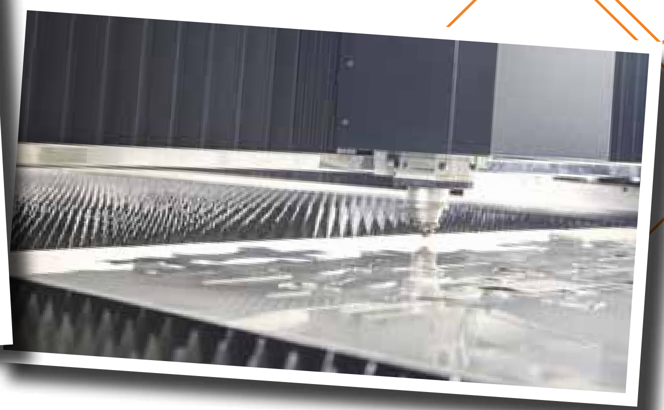
Malaysia has set a target in its 11th Malaysia Plan to boost the country's electricity generation capacity through renewable sources.

The development of LSS program by Suruhanjaya Tenaga and the commencement of Net Energy Metering program by SEDA are fostering the development of Solar Energy as one of the main contributor towards country's vision in developing Renewable Energy.

Besides Malaysia, our team is also seeking opportunities in several neighboring countries in particular, Vietnam for the Solar Energy related businesses.

Another key milestone for our renewable energy sector was the signing of 2 Memorandum of Understanding ("MOU") during the year with Seraphim, who is a first tier solar panel producer in the world, and with TBEA, who is a supplier of transformer and inverters in China. The signing of these MOU enables BSL Eco Energy to be the distributor of Seraphim's solar panels in Malaysia and TBEA's transformers and inverters in Vietnam.


*MOU signing between BSL Eco Energy with Seraphim Solar System and TBEA Co. Ltd.*



## ANTICIPATED OR KNOWN RISKS

Any changes in the country's regulations and policies may have an impact on the Group's operations. Being a manufacturing based Group, changes to the labor law may have an impact on the earnings of the Group for the stamping segment. To mitigate this, we are always looking at automating our processes to reduce manual work and improve efficiency as well as output.

As for the renewable energy segment, equipment prices fluctuations is a risk to our business. As we seek to competitively price our products, increase in equipment prices can erode our margins. The Group has taken steps to mitigate this risk by having Memorandum of Understanding with key equipment suppliers in the renewable energy sector as described above.

## CURRENT YEAR OUTLOOK

Our Group's intention to reshape our traditional manufacturing business from component maker to an EMS provider is gaining traction. We managed to secure a LED lighting job from a UK company. An existing client also awarded us the fabrication, procurement and complete assembly of an automatic egg elevator. Both jobs are expected to start in early 2018. We have invested in a fiber laser cutting machine and CNC press brake machine to facilitate the EMS business model. Both machines, which are financed through hire purchase arrangement, are expected to be installed and fully operational by January 2018.

In November 2017, we entered into a joint venture agreement to set up BSL Development Sdn. Bhd. ("BSLD") with the intention to develop properties. BSLD intends to target small scale and competitively priced development of shop lots, landed houses or apartments. Our longer term goal is to be a developer of affordable housing in Malaysia. We hope to synergize the housing development with our renewal energy segment. In 2016, we have signed a MOU with our development partner to install the solar energy system into one of their upcoming project.

## DIVIDEND

The Board does not recommend any dividend payment in respect of the FY2017. We decided to be financially conservative in view of possible cash requirement to expand our renewable energy and EMS businesses.

## CORPORATE GOVERNANCE

The Board appointed an independent service provider to carry out quarterly internal audit review on the Group's major operations and internal procedures. Thus far, 4 internal audit reports have been issued and the Group is following up closely on implementation action plans to address any matters arising from these internal audit reports.

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

A more detailed approach in the Group's practices on corporate governance is set out in our Corporate Governance Statement in page 17 to 26.

## APPRECIATION

On behalf of the Board, we would like to acknowledge and recognize the contribution by all the Directors, management team and employees of the Group for their continuous support and commitment towards elevating the Group to a higher level. We also would like to thank our shareholders, clients, business associates, partners and the relevant government authorities for their continuing support and confidence to the Group.

Thank you.

**Ngiam Tee Wee**
*Chief Executive Officer*
*28 December 2017*

BSL CORPORATION BHD 651118-K

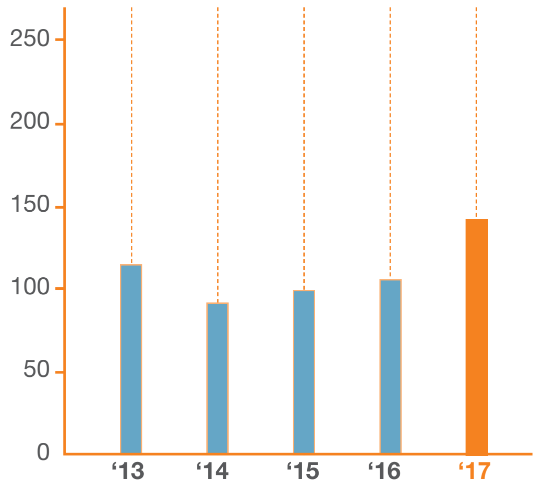
- 100% Ban Seng Lee Industries Sdn. Bhd.
- 100% Crestronics (M) Sdn. Bhd.
  - 52% Crestronics Greentech Sdn. Bhd.
- 100% Unique Forging & Components Sdn. Bhd.
  - 100% Matahari Suria Sdn. Bhd.
- 100% Advance Autotek Industries (M) Sdn. Bhd.
- 100% BSL ( HK ) Limited
  - 25% Hongze Yiyang Steel Tube Co.,Ltd
  - 22.5% Petapak Holdings Limited
- 51% BSL Eco Energy Sdn. Bhd.
  - 100% Suria Solar Tech Sdn. Bhd.
- 51% BSL Development Sdn. Bhd.

# GROUP FINANCIAL HIGHLIGHTS

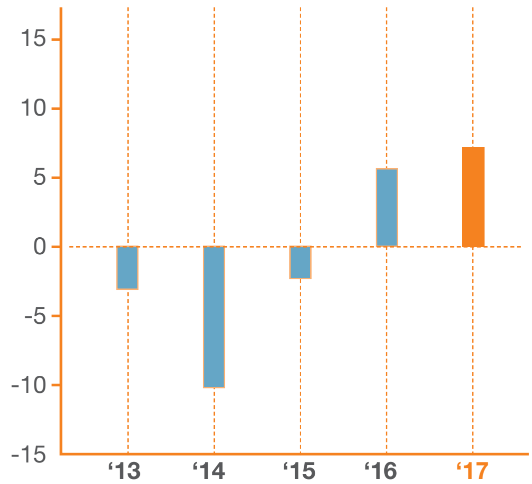
## FIVE-YEARS PERFORMANCE HIGHLIGHTS

| | 2017 RM'000 | 2016 RM'000 | 2015 RM'000 | 2014 RM'000 | 2013 RM'000 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Revenue | **146,251** | 108,262 | 98,076 | 94,883 | 112,210 |
| Profit / (Loss) Before Tax | **6,484** | 5,182 | (2,675) | (10,496) | (3,973) |
| Profit / (Loss) Attributable to Shareholders | **3,202** | 4,761 | (3,568) | (9,804) | (4,189) |
| **Balance Sheet** | | | | | |
| Total Assets | **131,482** | 111,761 | 111,259 | 113,034 | 127,383 |
| Shareholders' Fund | **77,113** | 74,352 | 66,395 | 71,376 | 81,071 |
| Issued share | **49,000** | 49,000 | 49,000 | 49,000 | 49,000 |
| **Financial Ratios** | | | | | |
| Return on Shareholders' Fund (%) | **4.15** | 6.40 | (5.37) | (13.74) | (5.17) |
| Earnings / (Loss) per Share (sen) | **3.31** | 4.90 | (3.7) | (10.2) | (4.4) |
| Net Assets per Share (sen) | **79.8** | 76.9 | 68.6 | 73.7 | 83.7 |
| Gross Dividend per Share - First and Final (sen) | **-** | - | - | - | - |

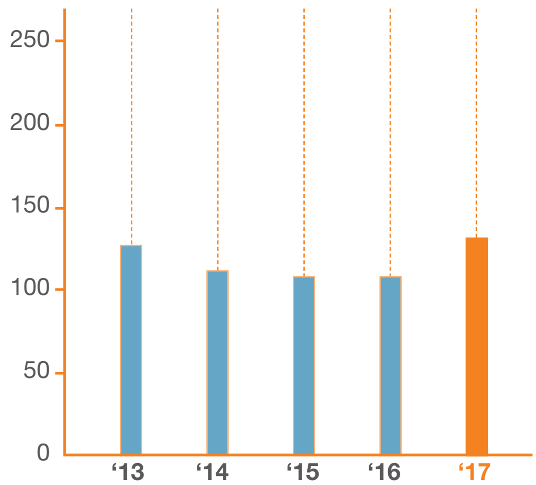
Revenue (RM'Million)



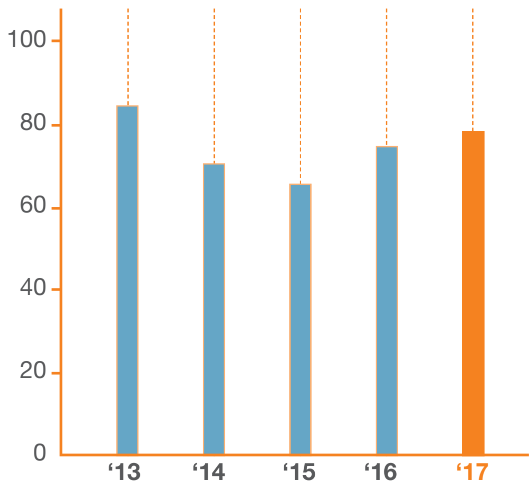

Profit / (Loss) Before Tax (RM'Million)




Total Assets (RM'Million)




Net Assets per Share (sen)



The Board of Directors (the "Board") of BSL Corporation Berhad ("the Company") recognises the importance of establishing and maintaining good corporate governance within the Group and is committed to such a mission.

The Board is therefore pleased to present this statement of corporate governance which outlines how the Company has applied the Principles and Recommendations set out in the Malaysian Code of Corporate Governance ("the Code") for the financial year ended 31 August 2017. Where there are gaps in the Company's observation of any of the Recommendations of the Code, these are disclosed herein with explanations.

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

**Clear Functions of the Board and Management**

The Group acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of its shareholders' value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The role and function of the Board, which includes the differing roles of Chairman, Chief Executive Officer ("CEO"), and Directors are clearly delineated and defined in the Board Charter.

The Management conducts the daily operation of the companies guided by internally developed KPIs and ISO 9001 and ISO 14001 principles. Meetings are conducted on monthly basis to review the KPIs results and to seek constant improvement. The Executive directors then report to the Board on a quarterly basis.

All Board Committees have written terms of reference which are approved by the Board. The Chairman of the AC, Nomination Committee and Remuneration Committee report to the Board subsequent to the respective committee meetings.

The CEO has executive responsibilities for the day-to-day operations of the Company's business and shall implement policies, strategies and decisions approved by the Board and shall be accountable for the management functions of the Company and/ or Group and for the results and performance, including conduct and disciplines, which would include leadership by example.

**Clear Roles and Responsibilities**

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- Review and approve strategies, business plans and significant policies and ensure that the Group's goals are clearly established, and to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business by adopting performance appraisal measures;

- The Management devise action plans in accordance to the business plan and works towards achieving the targets. Review meetings are carried out to track progress and identify gaps;

- Ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its business capital;

- To evaluate whether the business is being properly managed and to ensure that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard the Company's assets; The Board analyses the financial results periodically and seek clarification on any anomaly. Besides explaining on the deviation, the Management also required to have rectification plans whenever necessary. Further meetings will be conducted to follow up on the effectiveness of the rectification plans;

- To ensure that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;

- Establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various board committees and acting on their reports;

- Ensuring that the statutory accounts of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

**Clear Roles and Responsibilities (Cont'd)**

- Ensuring that there is in place an appropriate succession plan for members of the Board and senior management; The Board periodically reviews the status of succession of key positions. Whenever the need arises, the Board considers creating a deputy position to ensure continuity;

- Ensuring that the Group adheres to high standards of ethics and corporate behaviour including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice which among others includes the declaration of any personal, professional or business interests, direct or indirect which may conflict with directors responsibilities as a Board Member and to refrain from voting on such transaction with the Group; and

- Ensuring that there is in place an appropriate investor relations and communications policy. The Board recognises the need to keep shareholders informed on key or material development. Majority of the communication was done through announcements made to Bursa Malaysia Securities Berhad. General information has been provided on the Company's website and is constantly updated. Further important explanations such as condition of business, business direction, status of certain projects, etc are explained in the Management's Discussion and Analysis section in the Annual Report. AGM are held once a year and EGMs whenever the needs arise.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and investment, consideration of significant financial matters and the review of the financial and operating performance of the Group. The schedule ensures that the governance of the Group is firmly in the Board's hand.

**Formalised Ethical Standards through Code of Business Ethics**

The Board has adopted a Code of Conduct which includes principles in relation to conflicts of interests, integrity, professionalism and the use of confidential information. The Board's Code of Conduct is provided in the Board Charter, which is available on the Company's website at www.bslcorp.com.my.

The Group is committed to conduct its businesses and operations with integrity, openness and accountability and to also conduct its affairs in an ethical, responsible and transparent manner. To facilitate the observation and application of the above values, the Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance with regulatory requirements and other malpractices or misconducts.

The Group encourages employees who are facing conflicts to discuss accordingly with their superior to solve the matter in a peaceful manner. The Group CEO is always available to be contacted by any employees in regards to matters regarding any known corrupt practices, unethical behavior, misuse of company assets or any incompliance with rules and regulations.

The Group has an official policy on whistle blowing plus various adherences to Labour Law, Clean Procurement and Race and Religious impartiality stated in its Corporate Social Responsibility Policy. This policy has been in place since 2012. Both internal staff and external contractors/suppliers are able to submit report anonymously of any wrong doings or breach. Reports can be submitted via emails and phone numbers stated in the policy and confidentiality are assured. The key persons in-charge are the Group Human Resource Manager and Finance Manager.

**Strategies Promoting Sustainability**

The Group acknowledges that sustainability is an important aspect of its business and continues to undertake responsible practices that impact the society and environment in a positive manner and to inculcate a culture of responsibility in all aspects of our business. It therefore adopts a business approach to create shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments.

The Company's commitment in governance is evidenced through the achievement of ISO 9001:2008 Quality Management and ISO 14001:2004 Environmental Management Systems in all major facilities within the Group.

The Board ensures that its long-term financial viability, loyalty of key stakeholders and preservation of the environment are achieved. The details of sustainability activities are set out in the Corporate Social Responsibility section on page 27 of the Annual Report.

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

**Access to Information and Advice**

Seven (7) days prior to the meetings of the Board and the Board Committees, the meetings' agenda together with previous meetings' minutes and other relevant qualitative and quantitative information were compiled into reports to be circulated to all members on a timely basis. Management has been invited to the Board and Board Committees' meetings to report or present on areas within their responsibilities to ensure the members were able to effectively discharge their responsibilities. All Directors also have full and free access to information within the Group, as well as the prerogative to seek the Company Secretaries' and independent professional advice, in furtherance of their duties, at the expense of the Group, should such advisory services be considered necessary.

**Qualified and Competent Company Secretary**

Directors have direct access to the advice and services of the Group's Company Secretary. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act, 2016. The Board is advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings. The Board is supported to ensure adherence to board policies and procedures, rules, relevant laws and best practices on Corporate Governance.

The Company Secretary also has undertaken the following functions, among others:

i. advise and remind the Directors of their obligations to disclose their interest in securities, any conflict of interest and related party transactions;
ii. advise the Directors of their duties and responsibilities;
iii. advise and remind the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;
iv. Prepare agenda items of meetings for Board and Board Committees and send to the respective Board and Board Committees; and
v. Attend all Board and Board Committees meetings and to ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolution passed are made and maintained accordingly.

The Companies Secretaries are suitably qualified and have attended relevant trainings and seminars to keep abreast with the Statutory and regulatory requirements' updates.

**Board Charter**

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the role and responsibilities of the Board. The details of the Board Charter are available for reference at www.bslcorp.com.my.

Any amendment to the Board Charter can only be approved by the Board. The Board Charter was last reviewed on 19 December 2017 and would be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

## STRENGTHEN COMPOSITION

**Nomination Committee ("NC")**

The NC assists the Board in proposing new nominees for appointment to the Board of the Company, assessing the effectiveness of Directors on an ongoing basis, and reviews the effectiveness of the CEO and Executive Directors. The NC also reviews and recommends training and orientation needs/requirements for each individual Director and ensures the same are fulfilled accordingly.

The NC is appointed by the Board and consists entirely of Independent Non-Executive Directors. It comprises the following members:-

i. Datuk Dr Syed Muhamad Bin Syed Abdul Kadir - Chairman, Senior Independent Non-Executive Director
ii. To' Puan Rozana Bte Tan Sri Redzuan - Independent Non-Executive Director
iii. Ng Wai Pin - Independent Non-Executive Director

Among others, the duties and responsibilities of the NC are as follows:-

i. To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of director.
ii. To evaluate the re-appointment of any Non-Executive Director at the conclusion of their specific term of office.
iii. To review the structure, size and composition (including skills, knowledge, experiences) of the Board and make recommendations to the Board with regard to any change.

## STRENGTHEN COMPOSITION (CONT'D)

**Nomination Committee ("NC") (Cont'd)**

Members of the NC may relinquish their membership in the NC with prior written notice to the Company Secretaries, and in which case, the NC will review and recommend to the Board for approval, another Director to fill the vacancy.

The Term of Reference of the NC is available on the Company's website at www.bslcorp.com.my.

The NC has full, free and unrestricted access to the Company's records, properties and personnel in carrying out its duties and responsibilities. The NC is also authorised to seek independent professional advice, subject to the approval of the Board, at the expense of the Company, in carrying out its duties. However, the NC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

The NC will meet at any time when the need arises. The presence of the majority of the Independent Non-Executive Directors shall form the quorum of the meeting.

**Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors**

**a. Recruitment or New Appointment of Directors**

The NC recommends to the Board, candidates for all directorships and to review the Board's policies and procedures for the selection of Board members. In making the recommendations, the NC should also consider candidates proposed by the Chairman/CEO, and within the bounds of practicability, by any other senior executive, Director or shareholder. In making its recommendations, the NC shall assess and consider the candidates':

- skills, knowledge, expertise and experience;
- professionalism;
- time commitment to effectively discharge his/her role as a director;
- contribution and performance;
- character, integrity and competence;
- boardroom diversity including gender diversity, ethnicity diversity, age group diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

New Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to effectively contribute to the Board. The NC will ensure that a formal orientation program is in place for future new recruits to the Board.

**b. Gender, Ethnicity and Age Group Diversity Policy**

The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board. The Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. Currently, there is one female director on the Board.

**c. Annual Assessment**

The NC had on 19 December 2017 reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including core competencies of the Directors, the contribution of each individual Director as well as their character, integrity and time commitment, independence of the Independent Directors, effectiveness of the Board as a whole, and the Board Committees; and also the retirement of Directors eligible for re-election.

Self and peer evaluations had been conducted by each Individual Director and Independent Director and a summary of the evaluations was furnished to the NC prior to the NC meeting. The evaluations of the Board Committees, Independent Directors and the Individual Directors produced positive results on the performance of the Board and each director.

## STRENGTHEN COMPOSITION (CONT'D)

**Directors' Remuneration**

The Remuneration Committee ("RC") reviews and reports to the Board on remuneration and personnel policies, compensation and benefits programs with the aim to attract, retain and motivate individuals of the highest quality. The remuneration should be aligned with the business strategy and long-term objectives of the Company, and to reflect the Board's responsibilities, expertise and complexity of the Group's activities.

The RC shall be appointed by the Board and shall comprise exclusively or a majority of non-executive Directors. The members of the RC during the financial year are:-

i. Ngiam Tong Kwan - Executive Chairman;
ii. To' Puan Rozana Bte Tan Sri Redzuan - Independent Non-Executive Director; and
iii. Ng Wai Pin - Independent Non-Executive Director.

The remuneration package of each individual Executive Director is structured to reflect his experience, performance and scope of responsibilities. The remuneration of Non-Executive Directors are in the form of annual fees and reflects the experience and the level of responsibilities undertaken by the Non-Executive Director concerned. In addition, the Directors are also paid meeting allowances based on their attendance.

The RC has full, free and unrestricted access to the Company's records, properties and personnel in carrying out its duties and responsibilities. The RC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

Executive Directors shall abstain from the deliberation and voting on decisions in respect of their own remuneration package. In the event where the Chairman's remuneration is to be decided, he stall abstain from discussion and voting. The remuneration and entitlements of Non-Executive Directors should be a matter for the Board as a whole. The individuals concerned should abstain from discussions pertaining to their own remuneration.

The activities of the RC are developed from year to year by the Committee in consultation with the Board.

The aggregate remuneration of Directors received from the Company and it's subsidiary companies for the financial year ended 31 August, 2017 are set out as below:

| | Salaries Bonus RM | Other benefits RM | Fees RM | Benefits in kind RM | Total RM |
|---|---|---|---|---|---|
| **Received from Company:** | | | | | |
| Executive Directors | - | - | 137,600 | - | 137,600 |
| Non-Executive Directors | - | 4,500 | 107,350 | - | 111,850 |
| **Received On Group Basis:** | | | | | |
| Executive Directors | 980,308 | - | 137,600 | 34,337 | 1,152,245 |
| Non-Executive Directors | - | 4,500 | 107,350 | - | 111,850 |

A breakdown of the Director's remuneration for the financial year ended 31 August 2017 in successive bands of RM50,000.00 are as follows:

| Range of Remuneration (RM) | No. of Executive Director | No. of Non-Executive Director |
|---|---|---|
| **Received from the Company:** | | |
| 1 – 50,000 | 3 | 3 |
| 50,001 – 100,000 | 1 | - |
| **Total** | 4 | 3 |
| **Received On Group Basis:** | | |
| 1 – 50,000 | - | 3 |
| 200,001 – 250,000 | 1 | - |
| 250,001 – 300,000 | 1 | - |
| 300,001 – 350,000 | 2 | - |
| **Total** | 4 | 3 |

During the financial year, the RC had met to review and recommend to the Board, the remuneration package for the Chairman, CEO and Executive Directors of the Company. The fees of the Non-Executive Directors shall be determined by the Board as a whole where each individual Director abstains from discussions pertaining to his own fees. The directors' fees will be subject to the shareholders' approval at the Company's forthcoming Fourteenth ($14^{th}$) Annual General Meeting ("AGM").

## REINFORCE INDEPENDENCE

**Annual Assessment of Independence**

The Board recognises the importance of independence and that the Board members are responsible to act in the best interest of the shareholders of the Company. In view thereof, the NC assesses annually the independence of the Company's independent directors based on the criteria which had been developed prior to the assessment of independence of the Independent Directors.

The NC and the Board are of the view that all the three (3) Independent Non-Executive Directors of the Company continue to remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees and no individual or small group of individuals dominates the Board's decision-making process. All evaluations carried on the independence of the Independent Directors were tabled to the Board and are properly documented.

**Tenure of Independent Directors**

The Code recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

The Company does not have term limits for the Independent Directors as the Board believes that experience with the Company's business operations brings benefits to the Board and the long serving Independent Directors possess knowledge of the Company's affairs.

**Shareholders' approval for the retention of Independent Directors who have served more than nine (9) years**

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To'Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin were appointed to the Board as Independent Non-Executive Directors on 28 December 2006 and had served the Board for a cumulative term of more than nine (9) Years. The NC had assessed their independence and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

i. they fulfilled the criteria of an Independent Director pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

ii. they are familiar with the Company's business operations as they have been with the Company for a period of more than nine (9) years;

iii. their long tenures with the Company have neither impaired nor compromised their independent judgement. They continue to remain objective and are able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;

iv. they have exercised due care during their tenure as Independent Directors of the Company and carried out their duties in the interest of the Company and shareholders;

v. they have devoted sufficient time and commitment to discharge their responsibilities as an Independent Non-Executive Directors; and

vi. they do not have any business dealings with the Group.

Furthermore, Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir through his directorship in many other public listed and private companies, is able to share his advice on best practices as well as governance matters for the benefit of the Group. Ng Wai Pin with his legal background and directorship in local as well as overseas companies shares insights of various matters through his vast experience and exposure and continues to provide an objective judgement. To' Puan Rozana Bte Tan Sri Redzuan with her background in accounting as well as past experience in corporate exercises is able to ensure the Group is well aligned and fundamentally sound.

The Board is satisfied that the Independent Directors continue to bring along with them their core competencies, experience, integrity and skill sets to discharge their responsibilities independently and for the best interest of the Group despite having served for more than 9 years.

Based on the recommendation of NC, the Board was satisfied with the knowledge, contributions and independent judgements of Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin. Hence, the Board recommended the retention of Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To'Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin as Independent Non-Executive Directors of the Company, which will be tabled for shareholders' approval at the forthcoming Fourteenth ($14^{th}$) AGM.

## REINFORCE INDEPENDENCE (CONT'D)

### Separation of Positions of the Chairman and CEO

There is a clear division of responsibilities between the Chairman and the CEO to ensure a balance of authority and power. The Board is led by Ngiam Tong Kwan as the Executive Chairman and the executive management is led by Ngiam Tee Wee, CEO.

The role of the Chairman and the CEO are clearly defined in the Board Charter. The Chairman is responsible for running the Board and ensuring that all Directors receive sufficient information on financial and non-financial matters to enable them to participate actively in Board deliberations and decisions making process. Although the Chairman of the Board is not an Independent Non-Executive Director, he is primarily responsible for the orderly conduct and effective function of the Board. The CEO is responsible for the day-to-day management of the business as well as implementation of the Board's policies and decisions.

### Composition of the Board

The Board currently has seven (7) members; comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors.

The concept of independence adopted by the Board is in tandem with the definition of an independent director as stated in Paragraph 1.01 of the MMLR. The key element for fulfilling the criteria is the appointment of an independent Director who is not a member of management and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board complies with Paragraph 15.02 of MMLR which requires that at least two (2) Directors or 1/3 of the Board of the Company, whichever is the higher, are Independent Directors. If the number of Directors of the Company is not three (3) or a multiple of three (3), then the number nearest to 1/3 shall be used.

The Directors with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The Executive Directors, are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors provide objective and independent judgement to decision making and serve as a capable check and balance for the Executive Directors.

The Code states that at least half of the Board comprises Independent Directors. Although the current composition of the Board doesn't meet this best practice, however the Board practices the need to inform and obtain perspectives and insights from the Independent Directors prior to executing any major decisions for the Group.

## FOSTER COMMITMENT

### Time Commitment and Continuing Education Programs

The Board usually meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During the financial year, the Board met on five (5) occasions; where it deliberated on matters such as the Group's financial results, major investments and strategic decisions, its business plan, corporate finance and developments and the strategic direction of the Group among others. Board meetings for each year are scheduled in advance before the end of the preceding year in order for Directors to plan their schedules.

The Board is satisfied with the level of time commitment of the Directors from their attendance at the Meetings. The record of the Directors' attendance at Board Meeting and various Committees' Meeting for the financial year ended 31 August 2017 is contained in the table below.

| NAME OF DIRECTOR | BOARD | AUDIT COMMITTEE | NOMINATION COMMITTEE | REMUNERATION COMMITTEE |
|---|---|---|---|---|
| Ngiam Tong Kwan | 5/5 | N/A | N/A | 1/1 |
| Ngiam Tee Wee | 5/5 | N/A | N/A | N/A |
| Ngiam Tee Yang | 5/5 | N/A | N/A | N/A |
| Teh Yoon Loy | 5/5 | N/A | N/A | N/A |
| Datuk Dr Syed Muhamad Bin Syed Abdul Kadir | 5/5 | 5/5 | 1/1 | N/A |
| To' Puan Rozana Bte Tan Sri Redzuan | 5/5 | 5/5 | 1/1 | 1/1 |
| Ng Wai Pin | 5/5 | 5/5 | 1/1 | 1/1 |

## FOSTER COMMITMENT (CONT'D)

### Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Program prescribed by Bursa Malaysia Securities Berhad ("BMSB"). Most of the Directors have attended various conferences, seminars and briefings to keep abreast with the latest development in the industry and the global environment in order for them to be effective in performing their fiduciary duties and responsibilities.

The NC had on 19 December 2017 undertaken an assessment of the training needs of the Directors during the annual assessment.

The Board is also briefed by the Company Secretary of any significant changes in laws and regulations that are relevant. The Directors will continue to undergo relevant training programs from time to time to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively.

During the financial year ended 31 August, 2017, the Directors had attended the following trainings, seminars and forums:

| Name of Director | Title of Training/Seminar/Forum | Duration |
|---|---|---|
| Ngiam Tee Wee | - New Expectations & Challenges of Companies Act 2016 Training<br>- ISO 9001:2015 Quality Management System Training<br>- NLP: I'm an Awesome Communicator<br>- Implementing a Risk Management & Internal Control Framework based on the Malaysian Code on Corporate Governance 2017 | 1 Day<br>2 Days<br>1 Day<br>1 Day |
| Ngiam Tee Yang | - Implementing a Risk Management & Internal Control Framework based on the Malaysian Code on Corporate Governance 2017 | 1 Day |
| Teh Yoon Loy | - Workshop on enhanced understanding of Risk Management and Internal Control for Chief Financial Officers, Internal Auditors and Risk Officers | 1 Day |
| To' Puan Rozana Bte Tan Sri Redzuan | - Companies Act 2016 - Key insights and implication for Directors / Shareholders | 1 Day |
| Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir | - Khazanah Megatrends Forum<br>- 2016 National Conference<br>- Speaker to students of BBA (Islamic Finance) who took the subject on "Shariah Aspects of Business and Finance"<br>- Sesi Refleksi CEO Faculty Programme bersama YB Menteri Pendidikan Tinggi<br>- Companies Act 2016 and its implications to director<br>- CIMB Group's Annual Management Summit ("AMS")<br>- Khazanah Annual Review Briefing<br>- Panelist at the Islamic Finance for Board of Directors (IF4BOD) Programme<br>- Bank Negara Malaysia Annual Report 2016/Financial Stability and Payment Systems Report 2016 Briefing Session<br>- The Future CEO Programme<br>- CEO Faculty Talk on "Company Law"<br>- Capital Market Directors Programme<br>- SIDC-IMD 3rd Series: Innovation in the Financial Sector - Where the world will be, how to get there?<br>- CEO Faculty Programme<br>- Training on Malaysian Code of Corporate Governance 2017<br>- Speaker at the MINDA-RSOG International Directors Summit ("IDS") | 2 days<br>1 day<br>1 day<br>1 day<br>1 day<br>2 days<br>1 day<br>2 days<br>1 day<br>1 day<br>1 day<br>2 days<br>1 day<br>3 days<br>1 day<br>1 day |
| Ng Wai Pin | - Integrated Reporting: Creating value by implementing it for your business<br>- Semicon Taiwan | 1 Day<br>1 Day |

Mr Ngiam Tong Kwan did not attend any training and seminar courses due to his hectic travelling schedule throughout the year. The Directors will undertake to attain relevant training and seminar courses in 2018 to continue enhancing and knowledge for the purpose of discharging their duties and responsibilities.

## UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Compliance with Applicable Financial Reporting Standards

The Board is assisted by the AC to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to BMSB and the annual audited financial statements. A Statement by the Board of its responsibilities in respect of the preparation of the annual audited financial statements is set out on page 35 of this Annual Report.

Through the annual audited financial statements, the quarterly financial results as well as the Chairman's statement and review of operations in the Annual Report, the Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects.

### Assessment of Suitability and Independence of External Auditors

The AC oversees and appraises the quality of the audits conducted by the Company's external auditors; maintain open lines of communication between the Board and external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and assess the adequacy of the risk management systems and internal control environment as well as the financial reporting systems based on audit feedback from the external auditors. Key features underlying the relationship between the AC and the external auditors are included in the AC's Report as detailed on pages 32 to 34 of the Annual Report.

The AC assisted by the management, had on 19 December 2017 undertaken an annual assessment of the suitability and independence of the External Auditors. The assessment of the External Auditor was conducted by completing personalised evaluation form as guided by the Corporate Governance Guide on Evaluation of External Auditors Performance and Independence checklist. The factors considered by the AC in its assessment include, adequacy of professionalism and experience of the staff, the resources of the external auditors, the fees and the independence of and the level of non-audit services rendered to the Group. The AC has assess and is satisfied with the suitability and the written confirmation provided by the external auditors that they had complied with the ethical requirements regarding independence and objectivity with respect to the audit of the Group in accordance with all relevant professional and regulatory requirements. The AC has recommended to the Board the re-appointment of Messrs Mazars PLT as the External Auditors, upon which the shareholders' approval will be sought at the forthcoming Fourteenth (14th) AGM. The External Auditors also may provide certain non-audit services. The AC will ensure that provision of these services do not compromise the External Auditors' independence.

The total fees paid to the External Auditors for the financial year ended 31 August 2017 are as follows:-

1. Audit Fees

   The total audit fees (statutory audits) charged by the External Auditors, exclusive of expenses and applicable taxes, amounted to RM191,656.00 for the financial year ended 31 August 2017.

2. Non-audit Fees

   The total non-audit fees charged by the External Auditors for other services performed, exclusive of expenses and applicable taxes, amounted to RM7,000.00 for the financial year ended 31 August 2017.

## RECOGNISE AND MANAGE RISK

### Sound Framework to Manage Risk

The Board ensures that there is an on-going process of identifying, evaluating and managing the significant risks via the examination of principal business risks in critical areas, assessing the likelihood of material exposures and the identification of measures taken to mitigate, avoid or reduce these risks are undertaken by the Executive Directors and senior management through regular meetings held throughout the financial year. Kindly refer to pages 29 to 31 of the Annual Report on the Statement on Risk Management and Internal Control for more information.

## RECOGNISE AND MANAGE RISK (CONT'D)

**Internal Audit Function**

The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year, which reports directly to the AC on the results of audit reviews on a quarterly basis. The AC oversees and appraises the quality of the audits conducted by the Company's internal auditors; maintain open lines of communication between the Board and the internal auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and assesses the adequacy of the effectiveness of the governance, risk management systems and internal control environment based on audit feedback from the internal auditors.

Key features underlying the relationship between the AC and the internal auditors are included in the AC's Report as detailed on pages 32 to 34 of the Annual Report. The Statement on Risk Management and Internal Control furnished on pages 29 to 31 of the Annual Report provides an overview of the system of internal controls of the Group.

## ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

**Corporate Disclosure Policy**

The Company is committed to provide clear, accurate and timely disclosure of all material information pertaining to its performance and operations to its stakeholders and the general public. The Board does not have a Corporate Disclosure Policy. However, the Company ensure compliance with the disclosure requirements as set out in the MMLR at all times.

**Leverage on Information Technology for Effective Dissemination of Information**

The Company has established a website at www.bslcorp.com.my from which shareholders and members of the public may access the latest information on the operations and activities of the Group; announcements made to BMSB; Annual Report; Corporate Governance; financial information as well as the Board Charter. The Company's website also serves as a platform to allow the shareholders, stakeholders or the public to channel any enquiries with regards to the Company and request for updates/announcements of the Company to be furnished to them via email alerts.

The Company ensures timely release of the financial results on a quarterly basis to provide an overview of the Group's performance and operations to its shareholders. The Company also makes timely announcements to BMSB of any corporate manoeuvres in accordance with MMLR.

## STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

**Encourage Shareholder Participation at General Meetings**

The Company recognises the importance of accountability to its shareholders through proper communication with them. The AGM is the principal forum for dialogue with the shareholders. Shareholders are notified of the meetings and provided with the Company's Annual Report and Circular/Statement to shareholders (if any) at least twenty-eight (28) days prior to the scheduled AGM. All shareholders are encouraged to attend the AGM and participate in its proceedings. Opportunity is given to the shareholders to ask questions pertaining to the resolutions being proposed and seek clarification on the business and performance of the Group.

**Effective Communication and Proactive Engagement**

At the previous AGM, the Directors were present in person to engage directly with the shareholders. The Chairman invited shareholders to raise questions before putting the resolutions to vote. The Directors, management and external auditors were in attendance to respond to the shareholders' queries.

The Group acknowledges that CSR is an important aspect of its business. The Group continues to undertake responsible practices that impact the society and environment in a positive manner and to inculcate a culture of responsibility in all aspects of its business. The CSR initiatives undertaken by the Group during the financial year are summarized below:

**a. Workplace**

Creating a safe working environment and ensuring safe practices in all aspects is the paramount duty of the Group. As part of the Group's commitment to provide a safe workplace, it has initiated health and safety programs such as chemical health risk assessments, fire drills, audiometric test, safety campaign and safety system checks on the equipment. 5S have also been implemented with year-long audits being conducted and 5S incentives and awards are presented to employees yearly. Company events are also organized to foster togetherness and teamwork.

The Group also promotes enhancement in human capital through training, skills development, research and development in areas related to the Group's operations.

The Group does not have any specific diversity policy for the workforce in terms of gender, ethnicity and age group. The recruitment and selection process of the Group's workforce is mainly dependent on aspects such as the nature of the jobs, the skills and quality required for the jobs. However, the Group will consider to put in place appropriate diversity policy in terms of gender, ethnicity and age group in its workforce, if necessary.

**b. The environment**

The Group is aware of its responsibility towards preserving the environment and is committed to minimize adverse impacts on the environment through recycling, optimal usage of natural resources and the adoption of the "Green" concept by reducing usage of hazardous, non-recyclable materials in the Group's operations. Recycling campaigns and drives organized by employees to promote recycling and re-use were carried out during the year. All major facilities within the Group are accredited with ISO 14001:2004 Environmental Management Systems.

The Group is a certified Green partner with many major clients and also comply with ROHS and REACH requirements.

**c. The market place**

The Company is committed to ensure that the interest of all its important stakeholders – its shareholders, suppliers and customers are being taken care of. The Company emphasizes on good corporate governance practices to meet shareholders' expectations. For its suppliers, the Company practices transparent and fair procurement policies. As for customers, all major facilities within the Group are accredited with ISO 9001:2008 Quality Management Systems. The Group is committed to supply quality products and meeting customers' satisfaction through continual improvement in technology, processes and services.

**a. Utilization of proceeds**

The Company did not raise any proceeds from corporate proposals during the financial year ended 31 August 2017.

**b. Sanctions and / or penalties**

Save as disclosed below, there were no material sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies:-

i. On 27 October 2014, Crestronics (M) Sdn. Bhd. ("CMSB"), a wholly owned subsidiary of the Company received bills of demand from the relevant authority demanding payment of sales tax and import duty amounting to RM11,100,000 for the period December 2011 to July 2014 of which CMSB disputed. The directors have been in discussion with the relevant authority and have provided all necessary documentation to support their view. The directors of the Company have obtained advice from a consultant, and based on the advice received, the directors are of the view that CMSB should only be liable for up to RM200,000 and a provision for this had been made in the financial statements (Note 25). The remaining balance of the claim of RM10,900,000 represents a contingent liability which is subject to appeal to the authority.

   On 30 December 2014, CMSB appealed to the relevant authority. Subsequently, on 15 September 2015, the authority rejected the appeal with no specific reason mentioned.

   On 5 November 2015, CMSB appealed to the relevant authority again. However, on 28 June 2017, CMSB received a letter from the relevant authority that the appeal against the bills of demand has been rejected and further appeal will not be considered. Thereafter, the directors engaged another consultant to look into this matter and will appeal to Minister of Finance. The consultant will submit the appeal once the appeal-related documentation is ready. Based on the available facts and information as of the date of this report, the consultant is of the opinion that the Company has a fair chance of getting a favourable decision from the Minister of Finance. This is consistent with the view of board of directors. Consequently, no further provision has been provided. In the event that the appeal is not successful, CMSB is liable for the remaining balance of the claim of RM10,900,000.

**c. Non-audit fees**

There were non-audit fees of RM7,000 paid to the External Auditors during the financial year ended 31 August 2017.

**d. Material contracts or loans**

There were no material contract entered into by the Company which involved Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 August 2017 or, if not then subsisting, entered into since the end of the previous financial year.

## INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors ("Board") of listed companies to establish a sound risk management and internal control system to safeguard shareholders' investment and assets of BSL Corporation Berhad and it's subsidiary companies ("the Group"). Under Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the Board of listed companies is required to produce a statement on the state of the Group's internal control as a group in their Annual Report. In this regards, the Board is pleased to set out below the statement on risk management and internal control for the Group. Associated company and joint venture are excluded from this statement as the Group does not have full management and control of them.

## BOARD'S 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 no absolute assurance against material misstatement or loss.

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 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 disciplines audit approach to evaluating and improving the effectiveness of risk management, control and governance processes within the companies' operations.

The internal auditors conducted review on the Group's system of internal controls in a systematic and cyclic basis and on selected business processes. The Internal Auditors tabled the results of their review to the Audit Committee at Audit Committee meetings on a quarterly basis.

During the financial year ended 31 August 2017, the reviews covered the following areas:

- Production, particularly focusing on existence and compliance with policies and procedures, review of the production planning process, maintenance of plant & equipment, scrap management and utilization of raw materials.
- Inventory management, particularly focusing on the controls relating to the inventory cycle such as existence and compliance with policies and procedures, completeness and accuracy of inventory receipt and recording, approval of inventory returns as well as stock count procedures.
- Sales and marketing, particularly existence of a proper segregation of duty, controls over the sales planning process, monitoring of sales performance as well as matters relating to marketing operations.
- Procurement, particularly focusing on existence and compliance with policies and procedures, control review of the purchase requirement and procurement planning and other matters relating to the procurement process such as goods receipt, payment disbursement and vendor monitoring process.

The Audit Committee had reviewed the Internal Auditors' findings and recommendations, management response and proposed action plans as well as presented its findings and recommendations to the Board. Follow up reviews on previous audit issues are carried out in order to ensure that the recommendations made by the Internal Auditors are adopted accordingly.

## KEY ELEMENTS OF INTERNAL CONTROLS

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

- **Organisation structure**

  The Board has in place an organization structure with well-defined delegation of responsibilities and accountabilities within the Group's senior management. The roles and responsibilities are clearly established in the respective job description list in order to enhance the internal control system of the Group's various operations.

- **Board committee**

  Board Committees such as Audit Committee, Nomination Committee and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Audit Committee meets at least four (4) times a year and reviews the effectiveness of the Group's system of internal control and risk management. The Audit Committee meet with the internal auditors and external auditors to review their reports whilst assessing the Board to review the effectiveness of the ongoing monitoring processes on risk and control matters for areas within their scope.

- **Control activities**

  The Group continuously reviews and updates its policies, procedures and standards in accordance with changes in the operation environment.

- **Management meetings**

  Regular Management meetings are held to raise issues, discuss, review and monitor the business development and resolve operational and management issues and review financial performances for each operating unit and regular visit by the Senior Personnel or Management team to each operating unit as an when necessary.

- **Ongoing training**

  As and when necessary, provision of staff training and development programs to equip staff with the appropriate knowledge and skills to enable staff to carry out their job functions productively and effectively.

- **Hands on approach**

  Close involvement of the Executive Directors of the Group in its daily operations.

- **Related party transactions monitoring**

  Related party transactions are disclosed, reviewed and monitored by the Audit Committee on a periodic basis.

  The existing system of internal control has been in place for the financial year under review.

## RISK MANAGEMENT

The Board ensures that there is an on-going process of identifying, evaluating and managing the significant risks via the examination of principal business risks in critical areas, assessing the likelihood of material exposures and the identification of measures taken to mitigate, avoid or reduce these risks are undertaken by the Executive Directors and senior management through regular meetings held throughout the financial year.

The Group has also carried out risk assessment exercise individually for its subsidiary companies on a quarterly basis. The Senior Management and the Audit Committee were briefed on the key risks of the operating companies in the Group and the risk mitigation plans.

## REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysia Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 August 2017, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respect, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

RPG 5 does not require the External Auditors to consider whether the Directors' Statement in Risk Management and Internal Control covers all risk and controls, or to form an opinion in the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Statement.

## CONCLUSION

The Board is of the view that the risk management and internal controls practices and processes in place for the financial year under review and up to date of issuance of the financial statements are sound and adequate to safeguard the interest of shareholders. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's internal controls that would require separate disclosure in this Annual Report.

The Executive Chairman and Chief Executive Officer had provided assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

# AUDIT COMMITTEE REPORT

The audit committee currently comprises the following directors:

**Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir**
Chairman, Independent Non-Executive Director

**To' Puan Rozana Bte Tan Sri Redzuan**
Member, Independent Non-Executive Director

**Ng Wai Pin**
Member, Independent Non-Executive Director

**TERMS OF REFERENCE**

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

**Composition of the committee**

1. The Committee shall be appointed by the Board of Directors from among its members which fulfils the following requirements:
   a. Shall comprise not less than 3 members;
   b. All the audit committee members must be non-executive director, with a majority of them being independent directors; and
   c. At least one member of the audit committee:-

      i. Must be a member of the Malaysian Institute of Accountants ("MIA"); or
      ii. If he/she is not a member of MIA, he/she must have at least 3 years working experience, and:-
         aa. he/she must have passed the examinations specified in Part 1 of the 1st schedule of the Accountants Act 1967; or
         bb. he/she must be a member of one of the associations of accountants specified in Part II of the 1st schedule of the Accountants Act, 1967; or
      iii. Fulfils such other requirements as prescribed or approved by Bursa Securities Malaysia Berhad ("Bursa Securities").
   d. No alternate director is appointed as a member of the audit committee.

2. In the event of any vacancy in an audit committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months as per the Bursa Securities Listing Requirement.

3. The Board of Directors must review the term of office and performance of the Committee and each of its member at least once every 3 years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

**Duties and responsibilities of the committee**

The Committee shall discharge the following functions:-

1. To review the following and report the same to the Board of Directors:-
   a. With the external auditor, the audit plan, his/her evaluation of the system of internal controls, his/her audit report;
   b. The assistance given by the employees of the Company to the external auditor;
   c. The adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

   d. The internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
   e. The quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
      i. Change in or implementation of major accounting policy changes;
      ii. Significant and unusual events; and
      iii. Compliance with accounting standards and other legal requirements;
   f. Any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
   g. Any letter of resignation from the external auditors of the Company; and
   h. Whether there is a reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment;

2. To recommend the nomination of a person or persons as external auditors.
3. To report promptly to 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.

**TERMS OF REFERENCE (CONT'D)**

**Rights of the Committee**

The Committee shall:-

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

**PROCEDURE OF COMMITTEE MEETING**

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

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

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

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

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

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

5. **Frequency**
   Meetings shall be held at least 4 times a year.

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

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

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 2017, the Audit Committee held five (5) meetings and the attendance record is as follows:

| Name of Committee members | Number of meetings attended |
|---|---|
| Datuk Dr Syed Muhamad Bin Syed Abdul Kadir - Chairman | 5 / 5 |
| To' Puan Rozana Bte Tan Sri Redzuan | 5 / 5 |
| Ng Wai Pin | 5 / 5 |

**SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)**

The following activities were carried out by the Audit Committee ("AC") during the meetings held in the financial year ended 31 August 2017:

1. At the AC meeting in October 2016, the AC had
   i. reviewed and discussed the internal audit conducted on production management cycle in respect of the subsidiaries, Ban Seng Lee Industries Sdn Bhd and Crestronics (M) Sdn Bhd. The AC discussed the associated business risk, findings and recommendation on actions taken for improvement.
   ii. reviewed and recommended to the Board the fourth quarter results for the period ended 31 August 2016;
   iii. reviewed the recurrent related party transaction and noted that there was none during the quarter under review; and
   iv. reviewed and discussed with the External Auditors the progress of the audit for the Group for the financial year ended 31 August 2016.

2. At the AC meeting held in December 2016, the AC had
   i. reviewed the Statement on Risk Management and Internal Control, the Audit Committee Report and the statement to shareholders for the renewal of share buy-back;
   ii. reviewed the Audited Financial Statement for the financial year ended 31 August 2016; and
   iii. evaluated the performance and independence of the external auditors. After taking into consideration the independence, competence, service of the auditing team, scope of audit and audit fee of the External Auditors, the AC had recommended to the Board for further recommendation to the Shareholders for approval for the re-appointment of Messrs Mazars PLT as External Auditors.

3. At the AC meeting held in January 2017, the AC had
   i. reviewed and discussed the internal audit conducted on inventory management cycle in respect of the subsidiaries, Ban Seng Lee Industries Sdn Bhd and Crestronics (M) Sdn Bhd. The AC discussed the associated business risk, findings and recommendation on actions taken for improvement.
   ii. reviewed and recommended to the Board the first quarter results for the period ended 30 November 2016;
   iii. reviewed the recurrent related party transaction and noted that there was none during the quarter under review; and
   iv. discussed the proposed members' voluntary winding up of two subsidiaries.

4. At the AC meeting held in April 2017, the AC had
   i. reviewed and discussed the internal audit conducted on sales and marketing management in respect of the subsidiaries, Ban Seng Lee Industries Sdn Bhd and Crestronics (M) Sdn Bhd. The AC discussed the associated business risk, findings and recommendation on actions taken for improvement.
   ii. reviewed and recommended to the Board the second quarter results for the period ended 28 February 2017;
   iii. reviewed the recurrent related party transaction and noted that there was none during the quarter under review; and
   iv. discussed the proposed members' voluntary winding up of two subsidiaries.

5. At the AC meeting held in 27 July 2017, the AC had
   i. reviewed and discussed the internal audit conducted on procurement management in respect of the subsidiaries, Ban Seng Lee Industries Sdn Bhd and Crestronics (M) Sdn Bhd. The AC discussed the associated business risk, findings and recommendation on actions taken to improve in the audit reports.
   ii. Discussed with the Internal Auditors, the proposed final planning memorandum for 2018 internal audit together with the relevant scope and function therein; and the internal audit function's resources;
   iii. reviewed and recommended to the Board the third quarter results for the period ended 31 May 2017;
   iv. reviewed the recurrent related party transaction and noted that the transaction was within the threshold; and
   v. reviewed and discussed with the External Auditors, the audit planning memorandum, the significant change to the auditor's report i.e. inclusion of the key audit matters, the audit approaches which included planning, interim audit, final audit, reporting and completion and debrief, the new Companies Act, 2016, abolition of the nominal value concept, Section 618 of the Companies Act, 2016 ("the Act") which provides transitional provisions to address issues, directors' report, the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, key audit area on the provision made in respect of Customs' investigation; and
   vi. discussed on the proposed acquisition of companies.

Based on the above activities, where appropriate, the Audit Committee will seek further detailed clarifications from the management team to understand the matter in depth prior to making any decisions or recommendations.

**INTERNAL AUDIT FUNCTION**

The Company recognized 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 an external independent professional firm 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 Audit Committee Meeting and Board meeting.

The internal audit plan was approved by the Audit Committee and the scope of internal audit covers the audits of the selected business processes of operating subsidiary companies in the Group. A summary of key processes tested during the financial year ended 31 August 2017 can be found in the Statement on Risk Management and Internal Control. The cost incurred for the internal audit function for the financial year ended 31 August 2017 was RM33,000.

# DIRECTORS' RESPONSIBILITY STATEMENT
## IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2017 and of their profit or loss and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 have been adhered to.

In preparing the financial statements, the Directors have applied consistently suitable accounting policies and have made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent fraud and other irregularities.

# FINANCIAL STATEMENTS


37
Directors' Report

40
Independent Auditors' Report

43
Statements of Financial Position

44
Statements of Profit or Loss and Other Comprehensive Income

45
Statements of Changes in Equity

47
Statements of Cash Flows

49
Notes to the Financial Statements

90
Supplementary Information

91
Statement by Directors

91
Statutory Declaration

The directors are pleased to submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2017.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

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

**RESULTS**

| | Group RM | Company RM |
|---|---|---|
| Profit for the year | 3,666,874 | 405,309 |
| Attributable to: | | |
| Equity holders of the Company | 3,202,010 | |
| Non-controlling interests | 464,864 | |
| | 3,666,874 | |

**DIVIDENDS**

No dividend has been declared or paid by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

**ISSUE OF SHARES AND DEBENTURES**

There were no issuance of shares or debentures during the financial year.

**SHARE OPTIONS**

No option was granted to any person to take up unissued shares of the Company during the financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

**HOLDING COMPANY**

At the end of the financial year, the directors regard Esteem Role Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

**SUBSIDIARIES**

Details of the subsidiaries are set out in note 6 to the financial statements.

i. There is no qualified auditor's report on the financial statements of any subsidiary for the financial year in which this report is made.

ii. As at the end of the financial year, none of the subsidiaries hold any shares in the holding company or in other related corporations.

**DIRECTORS**

The directors in office during the period commencing from the beginning of the financial year to date of this report are:

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

**DIRECTORS' INTEREST IN SHARES**

The following directors, who held office at the end of the financial year, had interests in shares in the Company and its related corporations as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **Balance at 1.9.2016** | **Bought** | **Sold** | **Balance at 31.8.2017** |
| *Shares in the Company* | | | | |
| Registered in name of directors | | | | |
| Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir | 100,000 | - | - | 100,000 |
| Ngiam Tee Wee | 2,285,100 | - | - | 2,285,100 |
| Ngiam Tee Yang | 100,000 | - | - | 100,000 |
| Ngiam Tong Kwan | 2,556,315 | - | - | 2,556,315 |
| Teh Yoon Loy | 711,347 | - | - | 711,347 |
| Deemed interest | | | | |
| Ngiam Tong Kwan* | 49,980,000 | - | - | 49,980,000 |
| Ngiam Tong Kwan** | 4,057,670 | - | - | 4,057,670 |
| Ng Wai Pin** | 17,000 | - | - | 17,000 |

* Deemed interest by virtue of his substantial interest in Esteem Role Sdn. Bhd.
** Deemed interest held through his family members

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **Balance at 1.9.2016** | **Bought** | **Sold** | **Balance at 31.8.2017** |
| *Shares in the holding company, Esteem Role Sdn. Bhd.* | | | | |
| Registered in name of directors | | | | |
| Ngiam Tee Wee | 7,000 | - | - | 7,000 |
| Ngiam Tee Yang | 5,000 | - | - | 5,000 |
| Ngiam Tong Kwan | 25,472 | - | - | 25,472 |
| Teh Yoon Loy | 7,060 | - | - | 7,060 |

By virtue of their interests in the shares of the Company and the holding company, the abovementioned Directors are deemed to have an interest in the shares of the related companies to the extent that the Company and the holding company have interest.

Other than as disclosed above, none of the directors in office at the end of the financial year held any interest in the shares or debentures in the Company, its subsidiary, its holding company or subsidiary of its holding company during the financial year.

**DIRECTORS' BENEFITS**

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company; and other benefits as set out below) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' remuneration and other benefits are set out in note 30 to the financial statements.

**OTHER INFORMATION**

Before the financial statements were made out, the directors took reasonable steps:

i. to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

ii. to ensure that any current assets which were unlikely to realised in the ordinary course of business including their value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

i. which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

ii. which would render the values attributed to the current assets in the financial statements misleading; or

iii. 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.

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

i. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

ii. any contingent liability 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 affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

i. the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

ii. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**AUDITORS**

Auditors' remuneration is set out in note 30 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

**APPROVAL OF THE DIRECTORS' REPORT**

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

**NGIAM TONG KWAN**
Director

**NGIAM TEE WEE**
Director

Kuala Lumpur

19 December 2017

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of BSL Corporation Berhad, which comprise the statements of financial position as at 31 August 2017 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 89.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis for Opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment in joint venture

*The risk:*

As at 31 August 2017, the carrying amounts of the Group's investment in joint venture was RM4,919,807, where RM4,913,520 consists of goodwill. We have identified this to be a key audit matter as estimating the value in use of joint venture requires management to make an estimation of the expected future cash flows and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Those assessments process highly judgemental and were based on assumptions.

*Our response:*

In respect of the carrying amount of investments in joint venture as disclosed in the consolidated statement of financial position, we tested the key assumptions and variables used in the Group's value in use calculation, which include the reasonableness of cash flow projections and pre-tax discount rate of 15% is applied. We also focused on the adequacy of the Group's disclosures about the application of judgement in estimating cash-generating unit's cash flows and the assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of joint venture.

*Emphasis of Matter*

We draw attention to note 37(b) to the financial statements which discloses the bills of demand issued by the relevant authority to Crestronics (M) Sdn. Bhd. ("CMSB"), a wholly owned subsidiary of the Company.

On 27 October 2014, CMSB received bills of demand from the relevant authority demanding payment of sales tax and import duty amounting to RM11,100,000 for the period December 2011 to July 2014 of which CMSB disputed. The directors have been in discussion with the relevant authority and have provided all necessary documentation to support their view. The directors of the Company have obtained advice from a consultant, and based on the advice received, the directors are of the view that CMSB should only be liable for up to RM200,000 and a provision for this had been made in the financial statements (Note 25). The remaining balance of the claim of RM10,900,000 represents a contingent liability which is subject to appeal to the authority.

On 30 December 2014, CMSB appealed to the relevant authority. Subsequently, on 15 September 2015, the authority rejected the appeal with no specific reason mentioned.

**Report on the Audit of the Financial Statements (Cont'd)**

*Emphasis of Matter (Cont'd)*

On 5 November 2015, CMSB appealed to the relevant authority again. However, on 28 June 2017, CMSB received a letter from the relevant authority that the appeal against the bills of demand has been rejected and further appeal will not be considered. Thereafter, the directors engaged another consultant to look into this matter and will appeal to Minister of Finance. The consultant will submit the appeal once the appeal-related documentation is ready. Based on the available facts and information as of the date of this report, the consultant is of the opinion that the Company has a fair chance of getting a favourable decision from the Minister of Finance. This is consistent with the view of board of directors. Consequently, no further provision has been provided. In the event that the appeal is not successful, CMSB is liable for the remaining balance of the claim of RM10,900,000.

Our opinion is not qualified in respect of this matter.

*Information Other than the Financial Statements and Auditors' Report Thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**Report on the Audit of the Financial Statements (Cont'd)**

*Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in note 6 to the financial statements.

**Other Reporting Responsibilities**

The supplementary information set out in note 43 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matter**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**MAZARS PLT**
LLP0010622-LCA
AF 001954
Chartered Accountants

**CHONG FAH YOW**
03004/07/2018 J
Chartered Accountant

19 December 2017

Kuala Lumpur

# STATEMENTS OF FINANCIAL POSITION
## FOR THE YEAR ENDED 31 AUGUST 2017

| | Note | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 55,109,584 | 51,327,344 | - | - |
| Investment in subsidiary companies | 6 | - | - | 45,005,547 | 45,005,547 |
| Investment in associated company | 7 | - | - | - | - |
| Investment in joint venture | 8 | 4,919,807 | 4,805,234 | - | - |
| Other investments | 9 | 3,603,552 | - | - | - |
| Total non-current assets | | 63,632,943 | 56,132,578 | 45,005,547 | 45,005,547 |
| Current assets | | | | | |
| Inventories | 10 | 11,927,491 | 12,053,401 | - | - |
| Trade receivables | 11 | 35,580,246 | 19,385,180 | - | - |
| Amount due from customers on contracts | 12 | 3,325,000 | - | - | - |
| Other receivables, deposits and prepayments | 13 | 3,051,127 | 5,721,839 | 20,833 | 20,833 |
| Amount owing by corporate shareholders | 14 | 23,934 | 6,781 | - | - |
| Amount owing by subsidiary companies | 6 | - | - | 16,898,067 | 15,083,912 |
| Current tax assets | | - | 175,368 | 16,444 | 83,955 |
| Other investment | 9 | - | 3,381,546 | - | - |
| Short-term deposits with licensed banks | 15 | 1,429,561 | 5,836,620 | - | 1,000,000 |
| Cash and bank balances | 16 | 12,511,275 | 9,067,833 | 135,299 | 569,198 |
| Total current assets | | 67,848,634 | 55,628,568 | 17,070,643 | 16,757,898 |
| TOTAL ASSETS | | 131,481,577 | 111,761,146 | 62,076,190 | 61,763,445 |
| **EQUITY AND LIABILITIES** | | | | | |
| Equity | | | | | |
| Share capital | 17 | 49,000,000 | 49,000,000 | 49,000,000 | 49,000,000 |
| Treasury shares | 18 | (456,270) | (422,661) | (456,270) | (422,661) |
| Reserves | 19 | 28,569,686 | 25,775,106 | 7,588,747 | 7,183,438 |
| Equity attributable to equity holders of the Company | | 77,113,416 | 74,352,445 | 56,132,477 | 55,760,777 |
| Non-controlling interests | | 889,470 | 429,049 | - | - |
| Total equity | | 78,002,886 | 74,781,494 | 56,132,477 | 55,760,777 |
| Non-current liabilities | | | | | |
| Hire purchase liabilities | 20 | 632,992 | 1,472,690 | - | - |
| Term loans | 21 | 11,699,316 | 9,749,157 | - | - |
| Deferred tax liabilities | 22 | 2,428,945 | 1,567,908 | - | - |
| Total non-current liabilities | | 14,761,253 | 12,789,755 | - | - |
| Current liabilities | | | | | |
| Trade payables | 23 | 28,032,045 | 16,250,132 | - | - |
| Other payables and accruals | 24 | 4,801,530 | 3,440,608 | 104,134 | 107,509 |
| Provision | 25 | 200,000 | 200,000 | - | - |
| Amount owing to subsidiary companies | 6 | - | - | 5,839,579 | 5,895,159 |
| Hire purchase liabilities | 20 | 1,210,973 | 1,343,184 | - | - |
| Bank borrowings | 26 | 788,168 | 347,658 | - | - |
| Term loans | 21 | 3,050,906 | 2,586,471 | - | - |
| Derivative financial liability | | - | 87 | - | - |
| Tax liabilities | | 633,816 | 21,757 | - | - |
| Total current liabilities | | 38,717,438 | 24,189,897 | 5,943,713 | 6,002,668 |
| Total liabilities | | 53,478,691 | 36,979,652 | 5,943,713 | 6,002,668 |
| TOTAL EQUITY AND LIABILITIES | | 131,481,577 | 111,761,146 | 62,076,190 | 61,763,445 |

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 AUGUST 2017

| | Note | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|---|
| Revenue | | 146,251,489 | 108,262,044 | 150,000 | 9,700,000 |
| Other income | | 5,391,201 | 10,668,831 | 875,224 | 390,576 |
| Investment income | 27 | 64,697 | 290,884 | 12,666 | 901 |
| Changes in inventories of work-in progress and finished goods | | 717,218 | 106,876 | - | - |
| Raw materials and consumables used | | (87,269,880) | (64,979,408) | - | - |
| Construction contract costs recognised as contract expenses | | (7,710,604) | - | - | - |
| Production overheads | | (11,671,837) | (10,750,584) | - | - |
| Staff costs | 28 | (26,887,468) | (23,190,750) | - | - |
| Depreciation of property, plant and equipment | 5 | (4,767,540) | (4,711,620) | - | - |
| Finance costs | 29 | (846,841) | (999,700) | - | - |
| Other expenses | | (6,652,275) | (9,392,886) | (506,379) | (7,102,062) |
| Share of results of associated company | 7 | - | - | - | - |
| Share of results of joint venture | 8 | (134,273) | (121,479) | - | - |
| Profit before tax | 30 | 6,483,887 | 5,182,208 | 531,511 | 2,989,415 |
| Tax (expense)/credit | 31 | (2,817,013) | (584,762) | (126,202) | 62,351 |
| Profit for the year | | 3,666,874 | 4,597,446 | 405,309 | 3,051,766 |
| Other comprehensive (loss)/income: | | | | | |
| *Items that will be subsequently reclassified to profit or loss* | | | | | |
| Share of other comprehensive loss in joint venture | | - | (73,582) | - | - |
| Fair value loss on other investment | | (160,668) | - | - | - |
| Exchange differences on translation of foreign operations | | (246,762) | 224,532 | - | - |
| Other comprehensive (loss)/income, net of tax | | (407,430) | 150,950 | - | - |
| Total comprehensive income for the year | | 3,259,444 | 4,748,396 | 405,309 | 3,051,766 |

| | Note | Group 2017 RM | Group 2016 RM |
|---|---|---|---|
| Profit/(Loss) for the year attributable to: | | | |
| Equity holders of the Company | | 3,202,010 | 4,761,230 |
| Non-controlling interests | | 464,864 | (163,784) |
| | | 3,666,874 | 4,597,446 |
| Total comprehensive income/(loss) for the year attributable to: | | | |
| Equity holders of the Company | | 2,794,580 | 4,912,180 |
| Non-controlling interests | | 464,864 | (163,784) |
| | | 3,259,444 | 4,748,396 |
| Basic earnings per ordinary share (sen) | 32 | 3.31 | 4.92 |

The accompanying notes form an integral part of the financial statements

| | | Non-distributable | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital RM | Treasury shares RM | Share premium RM | Fair value reserve RM | Foreign currency translation reserve RM | Distributable reserve- Retained earnings RM | Attributable to equity holders of the Company RM | Non-controlling interests RM | Total RM |
| **Group** | | | | | | | | | |
| At 1 September 2016 | 49,000,000 | (422,661) | 1,767,230 | - | (945,698) | 24,953,574 | 74,352,445 | 429,049 | 74,781,494 |
| Repurchase of shares | - | (33,609) | - | - | - | - | (33,609) | - | (33,609) |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | (4,443) | (4,443) |
| Profit for the year | - | - | - | - | - | 3,202,010 | 3,202,010 | 464,864 | 3,666,874 |
| Other comprehensive loss, net of tax | - | - | - | (160,668) | (246,762) | - | (407,430) | - | (407,430) |
| At 31 August 2017 | 49,000,000 | (456,270) | 1,767,230 | (160,668) | (1,192,460) | 28,155,584 | 77,113,416 | 889,470 | 78,002,886 |

| | Non-distributable | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital RM | Treasury shares RM | Share premium RM | Foreign currency translation reserve RM | Distributable reserve- Retained earnings RM | Attributable to equity holders of the Company RM | Non-controlling interests RM | Total RM |
| **Group** | | | | | | | | |
| At 1 September 2015 | 49,000,000 | (420,453) | 1,767,230 | (1,096,648) | 17,145,154 | 66,395,283 | 5,152,023 | 71,547,306 |
| Repurchase of shares | - | (2,208) | - | - | - | (2,208) | - | (2,208) |
| Acquisition of equity interest from non-controlling interests | - | - | - | - | 3,047,190 | 3,047,190 | (5,047,190) | (2,000,000) |
| Acquisition of a subsidiary | - | - | - | - | - | - | (1,999) | (1,999) |
| Increase in share capital (Note 6) | - | - | - | - | - | - | 489,999 | 489,999 |
| Profit/(loss) for the year | - | - | - | - | 4,761,230 | 4,761,230 | (163,784) | 4,597,446 |
| Other comprehensive profit, net of tax | - | - | - | 150,950 | - | 150,950 | - | 150,950 |
| Total comprehensive (loss)/income for the year | - | - | - | 150,950 | 4,761,230 | 4,912,180 | (163,784) | 4,748,396 |
| At 31 August 2016 | 49,000,000 | (422,661) | 1,767,230 | (945,698) | 24,953,574 | 74,352,445 | 429,049 | 74,781,494 |

| | Share capital RM | Treasury shares RM | Non-distributable reserve- Share premium RM | Distributable reserve- Retained earnings RM | Total RM |
|---|---|---|---|---|---|
| **Company** | | | | | |
| At 1 September 2015 | 49,000,000 | (420,453) | 1,767,230 | 2,364,442 | 52,711,219 |
| Repurchase of shares | - | (2,208) | - | - | (2,208) |
| Profit for the year | - | - | - | 3,051,766 | 3,051,766 |
| Other comprehensive income, net of tax | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 3,051,766 | 3,051,766 |
| | - | - | - | - | - |
| At 31 August 2016 | 49,000,000 | (422,661) | 1,767,230 | 5,416,208 | 55,760,777 |
| Repurchase of shares | - | (33,609) | - | - | (33,609) |
| Profit for the year | - | - | - | 405,309 | 405,309 |
| Other comprehensive income, net of tax | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 405,309 | 405,309 |
| At 31 August 2017 | 49,000,000 | (456,270) | 1,767,230 | 5,821,517 | 56,132,477 |

The accompanying notes form an integral part of the financial statements

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before tax | 6,483,887 | 5,182,208 | 531,511 | 2,989,415 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 4,767,540 | 4,711,620 | - | - |
| Impairment of: | | | | |
| - Investment in subsidiary company | - | - | - | 6,000,000 |
| - Goodwill | 10,804 | 38,739 | - | - |
| Interest expense | 846,841 | 999,700 | - | - |
| Share of results of joint venture | 134,273 | 121,479 | - | - |
| Net inventory (reversal)/written down | (311,255) | 13,449 | - | - |
| Increase/(Reversal) in allowance for doubtful debts: | | | | |
| - Trade receivables | 718,015 | (38,947) | - | - |
| Property, plant and equipment written off | - | 107,078 | - | - |
| Gain on fair value of interest rate swap | (87) | (11,075) | - | - |
| Gain on disposal of property, plant and equipment | (148,195) | (4,476,082) | - | - |
| Deposit forfeited from proposed disposal of property, plant and equipment | - | (3,000) | - | - |
| Gain on initial recognition of other investment | - | (2,240,521) | - | - |
| Interest income from short-term deposits | (64,697) | (290,884) | (12,666) | (901) |
| Net unrealised (gain)/loss on foreign exchange | (1,329,780) | 707,220 | (494,381) | 442,839 |
| Dividend income | - | - | (150,000) | (9,700,000) |
| Interest receivable from subsidiary companies | - | - | (380,843) | (390,576) |
| Operating profit/(loss) before working capital changes | 11,107,346 | 4,820,984 | (506,379) | (659,223) |
| Changes in inventories | 437,165 | (2,634,442) | - | - |
| Changes in receivables | (16,875,590) | (5,538,869) | - | (3,025) |
| Changes in payables | 12,641,178 | 1,697,200 | (3,375) | (29,566) |
| Cash generated from/(used in) operations | 7,310,099 | (1,655,127) | (509,754) | (691,814) |
| Income tax refunded | 38,036 | - | 17,637 | - |
| Income tax paid | (1,496,503) | (169,328) | (76,328) | (81,250) |
| Net cash generated from/(used in) operating activities | 5,851,632 | (1,824,455) | (568,445) | (773,064) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Investment in subsidiary companies | - | - | - | (2,512,499) |
| Dividend received | - | - | 150,000 | 9,700,000 |
| Proceeds from disposal of property, plant and equipment | 333,288 | 9,921,130 | - | - |
| Interest received | 64,697 | 290,884 | 393,509 | 391,477 |
| Additions to property, plant and equipment (note) | (8,261,570) | (1,409,691) | - | - |
| Advances to subsidiary companies | - | - | (1,375,354) | (5,356,601) |
| Increase in investment in direct/indirect subsidiary by non-controlling interest | - | 489,999 | - | - |
| Acquisition of equity interest in subsidiary company | (6,180) | (2,000,000) | - | - |
| Net cash outflow arising from the acquisitions | - | (1,631) | - | - |
| Increase in investment in joint venture | - | (1,000,000) | - | - |
| Payment for buy-back of shares | (33,609) | (2,208) | (33,609) | (2,208) |
| Net cash (used in)/generated from investing activities | (7,903,374) | 6,288,483 | (865,454) | 2,220,169 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Repayment of hire purchase liabilities | (1,445,212) | (1,075,711) | - | - |
| Additional/(repayment) of bank borrowings | 440,510 | (2,744,926) | - | - |
| Interest paid | (803,122) | (986,393) | - | - |
| Drawndown of term loans | 5,000,000 | - | - | - |
| Repayment of term loans | (2,585,406) | (2,579,409) | - | - |
| Increase in short-term deposits pledged with licensed banks | (630,088) | (160,666) | - | - |
| Net cash used in financing activities | (23,318) | (7,547,105) | - | - |
| **NET CHANGES IN CASH AND CASH EQUIVALENTS** | (2,075,060) | (3,083,077) | (1,433,899) | 1,447,105 |
| Effect of changes in foreign currency translation reserves | 481,355 | (212,462) | - | - |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | 14,104,980 | 17,400,519 | 1,569,198 | 122,093 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 16)** | 12,511,275 | 14,104,980 | 135,299 | 1,569,198 |

Note:

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

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Total cost of property, plant and equipment acquired | 8,734,873 | 3,832,932 |
| Less: Purchase consideration satisfied by hire purchase arrangements | (473,303) | (2,423,241) |
| Cash payments | 8,261,570 | 1,409,691 |

The accompanying notes form an integral part of the financial statements

## 1. GENERAL INFORMATION

BSL Corporation Berhad (the "Company") is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed in page 6.

The holding company is Esteem Role Sdn. Bhd. which is incorporated in Malaysia.

The principal activity of the Company is an investment holding company. There is no significant change in the Company's principal activities during the financial year. The principal activities of the subsidiaries are disclosed in Note 6.

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Group and the Company.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, stated in the significant accounting policies set out in Note 3.

(a) Application of new or revised standards

In the current year, the Group and the Company have applied a number of new standards, amendments and interpretations that become effective mandatorily for the financial periods beginning on or after 1 September 2016.

The adoption of these new and revised standards, amendments and/or interpretations does not have significant impact on the financial statements of the Group and of the Company.

(b) Standards issued that are not yet effective

The Group and the Company have not applied the following new standards, amendments and IC interpretations (which are applicable upon adoption of MFRS framework) that have been issued by MASB but are not yet effective:

| | | *Effective date* |
|---|---|---|
| Amendments to MFRS 107 | Disclosure Initiative | 1 January 2017 |
| Amendments to MFRS 112 | Recognition of Deferred Tax Assets for Unrealised Losses | 1 January 2017 |
| Amendments to MFRS 12 | Annual Improvements to MFRS Standard 2014-2016 Cycle | 1 January 2017 |
| Amendments to MFRS 1 and MFRS 128 | Annual Improvements to MFRS Standards 2014-2016 Cycle | 1 January 2018 |
| MFRS 9 | Financial Instruments | 1 January 2018 |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| Amendments to MFRS 15 | Clarifications to MFRS 15 | 1 January 2018 |
| Amendments to MFRS 2 | Classification and Measurement of Share-based Payment Transactions | 1 January 2018 |
| Amendments to MFRS 4 | Applying MFRS 9, Financial Instrucments with MFRS 4, Insurance Contracts | 1 January 2018 |
| Amendments to MFRS 140 | Transfer of Investment Property | 1 January 2018 |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| MFRS 16 | Leases | 1 January 2019 |
| Amendments to MFRS 9 | Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 128 | Long-term Interests In Associates and Joint Ventures | 1 January 2019 |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |
| MFRS 17 | Insurance Contracts | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be announced by the MASB |

Except as otherwise indicated below, the adoption of the above new standards, amendments and IC interpretations are not expected to have significant impact on the financial statements of the Group and of the Company.

## 2. BASIS OF PREPARATION (CONT'D)

*MFRS 9 Financial Instruments*

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event needs not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

*MFRS 15 Revenue from Contracts with Customers*

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace MFRS 111 Construction Contracts, MFRS 118 Revenue, Issues Committee Interpretation ("IC Interpretation") 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 31 Revenue - Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

*MFRS 16 Leases*

Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group and the company are currently assessing the impact to the financial statements upon adopting MFRS 9, MFRS 15 and MFRS 16, and will adopt these standards on their mandatory effective dates.

## 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiaries controlled by the Company made up to the end of the financial year.

The Company controls an entity if and only if the Company has all the following:

(i) power over the entity;
(ii) exposure, or rights, to variable returns from its involvement with the entity; and
(iii) the ability to use its power over the entity to affect the amount of the returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(a) Basis of consolidation (Cont'd)

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

The Company attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non-controlling interests. The Company also attributes total comprehensive income to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

*Changes of interests in subsidiaries*

The changes of interests in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

*Loss of control*

When the Company loses control of a subsidiary:

(i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.

(ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.

(iii) It recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant MFRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 139 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(b) Business combination

The Group accounts for each business combination by applying the acquisition method.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the Group, the liabilities incurred by the Group and the equity interests issued by the Group.

The Group accounts for acquisition related costs as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, the Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either: (i) fair value; or (ii) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

a. The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquire; and (iii) in a business combination achieved in stages, the fair value of the Group's previously held equity interest in the investee.

b. The net fair value of the identifiable assets acquired and the liabilities assumed.

In a business combination where the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss on the acquisition date.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(c) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are measured at cost less impairment losses. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary disposed of is recognised in profit or loss.

(d) Investments in associate and joint venture

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associate or joint venture are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investments in associate or joint venture are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associate or joint venture.

The Group's share of net profit or loss and changes recognised directly in the other comprehensive income of the associate or joint venture are recognised in the consolidated statement of profit or loss and other comprehensive income respectively.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control over the associate or joint venture.

Premium relating to an associate or a joint venture is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Unrealised gains or losses on transactions between the Group and its associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture.

Equity accounting is discontinued when the carrying amount of the investment in an associate diminishes by virtue of losses to zero, unless the Group has legal or constructive obligations or made payments on behalf of the associate.

The results and reserves of associate or joint venture are accounted for in the consolidated financial statements based on financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in profit or loss.

When changes in the Group's interests in an associate that do not result in a loss of significant influence, the retained interests in the associate are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associate is recognised in profit or loss.

In the Company's separate financial statements, investments in associate and joint venture are measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associate disposed of is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment

(i) *Measurement basis*

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

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss when incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) *Depreciation*

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount of property, plant and equipment is determined after deducting the residual value from the cost.

The principal annual rates used for this purpose are:

| | |
|---|---|
| Leasehold land | 1% |
| Buildings | 2% |
| Plant and machinery | 5% - 12% |
| Office equipment, computer equipment, furniture, fittings, renovation, factory upgrade and factory equipment | 2% - 20% |
| Motor vehicles | 10% - 20% |

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

(f) Goodwill

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(g) Impairment of non-financial assets

(i) Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised for goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

(ii) Property, plant and equipment, investment in subsidiaries, associate and joint venture

Property, plant and equipment, investments in subsidiaries, associate and joint venture are assessed at the end of each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis or the weighted average basis, depending on the nature of inventories.

In the case of finished goods and work-in-progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(i) Financial instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(i) Financial instrument (Cont'd)

(ii) Financial instrument categories and subsequent measurement

Financial assets

The Group and the Company have financial assets classified as either loans and receivables or available-for-sale financial assets, as appropriate. Management determines the classification of the financial assets as set out below upon initial recognition.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using settlement date accounting.

*Loans and receivables*

Loans and receivables are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

Subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment loss. Any gains or losses arising from derecognition or impairment, and through the amortisation process of loans and receivables are recognised in profit or loss.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

*Available-for-sale financial assets*

This category comprises investment in equity that are not held for trading or designation at fair value through profit or loss.

Subsequent measurement of financial assets in this category is at fair value. Where fair value cannot be measured reliably, they are measured at cost less impairment loss.

Any gains or losses arising from changes in fair value of a financial asset in this category are recognised in other comprehensive income, except for impairment losses, until the investment is derecognised, at which time the cumulative gain or loss previously reported in other comprehensive income is reclassfied to the profit or loss.

All financial assets are subject to review for impairment.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a designated and effective hedging instrument) and financial liabilities that are specifically designated into this category upon initial recognition. These financial liabilities are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition of financial assets and liabilities

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(i) Financial instrument (Cont'd)

(iii) Derecognition of financial assets and liabilities (Cont'd)

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Derivative financial instruments

The Company entered into derivative financial instruments (interest rate swap) in prior year to manage its exposure to interest rate risk. Further details of derivative financial instrument are disclosed in Notes 38 and 39.

On initial recognition, these derivative financial instruments are recognised at fair value on the date on which the derivative contracts are entered into, and are subsequently remeasured to their fair value at each reporting date.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

The fair value of forward contract is determined by reference to current forward prices for contracts with similar maturity profiles. The fair value of futures, options and swap contracts is determined by reference to available market information and option valuation methodology. Where the quoted market prices are not available, fair values are based on management's best estimate and are arrived by reference to the market prices of another contract that is substantially similar.

A derivative with a positive fair value recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(j) Construction contracts

The Group's construction contracts are all fixed price contracts where the financial outcome can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the financial outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts.

When progress billings exceed costs incurred on construction contracts plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of financial assets

All financial assets are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

If there is objective evidence that an impairment loss on available-for-sale financial assets has been incurred, the amount of the loss is measured as the difference between the asset's acquisition cost and the asset's current fair value, less any impairment loss previously recognised. When a decline in the fair value of an asset has been previously recognised in other comprehensive income, the cumulative losses in other comprehensive income are reclassified from equity to profit or loss.

(l) Equity instruments

Equity instruments are initially recognised at cost and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are recorded at nominal value and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

(ii) Issuance expenses

Costs incurred directly attributable to the issuance of equity instruments are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss.

(iii) Dividends

Dividends to shareholders are recognised in equity in the period in which they are declared.

(m) Share buy-back

When shares are repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, is recognised as cost and set off against equity.

When shares are repurchased and cancelled, the nominal value of the shares repurchased is cancelled by a debit to share capital and an equivalent amount is transferred to capital redemption reserve. The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, is adjusted to share premium or any other suitable reserve.

When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental external cost and the related tax effects, is recognised in equity.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(n) Contingent liabilities

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

(o) Provisions

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

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

(p) Revenue recognition

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

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

Sales of goods are recognised upon delivery of products and when risks and rewards of ownership have passed. Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year. Dividend income is recognised when the shareholders' rights to receive payment is established.

Revenue from the sale of electricity generated from the renewable energy segment is recognised as and when the electricity is delivered to the buyer, based on the invoiced value of sales of electricity computed at a pre-determined rate. This revenue also includes an estimated value of the electricity delivered based on meter reading for electricity delivered but yet to be invoiced.

(q) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group as issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

(r) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

(i) *Finance lease*

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or investment properties.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(r) Leases (Cont'd)

(ii) *Operating lease*

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight line basis over the period of the lease.

Leasehold land which in substance is an operating lease is classified as prepaid lease payment.

(s) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time to complete are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commence when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred and ceases when the asset is completed or during extended periods when active development is interrupted.

All other borrowing costs are charged to profit or loss in the period in which they are incurred. The interest component of hire purchase payments is charged to profit or loss over the hire purchase period so as to give a constant periodic rate of interest on the remaining tenure of the hire purchase contract.

(t) Employee benefits

(i) *Short term employee benefits*

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) *Post-employment benefits*

The Company and its Malaysian subsidiaries pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company and its Malaysian subsidiaries is limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

Some of the Company's foreign subsidiary companies make contributions to their respective countries statutory pension schemes which are recognised as an expense in profit or loss as incurred.

(u) Income tax

The income tax expense in profit or loss represents the aggregate amount of current tax and deferred tax.

Current tax is the expected income tax payable or receivable on the taxable income or loss for the year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

On the statement of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of:

(i) goodwill, or

(ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(v) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

(w) Foreign currencies

(i) Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(ii) *Transactions and balances in foreign currencies*

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated to RM using the foreign exchange rates prevailing at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

(iii) *Translation of foreign operation*s

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

(x) Cash and cash equivalents

Cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flow, cash and cash equivalents are presented net of bank overdrafts.

(y) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the end of the reporting period, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical judgement

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

(i) Classification of joint venture

The Group acquired 22.5% equity interest in an investment holding company, Petapak Holdings Ltd. ("PHL"). Based on the contractual arrangement between the Group and other investor in PHL, the Group has substantive rights in deciding certain relevant activities of PHL as they require unanimous consent of both parties collectively. Accordingly, PHL is classified as a joint venture of the Group. See Note 8 for details.

(ii) Provision

As mentioned in Note 25, as a result of the demand made by the relevant authority against Crestronics (M) Sdn. Bhd., a wholly owned subsidiary company for the payment of unpaid sales tax and import duty, the Group made a provision of RM200,000. The provision was made based on Directors' best judgment and estimates based on information currently available and the advice of a consultant. As the amount of the claim is still subject to appeal, the ultimate amount of the claim that may ultimately be payable may differ from the provision made and the difference may be material.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Allowance for doubtful debts

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the end of the reporting period are disclosed in Notes 6, 11, 12, 13, 14, 15 and 16. The Group expects that there will be no material differences between present value of estimated future cash flows and the carrying amount at the reporting date.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and construction-in-progress, is depreciated on a straight-line basis over the assets' useful lives. The Group reviews the remaining useful lives of property, plant and equipment at the end of each reporting period and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges. The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 5.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D))

Key sources of estimation uncertainty (Cont'd)

(iii) Impairment of assets

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets. As of 31 August 2017, the Group and the Company recognised accumulated impairment losses in respect of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | **RM** | **RM** | **RM** | **RM** |
| Property, plant and equipment | 4,174,713 | 4,174,713 | - | - |
| Investment in associated company | 462,091 | 462,091 | - | - |
| Investment in subsidiary company | - | - | 6,552,999 | 6,552,999 |
| Other investment | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |

Management exercises its judgement in estimating the recoverable amounts of these assets.

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group and the Company make estimates and assumptions that requires significant judgements. While the Group and the Company believe these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's and the Company's financial position and results.

(iv) Impairment of goodwill in joint venture

Determining whether goodwill is impaired requires an estimation of the VIU of the cash-generating units to which goodwill has been allocated. The VIU calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of those cash flows. The carrying amount of goodwill at the end of the reporting period, pertaining to the investment in joint venture, was RM4,913,520 (2016: RM4,673,782) and no impairment loss has been recognised in profit or loss during the current financial year as the Directors are of the opinion that the recoverable amount of the cash-generating unit is higher than the carrying amount. Details of the cash-generating unit calculation are disclosed in Note 8.

(v) Impairment loss and write down of inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices.

Inventories are reviewed on a regular basis and the Group will make a provision for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of their inventories and additional impairment losses for slow moving inventories may be required. The carrying amount of the Group's inventories is disclosed in Note 10.

## 5. PROPERTY, PLANT AND EQUIPMENT

| Group<br><br>2017<br>Cost | Freehold land RM | Leasehold land RM | Buildings RM | Plant and machinery RM | Office equipment computer equipment, furniture, fittings, renovation, factory upgrade and factory equipment RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|---|---|---|
| At 1 September 2016 | 8,200,000 | 3,633,020 | 27,876,866 | 74,258,289 | 8,027,929 | 4,567,331 | 126,563,435 |
| Additions | - | - | - | 8,372,546 | 222,137 | 140,190 | 8,734,873 |
| Disposals | - | - | (200,000) | (148,110) | (184,541) | (155,357) | (688,008) |
| At 31 August 2017 | 8,200,000 | 3,633,020 | 27,676,866 | 82,482,725 | 8,065,525 | 4,552,164 | 134,610,300 |
| **Accumulated depreciation** | | | | | | | |
| At 1 September 2016 | - | 146,216 | 2,697,067 | 60,014,868 | 5,316,306 | 2,886,921 | 71,061,378 |
| Additions | - | 38,242 | 563,800 | 3,259,322 | 435,742 | 470,434 | 4,767,540 |
| Disposals | - | - | (36,667) | (126,351) | (184,541) | (155,356) | (502,915) |
| At 31 August 2017 | - | 184,458 | 3,224,200 | 63,147,839 | 5,567,507 | 3,201,999 | 75,326,003 |
| **Accumulated Impairment losses** | | | | | | | |
| At 1 September 2016 / 31 August 2017 | - | - | - | 3,852,971 | 229,446 | 92,296 | 4,174,713 |
| Net book value<br>At 31 August 2017 | 8,200,000 | 3,448,562 | 24,452,666 | 15,481,915 | 2,268,572 | 1,257,869 | 55,109,584 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group<br>2016<br>Cost | Freehold land RM | Leasehold land RM | Buildings RM | Plant and machinery RM | Office equipment computer equipment, furniture, fittings, renovation, factory upgrade and factory equipment RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|---|---|---|
| At 1 September 2015 | 8,200,000 | 3,633,020 | 27,976,866 | 71,732,931 | 7,835,484 | 4,348,950 | 123,727,251 |
| Additions | - | - | - | 2,674,804 | 405,858 | 752,270 | 3,832,932 |
| Disposals | - | - | (100,000) | (149,446) | - | (533,889) | (783,335) |
| Write-offs | - | - | - | - | (213,413) | - | (213,413) |
| At 31 August 2016 | 8,200,000 | 3,633,020 | 27,876,866 | 74,258,289 | 8,027,929 | 4,567,331 | 126,563,435 |
| **Accumulated depreciation** | | | | | | | |
| At 1 September 2015 | - | 107,974 | 2,177,403 | 57,018,160 | 4,867,493 | 2,976,391 | 67,147,421 |
| Additions | - | 38,242 | 535,832 | 3,143,184 | 554,477 | 439,885 | 4,711,620 |
| Disposals | - | - | (16,168) | (146,476) | - | (529,355) | (691,999) |
| Write-offs | - | - | - | - | (105,664) | - | (105,664) |
| At 31 August 2016 | - | 146,216 | 2,697,067 | 60,014,868 | 5,316,306 | 2,886,921 | 71,061,378 |
| **Accumulated Impairment losses** | | | | | | | |
| At 1 September 2015 | - | - | - | 3,852,971 | 230,117 | 92,296 | 4,175,384 |
| Write-offs | - | - | - | - | (671) | - | (671) |
| At 31 August 2016 | - | - | - | 3,852,971 | 229,446 | 92,296 | 4,174,713 |
| Net book value<br>At 31 August 2016 | 8,200,000 | 3,486,804 | 25,179,799 | 10,390,450 | 2,482,177 | 1,588,114 | 51,327,344 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

| | Group 2017 RM | Group 2016 RM |
|---|---|---|
| Net book value: | | |
| Plant and machinery | 3,385,469 | 2,893,232 |
| Motor vehicles | 919,260 | 1,479,331 |
| | 4,304,729 | 4,372,563 |

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

| | Group 2017 RM | Group 2016 RM |
|---|---|---|
| Cost: | | |
| Plant and machinery | 42,064,954 | 41,902,148 |
| Office equipment and furniture, fittings, renovation, factory upgrade and factory equipment | 2,753,665 | 3,007,889 |
| Motor vehicles | 1,159,005 | 1,356,975 |
| | 45,977,624 | 46,267,012 |

As of 31 August 2017, the following property, plant and equipment are charged to licensed banks as security for term loans and other credit facilities, as mentioned in Notes 21 and 26, granted to the Group:

| | Group 2017 RM | Group 2016 RM |
|---|---|---|
| Net book value: | | |
| Freehold land | 8,200,000 | 8,200,000 |
| Leasehold land | 3,448,562 | 3,486,804 |
| Buildings | 23,392,132 | 23,923,798 |
| Plant and machinery | 7,156,341 | - |
| | 42,197,035 | 35,610,602 |

## 6. INVESTMENT IN SUBSIDIARY COMPANIES

| | Company 2017 RM | Company 2016 RM |
|---|---|---|
| Unquoted shares at cost | 51,558,546 | 51,558,546 |
| Less: Accumulated impairment losses | (6,552,999) | (6,552,999) |
| | 45,005,547 | 45,005,547 |

The details of the subsidiary companies are as follows:

| Name of subsidiary companies | Effective equity interest 2017 % | Effective equity interest 2016 % | Country of incorporation | Principal activities |
|---|---|---|---|---|
| *Direct subsidiaries* | | | | |
| Ban Seng Lee Industries Sdn. Bhd. | 100 | 100 | Malaysia | Stamping and manufacturing of precision metal parts and fabrication of tools and dies. |
| Crestronics (M) Sdn. Bhd. | 100 | 100 | Malaysia | Printed circuit board assembly and assembly of all types of electronic and electrical components, devices and system. |

## 6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of the subsidiary companies are as follows (Cont'd):

| Name of subsidiary companies | Effective equity interest 2017 % | 2016 % | Country of incorporation | Principal activities |
|---|---|---|---|---|
| *Direct subsidiaries (Cont'd)* | | | | |
| Unique Forging & Components Sdn. Bhd. | 100 | 100 | Malaysia | Fabrication and forging of base metal components. |
| BSL (HK) Limited* | 100 | 100 | Hong Kong, People's Republic of China | Investment holding. |
| Advance Autotek Industries (M) Sdn. Bhd. | 100 | 100 | Malaysia | Investment holding. |
| BSL Eco Energy Sdn. Bhd. | 51 | 51 | Malaysia | Manufacturing, sales and marketing of solar inverter, and other products. |
| *Indirect subsidiaries* | | | | |
| Crestronics Greentech Sdn. Bhd. ** | 52 | 52 | Malaysia | Research and development, trading and manufacturing of energy efficient products. |
| AAI Auto Electronics Sdn. Bhd. *** | - | 100 | Malaysia | Dormant |
| Matahari Suria Sdn. Bhd. **** | 100 | 100 | Malaysia | Supplying and installing power products. |
| Suria Solar Tech Sdn. Bhd. * # | 51 | - | Malaysia | Dormant |

* Audited by a firm of auditors other than Mazars.
** Held through Crestronics (M) Sdn. Bhd.
*** Held through Advance Autotek Industries (M) Sdn. Bhd.
**** Held through Unique Forging & Components Sdn. Bhd.
\# Held through BSL Eco Energy Sdn. Bhd.

(i) Member's voluntary winding up of AAI Auto Electronics Sdn. Bhd. ("AAIE")

The Group announced that the Liquidator of AAIE (In Member's Voluntary Winding Up), a wholly owned subsidiary of Advance Autotek Industries (M) Sdn. Bhd., which in turn is a wholly owned subsidiary of the Company, had on 21 June 2017 convened final meeting of AAIE to conclude the Member's Voluntary Winding up.

As of the date of this report, the Registrar of Companies has yet to publish AAIE in the Gazette.

(ii) Acquisition of investment in Suria Solar Tech Sdn. Bhd. ("SST")

During the financial year, the BSL Eco Energy Sdn. Bhd., partly owned subsidiary of the Company acquired 100 ordinary share, which represent 100% of the entire issued and paid up share capital of SST for a total consideration of RM6,180. Accordingly, SST became a 51% owned subsidiary of the Group.

The acquisition has no significant effect on the financial results and position of the Group as at 31 August 2017.

(iii) Changes in equity interest in a subsidiary

During the financial year 2016, the Company acquired 245,000 ordinary shares of RM1 each, representing the remaining 49% of the issued and paid-up share capital of Advance Autotek Industries (M) Sdn. Bhd. ("AAI") from a corporate shareholder for a total cash consideration of RM2,000,000. Following the completion of the acquisition, the Company holds 100% equity interest in AAI.

## 6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(iii) Changes in equity interest in a subsidiary (Cont'd)

The impact of the purchase of further interest in AAI is as follows:

| | 2016 RM |
|---|---|
| Consideration paid to non-controlling interest | 2,000,000 |
| Carrying amount of non-controlling interest acquired | (5,047,266) |
| Difference recognised in equity | (3,047,266) |

Accordingly, AAI became a wholly owned subsidiary of the Company. The financial effect of this transaction resulted in a transfer of RM3,047,266 from non-controlling interests to shareholders' equity.

(iv) Acquisition of investment in BSL Eco Energy Sdn. Bhd. ("BSLE")

During the financial year 2016, the Company acquired 1 ordinary share of RM1 each in the capital of BSLE, which represent 50% of the entire issued and paid up share capital of BSLE for a total consideration of RM2,500. Accordingly, BSLE became a 50% subsidiary of the Company.

Subsequently, BSLE issued additional 999,998 ordinary shares of RM1 each to its shareholders. The Company subscribed for an additional 509,999 ordinary shares of RM1 each in BSLE for a total cash consideration of RM509,999. Non-controlling interests subscribed for an additional 489,999 ordinary shares of RM1 each in BSLE for a total cash consideration of RM489,999. Upon the subscription of those shares, the Group's equity interest in BSLE was increased from 50% to 51%.

The acquisition has no significant effect on the financial results and position of the Group as at 31 August 2016.

(v) Acquisition of investment in Matahari Suria Sdn. Bhd. ("MS")

During the financial year 2016, Unique Forging & Components Sdn. Bhd. ("UFC"), a wholly owned subsidiary of the Company, acquired 100 ordinary shares of RM1 each representing 100% equity interest of MS for a total consideration of RM100.

Following the above acquisition, MS became a wholly owned subsidiary of UFC and the Company.

The acquisition has no significant effect on the financial results and position of the Group as at 31 August 2016.

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

| | Proportion of ownership interests and voting right held by non-controlling interests | | Profit/(loss allocated to non-controlling interests | | Accumulated non-controlling interests | |
|---|---|---|---|---|---|---|
| | 2017 % | 2016 % | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| BSL Eco Energy Sdn. Bhd. | 49 | 49 | 458,630 | (213,467) | 733,240 | 274,610 |
| Individually immaterial subsidiary company with non-controlling interests | | | | | 156,230 | 154,439 |
| | | | | | 889,470 | 429,049 |

Summarised financial information in respect of the Group's subsidiary companies that have material non-controlling interest are set out below. The summarised financial information below represents amount before intragroup eliminations.

| BSL Eco Energy Sdn. Bhd. | 2017 RM | 2016 RM |
|---|---|---|
| Non-current assets | 54,490 | 44,233 |
| Current assets | 14,415,912 | 1,861,251 |
| Current liabilities | 11,456,280 | 1,345,056 |
| Equity attributable to owners of the Company | 1,537,202 | 285,818 |
| Non-controlling interests | 1,476,920 | 274,610 |

## 6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

| | 2017 RM | 2016 RM |
|---|---|---|
| Revenue | 19,991,569 | 9,113 |
| Other income | 16 | 1,368 |
| Other expenses | (17,537,891) | (446,053) |
| Profit/(loss) for the year | 2,453,694 | (435,572) |
| Profit / (Loss) attributable to owners of the Company | 1,995,064 | (222,105) |
| Profit / (Loss) attributable to the non-controlling interests | 458,630 | (213,467) |
| Profit / (Loss) for the year | 2,453,694 | (435,572) |
| Total comprehensive profit/(loss) attributable to owners of the Company | 1,995,064 | (222,105) |
| Total comprehensive profit/(loss) attributable to the non-controlling interest | 458,630 | (213,467) |
| Total comprehensive profit/(loss) for the year | 2,453,694 | (435,572) |
| Net cash outflow from operating activities | (5,727,433) | (1,243,767) |
| Net cash outflow from investing activities | (22,337) | (46,353) |
| Net cash inflow from financing activities | 6,086,132 | 1,459,998 |
| Net cash inflow | 336,362 | 169,878 |

Amount owing by subsidiary companies comprises of the following:

| | Company | |
|---|---|---|
| | 2017 RM | 2016 RM |
| Gross outstanding | 22,514,380 | 20,700,225 |
| Less: Allowance for doubtful debts | (5,616,313) | (5,616,313) |
| | 16,898,067 | 15,083,912 |

The amount owing by subsidiary companies arose mainly from advances granted which bear interest at 3.5% - 9% (2016: 3.5% - 9%) per annum and are unsecured and repayable on demand.

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

| | Company | |
|---|---|---|
| | 2017 RM | 2016 RM |
| RM | 11,073,159 | 9,805,294 |
| Hong Kong Dollar ("HKD") | 5,824,908 | 5,278,618 |
| | 16,898,067 | 15,083,912 |

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

## 7. INVESTMENT IN ASSOCIATED COMPANY

| | Group | |
|---|---|---|
| | 2017 RM | 2016 RM |
| Unquoted shares at cost | 4,701,171 | 4,701,171 |
| Share of post-acquisition losses | (4,239,080) | (4,239,080) |
| | 462,091 | 462,091 |
| Less: Accumulated impairment losses | (462,091) | (462,091) |
| | - | - |

## 7. INVESTMENT IN ASSOCIATED COMPANY (CONT'D)

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

| Name of company | Effective equity interest 2017 % | Effective equity interest 2016 % | Principal activities |
|---|---|---|---|
| Hongze Yiyang Steel Tubes Co., Ltd. | 25 | 25 | Production, manufacturing, sales and distribution of seamless steel tubes and pipes. |

The following amounts represent the income, expenses, assets and liabilities of the associated company:

| | 2017 RM | 2016 RM |
|---|---|---|
| Revenue | 61,075,423 | 67,074,467 |
| Other income | 154,737 | 188,500 |
| Other expenses | (62,476,651) | (68,743,972) |
| Loss before tax | (1,246,491) | (1,481,005) |
| Income tax expense | - | - |
| Loss after tax | (1,246,491) | (1,481,005) |
| Share of results of associated company | - | - |
| *Assets and liabilities* | | |
| Current assets | 21,521,454 | 15,582,327 |
| Non-current assets | 15,835,519 | 16,200,256 |
| Current liabilities | (40,978,075) | (34,368,085) |
| Net liabilities | (3,621,102) | (2,585,502) |
| Share of net assets of associated company | - | - |
| Impairment loss recognised | - | - |
| | - | - |

## 8. INVESTMENT IN JOINT VENTURE

| | Group 2017 RM | Group 2016 RM |
|---|---|---|
| Unquoted shares at cost | 4,502,444 | 4,502,444 |
| Share of post-acquisition profit | 417,363 | 302,790 |
| | 4,919,807 | 4,805,234 |

The details of the joint venture company, which is incorporated in the Hong Kong, are as follows:

| Name of company | Effective equity interest 2017 % | Effective equity interest 2016 % | Principal activities |
|---|---|---|---|
| Petapak Holdings Ltd. ("PHL") | 22.5 | 22.5 | Investment holding company. |

On 21 July 2014, BSL HK Limited ("BSL HK"), a wholly owned subsidiary company, entered into a sale and purchase of shares agreement ("SPA") with Southern Star Corporation ("SS") and Asim Salameh ("AS") (as guarantor to guarantee the performance of SS) for the acquisition of 450 ordinary shares by BSL HK from SS, representing 22.5% of the total issued and paid up share capital of PHL, for a total cash consideration of RM3,825,000.

During financial year 2016, BSL HK further acquired additional 225 ordinary shares in PHL for a total cash consideration of RM1,000,000. As a result, BSL HK held 675 ordinary shares in PHL, representing 22.5% of the total issued and paid up share capital of PHL.

## 8. INVESTMENT IN JOINT VENTURE (CONT'D)

Concurrent with the signing of the SPA, the following agreements were executed:

(i) A subscription cum shareholders agreement ("SSA") was executed between PHL, BSL HK and SS to govern the conduct, obligation and understanding amongst the shareholders of PHL, including the subscription of additional 2,000 new ordinary shares to be issued by BSL HK and SS in accordance with the existing proportions of their shareholdings for working capital purposes for a cash consideration of RM3,000,000; and

(ii) A master manufacturing agreement ("MMA") was executed by Ban Seng Lee Industries Sdn. Bhd. ("BSLI"), a wholly owned subsidiary company, with Petapak Aerosol International Limited ("PAIL"), a wholly owned subsidiary company of PHL and a company incorporated in Hong Kong, in respect of the appointment of BSLI by PAIL as an exclusive manufacturer and supplier for metal collars (a component of plastic aerosol containers) worldwide save for Australia and New Zealand. The MMA shall become effective on the date of MMA and shall be in full force and effect for 20 years thereafter, provided that BSLI shall not be in breach of the MMA, the term shall be automatically extended on a yearly basis.

PHL has two wholly owned subsidiary companies, namely PAIL and Petapak IP Limited ("PIPL"). PAIL is principally involved in the sales and marketing of polyethelene terephthalate ("PET") plastic aerosol containers. PIPL is principally involved in owning and developing the intellectual property rights. Both PAIL and PIPL are dormant at the end of the reporting period.

The above joint venture is accounted for using the equity method in these consolidated financial statements.

The following amounts represent the income, expenses, assets and liabilities of the joint venture:

| | Group | |
|---|---|---|
| | **2017 RM** | **2016 RM** |
| Revenue | 22,651 | 21 |
| Other expenses | (619,419) | (539,929) |
| Loss before tax | (596,768) | (539,908) |
| Tax expense | - | - |
| Loss after tax | (596,768) | (539,908) |
| Share of results of joint venture | (134,273) | (121,479) |
| Assets and liabilities | | |
| Current assets | 94,548 | 608,527 |
| Current liabilities | (66,604) | (24,297) |
| Net assets | 27,944 | 584,230 |
| Share of net assets of joint venture | 6,287 | 131,452 |

Reconciliation of the above summaries financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

| | Group | |
|---|---|---|
| | **2017 RM** | **2016 RM** |
| Net assets of the joint venture | 6,287 | 131,452 |
| Goodwill | 4,913,520 | 4,673,782 |
| Carrying amount of the Group's interest in the joint venture | 4,919,807 | 4,805,234 |

Goodwill arose from the acquisition of joint venture because the consideration paid for the joint venture effectively included amounts in relation to the expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Goodwill acquired in business combination is allocated to the cash generating unit ("CGU") that are expected to benefit from that business combination. Goodwill has been allocated to the PET Plastic Aerosol Metal Collars operation of the Group which is expected to be commenced operations in next financial year.

## 8. INVESTMENT IN JOINT VENTURE (CONT'D)

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 15% (2016: 15%) per annum.

Cash flow projections during the budget period are based on key assumptions on expected date of commencial operations, budgeted market share, budgeted gross profit, expected changes to selling prices and direct costs during the projection period.

The directors estimate discount rate of 15% (2016: 15%) per annum reflects the current market assessment of the time value of money and the risk specific to the CGU. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the CGU.

## 9. OTHER INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2017 RM** | **2016 RM** | **2017 RM** | **2016 RM** |
| *Non-current assets* | | | | |
| Available-for-sale financial assets: | | | | |
| Unquoted subordinated bonds - at cost | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Less: Accumulated impairment losses | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) |
| | - | - | - | - |
| Quoted shares outside Malaysia - at fair value | 3,603,552 | - | - | - |
| | 3,603,552 | - | - | - |
| *Current assets* | | | | |
| Available-for-sale financial assets: | | | | |
| Quoted shares outside Malaysia - at fair value | - | 3,381,546 | - | - |
| Total other investments | 3,603,552 | 3,381,546 | - | - |

In year 2007, the Company participated in a Primary Collaterised Loan Obligations ("CLO") transaction and obtained an unsecured term loan facility of RM15,000,000. It includes a condition to subscribe for the subordinated bonds disclosed above pursuant to the CLO of up to 10% of the principal amount of the term loan. The term loan has been fully repaid by the Company in year 2011.

## 10. INVENTORIES

| | Group | |
|---|---|---|
| | **2017 RM** | **2016 RM** |
| Raw materials | 4,968,881 | 5,339,647 |
| Work-in-progress | 3,455,594 | 2,960,435 |
| Finished goods | 3,503,016 | 3,573,619 |
| Goods-in-transit | - | 179,700 |
| | 11,927,491 | 12,053,401 |

Cost of inventories recognised as expenses of the Group amounting RM130,329,198 (2016: RM103,292,344).

The cost of inventories recognised as cost of sales in profit or loss includes RM311,255 (2016: RM13,449) in respect of reversal of inventories write-downs to its net realisable value previously.

The amount of inventories carried at net realisable value is RM370,203 (2016: RM585,689).

## 11. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | 2017 RM | 2016 RM |
| Trade receivables | 36,298,261 | 20,455,077 |
| Less: Allowance for doubtful debts | (718,015) | (1,069,897) |
| | 35,580,246 | 19,385,180 |

Trade receivables include accrued revenue from customer for a subsidiary of the Company which is Matahari Suria Sdn. Bhd. amounting to RM430,215 (2016: Nil).

Trade receivables comprise amounts receivable for sales of goods. The average credit period on sales of goods is 30 to 90 (2016: 30 to 90) days. No interest is charged on trade receivables.

The foreign currency exposure profile of gross trade receivables are as follows:

| | Group | |
|---|---|---|
| | 2017 RM | 2016 RM |
| RM | 35,980,089 | 14,174,952 |
| United States Dollar ("USD") | 318,172 | 6,280,125 |
| | 36,298,261 | 20,455,077 |

## 12. AMOUNT DUE FROM CUSTOMERS ON CONTRACT

| | 2017 RM | 2016 RM |
|---|---|---|
| Cost of contracts | 7,710,604 | - |
| Attributable profit recognised to-date | 2,199,396 | - |
| | 9,910,000 | - |
| Progress billings | (6,585,000) | - |
| | 3,325,000 | - |

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Advance payment to suppliers | - | 1,300,600 | - | - |
| Other receivables | 1,436,616 | 2,069,076 | - | - |
| Refundable deposits | 553,479 | 934,753 | - | - |
| GST recoverable | 323,949 | 500,183 | - | - |
| Prepayments | 737,083 | 917,227 | 20,833 | 20,833 |
| | 3,051,127 | 5,721,839 | 20,833 | 20,833 |

The currency exposure profile of other receivables, deposits and prepayments are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| RM | 3,051,127 | 5,574,071 | 20,833 | 20,833 |
| USD | - | 147,768 | - | - |
| | 3,051,127 | 5,721,839 | 20,833 | 20,833 |

## 14. AMOUNT OWING BY CORPORATE SHAREHOLDERS

The amount owing by corporate shareholders are trade in nature and expected to be settled within the normal credit periods.

The foreign currency exposure profile of amount owing by corporate shareholders are as follows:

| | Group | |
|---|---|---|
| | 2017 RM | 2016 RM |
| RM | 23,934 | 6,739 |
| USD | - | 42 |
| | 23,934 | 6,781 |

## 15. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The short-term deposits of the Group bear interest at rates ranging from 2.55% to 3.10% (2016: 2.45% to 3.99%) per annum and have maturity periods ranging from 31 to 365 (2016: 31 to 365) days.

Included in the short-term deposits are deposits amounting to RM1,429,561 (2016: RM799,473) pledged to a licensed bank as collateral for term loan, bank overdrafts and other credit facilities granted to a subsidiary company as mentioned in Notes 21 and 26.

Short-term deposits with licensed banks are denominated in Ringgit Malaysia.

## 16. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Cash and bank balances | 12,511,275 | 9,067,833 | 135,299 | 569,198 |
| Short-term deposits with licensed banks (Note 15) | 1,429,561 | 5,836,620 | - | 1,000,000 |
| | 13,940,836 | 14,904,453 | 135,299 | 1,569,198 |
| Less: Short-term deposits pledged to a bank | (1,429,561) | (799,473) | - | - |
| | 12,511,275 | 14,104,980 | 135,299 | 1,569,198 |

The foreign currency exposure profile of cash and bank balances are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| RM | 11,322,770 | 5,281,383 | 135,299 | 569,198 |
| USD | 1,165,824 | 3,769,105 | - | - |
| HKD | 22,681 | 17,345 | - | - |
| | 12,511,275 | 9,067,833 | 135,299 | 569,198 |

## 17. SHARE CAPITAL

| | Group and Company | |
|---|---|---|
| | 2017 RM | 2016 RM |
| Issued and fully paid: | | |
| 98,000,000 ordinary shares (2016: par value of RM0.50 shares) | 49,000,000 | 49,000,000 |

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which the Companies Act 2016 ("CA 2016") comes into operation except Section 241 and Division 8 of Part III. CA 2016 replaces the Companies Act 1965 upon its effective date.

## 17. SHARE CAPITAL (CONT'D)

Pursuant to CA 2016:

- The concept of authorised share capital is abolished.
- All shares issued before or upon the commencement of CA 2016 shall have no par or nominal value.
- Upon commencement of CA 2016, any amount standing to the credit of the Company's share premium account and capital redemption reserve shall become part of the Company's share capital.
- However, the Company may, within 24 months upon the commencement of CA 2016, use the amount standing to the credit of its share premium account and capital redemption reserve for specific purposes set out in the transitional provisions of CA 2016.

## 18. TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of ordinary shares | | Amount | |
| | 2017 | 2016 | 2017 RM | 2016 RM |
| At 1 September | 1,284,113 | 1,275,113 | 422,661 | 420,453 |
| Repurchased during the year | 75,000 | 9,000 | 33,609 | 2,208 |
| At 31 August | 1,359,113 | 1,284,113 | 456,270 | 422,661 |

During the financial year, the Company purchased 75,000 (2016: 9,000) of its own shares through purchases on Bursa Malaysia Securities Berhad for RM33,609 (2016: RM2,208) which has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM0.4481 (2016: RM0.2454) per share.

## 19. RESERVES

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Non-distributable reserves: | | | | | |
| Share premium | (i) | 1,767,230 | 1,767,230 | 1,767,230 | 1,767,230 |
| Foreign currency translation reserve | | (1,192,460) | (945,698) | - | - |
| Fair value reserve | | (160,668) | - | - | - |
| | | 414,102 | 821,532 | 1,767,230 | 1,767,230 |
| Distributable reserve: | | | | | |
| Retained earnings | | 28,155,584 | 24,953,574 | 5,821,517 | 5,416,208 |
| | | 28,569,686 | 25,775,106 | 7,588,747 | 7,183,438 |

Share premium represents the excess of issue price over the par value of shares issued under the Companies Act 1965.

Pursuant to the transitional provisions of CA 2016, the Company may, within 24 months upon the commencement of CA 2016, use the amount standing to the credit of its share premium account for specific purposes set out in the transitional provisions of CA 2016. Thereafter, any unutilised credit balance in the share premium account shall be transferred and credited to share capital of the Company.

## 20. HIRE PURCHASE LIABILITIES

| | Group | |
|---|---|---|
| | 2017 RM | 2016 RM |
| Total outstanding | 1,943,697 | 3,024,589 |
| Less: Interest-in-suspense | (99,732) | (208,715) |
| Principal outstanding | 1,843,965 | 2,815,874 |
| Less: Portion due within the next 12 months (shown under current liabilities) | (1,210,973) | (1,343,184) |
| Non-current portion | 632,992 | 1,472,690 |

## 20. HIRE PURCHASE LIABILITIES (CONT'D)

The non-current portion are repayable as follows:

| | Group | |
|---|---|---|
| | 2017<br>RM | 2016<br>RM |
| Financial year ending August 31: | | |
| 2018 | - | 1,053,563 |
| 2019 | 583,986 | 419,127 |
| 2020 and thereafter | 49,006 | - |
| | 632,992 | 1,472,690 |

The term of the hire purchase liabilities is 3 years and interest rates implicit in the hire purchase arrangements range from 4.91% to 6.58% (2016: 4.90% to 6.56%) per annum. The interest rates are fixed at the inception of the hire purchase arrangement.

## 21. TERM LOANS

| | Group | |
|---|---|---|
| | 2017<br>RM | 2016<br>RM |
| Total outstanding | 14,750,222 | 12,335,628 |
| Less: Portion due within the next 12 months (shown under current liabilities) | (3,050,906) | (2,586,471) |
| Portion due after the next 12 months | 11,699,316 | 9,749,157 |

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

| | Group | |
|---|---|---|
| | 2017<br>RM | 2016<br>RM |
| Financial year ending 31 August: | | |
| 2018 | - | 2,593,338 |
| 2019 | 3,305,773 | 2,600,520 |
| 2020 | 2,241,238 | 2,608,031 |
| 2021 | 1,911,675 | 1,947,268 |
| Thereafter | 4,240,630 | - |
| | 11,699,316 | 9,749,157 |

The Group has term loans facilities totalling RM39,515,800 (2016: RM34,515,800) obtained from licensed banks. The term loans of the Group bears interest at rates ranging from 4.50% to 5.38% (2016: 4.50% to 5.61%) per annum.

The details of the outstanding term loans at year end are as follows:

(i) A ten (10) year loan of RM14,670,000 repayable by 120 equal monthly installments of RM122,250 each, commencing in October 2009. The outstanding balance as of 31 August 2017 was RM3,300,750 (2016: RM4,767,750); and

(ii) A ten (10) year loan of RM9,700,000 repayable by 119 equal monthly installments of RM80,834 each plus a last installment of RM80,754. The first installment commenced on the first day of the first month immediately after full drawdown in June 2013. The outstanding balance as of 31 August 2017 was RM5,577,466 (2016: RM6,547,474).

The abovementioned term loans are secured by fixed charges over certain property, plant and equipment of a subsidiary company, a first party legal charge over the freehold land, and a corporate guarantee by the Company.

(iii) A ten (10) year loan of RM1,530,533 repayable by 120 equal monthly installments of RM15,975 each, commencing in November 2012. The outstanding balance as at 31 August 2017 was RM872,006 (2016: RM1,020,404).

The said term loan is secured by a first party legal charge over the leasehold land of a subsidiary company (Note 5), a pledge of fixed deposit (Note 15) and a corporate guarantee by the Company.

(iv) A seven (7) year loan of RM5,000,000 repayable by 78 equal monthly installments of RM74,014 each, commencing in January 2018. The outstanding balance as at 31 August 2017 was RM5,000,000.

The said term loan is secured by fixed charges over certain property, plant and equipment of a subsidiary company (Note 5), a pledge of fixed deposit (Note 15) and a corporate guarantee by the Company.

## 22. DEFERRED TAX LIABILITIES

| | Group | |
|---|---|---|
| | **2017** **RM** | **2016** **RM** |
| At 1 September | 1,567,908 | 1,714,501 |
| Recognised in profit or loss | 861,037 | (146,593) |
| At 31 August | 2,428,945 | 1,567,908 |

The components of deferred tax liabilities during the financial year are as follows:

| | Group | |
|---|---|---|
| | **2017** **RM** | **2016** **RM** |
| Tax effects of: | | |
| - Excess of capital allowances over accumulated depreciation on property, plant and equipment | 3,234,202 | 2,311,965 |
| - Unabsorbed capital allowances | (690,308) | (272,139) |
| - Others | (114,949) | (471,918) |
| | 2,428,945 | 1,567,908 |

## 23. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group on purchases of goods ranges from 30 to 90 (2016: 60 to 90) days.

The currency exposure profile of trade payables are as follows:

| | Group | |
|---|---|---|
| | **2017** **RM** | **2016** **RM** |
| RM | 27,346,639 | 12,128,386 |
| USD | 685,406 | 4,121,746 |
| | 28,032,045 | 16,250,132 |

## 24. OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** **RM** | **2016** **RM** | **2017** **RM** | **2016** **RM** |
| Accrued expenses | 2,938,163 | 1,884,055 | 89,850 | 98,745 |
| Advance billings | 40,140 | 215,000 | - | - |
| Other payables | 1,724,312 | 1,202,851 | 14,284 | 8,764 |
| Interest payable | 40,386 | 50,978 | - | - |
| GST payable | 58,529 | 87,724 | - | - |
| | 4,801,530 | 3,440,608 | 104,134 | 107,509 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2017** **RM** | **2016** **RM** | **2017** **RM** | **2016** **RM** |
| RM | 4,801,530 | 3,362,608 | 104,134 | 107,509 |
| USD | - | 78,000 | - | - |
| | 4,801,530 | 3,440,608 | 104,134 | 107,509 |

## 25. PROVISION

| | Group 2017 RM | Group 2016 RM |
|---|---|---|
| At 1 September/31 August (Note 37 (b)) | 200,000 | 200,000 |

## 26. BANK BORROWINGS

| | Group 2017 RM | Group 2016 RM |
|---|---|---|
| Bank overdrafts | 788,168 | 129,658 |
| Bankers' acceptances | - | 218,000 |
| | 788,168 | 347,658 |

In addition to the term loans facilities as mentioned in Note 21, the Group has bank overdrafts and other credit facilities which bear interest at rates ranging from 7.50% to 8.21% (2016: 7.50% to 8.31%) per annum.

The overdrafts and other credit facilities are secured by:

(i) Fixed and floating charges over certain property, plant and equipment of a subsidiary company (Note 5);

(ii) Short-term deposits of a subsidiary company (Note 15); and

(iii) Corporate guarantee by the Company.

## 27. INVESTMENT INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Interest income from short-term deposits with licensed banks | 64,697 | 290,884 | 12,666 | 901 |

## 28. STAFF COSTS

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 RM1,423,686 (2016: RM1,187,034).

The remuneration of the key management personnel, who are also the Directors of the Group and of the Company, are as disclosed in Note 30. The estimated monetary value of benefit-in-kind received by the Directors from the Group amounting to RM16,937 (2016: RM10,625).

## 29. FINANCE COSTS

| | Group 2017 RM | Group 2016 RM |
|---|---|---|
| Interest expense on: | | |
| Term loans | 608,958 | 732,922 |
| Bankers' acceptances | 10,348 | 6,129 |
| Hire purchase liabilities | 155,841 | 141,709 |
| Bank overdrafts | 71,694 | 118,940 |
| | 846,841 | 999,700 |

## 30. PROFIT BEFORE TAX

Profit before tax is stated after charging:

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| Auditors' remuneration | | | | |
| - Statutory audit | 191,656 | 193,879 | 49,000 | 48,000 |
| - Non-statutory audit | 7,000 | 5,000 | - | - |
| Directors' remuneration* | 1,014,718 | 1,018,950 | 249,450 | 237,300 |
| Impairment of: | | | | |
| - Investment in subsidiary company | - | - | - | 6,000,000 |
| - Goodwill | 10,804 | 38,739 | - | - |
| Provision for doubtful debts | 718,015 | - | - | - |
| Net inventories written down | - | 13,449 | - | - |
| Property, plant and equipment written off | - | 107,078 | - | - |
| Loss on fair value on other investment | 160,668 | - | - | - |
| Net unrealised loss on foreign exchange | - | 707,220 | - | 442,839 |
| **and crediting:** | | | | |
| Net allowance for doubtful debt no longer required | - | 38,947 | - | - |
| Reversal of inventories written down | 311,255 | - | - | - |
| Dividend income | - | - | 150,000 | 9,700,000 |
| Gain on disposal of property, plant and equipment | 148,195 | 4,476,082 | - | - |
| Gain on fair value of interest rate swap | 87 | 11,075 | - | - |
| Net gain on foreign exchange | | | | |
| - Realised | 218,778 | 20,351 | - | - |
| - Unrealised | 1,329,780 | - | 494,381 | - |
| Gain on initial recognition of other investment | - | 2,240,521 | - | - |
| Interest income from short-term deposits | 64,697 | 290,884 | 12,666 | 901 |
| Interest receivable from subsidiary companies | - | - | 380,843 | 390,576 |

* Directors' remuneration consists of the following:

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| Executive Directors: | | | | |
| Company | | | | |
| - Fees | 137,600 | 137,600 | 137,600 | 137,600 |
| Subsidiary companies | | | | |
| - Other emoluments | 765,268 | 781,650 | - | - |
| | 902,868 | 919,250 | 137,600 | 137,600 |
| Non-executive Directors: | | | | |
| - Fees | 107,350 | 94,600 | 107,350 | 94,600 |
| - Other emoluments | 4,500 | 5,100 | 4,500 | 5,100 |
| | 1,014,718 | 1,018,950 | 249,450 | 237,300 |

## 31. TAX EXPENSE/(CREDIT)

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| Current tax expense: | | | | |
| - Current year | 2,075,844 | 492,730 | 44,883 | 10,186 |
| - Prior years | (119,866) | (70,225) | 81,319 | (72,537) |
| | 1,955,978 | 422,505 | 126,202 | (62,351) |
| Real Property Gain Tax | - | 308,850 | - | - |
| Deferred tax: | | | | |
| - Current year | 423,911 | (163,325) | - | - |
| - Prior years | 437,124 | 16,732 | - | - |
| | 861,035 | (146,593) | - | - |
| Total tax expense/(credit) | 2,817,013 | 584,762 | 126,202 | (62,351) |

## 31. TAX EXPENSE/(CREDIT) (CONT'D)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM | 2016 RM | 2017 RM | 2016 RM |
| Profit before tax and share of results of associated company and joint venture: | 6,618,160 | 5,303,687 | 531,511 | 2,989,415 |
| Taxation at applicable tax rate of 24% | 1,588,358 | 1,272,885 | 127,563 | 717,460 |
| Tax effects arising from: | | | | |
| - Expenses which are not deductible | 936,888 | 600,170 | 47,762 | 1,620,942 |
| - Income which are not taxable | (223,565) | (1,633,087) | (130,442) | (2,328,216) |
| - Deferred tax assets not recognised | 225,078 | 89,437 | - | - |
| - Utilisation of deferred tax assets previously not recognised recognised | (27,004) | - | - | - |
| - Under/(over) provision in prior years | 317,258 | (53,493) | 81,319 | (72,537) |
| Real property gain tax | - | 308,850 | - | - |
| | 2,817,013 | 584,762 | 126,202 | (62,351) |

As of 31 August 2017, the tax exempt income of the Group and of the Company are as follows:

| | | Group | |
|---|---|---|---|
| | Note | 2017 RM | 2016 RM |
| Reinvestment allowances | (i) | 17,534,630 | 17,534,630 |
| Tax exempt income | (ii) | 342,192 | 342,192 |
| | | 17,876,822 | 17,876,822 |

(i) Arising from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967.

(ii) Arising from chargeable income on which tax was waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999.

The above tax exempt income, which is subject to approval by the tax authorities, is available for distribution of tax exempt dividends to the shareholders of the
said subsidiary company.

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

Details of unused tax losses and unabsorbed capital allowances of the Group which have not been recognised in the financial statements due to uncertainty of realisation are as follows:

| | Group | |
|---|---|---|
| | 2017 RM | 2016 RM |
| Unused tax losses | 6,504,083 | 6,223,092 |
| Unabsorbed capital allowances | 11,634,683 | 11,351,605 |
| Other temporary differences | (871,537) | (1,132,778) |
| | 17,267,229 | 16,441,919 |

The unabsorbed capital allowances and unused tax losses, which are subject to the agreement by the tax authorities, are available for offset against future chargeable income.

## 32. BASIC EARNINGS PER ORDINARY SHARE

| | Group | |
|---|---|---|
| | **2017 RM** | **2016 RM** |
| Profit attributable to equity holders of the Company | 3,202,010 | 4,761,230 |
| Weighted average number of ordinary shares in issue | 96,678,387 | 96,720,387 |
| Basic earnings per ordinary share (sen) | 3.31 | 4.92 |

The basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of Company of RM3,202,010 (2016: RM4,761,230) by weighted average number of ordinary shares in issue during the financial year of 96,678,387 (2016: 96,720,387) shares.

## 33. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of Esteem Role Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the holding company.

Related parties comprise:

(a) Entity in which a director of the Company and a subsidiary company has substantial interest;

(b) Entity related to an associated company; and

(c) Non-controlling interests in a subsidiary company.

*Related Party Transactions*

Other than those disclosed elsewhere in the financial statements, the significant related party transactions are disclosed follows:

| | Group | |
|---|---|---|
| | **2017 RM** | **2016 RM** |
| Purchases from non-controlling interests of the Group | | |
| - JDY Energy Saving Technology Co Ltd | - | 12,394 |
| - Hightech Factory Automation (M) Sdn. Bhd. | 6,563 | 1,655 |
| Total | 6,563 | 14,049 |
| Sales of goods to non-controlling interests of the Group | | |
| - Hightech Factory Automation (M) Sdn. Bhd. | 49,975 | 47,282 |
| Expenses paid to companies in which certain Director of a subsidiary company are also Directors | | |
| - Ceiba Capital Sdn. Bhd. | 54,000 | 92,891 |
| - RG Excel Sdn. Bhd. | 72,677 | 11,037 |
| Total | 126,677 | 103,928 |
| Administrative fees paid to non- controlling interests of the Group | | |
| - Eco Seido Sdn. Bhd. | - | 22,500 |
| Gross dividends receivable from subsidiary companies | | |
| - Advanced Autotek Industries (M) Sdn. Bhd. | - | 9,700,000 |
| - Ban Seng Lee Industries Sdn. Bhd. | 150,000 | - |
| Total | 150,000 | 9,700,000 |
| Interest receivable from subsidiary companies | | |
| - Crestronics (M) Sdn. Bhd. | 338,765 | 381,802 |
| - Unique Forging & Components Sdn. Bhd. | 7,520 | 8,774 |
| - BSL Eco Energy Sdn. Bhd. | 34,558 | - |
| Total | 380,843 | 390,576 |

## 34. 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;

(v) Renewable energy; and

(vi) Others (those subsidiary companies are currently dormant and semi-active respectively).

Inter-segment sales are charged at cost plus a percentage of profit mark-up. Revenue from one major customer group contributed approximately RM36,418,599 (2016: RM36,327,222) of the Group's total revenue.

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

| Group 2017 | Investment holding RM | Precision stamping and tooling RM | PCB and module assembly RM | Fabrication and forging RM | Renewable energy RM | Others RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|---|
| *Revenue* | | | | | | | | |
| External sales | - | 117,925,191 | 13,438,807 | 3,244,345 | 10,921,784 | 721,362 | - | 146,251,489 |
| Inter-segment sales | 150,000 | - | 439,987 | - | 9,500,000 | 2,893 | (10,092,880) | - |
| Total revenue | 150,000 | 117,925,191 | 13,878,794 | 3,244,345 | 20,421,784 | 724,255 | (10,092,880) | 146,251,489 |
| *Results* | | | | | | | | |
| Segment results | 518,845 | 6,268,116 | (168,197) | 207,001 | 3,594,322 | (20,736) | (2,999,047) | 7,400,304 |
| Profit/(Loss) from operations | 518,845 | 6,268,116 | (168,197) | 207,001 | 3,594,322 | (20,736) | (2,999,047) | 7,400,304 |
| Finance costs | - | (690,585) | (338,765) | (98,649) | (592,619) | (31,794) | 905,571 | (846,841) |
| Share of results of joint venture | - | - | - | - | - | - | (134,273) | (134,273) |
| Investment income | 12,666 | 26,943 | - | 18,346 | - | 6,742 | - | 64,697 |
| Profit/(Loss) before tax | 531,511 | 5,604,474 | (506,962) | 126,698 | 3,001,703 | (45,788) | (2,227,749) | 6,483,887 |
| Tax income/(expense) | (126,202) | (1,779,486) | - | (124,152) | (771,976) | 240 | (15,437) | (2,817,013) |
| Profit/(Loss) for the year | 405,309 | 3,824,988 | (506,962) | 2,546 | 2,229,727 | (45,548) | (2,243,186) | 3,666,874 |
| *Other information* | | | | | | | | |
| Capital additions | - | 843,334 | 222,998 | - | 9,734,395 | - | (2,065,854) | 8,734,873 |
| Depreciation of property, plant and equipment | - | 3,752,961 | 618,502 | 100,842 | 359,485 | 4,612 | (68,862) | 4,767,540 |
| Consolidated statement of financial position | | | | | | | | |
| Assets | | | | | | | | |
| Segment assets | 62,059,746 | 109,833,018 | 9,782,523 | 8,633,719 | 26,727,676 | 7,048,523 | (92,603,628) | 131,481,577 |
| Unallocated corporate assets | 16,444 | - | - | - | - | 39,402 | (55,846) | - |
| Consolidated total assets | | | | | | | | 131,481,577 |

## 34. SEGMENT REPORTING (CONT'D)

| Group 2017 | Investment holding RM | Precision stamping and tooling RM | PCB and module assembly RM | Fabrication and forging RM | Renewable energy RM | Others RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|---|
| *Liabilities* | | | | | | | | |
| Segment liabilities | 5,943,713 | 38,699,202 | 16,886,939 | 3,481,196 | 22,824,229 | 11,918,674 | (49,338,023) | 50,415,930 |
| Unallocated corporate liabilities | - | 2,653,198 | - | 25,640 | 227,976 | - | 155,947 | 3,062,761 |
| Consolidated total liabilities | | | | | | | | 53,478,691 |

| Group 2016 | Investment holding RM | Precision stamping and tooling RM | PCB and module assembly RM | Fabrication and forging RM | Others RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|
| *Revenue* | | | | | | | |
| External sales | - | 96,888,042 | 11,024,509 | - | 349,493 | - | 108,262,044 |
| Inter-segment sales | 9,700,000 | 32,874 | 610,329 | - | 23,649 | (10,366,852) | - |
| Total revenue | 9,700,000 | 96,920,916 | 11,634,838 | - | 373,142 | (10,366,852) | 108,262,044 |
| *Results* | | | | | | | |
| Segment results | 2,988,514 | 981,776 | 2,648,784 | (90,228) | (655,097) | 138,754 | 6,012,503 |
| Profit/(Loss) from operations | 2,988,514 | 981,776 | 2,648,784 | (90,228) | (655,097) | 138,754 | 6,012,503 |
| Finance costs | - | (836,552) | (416,911) | (111,175) | (41,442) | 406,380 | (999,700) |
| Share of results of joint venture | - | - | - | - | - | (121,479) | (121,479) |
| Investment income | 901 | 33,135 | - | 17,616 | 239,232 | - | 290,884 |
| Profit/(Loss) before tax | 2,989,415 | 178,359 | 2,231,873 | (183,787) | (457,307) | 423,655 | 5,182,208 |
| Tax income/(expense) | 62,351 | (291,942) | (37,782) | (9,274) | (52,484) | (255,631) | (584,762) |
| Profit/(Loss) for the year | 3,051,766 | (113,583) | 2,194,091 | (193,061) | (509,791) | 168,024 | 4,597,446 |
| *Other information* | | | | | | | |
| Capital additions | - | 3,978,970 | 147,863 | - | 46,353 | (340,254) | 3,832,932 |
| Depreciation of property, plant and equipment | - | 3,899,812 | 624,050 | 170,037 | 6,733 | 10,988 | 4,711,620 |
| Consolidated statement of financial position | | | | | | | |
| Assets | | | | | | | |
| Segment assets | 61,679,490 | 98,361,905 | 9,451,127 | 6,543,089 | 10,130,459 | (74,580,292) | 111,585,778 |
| Unallocated corporate assets | 83,955 | 289,635 | - | 1,361 | 12,210 | (211,793) | 175,368 |
| Consolidated total assets | | | | | | | 111,761,146 |
| *Liabilities* | | | | | | | |
| Segment liabilities | 6,002,668 | 32,262,565 | 15,887,912 | 1,420,113 | 14,154,540 | (34,337,811) | 35,389,987 |
| Unallocated corporate liabilities | - | 1,583,345 | - | - | 21,757 | (15,437) | 1,589,665 |
| Consolidated total liabilities | | | | | | | 36,979,652 |

Geographical segments

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

## 35. OPERATING LEASE COMMITMENT

*The Group as lessee*

The Group leases premises from third parties under operating leases. These leases are non-cancellable and typically run for a period ranging from 1 to 2 years, with the option to renew. None of the leases include contingent rentals. There are no restrictions placed upon the Company by entering into these leases.

The future minimum lease payments payable under the non-cancellable operating leases contracted for as at the reporting date not recognised as liabilities, are as follows:

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| As lessee | **RM** | **RM** |
| Not later than one year | 211,800 | 141,200 |
| Later than one year but not later than 5 years | 383,000 | 509,600 |
| Later than five year | 1,306,400 | 1,391,600 |
| | 1,901,200 | 2,042,400 |

## 36. CAPITAL COMMITMENT

As of 31 August 2017, the Group has the following capital commitment:

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **RM** | **RM** |
| Approved and contracted for: | | |
| Purchase of plant and machinery and motor vehicles | 272,920 | 8,381,733 |

## 37. CONTINGENT LIABILITIES

(a) As of 31 August 2017, the Company have the following contingent liabilities:

| | Company | |
|---|---|---|
| | **2017** | **2016** |
| | **RM** | **RM** |
| Unsecured corporate guarantees given to: | | |
| Licensed banks for credit facilities granted to subsidiary companies | 17,382,355 | 15,499,160 |

(b) On 27 October 2014, Crestronics (M) Sdn Bhd ("CMSB"), a wholly owned subsidiary company, received bills of demand from the relevant authority demanding payment of sales tax and import duty amounting to RM11,100,000 for the period December 2011 to July 2014 of which CMSB disputed. The directors have been in discussion with the relevant authority and have provided all necessary documentation to support their view. The directors of the Company have obtained advice from a consultant, and based on the advice received, the directors are of the view that CMSB should only be liable for up to RM200,000 and a provision for this had been made in the financial statements (Note 25). The remaining balance of the claim of RM10,900,000 represents a contingent liability which is subject to appeal to the authority.

On 30 December 2014, CMSB appealed to the relevant authority. Subsequently, on 15 September 2015, the authority rejected the appeal with no specific reason mentioned.

On 5 November 2015, CMSB appealed to the relevant authority again. However, on 28 June 2017, CMSB received a letter from the relevant authority that the appeal against the bills of demand has been rejected and further appeal will not be considered. Thereafter, the directors engaged another consultant to look into this matter and will appeal to Minister of Finance. The consultant will submit the appeal once the appeal-related documentation is ready. Based on the available facts and information as of the date of this report, the consultant is of the opinion that the Company has a fair chance of getting a favourable decision from the Minister of Finance. This is consistent with the view of board of directors. Consequently, no further provision has been provided. In the event that the appeal is not successful, CMSB is liable for the remaining balance of the claim of RM10,900,000.

## 38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

| | Group 2017 RM | Group 2016 RM | Company 2017 RM | Company 2016 RM |
|---|---|---|---|---|
| *Financial assets* | | | | |
| Loans and receivables, at amortised cost: | | | | |
| Trade receivables | 35,580,246 | 19,385,180 | - | - |
| Other receivables and deposits | 1,990,095 | 3,003,829 | - | - |
| Amount owing by subsidiary companies | - | - | 16,898,067 | 15,083,912 |
| Amount owing by corporate shareholders | 23,934 | 6,781 | - | - |
| Short-term deposits with licensed banks | 1,429,561 | 5,836,620 | - | 1,000,000 |
| Cash and bank balances | 12,511,275 | 9,067,833 | 135,299 | 569,198 |
| | 51,535,111 | 37,300,243 | 17,033,366 | 16,653,110 |
| Available for sales, at fair value: | | | | |
| Other investment | 3,603,552 | 3,381,546 | - | - |
| Total | 55,138,663 | 40,681,789 | 17,033,366 | 16,653,110 |
| *Financial liabilities* | | | | |
| At amortised cost: | | | | |
| Trade payables | 28,032,045 | 16,250,132 | - | - |
| Other payables and accruals | 4,943,001 | 3,137,884 | 104,134 | 107,509 |
| Amount owing to subsidiary companies | - | - | 5,839,579 | 5,895,159 |
| Hire purchase liabilities | 1,843,965 | 2,815,874 | - | - |
| Bank borrowings | 788,168 | 347,658 | - | - |
| Term loans | 14,750,222 | 12,335,628 | - | - |
| | 50,357,401 | 34,887,176 | 5,943,713 | 6,002,668 |
| At fair value through profit or loss: | | | | |
| Derivative financial liability | - | 87 | - | - |
| Total | 50,357,401 | 34,887,263 | 5,943,713 | 6,002,668 |

(b) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The carrying amounts of the Group's financial assets and liabilities as reported at the statement of financial position as of 31 August 2017 approximate their fair values because of the short maturity terms of these instruments except as follows:

| Group | 2017 Carrying Amount RM | 2017 Fair Value RM | 2016 Carrying Amount RM | 2016 Fair Value RM |
|---|---|---|---|---|
| *Financial Liabilities* | | | | |
| Hire purchase liabilities | 1,843,965 | 1,941,133 | 2,815,874 | 2,902,829 |
| Term loans | 14,750,222 | 17,214,325 | 12,335,628 | 14,882,095 |
| Total | 16,594,187 | 19,155,458 | 15,151,502 | 17,784,924 |

**38. FINANCIAL INSTRUMENTS (CONT'D)**

(b) Fair value of financial instruments (Cont'd)

The fair value of the above financial assets and liabilities are estimated by level 3 input which is in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The fair value of the Group's financial assets and financial liabilities are determined as follow:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 : Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Fair value measurements recognised in the statement of financial position*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, group into Levels 1 to 3 based on the degree to which the fair value is observable.

| | **Level 1 RM** | **Level 2 RM** | **Level 3 RM** | **Total RM** |
|---|---|---|---|---|
| 31 August 2017 | | | | |
| *Financial assets* | | | | |
| Other investment | 3,603,552 | - | - | 3,603,552 |
| 31 August 2016 | | | | |
| *Financial assets* | | | | |
| Other investment | 3,381,546 | - | - | 3,381,546 |
| *Financial liabilities* | | | | |
| Derivative financial liability | - | 87 | - | 87 |

There were no transfers between levels 1, 2 and 3 during the financial year.

The fair value of other investment is measured based on quoted bid price in active market.

The fair value of the derivative financial liability are estimated based on discounted cash flow analysis. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of reporting period) and contract interest rates.

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities expose it to a variety of financial risks including credit risk, interest rate risk, foreign currency exchange risk and liquidity and cash flow risk arising in the normal course of the businesses.

The Directors monitor the Group's and the Company's financial position closely with the objective to minimise potential adverse effects on the financial performance of the Group and the Company. The Directors reviews and agree policies for managing each of these risks and they are summarised below:

(i) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position.

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

As at the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

The Group has no major concentration of credit risk except for amounts due from Six (2016: Five) trade receivables which constitute approximately RM22,321,010(2016: RM12,204,000) or 63% (2016: 60%) of gross trade receivables at the end of the reporting period.

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

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

The analysis of trade receivables are as follows:

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| Not past due and not impaired | 34,733,376 | 16,608,969 |
| Past due but not impaired: | | |
| Past due 0-30 days | 385,710 | 1,646,784 |
| Past due 31-60 days | 209,921 | 290,096 |
| Past due 61-90 days | 61,098 | 670,023 |
| Past due 91-120 days | 40,855 | 99,619 |
| Past due more than 121 days | 149,286 | 69,689 |
| Past due and impaired | 718,015 | 1,069,897 |
| Total trade receivables | 36,298,261 | 20,455,077 |

Movement in allowance for doubtful debts:

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| At 1 September | 1,069,897 | 1,108,844 |
| Doubtful debts recognised | 718,015 | 1,063,847 |
| Doubtful debts written back | - | (1,102,794) |
| Doubtful debts written off | (1,069,897) | - |
| At 31 August | 718,015 | 1,069,897 |

Ageing of impaired trade receivables:

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| Past due more than 90 days | 718,015 | 1,069,897 |

The Company is also exposed to credit risk in relation to corporate guarantees in respect of bank facilities granted to the subsidiary companies. The Company monitors the results of the subsidiary companies and their repayment on an on-going basis. The maximum exposure to credit risk is amounting to RM17,382,355 (2016: RM15,499,160).

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. Interest rate risk arises only from the Group's term loans, hire purchase liabilities, bank borrowings and short-term deposits with licensed banks.

*Interest rate sensitivity*

If interest rates had been 50 (2016: 50) basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 August 2017 would decrease/increase by RM79,764 (2016: RM48,312). This is mainly attributable to the Group's exposure to interest rates on its variable rate for short-term deposits and borrowings.

*Interest rate swap contract*

Under interest rate swap contract, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amount. Such contract enables the Group to mitigate the risk of changing interest rates on the fair value of floating rate loan and the cash flow exposures on the variable rate loan. The fair value of interest rate swap at the end of reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract.

The following table details the notional principal amount and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

| | Average contracted fixed interest rate | | Notional principal value | | Fair value liability | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | % | % | RM | RM | RM | RM |
| Outstanding receive floating pay fixed contract 2 to 5 years | - | 3.78 | - | 4,822,229 | - | (87) |

The interest rate swap settles on monthly basis. The Group will settle the difference between the fixed and floating interest rate on net basis.

(iii) Foreign currency risk

The Group undertakes trade transactions which are denominated in foreign currency.

The Group's financial assets and financial liabilities denominated in foreign currencies are disclosed in the respective notes.

The sensitivity rate used by the Group when reporting foreign currency risk internally to key management personnel is 10% (2016: 10%) and represents management's assessment of the reasonably possible change in foreign exchange rates.

If the United States Dollar (2016: United States Dollar) were to change by 10% up or down against the Ringgit Malaysia, the Group's profit for the year will increase/decrease by RM216,940 (2016: RM607,530).

(iv) Liquidity and cash flow risk

Liquidity and cash flow risk are the risk that the Group and the Company will not be able to meet their financial obligations when they fall due. The Group's and the Company's exposure to liquidity and cash flow risk arises principally from its various payables.

The Group practises prudent liquidity and cash flow risk management to minimise the mismatch of financial assets and liabilities and maintain sufficient credit facilities as represented by the carrying amounts in the statement of financial position for contingent funding requirement of working capital.

**39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(iv) Liquidity and cash flow risk (Cont'd)

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to the subsidiary companies. The maximum exposure to the Company amounts to RM17,382,355 (2016: RM15,499,160) representing banking facilities utilised by the subsidiary companies as at the end of the financial year.

The management has determined the differentials and estimated the fair value of the intra group financial guarantees to be immaterial and the requirements to reimburse is remote.

*Analysis of financial instruments by remaining contractual maturities*

The table below summaries the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. The table includes both interest and principal cash flows.

| **Group 2017** | **Weighted average effective interest rate %** | **Less than 1 year RM** | **1 to 5 years RM** | **More than 5 years RM** | **Total RM** |
|---|---|---|---|---|---|
| Trade payables | - | 28,032,045 | - | - | 28,032,045 |
| Other payables and accruals | - | 4,943,002 | - | - | 4,943,002 |
| Bank borrowings | 8 | 788,168 | - | - | 788,168 |
| Hire purchase liabilities | 6 | 1,289,762 | 653,935 | - | 1,943,697 |
| Term loans | 3 | 3,634,379 | 10,677,639 | 2,443,942 | 16,755,960 |
| | | 38,687,356 | 11,331,574 | 2,443,942 | 52,462,872 |
| **Company 2017** | | | | | |
| Other payables and accruals | - | 104,134 | - | - | 104,134 |
| Amount owing to subsidiary companies | - | 5,839,579 | - | - | 5,839,579 |
| | | 5,943,713 | - | - | 5,943,713 |
| Financial guarantee contracts | 3-8 | 5,712,309 | 11,331,574 | 2,443,942 | 19,487,825 |
| **Group 2016** | | | | | |
| Trade payables | - | 16,250,132 | - | - | 16,250,132 |
| Other payables and accruals | - | 3,137,884 | - | - | 3,137,884 |
| Derivative financial liability | - | 87 | - | - | 87 |
| Bank borrowings | 7 | 372,950 | - | - | 372,950 |
| Hire purchase liabilities | 5 | 1,480,537 | 1,544,052 | - | 3,024,589 |
| Term loans | 6 | 3,180,206 | 8,952,749 | 1,987,954 | 14,120,909 |
| | | 24,421,796 | 10,496,801 | 1,987,954 | 36,906,551 |
| **Company 2016** | | | | | |
| Other payables and accruals | - | 107,509 | - | - | 107,509 |
| Amount owing to subsidiary companies | - | 5,895,159 | - | - | 5,895,159 |
| | | 6,002,668 | - | - | 6,002,668 |
| Financial guarantee contracts | 5-7 | 5,033,693 | 10,496,801 | 1,987,954 | 17,518,448 |

## 40. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern in order to provide returns for shareholders and to sustain future development of the business.

The capital structure of the Group and the Company comprising share capital, reserves and retained earnings.

Management reviews and manages the capital structure regularly. To maintain or adjust the capital structure, the Group and the Company may adjust the payment of dividends or issue of new shares.

The Group's total debt-to-equity ratios at 31 August 2017 were as follow:

| | **2017 RM** | **2016 RM** |
|---|---|---|
| Debt: | | |
| Term loans | 14,750,222 | 12,335,628 |
| Hire purchase liabilities | 1,843,965 | 2,815,874 |
| Bank borrowings | 788,168 | 347,658 |
| | 17,382,355 | 15,499,160 |
| Equity | 78,002,886 | 74,781,494 |
| Debt to equity ratio (%) | 22% | 21% |

The Company has no gearing as at 31 August 2016 and 2017.

## 41. SUBSEQUENT EVENTS

On 2 November 2017, the Company entered into a joint venture agreement with Mr Wong Sze Chien for the purpose of, among other things, exploiting the rights, interests and obligations in respect of acquisition, investment and/or development of properties via a joint venture company namely BSL Development Sdn. Bhd. ("BSLDev") to be incorporated within 30 days from date of Unconditional Date.

On 6 November 2017, Company announced the incorporation of a subsidiary – BSLDev which is 51% owned. The intended principal activities of BSLDev are to carry on business of property development and construction.

## 42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 19 December 2017 by the Board of Directors.

## 43. SUPPLEMENTARY INFORMATION

Breakdown of realised and unrealised profit or loss

The breakdown of the retained earnings of the Group and of the Company at the reporting date, into realised and unrealised profits, pursuant to the Bursa Malaysia Securities Berhad Listing Requirements are as follows:

| | Group | |
|---|---|---|
| | **2017 RM** | **2016 RM** |
| Total retained earnings of the Company and its subsidiary companies: | | |
| Realised | 57,535,946 | 52,128,615 |
| Unrealised | (4,906,841) | (5,259,670) |
| | 52,629,105 | 46,868,945 |
| Total share of post-acquisition results in associated company: | | |
| Realised | (4,239,080) | (4,239,080) |
| Unrealised | (462,091) | (462,091) |
| | (4,701,171) | (4,701,171) |
| Total share of post-acquisition results in joint venture company: | | |
| Realised | (790,825) | (656,552) |
| Unrealised | - | - |
| | (790,825) | (656,552) |
| Less: Consolidation adjustments | (18,981,525) | (16,557,648) |
| Total retained earnings as per statement of financial position | 28,155,584 | 24,953,574 |

| | Company | |
|---|---|---|
| | **2017 RM** | **2016 RM** |
| Total retained earnings of the Company: | | |
| Realised | 9,187,074 | 9,276,136 |
| Unrealised | (3,365,557) | (3,859,928) |
| Total retained earnings as per statement of financial position | 5,821,517 | 5,416,208 |

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

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

# STATEMENT BY DIRECTORS
## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Ngiam Tong Kwan and Ngiam Tee Wee, being two of the directors of BSL Corporation Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 43 to 89 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2017 and financial performance and cash flows of the Group and of the Company for the financial year ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia.

The supplementary information set out in note 43 have been prepared in accordance with the *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements* as issued by the Malaysia Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the board of directors in accordance with a directors' resolution.

**NGIAM TONG KWAN**
Director

**NGIAM TEE WEE**
Director

Kuala Lumpur

19 December 2017

# STATUTORY DECLARATION
## PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Ngiam Tee Wee (I/C No.: 680302-10-5097), being the director primarily responsible for the financial management of BSL Corporation Berhad do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 43 to 90 are 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.

| | | |
|---|---|---|
| Subscribed and solemnly declared | ) | |
| by the abovenamed | ) | |
| Ngiam Tee Wee | ) | **NGIAM TEE WEE** |
| at Kuala Lumpur | ) | |
| in the Federal Territory | ) | |
| this 19 December 2017 | ) | |

Before me,

(Commissioner of Oaths)

# LIST OF PROPERTIES

The details of the properties of the BSL Group as at 31 August 2017 are set out below:

| | Name of registered owner / beneficial owner | Location | Description / Existing use | Land / built-up area (sqm) | Approximate age of building (years) | Tenure | Audited NBV as at 31 August 2017 (RM) | Date of acquisition / revaluation |
|---|---|---|---|---|---|---|---|---|
| 1 | Ban Seng Lee Industries Sdn. Bhd. | Lot 4220, Persimpangan Jalan Batu Arang, Lebuhraya PLUS, 48000 Rawang, Selangor Darul Ehsan.<br><br>Geran No.50480, Lot No.4220, Mukim Rawang, Daerah Gombak, Selangor Darul Ehsan. | Single storey detached factory with annexed 2 storey office building / office and factory | 19,551 / 11,941 | 20 | Freehold | 14,971,929 | 26 Aug 2009 |
| 2 | Ban Seng Lee Industries Sdn. Bhd. | Lot 4212 Mukim Rawang, Daerah Gombak, Selangor Darul Ehsan. | 1½ storey detached factory with office/office and factory | 25,495 / 11,148 | 5 | Freehold | 17,680,737 | 20 Sep 2010 |
| 3 | Unique Forging & Components Sdn. Bhd. | HSD 62560, Lot No. PT1985, Mukim Bandar Kundang, Daerah Gombak, Selangor Darul Ehsan. | Vacant land | 1.214 hectares | - | Leasehold for 99 years expiring on 31 Mar 2107 | 3,448,562 | 31 Oct 2012 |

| | |
|---|---|
| Issued Share Capital | : RM49,000,000 (Including 1,364,113 treasury shares held) |
| Class of shares | : Ordinary Shares |
| Voting Rights | : One vote per ordinary share held |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Holders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 7 | 0.540 | 234 | 0.000 |
| 100 - 1,000 | 502 | 38.734 | 131,010 | 0.135 |
| 1,001 - 10,000 | 460 | 35.493 | 2,634,612 | 2.726 |
| 10,001 - 100,000 | 256 | 19.753 | 8,256,840 | 8.544 |
| 100,001 - 4,831,793 (*) | 70 | 5.401 | 35,633,191 | 36.873 |
| 4,831,794 and above (**) | 1 | 0.077 | 49,980,000 | 51.719 |
| TOTAL : | 1,296 | 100.000 | 96,635,887 | 100.000 |

(*) Less than 5% of issued shares
(**) 5% and above of issued shares

## LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

| | Direct Shareholdings | | Indirect Shareholdings | |
|---|---|---|---|---|
| Names | No. of Shares | % | No. of Shares | % |
| Esteem Role Sdn. Bhd. | 49,980,000 | 51.72 | - | - |
| Ngiam Tong Kwan | 2,556,315 | 2.65 | 49,980,000 (*) | 51.72 |
| Nyeam Tong Eng @ Ngiam Tong Yang | 269,361 | 0.28 | 49,980,000 (*) | 51.72 |
| Teh Eng Hock | 944,361 | 0.98 | 49,980,000 (*) | 51.72 |

(*) Deemed interest through their substantial shareholdings in Esteem Role Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016.

## LIST OF DIRECTORS' SHAREHOLDINGS

| | Direct Shareholdings | | Indirect Shareholdings | |
|---|---|---|---|---|
| Names | No. of Shares | % | No. of Shares | % |
| Ngiam Tong Kwan | 2,556,315 | 2.65 | 53,977,670 (*) | 55.86 |
| Ngiam Tee Wee | 2,285,100 | 2.36 | - | - |
| Ngiam Tee Yang | 100,000 | 0.10 | - | - |
| Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir | 100,000 | 0.10 | - | - |
| Teh Yoon Loy | 711,347 | 0.74 | - | - |
| To' Puan Rozana Bte Tan Sri Redzuan | - | - | - | - |
| Ng Wai Pin | - | - | 17,000 (**) | 0.02 |

(*) Deemed interest through his substantial shareholding in Esteem Role Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016, and by virtue of the shareholdings held by his spouse and child in the Company.
(**) Deemed interest by virtue of the shareholding held by his spouse in the Company.

### LIST OF TOP 30 SHAREHOLDERS

| No. | Name | Shareholdings | % |
|---|---|---|---|
| 1 | ESTEEM ROLE SDN. BHD. | 49,980,000 | 51.719 |
| 2 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR TEH PEN SIM (M14) | 3,880,670 | 4.015 |
| 3 | NGIAM TONG KWAN | 2,556,315 | 2.645 |
| 4 | NGIAM TEE WEE | 2,285,100 | 2.364 |
| 5 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR GOH HOON GHEE (M14) | 1,347,900 | 1.394 |
| 6 | CHAN PAIK KUN | 1,000,000 | 1.034 |
| 7 | KIM POH HOLDINGS SDN. BHD. | 1,000,000 | 1.034 |
| 8 | CIMSEC NOMINEES (ASING) SDN. BHD.<br>EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS) | 961,000 | 0.994 |
| 9 | YAP SEE SEE | 900,000 | 0.931 |
| 10 | CHANG YOKE MOOI | 890,437 | 0.921 |
| 11 | RHB NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR WOO YAM SANG | 868,000 | 0.898 |
| 12 | TAN SEE CHONG | 834,900 | 0.863 |
| 13 | CHANG MOOI YOONG | 800,100 | 0.827 |
| 14 | CHANG YOKE LAN | 800,000 | 0.827 |
| 15 | CHEANG WAN YING | 800,000 | 0.827 |
| 16 | KONG CHUN WAH | 766,800 | 0.793 |
| 17 | KOH AH MEE @ HOH AH MEE | 689,800 | 0.713 |
| 18 | TEH ENG HOCK | 675,000 | 0.698 |
| 19 | TEH YOON LOY | 675,000 | 0.698 |
| 20 | S'NG KING KIOK | 663,700 | 0.686 |
| 21 | CHAN SHAO YANG | 608,800 | 0.629 |
| 22 | CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD.<br>CIMB COMMERCE TRUSTEE BERHAD FOR INTERPAC SOCIAL ENTERPRISE AND RESPONSIBILITY FUND | 553,000 | 0.572 |
| 23 | CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD.<br>CIMB COMMERCE TRUSTEE BERHAD FOR INTERPAC DYNAMIC EQUITY FUND (50142 TR01) | 551,100 | 0.570 |
| 24 | WOO YAM SANG | 546,400 | 0.565 |
| 25 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR CHAN YIN PENG | 541,100 | 0.559 |
| 26 | GOH TOH LIM | 505,000 | 0.522 |
| 27 | LOKE KENG HUNG | 491,800 | 0.508 |
| 28 | LUM HOONG WAI | 445,600 | 0.461 |
| 29 | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR YEE FOONG SENG (REM 646) | 424,000 | 0.438 |
| 30 | TAN KIM TIANG | 423,000 | 0.437 |

### SHARES IN THE HOLDING COMPANY, ESTEEM ROLE SDN. BHD.

Registered in name of directors

| Names | Ordinary Shares |
|---|---|
| Ngiam Tee Wee | 7,000 |
| Ngiam Tee Yang | 5,000 |
| Ngiam Tong Kwan | 25,472 |
| Teh Yoon Loy | 7,060 |

| Number of shares held: |
|---|
| If more than 1 proxy, please specify number of shares represented by each proxy |
| Name of proxy 1: |
| Name of proxy 2: |

BSL CORPORATION BHD 651118-K

# FORM OF PROXY

I/We ........................................ (NRIC No./Company No.) ....................
(FULL NAME IN BLOCK LETTERS)

of ........................................
(FULL ADDRESS)

being a member/members of **BSL CORPORATION BERHAD** hereby appoint ........................................
........................................ (NRIC No.) ....................
(FULL NAME IN BLOCK LETTERS)

of ........................................

or failing whom, ........................................ (NRIC No.) ....................
(FULL NAME IN BLOCK LETTERS)

of ........................................
(FULL ADDRESS)

or failing him/her, the Chairman of the meeting as my/our proxy(ies) to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Meeting Room, Ground Floor, Hotel S.Damansara, No. 1, Jalan Cempaka SD 12/5, Bandar Sri Damansara, PJU 9, 52200 Kuala Lumpur on Friday, 26th day of January 2018 at 9.00 a.m. and at any adjournment thereof for/against the resolution(s) to be proposed thereat.

| NO. | RESOLUTIONS | FOR | AGAINST |
|---|---|---|---|
| | **Ordinary Business** | | |
| 1. | To re-elect Ngiam Tee Yang who retires pursuant to Article 78 of the Company's Articles of Association as Director. | | |
| 2. | To re-elect Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir who retires pursuant to Article 78 of the Company's Articles of Association as Director. | | |
| 3. | To approve the payment of Directors' Fees for the financial year ended 31 August 2017. | | |
| 4. | To approve the payment of Directors' Fees for the financial year ending 31 August 2018. | | |
| 5. | To approve the payment of Directors' benefits from 31 January 2017 until the next Annual General Meeting of the Company. | | |
| 6. | To re-appoint Messrs Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| | **Special Business** | | |
| 7. | To grant authority to the Directors to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016. | | |
| 8. | To approve the Proposed Renewal of Authority for Share Buy-Back. | | |
| 9. | To approve Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir to continue to act as an Independent Non-Executive Director. | | |
| 10. | To approve To' Puan Rozana Bte Tan Sri Redzuan to continue to act as an Independent Non-Executive Director. | | |
| 11. | To approve Ng Wai Pin to continue to act as an Independent Non-Executive Director. | | |

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this .................... day of .................... 2017/2018.

........................................
Signature of member (s)/Common Seal
Contact Number:

*Delete whichever is not applicable

Notes:
(i) A proxy may but need not be a member of the Company.
(ii) A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote at the Meeting except where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, in which event it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
(iii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act.
(iv) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
(v) 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.
(vi) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarily certified copy of the power or authority must be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or at any adjournment thereof.
(vii) Only members whose names appear in the Record of Depositors as at 19 January 2018 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

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STAMP

**The Share Registrar**
**Tricor Investor & Issuing House Services Sdn. Bhd.**
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No.8, Jalan Kerinchi,
59200 Kuala Lumpur

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www.bslcorp.com.my

**BSL CORPORATION BERHAD** (651118-K)
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