

YOUR RELIABLE
TOTAL MANUFACTURING
SOLUTION PROVIDER

ANNUAL REPORT 2013

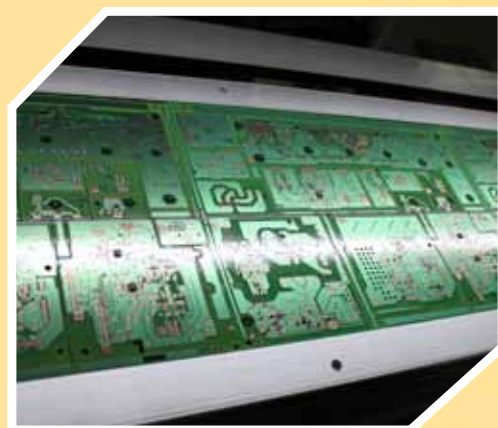


BSL
CORPORATION
BHD 651118-K



CONTENTS

02	NOTICE OF TENTH ANNUAL GENERAL MEETING
04	CORPORATE INFORMATION
05	PROFILE OF DIRECTORS
10	CHAIRMAN'S AND CEO'S STATEMENT
13	CORPORATE STRUCTURE
14	GROUP FINANCIAL HIGHLIGHTS
15	CORPORATE GOVERNANCE STATEMENT
26	DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS
27	CORPORATE SOCIAL RESPONSIBILITY ("CSR")
28	OTHER COMPLIANCE INFORMATION
30	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
32	AUDIT COMMITTEE REPORT
36	FINANCIAL STATEMENTS
116	LIST OF PROPERTIES
118	ANALYSIS OF SHAREHOLDINGS
121	PROXY FORM



NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at Templer 1, First Floor, Perangsang Templer Golf Club, No.1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan on Wednesday, 26 February, 2014 at 10.00 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|--|--------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 August, 2013 together with the Directors' and Auditors' Reports thereon. | (Please refer to Note 8) |
| 2. | To re-elect Teh Yoon Loy who retires pursuant to Article 78 of the Company's Articles of Association. | (Resolution 1) |
| 3. | To approve the payment of Directors' Fees for the financial year ended 31 August, 2013. | (Resolution 2) |
| 4. | To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Resolution 3) |

AS SPECIAL BUSINESS

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

- | | | |
|----|---|---|
| 5. | ORDINARY RESOLUTION 1
- AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965
<p>"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."</p> | (Please refer to Note 10)
(Resolution 4) |
| 6. | ORDINARY RESOLUTION 2
- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES
<p>"THAT, subject to the Companies Act, 1965, the Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market ("LR") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase its own ordinary shares of RM0.50 each ("Shares") through Bursa Securities ("Proposed Share Buy-Back") from time to time, upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:-</p> <p>(a) The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at the time of purchase subject to any amount as may be determined by Bursa Securities from time to time and compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02(1) of the LR;</p> <p>(b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the Company's latest audited retained profits and/or share premium accounts;</p> <p>(c) The authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-</p> <p>(i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or</p> <p>(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or</p> <p>(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;</p> <p>whichever occurs first; and</p> <p>(d) Upon the purchase by the Company of its own Shares, the Board of Directors of the Company ("Board") be and is hereby authorised to:-</p> <p>(i) cancel all or part of the Shares purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares"); and/or</p> | (Please refer to Note 11)
(Resolution 5) |

NOTICE OF TENTH ANNUAL GENERAL MEETING

- (ii) retain all or part of the Purchased Shares as treasury shares; and/or
- (iii) distribute the treasury shares as share dividends to the Company's shareholders for the time being; and/or
- (iv) resell the treasury shares on Bursa Securities.

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

7. To transact any other business of which due notice has been given

By Order of the Board

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

Kuala Lumpur
30 January, 2014

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead at the Meeting except where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
3. 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.
4. 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his (her) attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the registered office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time set for the meeting or at any adjournment thereof.
7. Only members whose names appear in the Record of Depositors as at 19 February 2014 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

8. The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.
9. Mr. Yukihiro Eguchi and Mr. Andy Woo Weng Kok are retiring by rotation in accordance with Article 78 of the Company's Articles of Association as Directors of the Company at the Tenth Annual General Meeting and they had indicated to the Company that they would not be seeking for re-election at the Tenth Annual General Meeting. Therefore, Mr. Yukihiro Eguchi and Mr. Andy Woo Weng Kok shall retire as Directors at the conclusion of the Tenth Annual General Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

10. The proposed Resolution 4 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). As at the date of this notice, the Company did not allot and issue any shares pursuant to the mandate granted to the Directors at the Ninth Annual General Meeting held on 27 February, 2013 as there were no requirement for such fund raising activities.

The proposed Resolution 4, 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 ten per centum (10%) of the Issued and paid-up share capital 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.
11. The proposed Resolution 5, if passed, will empower the Directors of the Company to purchase up to 10% of the issued and paid-up share capital of the Company through Bursa Securities. Please refer to the Statement to Shareholders in relation to Proposed Renewal of Authority for Share Buy-Back dated 30 January 2014 for further details.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

AUDIT COMMITTEE

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

Ng Wai Pin
Member / Independent Non-Executive Director

To' Puan Rozana 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

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

Tel : 03 2264 8888
Fax : 03 2282 2733

SHARE REGISTRAR

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

Tel : 03 2264 3883
Fax : 03 2282 1886

AUDITORS

Deloitte (AF 0080)
Level 16, Menara LGB
1 Jalan Wan Kadir, Taman Tun Dr. Ismail
60000 Kuala Lumpur

Tel : 03 7610 8888
Fax : 03 7726 8986

PRINCIPAL BANKERS

Citibank Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

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

PROFILE OF DIRECTORS



1 NGIAM TONG KWAN
Executive Chairman

2 TEH YOON LOY
Executive Director

3 NGIAM TEE WEE
Chief Executive Officer / Executive Director

4 NGIAM TEE YANG
Deputy Chairman / Executive Director

5 YUKIHIRO EGUCHI
Executive Director

6 ANDY WOO WENG KOK
Executive Director

7 DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR
Independent Non-Executive Director

8 TO' PUAN ROZANA BTE TAN SRI REDZUAN
Independent Non-Executive Director

9 NG WAI PIN
Independent Non-Executive Director

PROFILE OF DIRECTORS



NGIAM TONG KWAN

Executive Chairman

Aged 64, Malaysian. 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"), Crestronics (M) Sdn Bhd. ("Crestronics") and Kotamech Engineering Sdn Bhd.

He is the Chairman of the Remuneration Committee of BSL.

He is the father of Ngiam Tee Wee, the CEO of BSL, father-in-law of Andy Woo Weng Kok, an Executive Director 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.



TEH YOON LOY

Executive Director

Aged 56, Malaysian. Appointed to the Board on 28 April 2005, he graduated with a Degree in Business Administration from Louisiana State University, USA, and after his graduation in 1982, he started his career as a credit and marketing officer with Sincere Leasing Sdn Bhd. He joined BSLI as a finance manager in 1984 and in 1989 he was appointed a Director of Unique. He is currently the Managing Director of Unique, responsible for business development and overall performance of Unique.

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



NGIAM TEE WEE

Chief Executive Officer / Executive Director

Aged 45, Malaysian. Appointed to the Board on 28 April 2005, he graduated with a Bachelor of Land Surveying Degree from University of Melbourne, Australia, and started his career in 1993 as Factory Manager of Unique, a subsidiary of BSL. In 1995, he was transferred to BSLI as an Operations Manager. In 1998, one year after he completed his ISO 9000 Lead Assessor training, he led BSLI to ISO 9002 certification. He was promoted to General Manager in 2000 where his responsibilities included overseeing daily operations, sales and marketing, R&D and engineering. He is currently the Managing Director of Ban Seng Lee Industries Sdn Bhd and CEO of BSL.

He 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 and brother-in-law of Andy Woo Weng Kok, an Executive Director of BSL.

PROFILE OF DIRECTORS

NGIAM TEE YANG

Deputy Chairman / Executive Director

Aged 48, Malaysian. Appointed to the Board on 28 April 2005, he graduated with a Bachelor of Engineering Degree from National University of Singapore in 1989 and later obtained his Graduate Diploma in Sales & Marketing Management from Temasek Polytechnic, Singapore in 1993. He started work as a Management Trainee in Miyoshi Precision (S) Pte Ltd, a Japanese precision metal stamping company in Singapore. He was attached to different departments holding various positions such as Assistant Manager of purchasing department and Sales Manager.

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

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



YUKIHIRO EGUCHI

Executive Director

Aged 51, Japanese. Appointed to the Board on 28 April 2005, Mr Eguchi joined his family-owned company Bright Trading Corporation in Tokyo after graduated from Nippon Institute Technology attachment Komaba high school (Formerly Nippon Institute Technology attachment Tokyo Technical High School) in 1981, as an Automotive Mechanical Engineer. In 1986, he joined an American audio-video company, SounDesign Corporation, Tokyo Branch as an Engineer. During this time, he travelled frequently to Korea, and was stationed in Taiwan from 1988 to 1991.

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

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

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



PROFILE OF DIRECTORS



ANDY WOO WENG KOK

Executive Director

Aged 37, Malaysian. Appointed to the Board on 7 December 2007, he graduated with a Bachelor of Science in Electrical Engineering Degree in 1998 & Bachelor of Science in Computer Engineering Degree in 1999 from Wichita State University, Kansas, USA and started working after graduation in 2000 as a Management Trainee in Western Resources, a Power & Gas Company in Kansas, USA.

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

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

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



DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR

Independent Non-Executive Director

Aged 66, Malaysian. Appointed to Board on 28 December 2006, Datuk Dr. Syed Muhamad graduated with a Bachelor of Arts (Hons.) degree from the University of Malaya in 1971. He obtained a Masters of Business Administration from the University of Massachusetts, in 1977 and obtain a PhD (Business Management) from Virginia Polytechnic Institute and State University, in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons.) degree from the University of Malaya and obtained a Certificate in Legal Practice in 2008. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009, In November 2009, he completed his LLM (Corporate Law) degree from Universiti Teknologi MARA (UiTM). 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.

Datuk Dr. Syed Muhamad is the Chairman of CIMB Islamic Bank Berhad, CIMB Middle East BSC and CIMB-Principal Islamic Asset Management Sdn Bhd. He is also a Director of CIMB Group Sdn Bhd and CIMB Bank.

He started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (INTAN) and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and thereafter assumed the position of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) Finance Division, Federal Treasury. From 1993 to 1997, he joined the Board of Directors of Asian Development Bank, Manila, Philippines, first as Alternate Executive Director and later as Executive Director. Datuk Dr. Syed Muhamad then joined the Ministry of Finance as Secretary, Tax Analysis Division and later became Deputy Secretary General (Operations). Prior to his retirement, Datuk Dr. Syed Muhamad was Secretary General in the Ministry of Human Resource. Datuk Dr. Syed Muhamad is a Director of CIMB Bank Berhad, CIMB Group Holdings Berhad, CIMB Islamic Bank Berhad, Bursa Malaysia Berhad, Euro Holdings Berhad, Solution Engineering Holdings Berhad, ACR ReTakaful Berhad (formerly known as ACR ReTakaful SEA Berhad), Malakoff Corporation Berhad, Sun Life Malaysia Assurance Berhad (formerly known as CIMB Aviva Assurance Berhad) and Sun Life Malaysia Takaful Berhad (formerly known as CIMB Aviva Takaful Berhad), He also holds directorships in several private companies.

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

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

PROFILE OF DIRECTORS

TO' PUAN ROZANA BTE TAN SRI REDZUAN

Independent Non-Executive Director

Aged 49, Malaysian. Appointed to the Board on 28 December 2006, she is a member of the Chartered Association of Certified Accountants (ACCA) and Malaysian Institute of Accountants (MIA).

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

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

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



NG WAI PIN

Independent Non-Executive Director

Aged 48, Malaysian. Appointed to the Board on 28 December 2006, he graduated with a LLB Degree from University of Auckland in 1988 and was a barrister and solicitor attached to a leading legal firm in New Zealand for a number of years.

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

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

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

Note :

a : None of the directors have any conviction for offence

(other than traffic offences) within the past 10 years.

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



CHAIRMAN'S AND CEO'S STATEMENT



**“Dear Shareholders,
On behalf of the Board
of Directors of BSL
Corporation Berhad, we
present this year’s Annual
Report and Financial
Statements for the year
ended 31 August, 2013.”**

FINANCIAL REVIEW

For the financial year under review, the Group turnover for continuing operation decreased by RM34.3 million or 23% to RM112.2 million compared to RM146.5 million in the previous year.

The Group reported a loss before tax for the financial year ended 31st August 2013 of RM3.97 million, compared to the profit before tax of RM3.56 million the previous financial year.

The Group posted a loss after 3 years of successive profit. The weaker results were due to existing clients especially Japanese consumer electronics companies suffering from declining market share and stiff competition, and from poor performance from our associate company in China.

Loss per share for the continuing operations of the Group is 4.4 sen.

OPERATIONAL REVIEW

The stamping division suffered a second year of declining sales. In 2012, the sales dropped by 24% and last year another 22%. This meant that from a peak of RM131 million in 2011, the sales declined to only RM77 million in 2013. Our biggest client in 2011, a TV panel maker had finally ceased operation in Malaysia in January 2013 due to inability to compete in pricing with rival panel makers. This cessation also affected our LCD TV maker client, another reputable Japanese company. This client produced significantly less TVs as a result. Our sales to this client dropped from RM40 million in 2012 to RM30 million in 2013.

The stamping division is making every effort to reduce dependency on the LCD TV business. In 2013, we have successfully brought in six new clients and will continue in our effort to bring in more.

Despite the significant drop in sales for 2 successive years and the implementation of minimum wage, the stamping division through many waste elimination and operation improvement measures was able to post a minimal profit of RM0.1 million after tax.

The PCB Assembly (PCBA) division suffered a significant decline in sales due to losing out on a contract from a





major client producing Blue Ray players. Overall sales dropped from RM38 million to RM25 million and resulted in a loss of RM2.79 million. In recognizing the volatility of this business, we have moved this division to Rawang in August 2013. At Rawang, the PCB Assembly division will be situated next to the stamping division. We hope to share resources between both divisions during the up and down trends; thus reducing operating cost during the peak and low seasons. Furthermore, this will help enhance our Electronic Manufacturing Services (EMS) business model and reduce our dependence as a sub contractor for PCB assembly services which is highly volatile.

The forging division's sales increased by 6.6% to RM9.7 million for the financial year ended 31st August 2013. The improved sales helped to propel this division to profitability. It recorded a profit of RM0.2 million compared to a loss

of RM0.7 million the previous year. The improvement is mostly contributed by a new customer involved in air-con compressor and from increase in orders for pipes. This division also recently secured a new project supplying rotors to a car air-con producer.

Our associate company in China involved in seamless pipes/tubes production posted a bigger loss of RM1.7 million compared to a loss of RM0.7 million the previous year. The loss was mainly attributed to weaken demand for pipes/tubes within China and from USA. At the same time, continuing decline in the price of raw material also impacted on profitability.

CORPORATE DEVELOPMENTS

In last year's Chairman & CEO Statement, we announced the completion of our new factory with a build-up of 120,000 square feet. We have successfully moved our PCBA operation to Rawang in August 2013.

We believe that by having two key manufacturing processes in close proximity will make us very competitive for OEM business or assembly jobs. Besides savings from transportation and packaging, we also intend to cut down on duplications in our operation and share resources for further cost savings. Our next target is to move the forging operation to Rawang in the near future.

Our Group is making a concerted effort for OEM/assembly jobs in-line with our business evolving into an EMS company. We believe that having finally moved the PCB Assembly operation to Rawang, we are nearer to achieving our objective.



DIVIDEND

The Board do not recommend any dividend payment in respect of the financial year ended 31 August 2013. We decided to be conservative in view of the prolonged poor global economic condition, to provide for EMS requirements and for consolidation of operations.

CORPORATE GOVERNANCE

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

The Board remains resolute that the Group will continue to improve on the Group's best practices and adhere to the recommendations of the Malaysian Code on Corporate Governance 2012.

The level of compliance is set out in our Statement of Corporate Governance in pages 15 to 25.

CURRENT YEAR OUTLOOK

The Group fully implemented the minimum wage policy in January 2013. As expected, the impact was significant despite numerous productivity improvement activities being implemented. This current year, we are facing higher electricity tariff. The Group electricity usage is at an average of RM0.2 million per month before tariff increase.

The Group expects to incur higher marketing costs as we push for our EMS business concept. We intend to participate in manufacturers' exhibition abroad to promote our manufacturing services.



The Group continues to be cautious on the current year outlook due to the challenging environment for manufacturers in Malaysia and the stagnant global economy.

APPRECIATION

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

Thank you.

Ngiam Tong Kwan
Chairman

Ngiam Tee Wee
Chief Executive Officer

30 January 2014

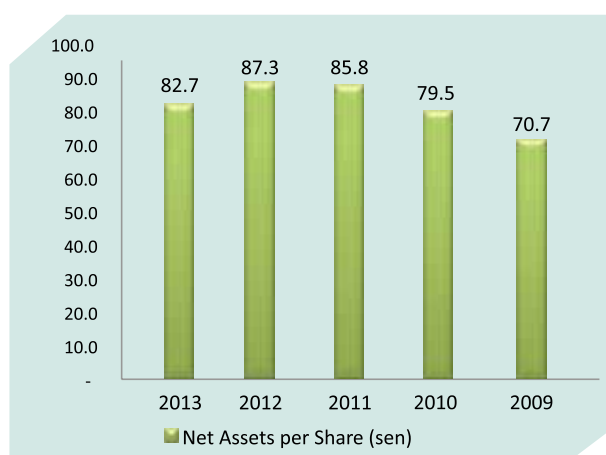
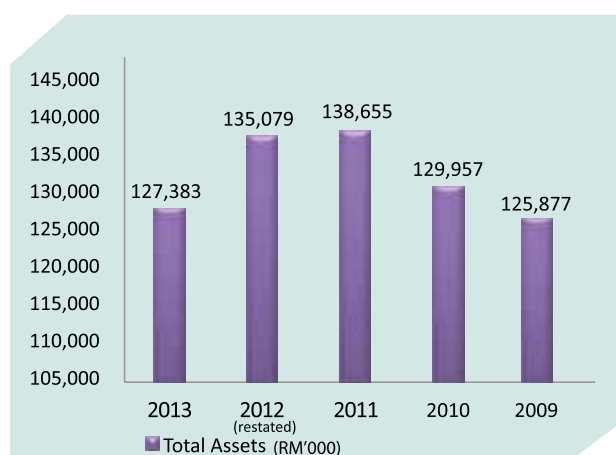
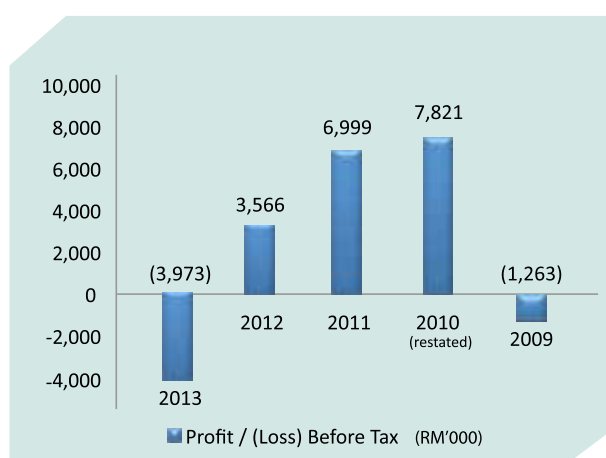
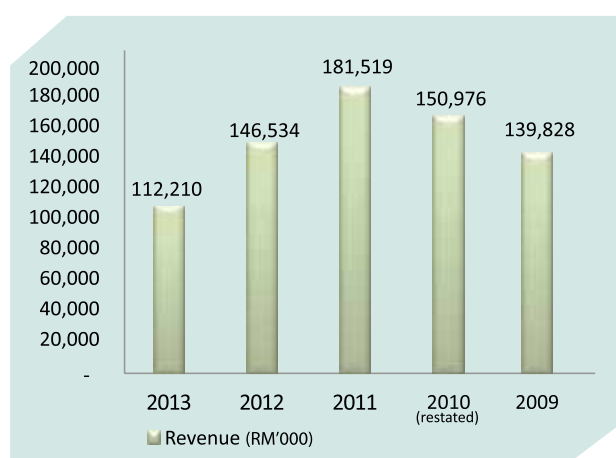


CORPORATE STRUCTURE



GROUP FINANCIAL HIGHLIGHTS

	2013 RM'000	2012 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)	2009 RM'000
Income					
Revenue	112,210	146,534	181,519	150,976	139,828
Profit / (Loss) Before Tax	(3,973)	3,566	6,999	7,821	(1,263)
Profit / (Loss) Attributable to Shareholders	(4,189)	1,741	6,209	8,275	(1,695)
Balance Sheet					
Total Assets	127,383	135,079	138,655	129,957	125,877
Shareholders' Fund	81,071	89,669	84,085	77,923	69,295
Paid-up Capital	49,000	49,000	49,000	49,000	49,000
Financial Ratios					
Return on Shareholders' Fund (%)	(5.17)	1.94	7.38	10.62	(2.45)
Earnings / (Loss) per Share (sen)	(4.4)	1.8	5.3	7.9	(1.7)
Net Assets per Share (sen)	82.7	87.3	85.8	79.5	70.7
Gross Dividend per Share -First and Final (sen)	-	-	-	-	-



CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “Board”) of 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 set out in the Malaysian Code of Corporate Governance 2012 (“the Code”) for the financial year ended 31 August 2013. Where there are gaps in the Company’s observation of any of the Recommendations of the Code, these are disclosed herein with explanations.

1. 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Group acknowledges the pivotal role played by the Board of Directors 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, and Directors are clearly delineated and defined in the Board Charter.

To assist the Board in carrying out its fiduciary duties and to enhance business and operational efficiency, the Board of Directors delegates certain duties to its Board Committees, namely Audit Committee (“AC”), Risk Assessment and Monitoring Committee, Nominating Committee and Remuneration Committee.

All Board Committees have written terms of reference which is approved by the Board. The Chairman of the AC, Nominating Committee and Remuneration Committee reports to the Board accordingly subsequent to the respective committee meetings.

1.2 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;

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;

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;

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

Ensuring that there is in place an appropriate succession plan for members of the Board and senior management;

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 amongst 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 has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and investment, approval of major capital expenditure, 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.

1.3 Formalised Ethical Standards through Code of Business Ethics

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.

1.4 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 creating 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 CSR section on pages 27 of the Annual Report.

1.5 Access to Information and Advice

Prior to the meetings of the Board and the Board Committees, notice of agenda together with previous minutes and other relevant qualitative and quantitative information are compiled into reports to be circulated to all members on a timely basis. Management is also 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

1.6 Qualified and Competent Company Secretary

The Company Secretaries play an advisory role to the Board and are capable of carrying out their duties efficiently to ensure the effective functioning of the Board. The Company Secretaries are suitably qualified and has attended relevant training and seminars to keep abreast with the statutory and regulatory requirements' updates.

On quarterly basis, the Company Secretaries serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares in accordance with Chapter 14 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR").

The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference and brief the Board on these updates on quarterly basis. They also ensure that all Board and Board Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly minuted and documented.

1.7 Board Charter

The Board Charter outlines the roles and responsibilities of the Board. The charter shall be periodically reviewed and updated 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. The Board Charter is available in the Company's corporate website.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee ("NC")

The NC assists the Board in proposing new nominees for the Board of the Company, assessing the effectiveness of Directors on an ongoing basis, and reviews the effectiveness of the Chief Executive Officer and Executive Director. The NC also reviews, recommends and ensure training and orientation needs/requirements for each individual Director.

The NC shall be appointed by the Board of Directors and shall comprise exclusively of non-executive directors, a majority of whom are independent directors. The Chair of the NC is the Senior Independent Director of the Company.

The NC consists entirely of non-executive Directors, all of whom are independent. 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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION (cont'd)

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

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 authorized 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 authorized 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 least once a year or 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.

2.2 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/Chief Executive Officer, 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; 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 programme is in place for future new recruits to the Board.

(b) Gender Diversity Policy

The Board does not have a specific policy on setting targets for women candidates. The Board believes that there is no detriment to the Company in not adopting a formal gender diversity policy or in not setting gender diversity objectives as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

(c) Annual Assessment

The NC had on 23 December 2013 reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each director and effectiveness of the Board, including Independent Non-Executive Directors as well as Chairman/ Chief Executive Officer, and Board Committees. Based on the assessment, the NC was satisfied with the existing Board composition and was of the view that all the Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. All assessments carried out by the NC in the discharge of all its functions were properly documented.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION (cont'd)

2.3 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 company's activities.

The RC shall be appointed by the Board of Directors 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 - Chairman, Executive Director
- iv) To' Puan Rozana Bte Tan Sri Redzuan - Independent Non-Executive Director
- ii) 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 particular 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 authorized 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 shall 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 and the RC shall meet at least once a year. The quorum for each meeting shall be a majority of independent directors.

Details of the remuneration of the Directors for the financial year ended 31 August, 2013 are set out as below:

	Salaries & Bonus RM	Other benefits RM	Fees RM	Total RM
Executive Directors	1,647,463	148,826	187,600	1,983,889
Non-Executive Directors	-	3,600	94,600	98,200
Total	1,647,463	152,426	282,200	2,082,089

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION (cont'd)

A breakdown of Directors' remuneration for the financial year ended 31 August 2013 in successive bands of RM50,000.00 are as follows :

Range of Remuneration(RM)	No. of Director Executive	No. of Director Non-Executive
1 – 50,000	-	3
150,001 – 200,000	1	-
200,001 – 250,000	1	-
250,001 – 300,000	1	-
300,001 – 350,000	1	-
350,001 – 400,000	1	-
400,001 – 450,000	1	-
Total	6	3

During the financial year, the RC met once which was attended by all its members. The RC had reviewed and recommended to the Board, the remuneration package for the Chairman/Chief Executive Officer 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 Annual General Meeting ("AGM").

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board recognizes 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 Independent Director.

The NC and Board are of the view that all the three (3) Independent Non-Executive Directors 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 is properly documented.

3.2 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 tenure of all the Independent Directors of the Company does not exceed the cumulative term of nine (9) years and hence, they may continue to serve on the Board in accordance to the Code.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

3. REINFORCE INDEPENDENCE (cont'd)

3.3 Separation of Positions of the Chairman and Chief Executive Officer

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

The role of the Chairman and the Chief Executive Officer 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. 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 Chief Executive Officer is responsible for the day to day management of the business as well as implementation of the Board's policies and decisions.

3.4 Composition of the Board

The Board currently has Nine (9) members; comprising six (6) 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 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 the MMLR which requires that at least two Directors or 1/3rd 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 1/3rd shall be used.

The Directors with their different backgrounds and specializations, 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 the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Directors. The Company understands that the existing Board's composition does not comply with this Recommendation and would work towards achieving this.

4. FOSTER COMMITMENT

4.1 Time Commitment and Continuing Education Programmes

The Board ordinarily 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.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

4. FOSTER COMMITMENT (cont'd)

Time commitment of the Directors are affirmed by their full attendance at the Board of Directors' Meetings held during the financial year where five (5) meetings were held. The record of the directors' attendance is contained in the table below.

DIRECTOR	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Ngiam Tong Kwan	* (5/5)		* (1/1)
Ngiam Tee Wee	* (5/5)		
Ngiam Tee Yang	* (5/5)		
Teh Yoon Loy	* (5/5)		
Yukihiro Eguchi	* (5/5)		
Andy Woo Weng Kok	* (5/5)		
Datuk Dr Syed Muhamad Bin Syed Abdul Kadir	# * (5/5)	# * (5/5)	
To' Puan Rozana Bte Tan Sri Redzuan	# * (5/5)	# * (5/5)	* (1/1)
Ng Wai Pin	# * (5/5)	# * (5/5)	* (1/1)

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

4.2 Directors' Training

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

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

During the financial year ended 31 August, 2013, the Directors had attended the following trainings, seminars and forums:

Directors	Title of Training	Duration
Ngiam Tong Kwan	- Risk Management and Internal Control as Part of Ecosystem of Good Governance 2012	Half day
Ngiam Tee Wee	- Risk Management and Internal Control as Part of Ecosystem of Good Governance 2012	Half day
Teh Yoon Loy	- Risk Management and Internal Control as Part of Ecosystem of Good Governance 2012	Half day
Andy Woo Weng Kok	- Risk Management and Internal Control as Part of Ecosystem of Good Governance 2012	Half day

CORPORATE GOVERNANCE STATEMENT (CONT'D)

4. FOSTER COMMITMENT (cont'd)

Ngiam Tee Yang	- Risk Management and Internal Control as Part of Ecosystem of Good Governance 2012	Half day
Yukihiro Eguchi	- Risk Management and Internal Control as Part of Ecosystem of Good Governance 2012	Half day
To' Puan Rozana Bte Tan Sri Redzuan	- Continuous Listing Obligations of Listed Corporations - Common Pitfalls Under Chapter 10 of Listing Requirements - Transactions	Half day Half day
Ng Wai Pin	- Risk Management and Internal Control as Part of Ecosystem of Good Governance 2012	Half day
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	- Internal Capital Adequacy Assessment Process (ICAAP) Independent Review - CIMB Group. Financial Services Act (FSA) and a new Islamic Financial Services Act - CIMB Group. Shari'ah Governance Framework - Kick Off Session Mandatory Risk Appetite Workshop for GMC and Direct Reports - Audit Committee (AC) Seminar 2013: Improving AC Effectiveness - Regional Compliance, Audit and Risk Conference - Special Dialogue 8 Presentation Session on ASEAN Corporate Governance Scorecard 2013 - Annual Asia Pacific Conference: The Asian Century — Redefining Leadership - Risk Management and Internal Control as Part of Ecosystem of Good Governance 2012 - FIDE Forum: Dialogue on FSA and Islamic FSA	One Day One Day One Day One Day One Day One Day One Day One Day Half day One Day

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 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 Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Malaysia Securities Berhad and the annual statutory financial statements. A Statement by the Board of its responsibilities is set out on page 26 of this Annual Report.

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (cont'd)

5.2 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 of Directors 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 35 of the Annual Report.

The AC had on 23 December 2013 reviewed the suitability and independence of the external auditors and recommended their re-appointment to the Board, upon which the Shareholders' approval will be sought at the forthcoming Tenth AGM. The external auditors had provided their confirmation to the AC that they have complied with the ethical requirements regarding independence with respect to the audit of the Group in accordance with all relevant professional and regulatory requirements. The external auditors also provide certain non-audit services. The AC will ensure that provision of these services do not compromise the External Auditors' Independence.

6. RECOGNISE AND MANAGE RISK

6.1 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 30 and 31 of the Annual Report on the Statement on Risk Management and Internal Control for more information.

6.2 Internal Audit Function

The Company has out sourced 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. 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 of Directors 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 risk management systems and internal control environment as well as the financial reporting systems 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 35 of the Annual Report. The Statement of Risk Management and Internal Control furnished on pages 30 to 31 of the Annual Report provides an overview of the system of internal controls of the Group. The cost incurred for the internal audit function for the financial year ended 31 August 2013 was RM33,717.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy (“CDP”)

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.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company has established a website at www.bslcorp.com.my from which shareholders as well as members of the public may access the latest information on the operations and activities of the Group; all the information required by Bursa Malaysia Securities Berhad; Corporate Governance; financial information as well as Board Charter.

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 for the information of its shareholders and the general public of any corporate manoeuvres in accordance with the MMLR.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

The Company recognizes 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 meeting and provided with a copy of the Company's Annual Report at least twenty-one (21) days prior to the scheduled AGM. All shareholders are encouraged to attend the AGM and participate in its proceedings. Every opportunity is given to the shareholders to ask questions on the resolutions being proposed and seek clarification on the business and performance of the Group.

8.2 Poll Voting

The Board encourages poll voting at general meetings in case of substantive resolutions which require shareholders' approval. At the Ninth (9th) AGM held on 27 February 2013, the Chairman had notified the shareholders at the commencement of the AGM of their right to demand for poll, provided that the minimum requirement for demanding a poll as set out in the Articles of Association of the Company is met. All resolutions put forth for Shareholders' approval at the 9th AGM were voted by show of hands.

8.3 Effective Communication and Proactive Engagement

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

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 2013 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, 1965 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

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Our Group acknowledges that CSR is an important aspect of our business. We continue 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. The CSR initiatives undertaken by our Group during the financial year are summarised below:

a) Our Workplace

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

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

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 our Group are accredited with ISO 14001:2004 Environmental Management Systems.

We are certified Green partners with many major clients and also comply to ROHS and REACH requirement.

c) The Market Place

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

OTHER COMPLIANCE INFORMATION

(a) Utilisation of Proceeds

The Company did not raise any proceeds from corporate proposals during the financial year ended 31 August, 2013.

(b) Share Buy-back

Details of the Share Buy-Back of the Company during the financial year ended 31 August, 2013 are disclosed under Note 20 in the Audited Financial Statements on pages 89 to 90 of this Annual Report.

During the financial year ended 31 August 2013, the company had purchased shares of its issued shares (all of which are retained as Treasury Shares) from the open market, details of which are set out below :

Month of Purchases	Number of Shares Purchased	Purchase Price per Share (RM)	Total Consideration Paid (RM)*
November 2012	20,000	0.290	5,847.74
May 2013	50,000	0.285	14,354.78

*inclusive of brokerage expenses

(c) Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised during the financial year ended 31 August, 2013.

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

The Company did not sponsor any of those programs during the financial year ended 31 August, 2013.

(e) Sanctions and / or Penalties

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

(f) Non-audit Fees

There were non-audit fees of RM15,000 payable to the External Auditor during the financial year ended 31 August, 2013.

(g) Variation in Results

There is no material variance between the audited results for the financial year ended 31 August, 2013 and the unaudited results previously announced.

(h) Profit Guarantees

During the financial year ended 31 August, 2013, there were no profit guarantees given by the Company or its subsidiaries.

OTHER COMPLIANCE INFORMATION (CONT'D)

(i) Material Contracts or loans

There were no material contract entered into by the Company which involved Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 August, 2013 or, if not then subsisting, entered into since the end of the previous financial year.

(j) Recurrent Related Party Transactions

All recurrent related party transactions entered into by the Group during the financial year ended 31 August, 2013 are disclosed in Notes 6 and 27 of the financial statements in pages 74, 96 and 97 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires the Board of Directors of listed companies to establish a sound risk management framework and internal control system to safeguard shareholders' investment and the Company's assets. Under the provisions of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, paragraph 15.26(b), the Board of Directors of listed companies is required to produce a statement on the state of the Companies' internal control as a group in their Annual report. In this regards, the Board of Directors ("Board") of BSL Corporation Berhad ("BSL") is pleased to set out below the statement on risk management and internal control for BSL and its Subsidiary Companies ("Group").

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 not 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 the 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 disciplined 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 2013, the reviews covered areas on procurement, asset management, IT management and occupational, health, safety & security procedures. 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL SYSTEM

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

- Organisation structure with clearly defined delegation of responsibilities to the Committees of the Board;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- The subsidiary companies were accredited ISO 9001:2008 & ISO 14001:2004. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted once a year by assessors of the ISO certification body to ensure that the system is adequately implemented;
- Regular internal audit visits and other specific assignments, if and when the need arises, assigned by the Audit Committee and / or Board who monitors compliance with procedures and assesses the integrity of financial information provided;
- Regular information is provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports such as monthly management accounts and cash flow statements;
- Regular meetings between the Audit Committee and the management on the actions taken on internal control issues identified through reports prepared by the internal auditors, external auditors and/or management; and
- Proper approval and review by the Board on new ventures/business diversification.

The 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.

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

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee shall discharge the following functions: -

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

AUDIT COMMITTEE REPORT

(CONT'D)

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE (cont'd)

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

RIGHTS OF THE COMMITTEE

The Committee shall: -

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

AUDIT COMMITTEE REPORT

(CONT'D)

PROCEDURE OF COMMITTEE MEETING

(1) Chairman

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

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

(2) Quorum

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

(3) Attendance

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

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

(4) Calling

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

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

(5) Frequency

Meetings shall be held at least 4 times a year.

(6) Notice

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

(7) Voting

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

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

(8) Keeping of minutes

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

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

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

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 August, 2013, the Audit Committee held five (5) meetings and the attendance record is as follows:

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

The following activities were carried out by the Audit Committee during the financial year ended 31 August, 2013:

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

INTERNAL AUDIT FUNCTION

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

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

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

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

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

DIRECTOR'S REPORT

The directors of **BSL CORPORATION BERHAD**, have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended August 31, 2013.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 11 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 OF OPERATIONS

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

	The Group RM	The Company RM
(Loss)/Profit before tax	(3,972,627)	1,336,602
Income tax expense	(216,225)	(429,232)
(Loss)/Profit for the year	(4,188,852)	907,370
(Loss)/Profit attributable to:		
Equity holders of the Company	(4,279,836)	
Non-controlling interest	90,984	
	(4,188,852)	

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables and had satisfied themselves that no known bad receivables need to be written off and that adequate allowances for doubtful receivables had been made; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

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

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

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

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

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

DIRECTORS' REPORT

(CONT'D)

DIRECTORS

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

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each			
	Balance at 1.9.2012	Bought	Sold	Balance at 31.8.2013
Shares in the Company				
Registered in name of directors				
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	100,000	-	-	100,000
Ngiam Tee Wee	135,000	-	-	135,000
Ngiam Tee Yang	100,000	-	-	100,000
Ngiam Tong Kwan	406,315	-	-	406,315
Teh Yoon Loy	36,347	-	-	36,347
Yukihiro Eguchi	58,445	-	-	58,445
Andy Woo Weng Kok	60,000	-	-	60,000
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
Andy Woo Weng Kok**	47,000	-	-	47,000

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (cont'd)

	Number of ordinary shares of RM1.00 each			Balance at 31.8.2013
	Balance at 1.9.2012	Bought	Sold	
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
Yukihiro Eguchi	3,050	-	-	3,050

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

** Deemed interest held through his family members.

By virtue of their interests in the shares of the Company and 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.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or being the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any benefit which may be deemed to have arisen by virtue of the transactions as disclosed in Notes 25 and 27 to the financial statements.

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

HOLDING COMPANY

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

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, Messrs. Deloitte (formerly known as Deloitte KassimChan), have indicated their willingness to continue in office.

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

NGIAM TONG KWAN

NGIAM TEE WEE

Rawang,
December 23, 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BSL CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of **BSL CORPORATION BERHAD**, which comprise the statements of financial position of the Group and of the Company as of August 31, 2013 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 113.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of August 31, 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;
- (b) We have considered the financial statements and auditors' reports of the subsidiary company of which we have not acted as auditors, as mentioned in Note 11 to the financial statements, being financial statements that have been included in the financial statements of the Group;

INDEPENDENT AUDITORS' REPORT

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

(INCORPORATED IN MALAYSIA)

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

Other Reporting Responsibilities

The supplementary information set out in Note 34 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits and Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. As stated in Note 2 to the financial statements, the Group and Company adopted Malaysian Financial Reporting Standards on September 1, 2012 with a transition date of September 1, 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as of August 31, 2012 and September 1, 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended August 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information which is now presented in accordance with the Malaysian Financial Reporting Standards and hence, it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended August 31, 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as of September 1, 2012 do not contain misstatements that materially affect the financial positions as of August 31, 2013 and financial performances and cash flows for the year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE
AF 0080
Chartered Accountants

HIEW KIM TIAM
Partner - 1717/08/15 (J)
Chartered Accountant

December 23, 2013

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED AUGUST 31, 2013

		The Group		The Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Revenue		112,209,728	146,534,364	1,200,000	1,500,000
Other income	6	1,236,155	1,384,049	657,535	897,530
Investment income	6	394,911	433,474	-	-
Changes in inventories of work-in-progress and finished goods		(234,855)	(1,113,729)	-	-
Raw materials and consumables used		(67,188,671)	(87,828,968)	-	-
Production overheads		(10,890,404)	(13,047,175)	-	-
Staff costs	6	(21,306,901)	(24,284,864)	-	-
Depreciation of property, plant and equipment	10	(7,052,717)	(6,944,108)	-	-
Finance costs	7	(1,098,097)	(1,411,376)	-	-
Other expenses	6	(8,337,264)	(9,494,470)	(520,933)	(504,178)
Share of results of associated company	12	(1,704,512)	(660,928)	-	-
(Loss)/Profit before tax		(3,972,627)	3,566,269	1,336,602	1,893,352
Tax expense	8	(216,225)	(1,825,455)	(429,232)	(463,989)
(Loss)/Profit for the year		(4,188,852)	1,740,814	907,370	1,429,363
Other comprehensive loss:					
Exchange differences on translation of foreign operations		(213,063)	(204,087)	-	-
Other comprehensive loss for the year, net of tax		(213,063)	(204,087)	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(4,401,915)	1,536,727	907,370	1,429,363
(Loss)/Profit attributable to:					
Equity holders of the Company		(4,279,836)	1,703,203		
Non-controlling interest		90,984	37,611		
		(4,188,852)	1,740,814		
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(4,492,899)	1,499,116		
Non-controlling interest		90,984	37,611		
		(4,401,915)	1,536,727		
Basic earnings/(loss) per ordinary share (sen)	9	(4.4)	1.8		

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

STATEMENTS OF FINANCIAL POSITION

AS OF AUGUST 31, 2013

	Note	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
ASSETS				
Non-current Assets				
Property, plant and equipment	10	68,410,039	65,273,561	61,484,907
Investment in associated company	12	1,144,909	2,849,421	3,871,123
Goodwill on consolidation	13	-	-	-
Quoted investments	14	-	-	-
Other investments	15	-	-	-
Total Non-current Assets		69,554,948	68,122,982	65,356,030
Current Assets				
Inventories	16	9,876,576	12,083,651	13,655,802
Trade receivables	17	17,177,353	19,857,719	27,924,118
Other receivables, deposits and prepaid expenses	17	936,107	3,568,930	2,333,322
Tax recoverable		1,086,990	281,014	277,035
Short-term deposits with licensed banks	18	17,366,037	19,613,510	15,901,756
Cash and bank balances	28	11,384,840	11,551,085	13,206,939
Total Current Assets		57,827,903	66,955,909	73,298,972
TOTAL ASSETS		127,382,851	135,078,891	138,655,002
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	19	49,000,000	49,000,000	49,000,000
Treasury shares	20	(386,775)	(366,573)	(366,573)
Reserves	21	32,457,925	36,950,824	35,451,708
Equity attributable to equity holders of the Company		81,071,150	85,584,251	84,085,135
Non-controlling interest		4,907,495	4,720,511	4,682,900
Total Equity		85,978,645	90,304,762	88,768,035
Non-current and Deferred Liabilities				
Hire-purchase payables - non-current portion	22	469,062	964,852	2,399,273
Term loans - non-current portion	23	17,426,474	16,169,841	10,635,750
Deferred tax liabilities	24	1,970,000	1,874,000	1,893,000
Total Non-current and Deferred Liabilities		19,865,536	19,008,693	14,928,023
Current Liabilities				
Trade payables	25	9,811,564	14,504,469	19,692,188
Other payables and accrued expenses	25	3,597,004	2,450,441	4,382,421
Amount owing to related company	27	89,691	-	-
Hire-purchase payables - current portion	22	1,129,070	1,880,117	2,416,889
Bank borrowings	26	4,101,174	4,816,737	6,382,700
Term loans - current portion	23	2,627,353	2,113,672	1,467,000
Derivative financial liability	29	127,081	-	-
Tax liabilities		55,733	-	617,746
Total Current Liabilities		21,538,670	25,765,436	34,958,944
Total Liabilities		41,404,206	44,774,129	49,886,967
TOTAL EQUITY AND LIABILITIES		127,382,851	135,078,891	138,655,002

STATEMENTS OF FINANCIAL POSITION

AS OF AUGUST 31, 2013 (CONT'D)

		31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
	Note/s			
ASSETS				
Non-current Assets				
Investment in subsidiary companies	11	49,046,047	49,046,047	49,046,047
Current Assets				
Amount owing by subsidiary companies	11, 27	16,976,506	16,646,552	16,444,021
Prepaid expense		-	-	1,400
Tax recoverable		139,718	219,387	229,387
Cash and bank balances	28	2,174,895	1,559,822	308,199
Total Current Assets		19,291,119	18,425,761	16,983,007
TOTAL ASSETS		68,337,166	67,471,808	66,029,054
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	19	49,000,000	49,000,000	49,000,000
Treasury shares	20	(386,775)	(366,573)	(366,573)
Reserves	21	4,733,906	3,826,536	2,397,173
Total Equity		53,347,131	52,459,963	51,030,600
Current Liabilities				
Other payables and accrued expenses	25	47,265	69,075	55,684
Amount owing to subsidiary company	11, 27	14,942,770	14,942,770	14,942,770
Total Current Liabilities		14,990,035	15,011,845	14,998,454
TOTAL EQUITY AND LIABILITIES		68,337,166	67,471,808	66,029,054

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED AUGUST 31, 2013

The Group	Non-distributable						Attributable to equity holders of the Company	Non-controlling interest	Total
	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Distributable reserve - Retained earnings				
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as of September 1, 2012	49,000,000	(366,573)	1,767,230	326,777	34,856,817	85,584,251	4,720,511	90,304,762	
Repurchase of shares	-	(20,202)	-	-	-	(20,202)	-	(20,202)	
Incorporation of subsidiary company	-	-	-	-	-	-	96,000	96,000	
(Loss)/Profit for the year	-	-	-	-	(4,279,836)	(4,279,836)	90,984	(4,188,852)	
Other comprehensive loss	-	-	-	(213,063)	-	(213,063)	-	(213,063)	
Total comprehensive (loss)/income for the year	-	-	-	(213,063)	(4,279,836)	(4,492,899)	90,984	(4,401,915)	
Balance as of August 31, 2013	49,000,000	(386,775)	1,767,230	113,714	30,576,981	81,071,150	4,907,495	85,978,645	

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED AUGUST 31, 2013 (CONT'D)

The Group	Non-distributable					Attributable to equity holders of the Company	Non-controlling interest	Total
	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Distributable reserve - Retained earnings			
	RM	RM	RM	RM	RM	RM	RM	RM
Balance as of September 1, 2011	49,000,000	(366,573)	1,767,230	530,864	33,153,614	84,085,135	4,682,900	88,768,035
Profit for the year	-	-	-	-	1,703,203	1,703,203	37,611	1,740,814
Other comprehensive loss	-	-	-	(204,087)	-	(204,087)	-	(204,087)
Total comprehensive (loss)/ income for the year	-	-	-	(204,087)	1,703,203	1,499,116	37,611	1,536,727
Balance as of August 31, 2012	49,000,000	(366,573)	1,767,230	326,777	34,856,817	85,584,251	4,720,511	90,304,762

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED AUGUST 31, 2013 (CONT'D)

The Company	Share capital RM	Treasury shares RM	Non-distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total RM
Balance as of September 1, 2011	49,000,000	(366,573)	1,767,230	629,943	51,030,600
Total comprehensive loss	-	-	-	1,429,363	1,429,363
Balance as of August 31, 2012	49,000,000	(366,573)	1,767,230	2,059,306	52,459,963
Total comprehensive income	-	-	-	907,370	907,370
Repurchase of shares	-	(20,202)	-	-	(20,202)
Balance as of August 31, 2013	49,000,000	(386,775)	1,767,230	2,966,676	53,347,131

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2013

	The Group		The Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
CASH FLOWS FROM/ (USED IN)				
OPERATING ACTIVITIES				
(Loss)/Profit for the year	(4,188,852)	1,740,814	907,370	1,429,363
Adjustments for:				
Tax expense recognised in profit or loss	216,225	1,825,455	429,232	463,989
Depreciation of property, plant and equipment	7,052,717	6,944,108	-	-
Impairment of investment in associated company	-	360,774	-	-
Interest expense	1,098,097	1,411,376	-	-
Share of results of associated company	1,704,512	660,928	-	-
Impairment of property, plant and equipment	375,122	-	-	-
Loss on fair value of interest rate swap	127,081	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	17,006	(181,901)	-	-
Bad debts written off	4,595	-	-	-
Property, plant and equipment written off	4	3,003	-	-
Dividend income	-	-	(1,200,000)	(1,500,000)
Interest receivable from subsidiary companies	-	-	(439,667)	(691,683)
Unrealised gain on foreign exchange - net	(579,530)	(253,219)	(217,868)	(205,847)
Interest income	(394,911)	(433,474)	-	-
Allowance for doubtful debts no longer required - net	(33,947)	(187,378)	-	-
Operating Profit/(Loss) Before Working Capital Changes	5,398,119	11,890,486	(520,933)	(504,178)
Decrease/(Increase) in:				
Inventories	2,207,075	1,572,151	-	-
Trade receivables	3,157,302	8,476,552	-	-
Other receivables, deposits and prepaid expenses	2,121,953	(724,738)	-	1,400
Amount owing by subsidiary companies	-	-	327,581	694,999
(Decrease)/Increase in:				
Trade payables	(4,877,100)	(5,192,072)	-	-
Other payables and accrued expenses	1,146,224	(1,986,460)	(21,810)	13,391
Amount owing to related company	89,691	-	-	-
Cash Generated From Operations	9,243,264	14,035,919	(215,162)	205,612
Income tax refunded	425,477	10,115	-	-
Income tax paid	(1,295,945)	(2,476,295)	(49,563)	(78,989)
Net Cash From/(Used in) Operating Activities	8,372,796	11,569,739	(264,725)	126,623

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2013 (CONT'D)

		The Group		The Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM/ (USED IN)					
INVESTING ACTIVITIES					
Dividend received		-	-	900,000	1,125,000
Proceeds from disposal of property, plant and equipment		217,891	190,388	-	-
Interest received		394,911	433,474	-	-
Deposits and incidental costs paid for acquisition of land and plant and machinery		-	(510,870)	-	-
Additions to property, plant and equipment (Note)		(9,093,517)	(10,249,252)	-	-
Increase in investment in indirect subsidiary by non-controlling interest		96,000	-	-	-
Net Cash (Used In)/From Investing Activities		(8,384,715)	(10,136,260)	900,000	1,125,000
CASH FLOWS FROM/ (USED IN)					
FINANCING ACTIVITIES					
Proceeds from term loans		1,770,314	7,647,763	-	-
Repayment of hire-purchase payables		(2,007,008)	(2,466,193)	-	-
Repayment of bank borrowings		(715,563)	(1,565,963)	-	-
Interest paid		(1,532,418)	(1,356,896)	-	-
Repayment of term loans		-	(1,467,000)	-	-
Short-term deposits drawdown/ (pledged) with licensed banks		172,224	(22,526)	-	-
Payment for buy-back of shares		(20,202)	-	(20,202)	-
Net Cash (Used In)/From Financing Activities		(2,332,653)	769,185	(20,202)	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS					
Effect of changes in foreign currency translation reserves		(2,344,572)	2,202,664	615,073	1,251,623
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		103,078	(169,290)	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	28	30,388,669	28,355,295	1,559,822	308,199
		28,147,175	30,388,669	2,174,895	1,559,822

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2013 (CONT'D)

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

	The Group	
	2013	2012
	RM	RM
Total cost of property, plant and equipment acquired	10,799,218	10,744,252
Less: Purchase consideration satisfied by hire-purchase arrangements	(760,171)	(495,000)
Deposits paid for acquisition of land	(339,750)	-
Incidental costs for acquisition of land	(111,510)	-
Deposits on purchase of plant and machinery	(59,610)	-
Borrowing cost capitalised	(434,660)	-
Cash payments	9,093,517	10,249,252

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

1. GENERAL INFORMATION

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 Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 11.

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

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

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

The financial statements of the Group and of the Company have been authorised for issuance by the Board of Directors in accordance with a resolution of the directors on December 23, 2013.

2. BASIS OF PREPARATION OF ACCOUNTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

Adoption of Malaysian Financial Reporting Standards

The Group's and the Company's financial statements for the financial year ended August 31, 2013 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 **First-time Adoption of Malaysian Financial Reporting Standards**, with September 1, 2011 as the date of transition. The changes in accounting policies as a consequence of the transition to MFRSs and the reconciliations of the effects of the transition to MFRSs are presented in Note 33.

MFRSs and IC Interpretations issued but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Amendments relating to government loans) ¹
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004) ¹
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities) ¹
MFRS 9	Financial Instruments (IFRS 9 issued to IASB in November 2009) ²
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ²

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

MFRSs and IC Interpretations issued but not yet effective (cont'd)

MFRS 10	Consolidated Financial Statements ¹
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance) ¹
MFRS 11	Joint Arrangements ¹
MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance) ¹
MFRS 12	Disclosure of Interests in Other Entities ¹
MFRS 12	Disclosure of Interests in Other Entities (Amendments relating to Transition Guidance) ¹
MFRS 13	Fair Value Measurement ¹
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011) ¹
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011) ¹
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) ¹
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ³
MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets) ³
MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting) ³
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine ¹
IC Int. 21	Levies ³

Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 Cycle issued in July 2012¹

Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)³

¹ Effective for annual periods beginning on or after January 1, 2013

² Effective for annual periods beginning on or after January 1, 2015 instead of January 1, 2013 immediately upon the issuance of Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and MFRS 7 relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" on March 1, 2012

³ Effective for annual periods beginning on or after January 1, 2014

The directors anticipate that the abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no impact on the financial statements of the Group and the Company in the period of initial applications, except as disclosed below.

Amendments to MFRS 7 and MFRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to MFRS 132 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to MFRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under the enforceable master netting agreements or similar arrangements. Both MFRS 132 and MFRS 7 require retrospective application upon adoption.

Todate, the Group and the Company have not entered into any such agreements or similar arrangements. However, the directors anticipate that the application of these amendments to MFRS 132 and MFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in future.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which became immediately effective on the issuance date of March 1, 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after January 1, 2015 instead of on or after January 1, 2013, with earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9 are described as follows:

- All recognised financial assets that are within the scope of MFRS 139 **Financial Instruments: Recognition and Measurement** to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regards to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liabilities, be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors do not anticipate the application of MFRS 9 to have a significant impact on amounts reported in respect of the Group and the Company's financial assets and financial liabilities.

MFRS 10: Consolidated Financial Statements

MFRS 11: Joint Arrangements

MFRS 12: Disclosure of Interests in Other Entities

MFRS 127: Separate Financial Statements

MFRS 128: Investments in Associates and Joint Ventures

In November 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including MFRS 10, MFRS 11, MFRS 12, MFRS 127 (IAS 27 as amended by IASB in May 2011) and MFRS 128 (IAS 28 as amended by IASB in May 2011).

Out of the above five standards, the requirements of MFRS 10, MFRS 12, MFRS 127 and MFRS 128 which are applicable to the Group and the Company are described below.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (cont'd)

MFRS 10 replaces the parts of MFRS 127 **Consolidated and Separate Financial Statements** that deal with consolidated financial statements. IC Int. 112 **Consolidation - Special Purpose Entities** will be withdrawn upon the effective date of MFRS 10. Under MFRS 10, there is only one basis for consolidation, that is control. In addition, MFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in MFRS 10 to deal with the complex scenarios.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiary company, joint arrangements, associates and/or consolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the application of these MFRSs for the first time.

In February 2013, amendments to MFRS 10, MFRS 12 and MFRS 127, equivalent to **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)** issued by the International Accounting Standard Board, were issued by MASB. The amendments introduce an exception to consolidation for investment entities and require investment entities to measure particular subsidiary company at fair value through profit or loss instead of consolidating them.

The directors anticipate that the application of the abovementioned MFRSs may affect the amounts reported in the consolidated financial statements in the period of initial application.

MFRS 13: Fair Value Measurement

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instruments and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 **Financial Instruments: Disclosures** will be extended by MFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosure to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income (cont'd)

The amendments also introduce new terminology for the statements of comprehensive income and income statement. Under the amendments to MFRS 101, the “statements of comprehensive income” is renamed “statements of profit or loss and other comprehensive income” and the “income statement” is renamed the “statements of profit or loss”.

The amendments will be applied retrospectively on next accounting period and hence the presentation of items of other comprehensive income will be modified to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to MFRSs: Annual Improvements 2009 - 2011 Cycle

The Annual Improvements 2009 - 2011 Cycle includes a number of amendments to various MFRSs. Those applicable to the Company include:

- Amendments to MFRS 101 **Presentation of Financial Statements**
- Amendments to MFRS 116 **Property, Plant and Equipment**
- Amendments to MFRS 132 **Financial Instruments: Presentation**

Amendments to MFRS 101

MFRS 101 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to MFRS 101 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Hence, the adoption of the amendments when it becomes effective will affect the presentation of the third statement of financial position and related notes in future periods.

Amendments to MFRS 116

The amendments to MFRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in MFRS 116 and as inventory otherwise. The directors do not anticipate that the amendments to MFRS 116 will have a significant effect on the Group's financial statements.

Amendments to MFRS 132

The amendments to MFRS 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 **Income Taxes**. The directors anticipate that the amendment to MFRS 132 will have no effect on the Group's and the Company's financial statements as this treatment has already been adopted.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated by the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Revenue

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

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

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

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

Employee Benefits

(i) Short Term Employee Benefits

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

(ii) Defined Contribution Plan

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

Foreign Currency

(i) Functional and Presentation Currencies

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currency (cont'd)

(ii) Foreign Currency Transactions

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

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income Tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

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

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

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

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its subsidiary companies) as mentioned in Note 11 made up to August 31, 2013. The financial statements of the subsidiary companies are prepared to the same reporting date as the Company.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combination

Acquisitions of subsidiary company and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 **Income Taxes** and MFRS 119 **Employee Benefits** respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 **Share-based Payment** at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 **Non-current Assets Held for Sale and Discontinued Operations** are measured in accordance with that Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measured period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlements is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 **Provisions, Contingent Liabilities and Contingent Assets**, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill on Consolidation

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

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.

Impairment of Non-finance Assets Excluding Goodwill

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

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

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

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

Property, Plant and Equipment

Property, plant and equipment, except for freehold land and construction in progress which are not depreciated, are stated at cost less accumulated depreciation and impairment losses, if any.

Properties in the course of construction in progress are carried at cost, less any recognised impairment loss. Cost includes professional fees are capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for intended use.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

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

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

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

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Assets Acquired under Hire-Purchase Arrangements

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

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

Leases

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

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

Investment in Subsidiary Companies

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

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

Associated Company

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Associated Company (cont'd)

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

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

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

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

Inventories

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

Financial Instruments

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

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

(a) Financial Assets

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

Financial Assets at FVTPL

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

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Financial Assets (cont'd)

AFS Financial Assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets that have a quoted market price in an active market are measured at fair value at the end of the reporting period. Fair value is determined in the manner disclosed in Note 29. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses and interest calculated using the effective interest method. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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

Loans and Receivables

Financial assets of the Company designated as 'loans and receivables'.

Loans and receivables comprising trade receivables, other receivables and deposits, intercompany indebtedness, related parties' balances, short-term deposits with licensed banks and cash and bank balances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at initial recognition at fair value; and are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of Financial Assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Financial Assets (cont'd)

Impairment of Financial Assets (cont'd)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of Financial Assets

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

(b) Financial Liabilities and Equity Instruments

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

Equity Instruments

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

Financial Liabilities

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

Financial Liabilities at FVTPL

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Financial Liabilities at FVTPL (cont'd)

A financial liability is classified as held for trading if:

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 29.

Other Financial Liabilities

Other financial liabilities, including payables, accrued expenses, amount owing to related company and borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of Financial Liabilities

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

(c) Effective Interest Method

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

(d) Derivative Financial Instruments

The Group enter into derivative financial instruments (interest rate swap) to manage its exposure to interest rate risk. Further details of derivative financial instrument is disclosed in Note 29.

Derivative is initially recognised at fair value at the date the derivative contract is entered into and is subsequently remeasured at fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of hedge relationship.

A derivative with a positive fair value recognised as a financial assets; 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Statements of Cash Flows

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in profit or loss (apart from those involving estimations which are dealt with below).

- Impairment of receivables

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 consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's receivables at the reporting date are disclosed in Note 17. 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.

- 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.

(b) Key sources of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SEGMENT REPORTING

Business Segments

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

- (i) Investment holding;
- (ii) Stamping and manufacturing of precision metal parts and fabrication of tools and dies;
- (iii) Printed circuit board ("PCB") assembly and assembly of all types of electronics and electrical components, devices and systems;
- (iv) Fabrication and forging of base metal components; and
- (v) Others (Trading of automotive components operation ceased in 2011 and newly incorporated subsidiary company, Crestronics Greentech Sdn. Bhd. The management has reclassified it as Others as the said subsidiary companies are currently dormant).

Inter-segment sales are charged at cost plus a percentage of profit mark-up. Revenue from one major customer contributed approximately RM52,824,990 (2012: RM70,532,322) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SEGMENT REPORTING (cont'd)

Business Segments (cont'd)

The Group – 2013	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	-	77,170,392	25,520,903	9,699,012	-	(180,579)	112,209,728
Inter-segment sales	1,200,000	-	-	-	-	(1,200,000)	-
Total revenue	1,200,000	77,170,392	25,520,903	9,699,012	-	(1,380,579)	112,209,728
Results							
Segment results	1,312,794	638,987	(2,176,727)	310,108	(10,424)	(1,639,667)	(1,564,929)
Profit/(Loss) from Operations	1,312,794	638,987	(2,176,727)	310,108	(10,424)	(1,639,667)	(1,564,929)
Finance costs	-	(746,454)	(619,844)	(171,467)	-	439,668	(1,098,097)
Share of results of associated company	-	-	-	-	-	(1,704,512)	(1,704,512)
Investment income	-	169,285	-	11,626	214,000	-	394,911
Profit/(Loss) before tax	1,312,794	61,818	(2,796,571)	150,267	203,576	(2,904,511)	(3,972,627)
Tax (expense)/income	(429,232)	73,851	-	(81,000)	(11,426)	231,582	(216,225)
Profit/(Loss) for the year	883,562	135,669	(2,796,571)	69,267	192,150	(2,672,929)	(4,188,852)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SEGMENT REPORTING (cont'd)

Business Segments (cont'd)

The Group – 2013	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Others RM	Eliminations RM	Consolidated RM
Other information							
Capital additions	-	5,523,623	524,162	4,751,433	-	-	10,799,218
Depreciation of property, plant and equipment	-	3,442,756	2,854,539	755,422	-	-	7,052,717
Consolidated statement of financial position							
Assets							
Segment assets	73,034,548	101,279,732	19,175,945	11,303,290	9,893,353	(88,391,007)	126,295,861
Unallocated corporate assets							1,086,990
Consolidated total assets							127,382,851
Liabilities							
Segment liabilities	19,268,049	30,653,113	19,972,881	4,862,142	15,507	(35,337,486)	39,434,206
Unallocated corporate liabilities							1,970,000
Consolidated total liabilities							41,404,206

Geographical segments

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SEGMENT REPORTING (cont'd)

Business Segments (cont'd)

The Group – 2012	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	-	99,420,251	38,020,341	9,093,772	-	-	146,534,364
Inter-segment sales	1,500,000	125,358	-	-	-	(1,625,358)	-
Total revenue	1,500,000	99,545,609	38,020,341	9,093,772	-	(1,625,358)	146,534,364
Results							
Segment results	1,509,321	4,951,022	1,632,304	(634,125)	(61,740)	(2,191,683)	5,205,099
Profit/(Loss) from Operations	1,509,321	4,951,022	1,632,304	(634,125)	(61,740)	(2,191,683)	5,205,099
Finance costs	-	(1,067,283)	(948,335)	(87,441)	-	691,683	(1,411,376)
Share of results of associated company	(660,928)	-	-	-	-	-	(660,928)
Investment income	-	214,911	-	22,526	196,037	-	433,474
Profit/(Loss) before tax	848,393	4,098,650	683,969	(699,040)	134,297	(1,500,000)	3,566,269
Tax (expense)/income	(463,989)	(1,708,229)	-	93,000	(57,541)	311,304	(1,825,455)
Profit/(Loss) for the year	384,404	2,390,421	683,969	(606,040)	76,756	(1,188,696)	1,740,814

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SEGMENT REPORTING (cont'd)

Business Segments (cont'd)

The Group – 2012	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Fabrication and forging RM	Others RM	Eliminations RM	Consolidated RM
Other information							
Capital additions	-	10,205,788	507,046	31,418	-	-	10,744,252
Depreciation of property, plant and equipment	-	3,344,474	2,899,935	699,699	-	-	6,944,108
Consolidated statement of financial position							
Assets							
Segment assets	72,076,422	101,327,242	28,539,099	8,633,501	9,651,578	(85,429,965)	134,797,877
Unallocated corporate assets							281,014
Consolidated total assets							135,078,891
Liabilities							
Segment liabilities	19,036,156	33,290,535	22,546,703	2,333,434	57,339	(34,364,038)	42,900,129
Unallocated corporate liabilities							1,874,000
Consolidated total liabilities							44,774,129
Geographical segments							

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. OTHER INCOME/(EXPENSES), INVESTMENT INCOME AND STAFF COSTS

Included in other income/(expenses), investment income and staff costs are the following:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unrealised gain on foreign exchange - net	579,530	253,219	217,868	205,847
Interest income	394,911	433,474	-	-
Allowance for doubtful debts no longer required - net (Note 17)	33,947	187,378	-	-
Directors' remuneration*	(2,082,089)	(2,068,968)	(282,200)	(282,200)
Rental of motor vehicles	(534,520)	(518,649)	-	-
Impairment of property, plant and equipment (Note 10)	(375,122)	-	-	-
Rental of premises payable to:				
Related parties (Note 27)	(330,000)	(294,000)	-	-
Third parties	(161,497)	(156,856)	-	-
Auditors' remuneration:				
Current year	(135,000)	(130,000)	(30,000)	(30,000)
Under/(Over)provision in prior years	12,380	(2,881)	-	-
Loss on fair value of interest rate swap (Note 29)	(127,081)	-	-	-
Realised (loss)/gain on foreign exchange – net	(49,054)	184,345	-	-
(Loss)/Gain on disposal of property, plant and equipment	(17,006)	181,901	-	-
Bad debts written off	(4,595)	-	-	-
Property, plant and equipment written off	(4)	(3,003)	-	-
Interest receivable from subsidiary companies (Note 27)	-	-	439,667	691,683
Impairment of investment in associated company (Note 12)	-	(360,774)	-	-
Hire of machinery	-	(24,500)	-	-

Investment income represents interest income from short-term deposits with licensed banks.

* Directors' remuneration consists of the following:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive directors:				
Company				
- Fees	187,600	187,600	187,600	187,600
Subsidiary companies				
- Other emoluments	1,796,289	1,783,468	-	-
	1,983,889	1,971,068	187,600	187,600
Non-executive directors:				
- Fees	94,600	94,600	94,600	94,600
- Other emoluments	3,600	3,300	-	-
	2,082,089	2,068,968	282,200	282,200

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. OTHER INCOME/(EXPENSES), INVESTMENT INCOME AND STAFF COSTS (cont'd)

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 RM1,175,534 (2012: RM1,251,885).

The remuneration of the key management personnel, who are also the directors of the Group and of the Company, are as disclosed above. The estimated monetary value of benefit-in-kind received by the directors from the Group amounted to RM41,025 (2012: RM50,225).

7. FINANCE COSTS

	The Group	
	2013 RM	2012 RM
Interest expense on:		
Term loans	993,207	756,427
Trust receipts and bankers acceptances	178,530	193,218
Hire-purchase	114,576	277,965
Bank overdrafts	184,697	111,655
	1,471,010	1,339,265
Less: Amount capitalised in property, plant and equipment (Note 10)	(434,660)	-
Total interest expense for other financial liabilities at amortised cost	1,036,350	1,339,265
Loss arising on derivative - interest rate swap (Note 29)	61,747	72,111
	1,098,097	1,411,376

8. TAX EXPENSE/(INCOME)

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Estimated income tax payable:				
Current year	184,171	1,233,121	316,433	455,000
(Over)/Underprovision in prior years	(63,946)	611,334	112,799	8,989
	120,225	1,844,455	429,232	463,989
Deferred tax (Note 24):				
Current year	209,585	75,312	-	-
Overprovision in prior years	(113,585)	(94,312)	-	-
	96,000	(19,000)	-	-
Total tax expense	216,225	1,825,455	429,232	463,989

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

A reconciliation of tax applicable to (loss)/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:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/Profit before tax:	(3,972,627)	3,566,269	1,336,602	1,893,352
Tax (credit)/expense at the statutory tax rate of 25%	(993,157)	891,567	334,151	473,338
Tax effects of:				
Expenses which are not deductible	489,023	425,086	39,250	1,246
Income which are not taxable	(101,235)	(25,216)	(56,968)	(19,584)
Share of results of associated company	426,128	165,232	-	-
Utilisation of deferred tax assets previously not recognised	-	(206,749)	-	-
Deferred tax assets not recognised	572,997	58,513	-	-
(Over)/Underprovision in prior years in respect of:				
Estimated income tax	(63,946)	611,334	112,799	8,989
Deferred tax	(113,585)	(94,312)	-	-
	216,225	1,825,455	429,232	463,989

As of August 31, 2013, the tax exempt income of the Group and the Company is as follows:

		The Group	
	Note	2013 RM	2012 RM
Reinvestment allowances	(i)	25,564,645	25,564,645
Tax exempt income	(ii)	478,000	478,000
		26,042,645	26,042,645

(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 companies.

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

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

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unused tax losses	1,424,213	1,424,213	189,068	189,068
Unabsorbed capital allowances	2,952,700	660,712	-	-
	4,376,913	2,084,925	189,068	189,068

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.

9. BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

	The Group	
	2013 RM	2012 RM
(Loss)/Profit attributable to equity holders of the Company	(4,279,836)	1,703,203
	Units	Units
Weighted average number of ordinary shares in issue	96,895,054	96,935,887
Basic earnings/(loss) per ordinary share (sen)	(4.4)	1.8

The basic earnings/(loss) per ordinary share is calculated by dividing the loss attributable to equity holders of Company of RM4,279,836 (2012: profit of RM1,703,203) by weighted average number of ordinary shares in issue during the financial year of 96,895,054 (2012: 96,935,887) shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. PROPERTY, PLANT AND EQUIPMENT

2013 The Group	At beginning of year RM	Additions RM	Reclassification RM	Disposals RM	Write off RM	At end of year RM
At cost						
Freehold land	10,923,043	-	-	-	-	10,923,043
Leasehold land	-	3,616,943	-	-	-	3,616,943
Buildings	15,392,167	-	14,337,751	-	-	29,729,918
Plant and machinery	75,108,660	1,746,189	-	(962,250)	(500)	75,892,099
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	6,461,161	914,358	-	(85,246)	(2,640)	7,287,633
Motor vehicles	4,224,880	402,562	-	(255,000)	-	4,372,442
Construction in progress	10,218,585	4,119,166	(14,337,751)	-	-	-
	122,328,496	10,799,218	-	(1,302,496)	(3,140)	131,822,078

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

2013 The Group	At beginning of year RM	Accumulated Depreciation			Impairment loss RM	At end of year RM	Net book value RM
		Additions RM	Disposals RM	Write off RM			
At cost							
Freehold land	-	-	-	-	-	-	10,923,043
Leasehold land	-	31,728	-	-	-	31,728	3,585,215
Buildings	997,665	513,756	-	-	-	1,511,421	28,218,497
Plant and machinery	49,746,019	5,582,442	(798,084)	(499)	375,122	54,905,000	20,987,099
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	3,822,900	437,219	(35,765)	(2,637)	-	4,221,717	3,065,916
Motor vehicles	2,488,351	487,572	(233,750)	-	-	2,742,173	1,630,269
	57,054,935	7,052,717	(1,067,599)	(3,136)	375,122	63,412,039	68,410,039

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

2012 The Group	At beginning of year RM	Additions RM	Disposals RM	Written off RM	At end of year RM
At cost					
Freehold land	10,923,043	-	-	-	10,923,043
Buildings	15,392,167	-	-	-	15,392,167
Plant and machinery	75,319,752	1,268,063	(1,479,155)	-	75,108,660
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	6,628,891	104,727	(144,960)	(127,497)	6,461,161
Motor vehicles	4,100,948	207,047	(83,115)	-	4,224,880
Construction in progress	1,054,170	9,164,415	-	-	10,218,585
	113,418,971	10,744,252	(1,707,230)	(127,497)	122,328,496

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

2012 The Group	← Accumulated Depreciation →		Net book value	
	At beginning of year RM	At beginning of year RM	At end of year RM	Balance as of September 1, 2011 RM
At cost				
Freehold land	-	-	-	10,923,043
Buildings	684,798	312,867	997,665	14,707,369
Plant and machinery	45,560,363	5,663,152	49,746,019	29,759,389
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	3,637,876	447,650	3,822,900	2,991,015
Motor vehicles	2,051,027	520,439	2,488,351	2,049,921
Construction in progress	-	-	-	1,054,170
	51,934,064	6,944,108	57,054,935	61,484,907
		(1,698,743)	(124,494)	

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

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

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Net book value:			
Plant and machinery	9,156,574	8,646,483	15,395,784
Motor vehicles	1,000,709	1,298,409	1,704,305
	10,157,283	9,944,892	17,100,089

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

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Cost:			
Plant and machinery	24,477,825	21,410,091	21,668,673
Office equipment, furniture, fittings, renovation, factory upgrade and factory equipment	2,103,385	2,108,391	2,194,712
Motor vehicles	799,176	799,176	1,129,387
	27,380,386	24,317,658	24,992,772

Included in construction in progress is borrowing cost capitalised amounting to RM434,660 (2012: Nil).

As of August 31, 2013, the following property, plant and equipment are charged to licensed banks as security for term loans and other credit facilities, as mentioned in Notes 23 and 26, granted to the Group:

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Net book value:			
Buildings	27,866,500	14,034,502	14,735,089
Freehold land	10,923,043	10,923,043	10,923,043
Leasehold land	3,616,943	-	-
Construction in progress	-	10,218,585	1,054,170
Plant and machinery	4,490,849	5,299,951	6,690,681
	46,897,335	40,476,081	33,402,983

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. INVESTMENT IN SUBSIDIARY COMPANIES

	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Unquoted shares at cost	49,046,047	49,046,047	49,046,047

The details of the subsidiary companies are as follows:

Name of subsidiary companies	Effective equity interest			Country of incorporation	Principal activity
	31.8.2013 %	31.8.2012 %	1.9.2011 %		
Direct					
Ban Seng Lee Industries Sdn. Bhd.	100	100	100	Malaysia	Stamping and manufacturing of precision metal parts and fabrication of tools and dies.
Crestronics (M) Sdn. Bhd.	100	100	100	Malaysia	Printed circuit board assembly and assembly of all types of electronic and electrical components, devices and system.
Unique Forging & Components Sdn. Bhd.	100	100	100	Malaysia	Fabrication and forging of base metal components.
BSL (HK) Limited*	100	100	100	Hong Kong, People's Republic of China	Investment holding.
Advance Autotek Industries (M) Sdn. Bhd.	51	51	51	Malaysia	Dormant.
Indirect Subsidiaries					
Kotamech Engineering Sdn. Bhd.**	100	100	100	Malaysia	Dormant.
Crestronics Greentech Sdn. Bhd. ***	52	-	-	Malaysia	Dormant (Incorporated on September 20,2012).
AAI Auto Electronics Sdn. Bhd.#	51	51	51	Malaysia	Dormant.
AAI Autoclusters Sdn. Bhd.#	-	-	51	Malaysia	Dormant (Struck off in 2012).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

- * The financial statements were examined by other firm of auditors other than the auditors of the Company.
 ** Held through Ban Seng Lee Industries Sdn. Bhd.
 *** Held through Crestronics (M) Sdn. Bhd.
 # Held through Advance Autotek Industries (M) Sdn. Bhd.

On September 20, 2012, the Company incorporated a 52% owned subsidiary company in Malaysia, Crestronic Greentech Sdn Bhd with an authorised share capital of 1,000,000 ordinary shares at RM1.00 each and an issued and fully paid share capital of 100 ordinary shares of RM1.00 each. The Company has subscribed for 52 ordinary shares of RM1.00 each at par for cash. On August 30, 2013, the Company further subscribed and paid for 103,948 shares of RM1.00 at par for cash.

The amount owing by subsidiary companies arose mainly from dividend receivable and advances granted which bear interest at 3.5% (31.8.2012: 5.5%; 1.9.2011: 5.5%) per annum and is unsecured and repayable on demand.

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

	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Ringgit Malaysia	12,710,193	12,632,577	12,638,894
Hong Kong Dollar	4,266,313	4,013,975	3,805,127
	16,976,506	16,646,552	16,444,021

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

12. INVESTMENT IN ASSOCIATED COMPANY

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Unquoted shares at cost	4,701,171	4,701,171	4,701,171
Share of post-acquisition losses	(3,195,488)	(1,490,976)	(830,048)
	1,505,683	3,210,195	3,871,123
Less: Accumulated impairment losses	(360,774)	(360,774)	-
	1,144,909	2,849,421	3,871,123

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

Name of companies	Effective equity interest			Principal activity
	31.8.2013 %	31.8.2012 %	1.9.2011 %	
Hongze Yiyang Steel Tubes Co., Ltd. ("HYST")	25	25	25	Production, manufacturing, sales and distribution of seamless steel tubes and pipes.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

12. INVESTMENT IN ASSOCIATED COMPANY (cont'd)

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

	The Group	
	2013 RM	2012 RM
Revenue	49,343,704	40,419,344
Other income	1,526,744	1,646,700
Other expenses	(57,688,496)	(44,709,756)
Loss before tax	(6,818,048)	(2,643,712)
Income tax expense	-	-
Loss after tax	(6,818,048)	(2,643,712)
Share of results of associated company	(1,704,512)	(660,928)
Assets and liabilities		
Current assets	23,359,492	19,573,656
Non-current assets	20,585,488	22,190,468
Current liabilities	(39,365,344)	(30,366,440)
Net assets	4,579,636	11,397,684
Share of net assets of associated company	1,144,909	2,849,421

13. GOODWILL ON CONSOLIDATION

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
At beginning of year	-	-	3,166,090
Less: Share of profit guarantee	-	-	(1,269,541)
Less: Goodwill written off	-	-	(1,896,549)
At end of year	-	-	-

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination.

Following the cessation of business operations of the subsidiary company in prior financial years, the remaining balance of goodwill on consolidation was fully written off to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. QUOTED INVESTMENT

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Quoted shares in Malaysia - at cost	17,000	17,000	17,000
Less: Accumulated impairment	(17,000)	(17,000)	(15,300)
	-	-	1,700
Less: Written off during the year	-	-	(1,700)
	-	-	-
Market value	-	-	-

15. OTHER INVESTMENT

	The Group and The Company		
	31.8.2013 RM	31.8.2012 RM	1.9.2011 RM
Unquoted subordinated bonds - at cost	1,500,000	1,500,000	1,500,000
Less: Accumulated impairment	(1,500,000)	(1,500,000)	(1,500,000)
Net	-	-	-

In year 2007, the Company participated in a Primary Collateralised 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 1% of the principal amount of the term loan. The term loan had been fully repaid by the Company in year 2011.

16. INVENTORIES

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
At cost:			
Raw materials	4,614,525	6,586,745	7,045,166
Work-in-progress	2,262,888	2,834,267	3,970,220
Finished goods	2,999,163	2,662,639	2,640,416
	9,876,576	12,083,651	13,655,802

Cost of inventories recognised as expenses of the Group amounting to RM67,423,526 (2012: RM88,942,697).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

- (i) Trade receivables consist of the following:

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Trade receivables	18,222,573	21,644,135	29,897,912
Less: Allowance for doubtful receivables	(1,045,220)	(1,786,416)	(1,973,794)
Net	17,177,353	19,857,719	27,924,118

Trade receivables comprise amounts receivable for sales of goods. The average credit period on sales of goods is 30 to 90 days (31.8.2012 and 1.9.2011: 30 to 90 days). No interest is charged on trade receivables. Of the trade receivables balance at the end of reporting period, approximately RM13 million (31.8.2012: RM16 million; 1.9.2011: RM20 million) is due from five major customers. Other than the five major customers mentioned, there is no other customer which individually represents more than 10% of the total balance of trade receivables.

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 is as follows:

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Not past due and not impaired	9,066,383	10,878,757	19,233,474
Past due but not impaired:			
Past due 0-30 days	6,215,333	6,411,567	6,736,435
Past due 31-60 days	1,667,146	1,597,393	1,411,597
Past due 61-90 days	94,210	355,447	224,640
Past due 91-120 days	81,140	614,555	317,972
Past due more than 121 days	53,140	-	-
Past due and impaired	1,045,221	1,786,416	1,973,794
Total trade receivables	18,222,573	21,644,135	29,897,912

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

- (i) Trade receivables consist of the following (cont'd):

The movements in allowance for doubtful receivable are as follows:

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
At beginning of year	1,786,417	1,973,794	1,652,273
Impairment losses recognised (Note 6)	11,904	198,327	391,974
Amounts recovered during the year (Note 6)	-	(385,705)	-
Impairment losses reserved (Note 6)	(45,851)	-	-
Amounts written off during the year	(707,250)	-	(70,453)
At end of year	1,045,220	1,786,416	1,973,794

Ageing of impaired trade receivables:

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Past due for more than 90 days	1,045,220	1,786,416	1,973,794

The foreign currency exposure profile of trade receivables is as follows:

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Ringgit Malaysia	13,693,438	15,320,281	29,678,413
United States Dollar	4,529,135	6,323,854	219,499
	18,222,573	21,644,135	29,897,912

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

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Other receivables	373,894	2,203,413	1,026,521
Advance payment to suppliers	44,000	105,064	-
Deposits paid for acquisition of land	-	339,750	-
Refundable deposits	259,031	319,340	315,362
Prepaid expenses:			
Others	259,182	430,243	991,439
Deposits on purchase of plant and machinery	-	59,610	-
Incidental costs for acquisition of land	-	111,510	-
	936,107	3,568,930	2,333,322

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

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

	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Prepaid expenses:			
Others	-	-	1,400

18. SHORT-TERM DEPOSITS WITH LICENSED BANKS

Included in the short-term deposits of the Group are deposits amounting to RM603,702 (31.8.2012: RM775,926; 1.9.2011: RM753,400) pledged to a licensed bank as collateral for bank overdrafts and other credit facilities granted to a subsidiary company as mentioned in Notes 26 and 28.

19. SHARE CAPITAL

	The Group and The Company		
	31.8.2013 RM	31.8.2012 RM	1.9.2011 RM
Authorised:			
500,000,000 ordinary shares of RM0.50 each	250,000,000	250,000,000	250,000,000
Issued and fully paid:			
98,000,000 ordinary shares of RM0.50 each	49,000,000	49,000,000	49,000,000

20. TREASURY SHARES

	The Group and The Company		
	31.8.2013	31.8.2012	1.9.2011
	Number of ordinary shares of RM0.50 each		
At beginning of year	1,064,113	1,064,113	412,100
Repurchased during the year	70,000	-	652,013
At end of year	1,134,113	1,064,113	1,064,113

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

20. TREASURY SHARES (cont'd)

	The Group and The Company		
	31.8.2013 RM	31.8.2012 RM	1.9.2011 RM
At beginning of year	366,573	366,573	117,400
Repurchased during the year	20,202	-	249,173
At end of year	386,775	366,573	366,573

During the financial year, the Company purchased 70,000 (31.8.2012: Nil; 1.9.2011: 652,013) of its own shares through purchases on Bursa Malaysia Securities Berhad for RM20,202 (31.8.2012: Nil; 1.9.2011: RM249,173) which has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM0.2875 (31.8.2012: Nil; 1.9.2011: RM0.3822).

21. RESERVES

	Note	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Non-distributable reserves:				
Share premium	(i)	1,767,230	1,767,230	1,767,230
Foreign currency translation reserve		113,714	326,777	530,864
		1,880,944	2,094,007	2,298,094
Distributable reserve:				
Retained earnings	(ii)	30,576,981	34,856,817	33,153,614
		32,457,925	36,950,824	35,451,708

	Note	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Non-distributable reserves:				
Share premium	(i)	1,767,230	1,767,230	1,767,230
Distributable reserve:				
Retained earnings	(ii)	2,966,676	2,059,306	629,943
		4,733,906	3,826,536	2,397,173

- (i) Share premium arose from the issuance of 20,373,500 shares of RM0.50 each at a premium of RM0.18 per share, net of listing expenses, in prior years.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

21. RESERVES (cont'd)

- (ii) In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

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

As of the end of reporting period, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividend, the Company has sufficient Section 108 tax credit and tax exempt income as mentioned in Note 8 to frank approximately RM675,000 of the Company's retained earnings as of August 31, 2013 if distributed by way of cash dividends without additional tax liability being incurred. Any dividend paid in excess of this amount during the transitional period will be under the single tier tax system as explained above.

22. HIRE-PURCHASE PAYABLES

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Total outstanding	1,658,418	2,959,255	5,097,826
Less: Interest-in-suspense	(60,286)	(114,286)	(281,664)
Principal outstanding	1,598,132	2,844,969	4,816,162
Less: Portion due within the next 12 months (shown under current liabilities)	(1,129,070)	(1,880,117)	(2,416,889)
Non-current portion	469,062	964,852	2,399,273

The non-current portion is repayable as follows:

	31.8.2013 RM	31.8.2012 RM	1.9.2011 RM
Financial year ending August 31:			
2013	-	-	1,706,749
2014	-	884,097	692,524
2015	340,817	80,755	-
2016	128,245	-	-
	469,062	964,852	2,399,273

The term of the hire-purchase payables is 2 to 5 years and interest rates implicit in the hire-purchase arrangements range from 2.54% to 7.50% (31.8.2012: 2.54% to 7.50%; 1.9.2011: 2.54% to 7.69%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

23. TERM LOANS

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Total outstanding	20,053,827	18,283,513	12,102,750
Less: Portion due within the next 12 months (shown under current liabilities)	(2,627,353)	(2,113,672)	(1,467,000)
	17,426,474	16,169,841	10,635,750

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

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Financial year ending August 31:			
2013	-	-	1,467,000
2014	-	2,437,008	1,467,000
2015	2,627,354	2,437,008	1,467,000
2016	2,627,354	2,437,008	1,467,000
2017	2,627,354	2,437,008	1,467,000
2018	2,627,354	2,437,008	1,467,000
Thereafter	6,917,058	3,984,801	1,833,750
	17,426,474	16,169,841	10,635,750

The Group has term loan facilities totalling RM35,220,000 (31.8.2012: RM24,370,000; 1.9.2011: RM22,951,000) obtained from licensed banks. The term loans of the Group bear interest at rates ranging from 4.50% to 5.30% (31.8.2012: 5.30% to 5.93%; 1.9.2011: 4.10% to 7.25%) per annum.

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

- (i) A seven (7) year loan of RM14,670,000 (31.8.2012: RM14,670,000; 1.9.2011: RM14,670,000) repayable by 120 equal monthly installments of RM122,250 each, commencing in October 2009. The outstanding balance as at August 31, 2013 was RM9,168,750 (31.8.2012: RM10,635,750; 1.9.2011: RM12,102,750); and
- (ii) A ten (10) year loan of RM9,700,000 (31.8.2012: RM7,647,763; 1.9.2011: Nil) 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 at August 31, 2013 was RM9,457,498 (31.8.2012: RM7,647,763; 1.9.2011: Nil).

The abovementioned term loans are secured by fixed and floating charges over certain property, plant and equipment of the 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 RM1,530,000 obtained during the year (31.8.2012: Nil; 1.9.2011: Nil) repayable by 120 equal monthly installments of RM15,860 each, commencing in November, 2012. The outstanding balance as at August 31, 2013 was RM1,427,579 (31.8.2012: Nil; 1.9.2011: Nil).

The said term loan is secured by a first party legal charge over the leasehold land acquired during the year, a pledge of fixed deposit of RM500,000 and a corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

24. DEFERRED TAX LIABILITIES

	The Group Deferred tax liabilities	
	2013 RM	2012 RM
At beginning of year	1,874,000	1,893,000
Transfer from/(to) profit or loss (Note 8)	96,000	(19,000)
At end of year	1,970,000	1,874,000

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

	Unabsorbed capital allowances RM	Trade receivables RM	Other payables and accrued expenses RM	Unused tax losses RM	Total RM
As of August 31, 2011	1,922,323	493,329	-	306,000	2,721,652
Transfer from/(to) profit or loss	17,276	(46,000)	147,000	(48,000)	70,276
As of August 31, 2012	1,939,599	447,329	147,000	258,000	2,791,928
Offsetting	(1,939,599)	(447,329)	(147,000)	(258,000)	(2,791,928)
Deferred tax assets (after offsetting)	-	-	-	-	-
As of August 31, 2012	1,939,599	447,329	147,000	258,000	2,791,928
Transfer (to)/from profit or loss	366,214	(189,000)	(17,735)	(58,000)	101,479
As of August 31, 2013	2,305,813	258,329	129,265	200,000	2,893,407
Offsetting	(2,305,813)	(258,329)	(129,265)	(200,000)	(2,893,407)
Deferred tax assets (after offsetting)	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

24. DEFERRED TAX LIABILITIES (cont'd)

	Property, plant and equipment RM
Deferred tax liabilities (before offsetting)	
As of August 31, 2011	(4,614,652)
Transfer from profit or loss	(51,276)
As of August 31, 2012	(4,665,928)
Offsetting	2,791,928
Deferred tax liabilities (after offsetting)	(1,874,000)
As of August 31, 2012	(4,665,928)
Transfer from profit or loss	(197,479)
As of August 31, 2013	(4,863,407)
Offsetting	2,893,407
Deferred tax liabilities (after offsetting)	(1,970,000)

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

- (i) Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group on purchases of goods ranges from 60 to 90 days (2012: 60 to 90 days; 1.9.2011: 60 to 90 days).

The currency exposure profile of trade payables is as follows:

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Ringgit Malaysia	6,778,865	11,714,108	18,648,099
United States Dollar	3,032,699	2,777,617	1,042,465
Japanese Yen	-	12,744	-
Singapore Dollar	-	-	1,624
	9,811,564	14,504,469	19,692,188

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

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

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Teh & Co. Sdn. Bhd.	2,500	5,000	5,000
Orisis Freight Logistics (M) Sdn. Bhd.	-	-	5,966
PKT Logistics (M) Sdn. Bhd.	-	-	395
Gelombang Mantap Sdn. Bhd.	-	-	659
	2,500	5,000	12,020

The amount owing to the above related parties arose from transactions mentioned in Note 27.

(ii) Other payables and accrued expenses consist of:

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Accrued expenses	2,625,263	1,719,576	2,010,971
Interest payable	82,639	82,300	54,479
Other payables	889,102	648,565	2,316,971
	3,597,004	2,450,441	4,382,421

	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Accrued expenses	47,265	69,075	55,684

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

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Ringgit Malaysia	3,585,304	2,435,309	3,836,544
Others	11,700	15,132	979
Japanese Yen	-	-	544,898
	3,597,004	2,450,441	4,382,421

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

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

	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Ringgit Malaysia	47,265	69,075	55,684

26. BANK BORROWINGS

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Bankers' acceptances	1,945,941	3,450,941	4,621,000
Bank overdrafts	2,155,233	1,365,796	1,761,700
	4,101,174	4,816,737	6,382,700

In addition to the term loan facilities as mentioned in Note 23, the Group has bank overdrafts and other credit facilities amounting to RM28,867,267 (31.8.2012: RM28,150,000; 1.9.2011: RM29,205,000) which bear interest at rates ranging from 1.20% to 7.35% (31.8.2012: 3.40% to 7.35%; 1.9.2011: 3.40% to 8.30%) per annum.

The overdrafts and other credit facilities are secured by:

- (i) Fixed and floating charges over certain property, plant and equipment of the subsidiary companies and short-term deposits of a subsidiary company as mentioned in Notes 10 and 18; and
- (ii) Corporate guarantee by the Company.

27. 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 ultimate holding company.

Related Party Transactions

Save as disclosed elsewhere in the financial statements, significant related party transactions during the financial year which are determined on a basis negotiated between the Company and the related parties are as follows:

	2013 RM	The Group 2012 RM
Rental payable to companies in which certain directors of the Company are also directors		
- Teh & Co. Sdn. Bhd.	210,000	190,000
- Teh Chooi Choon Enterprise Sdn. Bhd.	120,000	104,000
Total	330,000	294,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

27. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

	The Group	
	2013 RM	2012 RM
Purchases from related party that are not members of the Group		
- Zhangjiagang City Import & Export Trading Co. Ltd	291,394	-
	The Company	
	2013 RM	2012 RM
Gross dividends receivable from subsidiary company		
- Ban Seng Lee Industries Sdn. Bhd.	1,200,000	1,500,000
Interest receivable from subsidiary companies		
- Crestronics (M) Sdn. Bhd.	408,550	613,347
- Unique Forging & Components Sdn. Bhd.	31,117	78,336
Total	439,667	691,683

28. CASH AND CASH EQUIVALENTS

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Cash and bank balances	11,384,840	11,551,085	13,206,939
Short-term deposits with licensed banks	17,366,037	19,613,510	15,901,756
	28,750,877	31,164,595	29,108,695
Less: Short-term deposits pledged to a bank with maturity exceeding 90 days (Note 18)	(603,702)	(775,926)	(753,400)
	28,147,175	30,388,669	28,355,295
	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Cash and bank balances	2,174,895	1,559,822	308,199

The short-term deposits of the Group bear interest at rates ranging from 2.15% to 3.00% (31.8.2012: 2.15% to 3.11%; 1.9.2011: 1.85% to 3.71%) per annum and have maturity periods ranging from 11 to 31 days (31.8.2012: 14 to 120 days; 1.9.2011: 14 to 120 days).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

28. CASH AND CASH EQUIVALENTS (cont'd)

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

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
United States Dollar	6,330,117	5,643,311	491,425
Ringgit Malaysia	5,026,455	5,892,604	12,682,386
Hong Kong Dollar	28,268	15,170	33,128
	11,384,840	11,551,085	13,206,939

	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Ringgit Malaysia	2,174,895	1,559,822	308,199

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

29. FINANCIAL INSTRUMENTS

Capital Risk Management Policies and Procedures

The primary objective of the Group's and the Company's capital risk management is to maintain a strong credit rating and healthy capital ratios in order to support their businesses and maximise shareholder value. The capital structure of the Group and the Company as of the end of the reporting period comprises issued capital and retained earnings.

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

Gearing Ratio

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

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Long-term debts:			
Hire-purchase payables	469,062	964,852	2,399,273
Term loans	17,426,474	16,169,841	10,635,750
	17,895,536	17,134,693	13,035,023
Equity	85,978,645	90,304,762	88,768,035
Debt to equity ratio (%)	21%	19%	15%

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (cont'd)

Gearing Ratio (cont'd)

The Company has no gearing as of August 31, 2013, 2012 and 2011.

Debts is defined as long-term borrowings.

Equity includes all capital and reserves of the Group managed as capital.

Significant Accounting Policies

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

Categories of financial instruments

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Financial assets			
Loans and receivables, at amortised cost:			
Trade receivables	17,177,353	19,857,719	27,924,118
Other receivables, deposits (Note 17)	676,925	2,967,567	1,341,883
Short-term deposits with licensed banks	17,366,037	19,613,510	15,901,756
Cash and bank balances	11,384,840	11,551,085	13,206,939
Total	46,605,155	53,989,881	58,374,696
	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Financial assets			
Loans and receivables, at amortised cost:			
Amount owing by subsidiary companies	16,976,506	16,646,552	16,444,021
Cash and bank balances	2,174,895	1,559,822	308,199
Total	19,151,401	18,206,374	16,752,220

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (cont'd)

Categories of financial instruments (cont'd)

	31.8.2013 RM	The Group 31.8.2012 RM	1.9.2011 RM
Financial liabilities			
At amortised cost:			
Trade payables	9,811,564	14,504,469	19,692,188
Other payables and accrued expenses	3,597,004	2,450,441	4,382,421
Amount owing to subsidiary company	89,691	-	-
Hire-purchase payables	1,598,132	2,844,969	4,816,162
Bank borrowings	4,101,174	4,816,737	6,382,700
Term loans	20,053,827	18,283,513	12,102,750
At fair value through profit or loss:			
Derivative financial liability	127,081	-	-
Total	39,378,473	42,900,129	47,376,221

	31.8.2013 RM	The Company 31.8.2012 RM	1.9.2011 RM
Financial liabilities			
At amortised cost:			
Accrued expenses	47,265	69,075	55,684
Amount owing to subsidiary company	14,942,770	14,942,770	14,942,770
Total	14,990,035	15,011,845	14,998,454

Financial Risk Management Objectives and Policies

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

Foreign currency risk

The Group also 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 8% and represents management's assessment of the reasonably possible change in foreign exchange rates.

If the United States Dollar (2012: United States Dollar, Japanese Yen and Singapore Dollar) were to strengthen or weaken by 8% against the Ringgit Malaysia, the Group's profit for the year will increase/decrease by RM624,371 (2012: RM728,571).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (cont'd)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on short-term deposits, hire-purchase payables, term loans and bank borrowings. The interest rates of short-term deposits, hire-purchase payables, term loans and bank borrowings are disclosed in Notes 18, 22, 23 and 26, respectively.

Interest rate sensitivity

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit at the end of the reporting period would increase/decrease by RM126,878 (2012: RM65,660). 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 an agreed notional principal amount. Such contract enables the Group to mitigate the risk of changing interest rates on the fair value of a fixed 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.

The Group

	Average contracted fixed interest rate		Notional principal value		Fair value gain/(loss)	
	2013 %	2012 %	2013 RM	2012 RM	2013 RM	2012 RM
Outstanding receive floating pay fixed contract						
2 to 5 year	3.78	3.78	10,635,750	10,690,229	(127,081)	(86,248)

In prior year, the fair value of the interest rate swap is not taken up in the financial statements of the Group as the directors are of the opinion that the said amount is not material.

The interest rate swap settles on monthly basis. The Group will settle the difference between the fixed and floating interest rate on net basis.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (cont'd)

Credit risk

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

The Group's exposure to credit risk in relation to its trade receivables and other receivables, deposits and prepaid expenses should all its customers fail to perform their obligations as of the end of the reporting period, is the carrying amount of these receivables as disclosed in Note 17. The Group has no major concentration of credit risk except for amounts due from the five trade receivables which constitute approximately 72% of total trade receivables as disclosed in Note 17.

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.

Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. The table includes both interest and principal cash flows.

31.8.2013	The Group	Weighted average effective interest rate %	Less than	1 to 3	3 months to	1 to 5	More than	Total
			1 month RM	months RM	1 year RM	years RM	5 years RM	RM
	Trade payables	-	107,873	41,041	9,662,650	-	-	9,811,564
	Other payables and accrued expenses	-	-	-	3,597,004	-	-	3,597,004
	Amount owing to related company	-	-	-	89,691	-	-	89,691
	Hire-purchase payables	6	161,522	310,684	701,157	485,055	-	1,658,418
	Bank borrowings	7	-	-	4,388,256	-	-	4,388,256
	Term loans	5	230,423	460,848	2,073,810	11,060,325	7,279,937	21,105,343
			499,818	812,573	20,512,568	11,545,380	7,279,937	40,650,276
	The Company							
	Accrued expenses	-	47,265	-	-	-	-	47,265
	Amount owing to subsidiary company	-	-	-	14,942,770	-	-	14,942,770
			47,265	-	14,942,770	-	-	14,990,035

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (cont'd)

31.8.2012	Weighted average effective interest rate %	Less than 1 month RM	1 to 3 months RM	3 months to 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
The Group							
Trade payables	-	126,618	51,734	14,326,117	-	-	14,504,469
Other payables and accrued expenses	-	-	-	2,450,441	-	-	2,450,441
Hire-purchase payables	6	218,655	399,122	1,356,505	984,973	-	2,959,255
Bank borrowings	4	-	-	5,009,407	-	-	5,009,407
Term loans	5	128,729	257,459	1,839,508	10,264,678	6,762,160	19,252,534
		474,002	708,315	24,981,978	11,249,651	6,762,160	44,176,106
The Company							
Accrued expenses	-	69,075	-	-	-	-	69,075
Amount owing to subsidiary company	-	-	-	14,942,770	-	-	14,942,770
		69,075	-	14,942,770	-	-	15,011,845

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (cont'd)

1.9.2011	Weighted average effective interest rate %	Less than 1 month RM	1 to 3 months RM	3 months to 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
The Group							
Trade payables	-	-	-	19,692,188	-	-	19,692,188
Other payables and accrued expenses	-	-	-	4,382,421	-	-	4,382,421
Hire-purchase payables	6	191,001	477,956	1,859,980	2,568,889	-	5,097,826
Bank borrowings	6	-	-	6,765,662	-	-	6,765,662
Term loans	5	128,729	257,459	1,158,563	7,723,755	3,475,690	12,744,196
		319,730	735,415	33,858,814	10,292,644	3,475,690	48,682,293
The Company							
Accrued expenses	-	-	55,684	-	-	-	55,684
Amount owing to subsidiary company	-	-	-	14,942,770	-	-	14,942,770
		-	55,684	14,942,770	-	-	14,998,454

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (cont'd)

Fair values of financial assets and liabilities

The carrying amounts of the Group's and of the Company's financial assets and liabilities as reported in the statements of financial position approximate their fair values because of the short maturity terms of these instruments except as follows:

The Group	31.8.2013		31.8.2012		1.9.2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair Value RM	Carrying amount RM	Fair Value RM
Financial Assets						
Quoted investments (Note 14)	-	-	-	-	-	-
Other investments (Note 15)	-	-	-	-	-	-
Financial Liabilities						
Hire-purchase payables (Note 22)	1,598,132	1,647,416	2,844,969	2,954,870	4,816,162	5,106,781
Term loans (Note 23)	20,053,827	19,358,526	18,283,513	17,919,117	12,102,750	10,100,427
The Company						
Financial Asset						
Other investments (Note 15)	-	-	-	-	-	-

The fair values of hire-purchase payables and term loans are estimated using the discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements which ranges from 2.50% to 6.66% (31.8.2012: 2.50% to 7.07%; 1.9.2011: 3.6% to 7.3%) per annum and 3.10% to 5.15% (31.8.2012: 3.55% to 5.53%; 1.9.2011: 5.8% to 7.3%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. OPERATING LEASE ARRANGEMENT

The Group has lease commitment in respect of rented premise for operation which is classified as operating lease. The tenure of the minimum lease payment is as follows:

	31.8.2013 RM	31.8.2012 RM	1.9.2011 RM
Not later than 1 year	20,800	-	-

31. CAPITAL COMMITMENT

As of August 31, 2013, the Group has the following capital commitment:

	The Group	
	2013 RM	2012 RM
Approved and contracted for:		
Purchase of plant and machinery and motor vehicles	664,057	196,229
Construction of factory building	-	2,694,071
Purchase of land	-	3,057,750
	664,057	5,948,050

32. CONTINGENT LIABILITIES

As of August 31, 2013, the Group and the Company have the following contingent liabilities:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unsecured corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	-	-	25,039,787	25,392,856
Unsecured corporate guarantees given to creditor of a subsidiary company	-	-	1,672,231	-

33. EXPLANATION OF TRANSITION TO MFRSs

This is the first year that the Group's and Company's financial statements are prepared and presented in accordance with MFRSs. The last financial statements under FRSs were for the year ended 31 August 2012 and the date of transition to MFRSs was therefore, September 1, 2011.

An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 3 to the financial statements. The transition to MFRSs has been accounted for in accordance with MFRS 1, as disclosed in Note 2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

In preparing the opening statement of financial position as of September 1, 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSSs. An explanation of how the transition from previous FRSSs to MFRSs has affected the Group's financial position, financial performance and cash flow is set out as follows:

Effect of MFRSs adoption for the statement of financial position

	1.9.2011 (date of transition)		31.8.2012 (end of last period presented under FRSSs)			
	FRSSs RM	Effect of transition to MFRSSs RM	Opening MFRSSs statement of financial position RM	FRSSs RM	Effect of transition to MFRSSs RM	MFRSSs RM
ASSETS						
Non-current Assets						
Property, plant and equipment	61,484,907	-	61,484,907	69,483,823	(4,210,262)	65,273,561
Investment in associated company	3,871,123	-	3,871,123	2,849,421	-	2,849,421
Goodwill on consolidation	-	-	-	-	-	-
Quoted investments	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Total Non-current Assets	65,356,030	-	65,356,030	72,333,244	(4,210,262)	68,122,982

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

	1.9.2011 (date of transition)		31.8.2012 (end of last period presented under FRSs)			
	FRSs RM	Effect of transition to MFRSs RM	Opening MFRSs statement of financial position RM	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Current Assets						
Inventories	13,655,802	-	13,655,802	12,083,651	-	12,083,651
Trade receivables	27,924,118	-	27,924,118	19,857,719	-	19,857,719
Other receivables, deposits and prepaid expenses	2,333,322	-	2,333,322	3,568,930	-	3,568,930
Tax recoverable	277,035	-	277,035	281,014	-	281,014
Amount owing by subsidiary companies	-	-	-	-	-	-
Short-term deposits with licensed banks	15,901,756	-	15,901,756	19,613,510	-	19,613,510
Cash and bank balances	13,206,939	-	13,206,939	11,551,085	-	11,551,085
Total Current Assets	73,298,972	-	73,298,972	66,955,909	-	66,955,909
TOTAL ASSETS	138,655,002	-	138,655,002	139,289,153	(4,210,262)	135,078,891

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

	1.9.2011 (date of transition)		31.8.2012 (end of last period presented under FRSS)	
	FRSS RM	Effect of transition to MFRSs RM	Opening statement of financial position RM	FRSS RM
				Effect of transition to MFRSs RM
				MFRSs RM
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	49,000,000	-	49,000,000	-
Treasury shares	(366,573)	-	(366,573)	-
Reserves	35,451,708	-	35,451,708	(4,084,683)
				36,950,824
Equity attributable to equity holders of the Company	84,085,135	-	84,085,135	(4,084,683)
Non-controlling interest	4,682,900	-	4,682,900	-
				4,720,511
Total Equity	88,768,035	-	88,768,035	(4,084,683)
				90,304,762
Non-current and Deferred Liabilities				
Hire-purchase payables - non-current portion	2,399,273	-	2,399,273	-
Term loans - non-current portion	10,635,750	-	10,635,750	-
Deferred tax liabilities	1,893,000	-	1,893,000	(125,579)
				1,874,000
Total Non-current and Deferred Liabilities	14,928,023	-	14,928,023	(125,579)
				19,008,693

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

	1.9.2011 (date of transition)		31.8.2012 (end of last period presented under FRSs)			
	FRSs RM	Effect of transition to MFRSs RM	Opening MFRSs statement of financial position RM	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Current Liabilities						
Trade payables	19,692,188	-	19,692,188	14,504,469	-	14,504,469
Other payables and accrued expenses	4,382,421	-	4,382,421	2,450,441	-	2,450,441
Amount owing to subsidiary company	-	-	-	-	-	-
Hire-purchase payables - current portion	2,416,889	-	2,416,889	1,880,117	-	1,880,117
Bank borrowings	6,382,700	-	6,382,700	4,816,737	-	4,816,737
Term loans - current portion	1,467,000	-	1,467,000	2,113,672	-	2,113,672
Tax liabilities	617,746	-	617,746	-	-	-
Total Current Liabilities	34,958,944	-	34,958,944	25,765,436	-	25,765,436
Total Liabilities	49,886,967	-	49,886,967	44,899,708	-	44,774,129
TOTAL EQUITY AND LIABILITIES	138,655,002	-	138,655,002	139,289,153	(4,210,262)	135,078,891

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

Effect of MFRSs adoption for the consolidated statement of comprehensive income

	31.8.2012 (end of last period presented under FRSs)		
	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Revenue	146,534,364	-	146,534,364
Other income	1,384,049	-	1,384,049
Investment income	433,474	-	433,474
Changes in inventories of work-in-progress and finished goods	(1,113,729)	-	(1,113,729)
Raw materials and consumables used	(87,828,968)	-	(87,828,968)
Production overheads	(13,047,175)	-	(13,047,175)
Staff costs	(24,284,864)	-	(24,284,864)
Depreciation of property, plant and equipment	(6,944,108)	-	(6,944,108)
Finance costs	(1,411,376)	-	(1,411,376)
Other expenses	(9,494,470)	-	(9,494,470)
Share of results of associated company	(660,928)	-	(660,928)
Profit before tax	3,566,269	-	3,566,269
Tax expense	(1,825,455)	-	(1,825,455)
Profit for the year	1,740,814	-	1,740,814
Other comprehensive income:			
Gain on revaluation of property, plant and equipment (net of deferred tax of RM125,579)	4,084,683	(4,084,683)	-
Exchange differences on translation of foreign operations	(204,087)	-	(204,087)
Other comprehensive income for the year, net of tax	3,880,596	(4,084,683)	(204,087)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5,621,410	(4,084,683)	1,536,727

The transition to MFRSs has no impact on the statement of cash flows presented under FRSs.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

Reconciliation of equity

	1.9.2011 (date of transition) RM	31.8.2012 (end of last period presented under FRSs) RM
Total equity under FRSs	88,768,035	94,389,445
Total adjustment to equity	-	(4,084,683)
Total equity under MFRSs	88,768,035	90,304,762

Property, plant and equipment

Under FRSs, the Group measured its freehold land and building at valuation. The last valuation was carried out on 2012 with a revaluation surplus amounting to RM4,084,683, net of deferred tax of RM125,579, which had been credited to other comprehensive income in equity.

Upon transition to MFRSs, the Group had decided to measure the assets using the cost model under MFRS 116 **Property, plant and equipment**. Thus, at the date of transition to MFRSs, the optional exemption in MFRS 1 was applied to regard the revalued amount of the freehold land and buildings in August 2007 as deemed cost under MFRSs as these revalued amounts were broadly comparable to fair value at that date. The revaluation surplus of RM4,084,683, net of deferred taxation of RM125,579 commented in the previous paragraph was reserved out from revaluation reserve.

Deferred taxes

The impact upon transition to MFRSs as described above have resulted in the following changes to the deferred tax liability:

	1.9.2011 (date of transition) RM	31.8.2012 (end of last period presented under FRSs) RM
Decrease in deferred tax liability	-	125,579

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

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

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

The breakdown of the retained earnings of the Group and of the Company as the end of reporting period, into realised and unrealised profits, pursuant to the directive, is as follows:

	The Group	
	2013	2012
	RM	RM
Total retained earnings of the Company and its subsidiary companies:		
Realised	66,486,745	75,663,370
Unrealised	(2,199,998)	(2,394,397)
	64,286,747	73,268,973
Total share of post-acquisition results associated company:		
Realised	(3,195,488)	1,490,976
Unrealised	-	-
	(3,195,488)	1,490,976
Less: Consolidation adjustments	(30,514,278)	(39,903,132)
Total retained earnings as per statement of financial position	30,576,981	34,856,817
	The Company	
	2013	2012
	RM	RM
Total retained earnings of the Company:		
Realised	3,184,544	2,265,153
Unrealised	(217,868)	(205,847)
Total retained earnings as per statement of financial position	2,966,676	2,059,306

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or credit to 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

The directors of **BSL CORPORATION BERHAD**, state that, in their opinion, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of August 31, 2013 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The information set out in Note 34 to the Financial Statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysia Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

NGIAM TONG KWAN

NGIAM TEE WEE

Rawang,
December 23, 2013

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

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

NGIAM TEE WEE

Subscribed and solemnly declared
by the abovenamed **NGIAM TEE WEE**
at **PETALING JAYA** this 23rd December, 2013.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

The details of the properties of the BSL Group as at August 31, 2013 are set out below :

	Name of registered owner / beneficial owner / Location	Description / Existing use	Land / built-up area (sq. m.)	Approximate age of building (Years)	Tenure	Audited NBV as at 31 August 2013 (RM)	Date of Acquisition/ Revaluation
Ban Seng Lee Industries Sdn. Bhd.							
1	Lot 4220 Persimpangan Jalan Batu Arang/ Lebuhraya PLUS, 48000 Rawang, Selangor Darul Ehsan Geram No.50480 Lot No. 4220 Mukim Rawang Daerah Gombak Selangor Darul Ehsan	Single storey detached factory with annexed 2 storey office building / office and factory	19,551 / 11,941	16	Freehold	14,857,353	26 Aug 2009
2	Lot 4212 Mukim Rawang Daerah Gombak Selangor Darul Ehsan	11/2 Storey detached factory with office / office and factory	25,495 / 11,148	1	Freehold	18,504,373	30 Sep 2010
3	32A, 1 st Floor Jalan Bukit Idaman 8/1 Taman Bukit Idaman 68100 Batu Caves Selangor Darul Ehsan P.M. 289, Lot No. 52171 Mukim Batu Daerah Gombak Selangor Darul Ehsan	1 unit of apartment located on the 1st floor of 21/2 storey intermediate shop apartment / workers' hostel	Not applicable / 120	19	Leasehold for 99 years expiring on 17 Oct 2089	88,000	24 Aug 2007
4	35A, 1 st Floor Jalan Bukit Idaman 8/1 Taman Bukit Idaman 68100 Batu Caves Selangor Darul Ehsan P.M. 292, Lot No. 52174 Mukim Batu Daerah Gombak Selangor Darul Ehsan	1 unit of apartment located on the 1st floor of 21/2 storey intermediate shop apartment / workers' hostel	Not applicable / 120	19	Leasehold for 99 years expiring on 17 Oct 2089	88,000	24 Aug 2007

LIST OF PROPERTIES (CONT'D)

	Name of registered owner / beneficial owner / Location	Description / Existing use	Land / built-up area (sq. m.)	Approximate age of building (Years)	Tenure	Audited NBV as at 31 August 2013 (RM)	Date of Acquisition/ Revaluation
Ban Seng Lee Industries Sdn. Bhd.							
5	36A, 1 st Floor Jalan Bukit Idaman 8/1 Taman Bukit Idaman 68100 Batu Caves Selangor Darul Ehsan P.M. 293, Lot No. 52175 Mukim Batu Daerah Gombak Selangor Darul Ehsan	1 unit of apartment located on the 1st floor of 21/2 storey intermediate shop apartment / workers' hostel	Not applicable / 120	19	Leasehold for 99 years expiring on 17 Oct 2089	88,000	24 Aug 2007
6	37A, 1 st Floor Jalan Bukit Idaman 8/1 Taman Bukit Idaman 68100 Batu Caves Selangor Darul Ehsan P.M. 294, Lot No. 52176 Mukim Batu Daerah Gombak Selangor Darul Ehsan	1 unit of apartment located on the 1st floor of 21/2 storey intermediate shop apartment / workers' hostel	Not applicable / 120	19	Leasehold for 99 years expiring on 17 Oct 2089	88,000	24 Aug 2007
Crestronics (M) Sdn. Bhd.							
7	Lot 5002 Batu 51/2 Jalan Meru 41050 Klang Selangor Darul Ehsan H.S. (M) 21401 PT 13725 Mukim Kapar Daerah Klang Selangor Darul Ehsan	Manufacturing / Industrial / office and factory	10,906 / 6,651	23	Freehold	9,775,533	7 May 2012

ANALYSIS OF SHAREHOLDINGS

AS AT DECEMBER 31, 2013

Authorised Share Capital	:	RM250,000,000
Issued and Paid-up Capital	:	RM49,000,000 (Including 1,144,113 treasury shares held)
Class of shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 - 99	7	0.588	367	0.000
100 - 1,000	470	39.463	122,010	0.126
1,001 - 10,000	390	32.746	2,230,279	2.303
10,001 - 100,000	253	21.243	8,160,987	8.426
100,001 - 4,842,793 (*)	70	5.877	36,362,244	37.543
4,842,794 and above (**)	1	0.084	49,980,000	51.602
TOTAL :	1,191	100.000	96,855,887	100.000

(*) Less than 5% of issued shares

(**) 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
Esteem Role Sdn Bhd	49,980,000	51.60	-	-
Ngiam Tong Kwan	406,315	0.42	49,980,000 (*)	51.60
Nyeam Tong Eng @ Ngiam Tong Yang	269,361	0.28	49,980,000 (*)	51.60
Teh Eng Hock	269,361	0.28	49,980,000 (*)	51.60

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

LIST OF DIRECTORS' SHAREHOLDINGS

Names	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
Ngiam Tong Kwan	406,315	0.42	53,977,670 (*)	55.73
Ngiam Tee Wee	135,000	0.14	-	-
Ngiam Tee Yang	100,000	0.10	-	-
Teh Yoon Loy	36,347	0.04	-	-
Yukihiro Eguchi	58,445	0.06	-	-
Andy Woo Weng Kok	60,000	0.06	47,000 (**)	0.05
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	100,000	0.10	-	-
To' Puan Rozana Bte Tan Sri Redzuan	-	-	-	-
Ng Wai Pin	-	-	17,000 (**)	0.02

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

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

ANALYSIS OF SHAREHOLDINGS

AS AT DECEMBER 31, 2013 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Shareholdings	%
1	Esteem Role Sdn Bhd	49,980,000	51.602
2	Xadacorp Sdn Bhd	4,300,100	4.439
3	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teh Pen Sim (M14)	3,880,670	4.006
4	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Haniff Bin Abd Aziz (REM 851-Margin)	1,437,600	1.484
5	Balakrishnan A/L Muthukaruppan	1,350,000	1.393
6	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Hoon Ghee (M14)	1,347,900	1.391
7	Kim Poh Holdings Sdn Bhd	1,000,000	1.032
8	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Soon Kwui	925,600	0.955
9	Yap See See	900,000	0.929
10	Chang Yoke Mooi	890,437	0.919
11	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Woo Yam Sang	868,000	0.896
12	Tan See Chong	834,900	0.862
13	Chang Yoke Lan	800,000	0.825
14	Cheang Wan Ying	800,000	0.825
15	Kong Chun Wah	766,800	0.791
16	S'ng King Kiok	711,700	0.734
17	Koh Ah Mee @ Hoh Ah Mee	699,800	0.722
18	Tan Eng Huat	637,900	0.658
19	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Kok Thye	613,300	0.633
20	Woo Yam Sang	546,400	0.564
21	Goh Toh Lim	505,000	0.521
22	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	500,000	0.516
23	Loke Keng Hung	491,800	0.507
24	Chang See Phin	480,100	0.495
25	Tan Kim Tiang	448,000	0.462
26	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yee Foong Seng (REM 646)	424,000	0.437
27	Nik Fauzi Bin Nik Hussein	423,500	0.437
28	Ngiam Tong Kwan	406,315	0.419
29	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Ah Lek (E-TSA)	400,000	0.412
30	Lee Soon Hook	370,000	0.382

ANALYSIS OF SHAREHOLDINGS

AS AT DECEMBER 31, 2013 (CONT'D)

SHARES IN THE HOLDING COMPANY, ESTEEM ROLE SDN. BHD.

Registered in name of directors

Names	Ordinary Shares of RM1.00 each
Ngiam Tee Wee	7,000
Ngiam Tee Yang	5,000
Ngiam Tong Kwan	25,472
Teh Yoon Loy	7,060
Yukihiro Eguchi	3,050

PROXY FORM

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

No 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:

I/We _____ (NRIC No./Company No.) _____
FULL NAME IN BLOCK LETTERS

of _____
FULL ADDRESS

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

of _____

or failing whom _____ (NRIC No.) _____

of _____

as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Templer 1, First Floor, Perangsang Templer Golf Club, No.1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan on Wednesday, 26th day of February, 2014 at 10.00 a.m. and at any adjournment thereof for/against the resolution(s) to be proposed thereat.

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 31 August, 2013 together with the Directors' and Auditors' Reports thereon.			
		Resolution	For	Against
2.	ORDINARY BUSINESS To re-elect Teh Yoon Loy who retires pursuant to Article 78 of the Company's Articles of Association as Director.	1		
3.	To approve the payment of Directors' Fees for the financial year ended 31 August, 2013.	2		
4.	To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration.	3		
5.	SPECIAL BUSINESS To grant authority to the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.	4		
6.	To approve the Proposed Renewal of Authority for the Company to purchase its own ordinary shares on Bursa Malaysia Securities Berhad up to 10% of the issued and paid up share capital.	5		

(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 _____ 2014.

Signature/Common Seal of member

*Delete whichever is not applicable

Notes:

- A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead at the Meeting except where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
- 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.
- 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his (her) attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the registered office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time set for the meeting or at any adjournment thereof.
- Only members whose names appear in the Record of Depositors as at 19 February 2014 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

First fold here

STAMP

To

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

Then fold here



BSL CORPORATION BHD (651118-K)

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