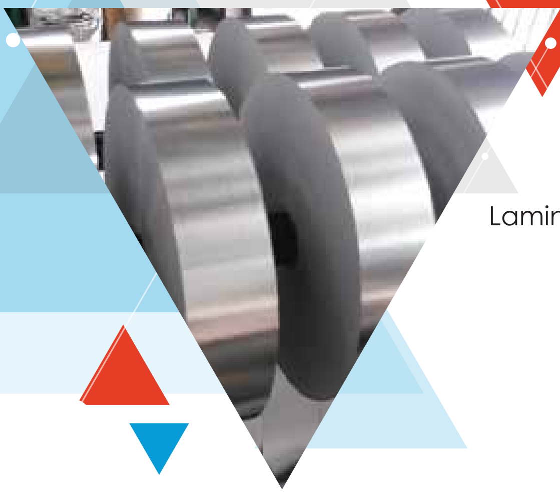
BRIGHT PACKAGING INDUSTRY BERHAD (161776-W)

ANNUAL REPORT 2018



Laminating **Quality**
Onto Your **Products**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Nik Mustapha bin Muhamad
Executive Deputy Chairman

Yap Kok Eng
Executive Director

Yeong Siew Lee
Senior Independent Non-Executive Director

Lye Jun Fei
Independent Non-Executive Director

Tee Wee Keat
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE
Yeong Siew Lee *(Chairperson)*
Lye Jun Fei
Tee Wee Keat

NOMINATION COMMITTEE
Yeong Siew Lee *(Chairperson)*
Lye Jun Fei
Tee Wee Keat

REMUNERATION COMMITTEE
Yeong Siew Lee *(Chairperson)*
Lye Jun Fei
Tee Wee Keat

COMPANY SECRETARIES
Ng Heng Hooi *(MAICSA 7048492)*
Wong Mee Kiat *(MAICSA 7058813)*
Jane Ong Su Ping *(MAICSA 7059946)*

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40000 Shah Alam, Selangor Darul Ehsan
Tel : (03) 5635 1949
Fax : (03) 5635 1984
Email : admin@brightpack.net
Website : www.brightpack.net

PRINCIPLE BANKER
Affin Bank Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
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Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan
Tel : (03) 7841 8000
Fax : (03) 7841 8008

AUDITORS
Messrs UHY *(AF 1411)*
Chartered Accountants
Suite 11.05, Level 11,
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (03) 2279 3088
Fax : (03) 2279 3099

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia
Securities Berhad
Stock Name : BRIGHT
Stock Code : 9938

GROUP CORPORATE STRUCTURE

Bright Packaging Industry Berhad
Company No. 161776-W

100%
Acorn Properties Sdn. Bhd.
Company No. 277145-D

99.9%
Markmas Pak-Print Sdn. Bhd.
Company No. 161577-H

90.9%
Photon Technologies (Malaysia) Sdn. Bhd.
Company No. 260435-X

FINANCIAL HIGHLIGHTS

FINANCIAL ANALYSIS

As At 31 August	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Turnover	34,151	44,714	62,374	42,190	54,281
Profit/(Loss) Before Tax	2,095	3,458	(300)	(3,590)	(3,800)
Net Profit/(Loss)	1,647	789	1,821	(2,616)	(3,402)
Pre-tax Profit/(Loss) Margin (%)	6.13	7.73	(0.48)	(8.51)	(7.00)
Net Profit/(Loss) Margin (%)	4.82	1.76	2.92	(6.20)	(6.27)
Return on Shareholders' Equity (RM)	0.02	0.01	0.01	(0.02)	(0.03)
Return on Total Assets (RM)	0.02	0.01	0.01	(0.02)	(0.03)
Earnings/(Loss) Per Share (Sen)					
- Basic	1.7	0.52	0.89	(1.11)	(1.44)
- Diluted	1.7	0.52	0.89	(1.11)	(1.44)

SUMMARISED GROUP BALANCE SHEETS

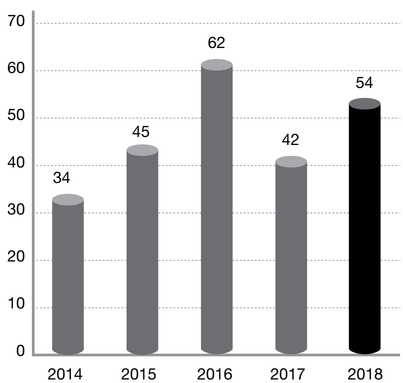
As At 31 August	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Non-Current Assets	68,391	81,591	74,975	68,545	61,917
Current Assets	40,803	48,952	58,555	59,776	65,245
Total Assets	109,194	103,543	133,530	128,321	127,162
Share Capital	71,420	82,132	82,132	97,717	97,717
Retained Earning	21,504	22,293	24,113	21,498	18,096
Shareholders' Equity	104,788	120,010	121,830	119,214	115,812
Non-Controlling Interests	-	-	-	-	-
Total Equity	104,788	120,010	121,830	119,214	115,812
Non-Current Liabilities	2,993	5,658	3,552	2,695	2,243
Current Liabilities	1,413	4,875	8,148	6,411	9,110
Total Liabilities	4,406	10,533	11,700	9,107	11,350
Total Equity and Liabilities	109,194	130,543	133,530	128,321	127,162

FINANCIAL HIGHLIGHTS (cont'd)

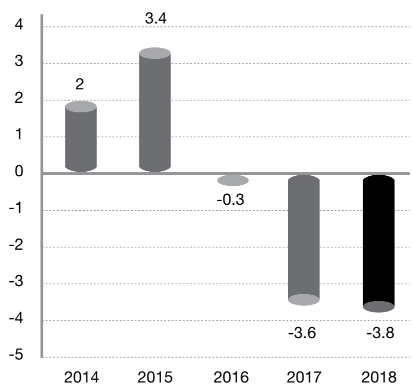
SUMMARISED GROUP CASH FLOWS

Year Ended 31 August	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Net Cash Flows (used in)/From Operating Activities	4,278	4,461	6,745	2,860	(237)
Net Cash Flows (used in)/From Investing Activities	(42,664)	(18,759)	(32)	11	2
Net Cash Flows (used in)/From Financing Activities	54,196	13,246	90	(2)	(29)
Net (Decrease)/Increase in Cash and Cash Equivalents	15,810	(1,052)	6,803	2,869	(267)
Effect of exchange differences	(117)	322	(231)	248	142
Cash and Cash Equivalents at Beginning of Year	14,995	30,688	29,958	36,530	39,647
Cash and Cash Equivalents at End of Year	30,688	29,958	36,530	39,647	39,521

Turnover (RM'million)



Profit Before Tax (RM'million)



CHAIRMAN'S STATEMENT

My Fellow Shareholders,

"On behalf of the Board of Directors of Bright Packaging Industry Berhad, it gives me great pleasure to present to our shareholders our Annual Report and the Group's Financial Statements for the year ended 31st August 2018."

OVERVIEW

This year, we suffer from the unfavorable exchange rate from importers as most of our raw materials were imported. Our raw material price has also gone up. Though our margins were affected but we were not demotivated by this. We have an increasing visibility into our future earnings as majority clients continue to demonstrate commitment and confidence in our management team that forms our Company.

We will continue to serve the Asia Pacific market with our focus on customer loyalty in mind. We have continue to maintain our pricing though we suffer price hike & exchange losses.

We will continue to practice its 'best in class' management and production capabilities to ensure favorable end results. Our Enterprise Resource Planning programme continues to help streamline production planning and supply chain management.

ECONOMIC REVIEW

The Malaysian economy advanced 5.4 percent year-on-year in the March quarter of 2018, compared to a 5.9 percent growth in the previous three months and below market consensus of a 5.5 percent expansion. It was the weakest growth since the fourth quarter 2016, as private consumption, investment, exports, and government spending increased at softer paces.

The Malaysian economy grew 4.5 percent year-on-year in the second quarter of 2018, following a 5.4 percent expansion in the previous three-month period and missing market consensus of 5.2 percent. It was the weakest growth rate since the fourth quarter of 2016, as net external demand contributed negatively to GDP growth, while private consumption, investment, and government spending continued to increase at a solid pace.

CHAIRMAN'S STATEMENT (cont'd)

The Malaysian economy expanded 4.4 percent year-on-year in the third quarter of 2018, following a 4.5 percent expansion in the previous three-month period and below market consensus of 4.6 percent. It was the weakest growth rate since the third quarter of 2016, as net external demand contributed negatively to GDP growth, while investment, private consumption, and government spending continued to rise at a solid pace.

The projection of 4.8% for this year implies that GDP growth will average at 4.65% in 2H2018, given that Malaysia's economy expanded 5.4% in 1Q2018 and 4.5% in 2Q2018, bringing 1H2018 growth to 4.9%. GDP numbers for 3Q2018 are 4.4%.

The government's 2018 real GDP growth projection — while below Bank Negara Malaysia's revised 2018 projection of 5% — is within the expectations of a number of economists who had cut their forecasts following weaker external demand and escalating US-China trade tensions. Bank Negara had on Aug 17 revised lower its 2018 growth estimate of 5.5% to 6% previously.

Similarly, the global economy is expected to expand 3.7% in 2018 and 2019, lower than the forecast of 3.9%, reflecting risks stemming from escalating trade tensions and outflow of capital from emerging economies.

FINANCIALS PERFORMANCE

Our revenue for financial year ended 31 August 2018 was RM54.28million. Loss per share (LPS) for the year were at 1.44 cents as compared to earnings per share at (1.11) cents in year 2017. Our revenue increased about 28.66% or RM 12.09 million as compared to previous year. The loss after taxation (LAT) for this year is RM3.402 million as compared to previous year loss of RM2.615 million after taxation.

The temporary increased to our cost is due to the price increase in raw material. Our raw material are mostly imported.

OUTLOOK

Our tobacco packaging business has earned a reputation for outstanding quality both regionally and globally. Our major clients include Philip Morris and its affiliates, and the Group has been their preferred supplier for over 20 years.

In the household goods and beverage segments, we supply packaging for Johnnie Walker, Chivas Regal and various affiliates of Diageo, Unilever and Procter & Gamble.

The Group's products are currently exported globally to countries including but not limited to Germany, UAE, Australia, Korea, India, Pakistan, China, Thailand, Indonesia, Singapore, Philippines, Vietnam, Hong Kong and Taiwan. The end product – the packaging of FMCG goods – ultimately makes its way into the majority of households in these regions. The Group represents a key element in its clients' supply chain and product image. The specialised services that we offer are lamination, coating, slitting and sheeting. Our premium range of services include customised metallised film laminate onto tissue, wood-free, board and inner frame.

CHAIRMAN'S STATEMENT (cont'd)

Historically, our core business was focused on the high margin tobacco and liquor packaging segments. This industry has high barriers of entry due to its capital intensive nature and is virtually non-accessible to new entrants, which has kept us in a fortunate position of security. The strength of the Group's long-term relationships with clients puts us in a unique position that they both value and trust. The stringent quality control our clients impose acts as additional deterrent for competitors attempting to penetrate the market, which again provides us security.

OPERATIONS

We remain committed to our vision of becoming the leading player for Fast-moving consumer goods packaging across Asia, and we have witnessed increased demand from the household goods segment. In order to accommodate our growing pipeline of clients, the Group has increased its production capacity by investing and upgrading our production capacity which allows us to capture a larger market share. As the global economy recovers and expenditure on consumer goods increases, we are well positioned to grow significantly towards fulfilling our vision. It gives me great pleasure to report that we now have in place a 'best in class' management team that brings a wealth of experience in capital allocation, production and resource planning – we expect improvements across all key performance indicators going forwards resulting from streamlined and efficient management and operations techniques.

CORPORATE GOVERNANCE

Bright Packaging Industry Berhad believes in adhering to the best practices of corporate governance to sustain business efficiency and sustainability in the long term. Evidence can be found in the fact that the group has consistently upheld the integrity of business practices as a pivotal part of ensuring consistent growth in its core business. The Group's measures towards this objective are highlighted in the Corporate Governance Statement in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Group continues to exceed international standards and guidelines of the Department of Environment with regards to our use of chemicals and solvents in the manufacturing process. Accordingly, we continue to invest in sustainable and environmentally friendly manufacturing processes. By leading the charge to greater standards, we hope to see clear improvements from our peers.

APPRECIATION

Last, but by no means least, it goes without saying that we have eternal gratitude for our employees, suppliers, bankers, shareholders, associates and, of course, valued customers, without whom the Group would cease to exist. I am confident that the Board and our management team will continue to work hard to deliver long-term appreciation of shareholder value.

Nik Mustapha bin Muhamad
Executive Deputy Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Since its incorporation in 1988 and listing on the Malaysian stock exchange in 1996, Bright Packing Industry Berhad ("BPI" or "the Company") has developed into one of the Asia Pacific's largest aluminium foil converting businesses, with a solid reputation of outstanding performance and unbeatable quality. BPI's products include aluminium foil and metallised film laminate to tissue, wood free, board and inner frame, and they are exported to countries all over the world, including China, Thailand, Australia, UAE and Germany.

A highly experienced aluminium foil paper converter, the company prides itself on strong ethical business practices, with employees, clients and customers, which have helped in maintaining strong and long-term relationships.

Not content to sit on our laurels, BPI continues to innovate in technologies and products, and puts significant resources into the implementation of advanced machineries and improving the quality of products, as well as training personnel to the highest standard.

BPI operates on a simple but important philosophy that has helped it celebrate a quarter century of operation – the development of relationships based on trust and understanding of each customer's specific need for personalised services and products of the highest quality. This practice has established BPI as a leading authority with the best products in its class, which clients and customers can depend on.

OUR PRODUCT

Catering to a range of industries, BPI has the materials, experience and capabilities to handle the most complex of demands.

Our abilities of supply and quick delivery of foil/MPET paper laminate are renowned, and we extensively cater for:
- Tobacco Packaging
- Liquor Packaging
- Confectionery Packaging
- Pharmaceutical Packaging

Customer needs are met with unique construction and customised solutions thanks to the wide range of grades and weights of materials.

i. Tobacco Packaging

Tobacco products are consumed around the world, and the goods must be in immaculate condition.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

We share that sentiment, and are experienced in delivering such sensitive products free of any damage. BPI caters to the largest cigarette companies in the Malaysia and Asia Pacific region, providing distinctive appearances of high quality for each brand, while our foil paper laminate ensures that each brand's custom aroma is perfectly retained for when the customer opens it.

Aluminium foil is perfect for tobacco products because it provides unparalleled protection against moisture, bacteria, aroma contamination and deterioration. This is achieved by creating a microclimate within the package.

ii. Liquor Packaging

We use foil/MPET laminated to board for liquor cartons, and there are two distinct advantages to this method: decorative potential and high-resolution printability.

Designers are also afforded limitless possibilities to create brand awareness through distinctive appearance.

iii. Confectionery Packaging

In order to want to consume the product on the inside, consumers must be drawn to the outside. BPI achieves this by using only first class materials with exclusive finishing, making the product stand out on the shelf. We implement the strictest food hygiene conditions and use materials that will not affect the smell or taste of the product, so our packaging complement the product.

Many types of confectionery are stored for extended periods before being sold, during which time it is important to protect them from moisture and light, both of which can affect the product and deteriorate many packaging products. It is for this reason that we use the ideal packaging material: aluminium foil laminate.

For many types of confectionery, aluminium foil laminate's barrier and decorative properties can be vital assets.

Often chocolate products are stored for long period, but exposed to moisture and light, it deteriorates and the surface can quickly lose its attractive gloss. Therefore, the best protection is one of that provides a total barrier to light, moisture, and to any penetration of aroma and flavour.

The ideal packaging choice is aluminium foil laminate.

iv. Pharmaceutical Packaging

Aluminium foil is the perfect material for the safe, convenient and versatile packaging of tablets and capsules. To ensure the products are stored in a safe and protected environment, BPI uses heat-seal lacquer or prime coating for printing and high-adhesion performance.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONAL CAPABILITIES

Manufacturing Facilities

i. Laminating

Our lamination division is one of the largest in the Asia Pacific region, and was designed to meet the most demanding requirements, and can undertake a wide range of lamination tasks, into wet, wax and solvent less.

- Wet lamination, used in conjunction with aluminium foil and paper lamination wraps, seals and protects the freshness of products.
- Wax lamination is suited for commodities with adherent characteristics, like confectionery.
- Solvent less lamination is a recent process and provides the customer with cost reduction and the elimination of any solvent retention problems in the packaging structure of foods and cigarettes.

ii. Slitting

We undertake precision slitting on foil, paper, polyester film, non-woven on widths between 50mm and 1200mm, and foil paper laminate, all performed on exemplary machines from Australia and Korea, ensuring a perfect finish every time.

iii. Ink Matching

Our foil paper is easily laminated and coated, and our ink/lacquer matching centre provides the ability to create any shade from a set of base colours, allowing us to reduce inventory.

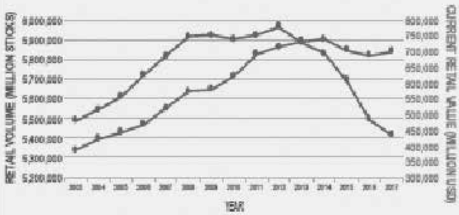
iv. Coating / Lacquering

We can also provide custom coating in copper, black, green, blue, red, pink, silver and gold. Services such as lacquering or gravure coating yield amazing decorative and protective properties to foil paper laminate, providing the much-needed resistance to light, moisture and scratches.

OVERVIEW OF GLOBAL CIGARETTE INDUSTRY

- Cigarette retail values in 2017 were worth US$699.4 billion.
- In 2017, over 5.4 trillion cigarettes were sold to more than on billion smokers worldwide.
- Between 2003 and 2017, global cigarette volume sales decreased by 1.3% while real retail values increased by 26.5%.
- Industry analysts predict that by 2022 the global cigarette volume will decline by 8.0%, and real value will decline by 0.3%.

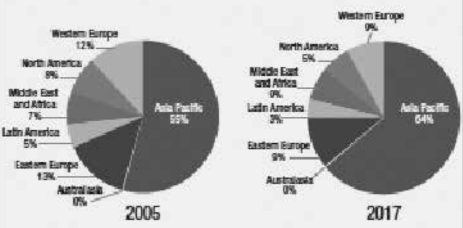
FIGURE 1. GLOBAL CIGARETTE MARKET: HISTORIC RETAIL VOLUME AND *CURRENT* VALUE (2003-2017)



Source: Euromonitor International, 2018

Globally, cigarette consumption is growing in low and middle-income countries and decreasing in high-income countries

FIGURE 2. GLOBAL CIGARETTE MARKET BY REGION



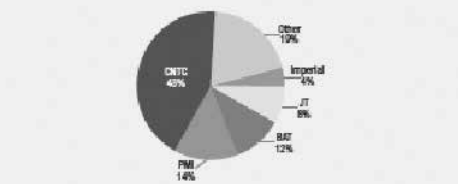
Source: Euromonitor International, 2018

- Sales are shifting from developed markets, like those in Western Europe, where smoking prevalence is declining and where tobacco company operations are more restricted by government policies, to emerging markets, like those in Asia and Africa, where tobacco companies take full advantage of tax regulatory environments, growing populations and increasing incomes.

- Between 2005 and 2017, cigarette sales in the Asia Pacific and Middle East and Africa regions have increased while all other regions have experienced declining sales (Figure 2).

TRANSNATIONAL TOBACCO COMPANIES

FIGURE 3. TOBACCO COMPANY SHARES OF GLOBAL CIGARETTE MARKET, BY RETAIL VOLUME 2017



Source: Euromonitor International, 2018

While cigarette sales are expanding to new markets, industry market shares are consolidating, and the market is increasingly controlled by a few international companies. In 2001, a little more than 43% of global market sales were controlled by the five leading transnational tobacco

OVERVIEW OF GLOBAL CIGARETTE INDUSTRY (cont'd)

companies (TTC). By 2017, 80.6% of the market was controlled by TTCs. Over the last decade, the international cigarette market has been dominated by five companies: China National Tobacco Corporation, Philip Morris International, British American Tobacco, Japan Tobacco Inc. and Imperial Tobacco (Figure 3).

China National Tobacco Corporation (CNTC) is owned and operated by the Chinese government and is the world's single largest producer of cigarettes with 42.6% of the global market. CNTC sells the majority of its product in China; just over 1% of cigarettes produced are exported to other countries. CNTC is increasing efforts to sell heritage brands such as RDG, Dubliss and Harmony internationally.

Philip Morris International (PMI) is a publicly traded American company with headquarters in Lausanne, Switzerland. PMI controls an estimated 14.1% of the international cigarette market. Since separating from its parent company, Altria, in 2008, PMI only sells its tobacco products outside of the United States. The company operates in more than 180 markets and sells 6 of the top 15 brands, including Marlboro, the world's top selling brand. PMI experienced declining cigarette volume sales in all regions between 2016–2017, as the company focused on expanding sale of its heated tobacco product, IQOS. IQOS has done particularly well in Japan and South Korea.

British American Tobacco (BAT) is a publicly traded company based in London. BAT operates in over 200 markets, is the third largest company in the global tobacco market, and controls 11.8% of the international cigarette market. Top selling brands include Pall Mall, Rothmans, Kent, Dunhill, and Lucky Strike, and these five brands account for half of all BAT cigarette sales. Acquisition of Reynolds American, Bulgartabac, and other tobacco companies contributed to overall growth in volume and value of the company in 2017. BAT cigarette sales volumes grew strongly in Bangladesh, Bulgaria, Nigeria, and Gulf Cooperation Council countries, but declined in many other key markets.

Japan Tobacco, Inc. (JT) is headquartered in Tokyo and the parent company to Japan Tobacco International (JTI), which is headquartered in Geneva, Switzerland. International tobacco sales account for more than 60% of JT's operating profit. With products available in 130 countries, JT is the fourth largest tobacco company in the world, and controls 8.4% of the global cigarette market. The Japanese government holds 33.3% of JT's issued shares. Top brands include Winston, Camel, Liggett Ducat, and Mevius (formerly Mild Seven). JTI continues to expand its presence in emerging markets, with the largest volume growth in Brazil, Egypt, Iran, the Philippines, and Tunisia, and company acquisitions in Indonesia and the Philippines in 2017.

Imperial Tobacco Group is a British company. It is the fifth largest company participating in the global tobacco market and controls 3.7% of the international cigarette market.

Imperial operates in more than 160 markets, and key growth markets are in Italy, Russia, Japan, and Saudi Arabia. Top brands include West, Davidoff, John Player Special, and Gauloises.

OVERVIEW OF GLOBAL CIGARETTE INDUSTRY (cont'd)

LARGEST CIGARETTE MARKETS: TOBACCO INDUSTRY TARGETS

The five largest cigarette consuming nations — China, Indonesia, Russia, U.S. and Japan — account for 61.7% of the volume of all cigarettes sold in 2017 (Figure 4).

FIGURE 4. TOP 10 CIGARETTE MARKETS BY VOLUME

COUNTRY	RETAIL VOLUME, 2017 (BN STICKS)
China	2,368.9
Indonesia*	308.2
Russia	258.9
USA	252.7
Japan	151.4
Turkey	106.2
Egypt	93.1
Bangladesh	88.9
India	81.3
Germany	79.0

*excluding hand-rolled kreteks

Source: Euromonitor International, 2018

China is the largest cigarette market in the world. The retail value of China's cigarette market in 2017 was US$212.3 billion. High tar cigarettes dominate the market. However, their sales are decreasing while sales of lower tar cigarettes are increasing. In 2017, the volume sales of cigarettes increased by 0.8% compared to 2016, marking the first increase in volume sales since 2013-2014. Real retail value increased by 3.0%. Since the peak of global cigarette volume sales in 2012, the global cigarette market volume has decreased by 9.2%, but it declined by more (13.0%) when excluding China's retail volume to 2016, marking the first increase in volume sales since 2013- 2014. Real retail value increased by 3.0%. Since the peak of global cigarette volume sales in 2012, the global cigarette market volume has decreased by 9.2%, but it declined by more (13.0%) when excluding China's retail volume.

In Russia, cigarette sales by volume has declined by 25.2% between 2013 and 2017. Over the same time period, real retail values increased by 31.3% to US$26.9 billion. Between 2016 and 2017 alone, retail volume fell by 7.2%, while real value of sales grew by 3.6%. With a 33.6% market share, JT is the market leader in Russia, but PMI, BAT and Imperial also have a presence. The Indonesia cigarette market is unique because sales are dominated by kreteks (cigarettes made with a blend of tobacco and cloves). Between 2016 and 2017, the Indonesian cigarette market declined by 2.5%, marking the second consecutive year of decline in sales volume. One of the two leading tobacco companies, Sampoerna, was acquired by PMI in 2005 and outperforms all domestically-owned companies and all other TTCs trying to make a profit in Indonesia. In India, smokeless tobacco and bidis (small, hand-rolled smoked products) are much more popular than cigarettes: About 75% of all tobacco users use smokeless tobacco, 27% smoke bidis, and only 14% of all tobacco users smoke cigarettes. While cigarettes are not the most popular tobacco product in India, approximately 81.3 billion cigarettes were sold in 2017, making the country an important target for international tobacco companies.

Prospects of our Group

Our Group is principally involved in the manufacturing and printing of aluminium foil packaging materials mainly for the tobacco industry. The breakdown of our segmental revenues for the past four (4) audited FYE 2015 to FYE 2018 is as follows:

OVERVIEW OF GLOBAL CIGARETTE INDUSTRY (cont'd)

FINANCIAL ANALYSIS

As At 31 August	**FYE 2015 RM'000**	**%**	**2016 RM'000**	**%**	**2017 RM'000**	**%**	**2018 (RM'000)**	**%**
Revenue generated from tobacco industry	42,195	94.37	61,984	99.37	41,653	98.73	53,822	99.15
Revenue generated from non-tobacco industry (1)	2,519	5.63	390	0.63	537	1.27	459	0.85
Total revenue	**44,714**	**100**	**62,374**	**100**	**42,190**	**100**	**54,281**	**100**

Note:
(1) Revenue generated from non-tobacco industry was mainly from the liquor industry and confectionary industry.

Our Group has been focusing to provide the aluminium foil packaging materials for the tobacco industry in the past one (1) decade as the profit margin generated from the tobacco industry is higher as compared to other industries. In addition, the demand for our products from the tobacco industry is more stable and consistent as compared to the demand from other industries with the increasing number of smokers despite the efforts by the Government to increase health awareness.

Our Group is exposed to the risk inherent in the tobacco industry. In order to mitigate the risk of overly reliance on a single industry, our Group has diversified our customer base in other industries, such as liquor and confectionary industries. Our Group also try to mitigate the risk by international diversification, by entering to various geographical segments.

As at today, our major customer is Philip Morris and its affiliates companies. Our Board is confident and remains positive with the consistent orders from our major customer based on our long term relationship established with them since more than a decade ago and our ability to provide them with value added services such as customising specific printing requirement for the cigarette boxes.

Our Group envisages the demand for our products will continue to increase in view of the continuous growth in the demand of cigarettes.

Asia Pacific was the largest region in the tobacco market in 2017, accounting for 49% market share. This was mainly due to the presence of a large population seeking tobacco products. Eastern Europe was the second largest region accounting for 17% market share. South America was the smallest region accounting for 2% market share.

Cigarette manufacturers are offering innovative cigarettes such as smokeless cigarettes as an alternative to conventional cigarettes. Smokeless cigarettes do not burn the tobacco; instead heat the tobacco just enough to create a smokeless vapor that imparts the flavor of tobacco.

OVERVIEW OF GLOBAL CIGARETTE INDUSTRY (cont'd)

As of April 2018, Philip Morris International (PMI), British American Tobacco (BAT) and Japan Tobacco International (JTI) were aggressively promoting their 'heated tobacco products' (HTP, also called 'heat-not-burn' heated tobacco, smoke-free tobacco and other 'less risky' products around the world. Marketing for these products and media accounts of HTP launches in different countries explicitly state or imply that they are safer than cigarettes. In a few instances, marketing materials claim that HTP are potentially helpful to smokers who want to quit.

Marlboro-producer and tobacco giant Philip Morris International launched a non-burning cigarette alternative in the UK in a bid to phase out traditional cigarettes. The IQOS device looks similar to an e-cigarette. The tobacco is heated, rather than burned. Since the tobacco in the IQOS is not burned but heated to 350 degrees Celsius, Philip Morris claims it is healthier than traditional cigarettes. (The temperature of a burning cigarette, for contrast, typically ranges from about 800 to 900 degrees Celsius, according to a study published in the journal Nature.)

In clinical studies, Philip Morris is measuring the level of toxic compounds in the blood and urine of people who use the IQOS, but the results of those have so far been unconvincing.

IQOS is not a traditional cigarette, not an e-cig. Instead of generating smoke, the IQOS device produces a vapour that delivers the nicotine from specially-designed "tobacco sticks." This is similar to the way many e-cigarettes currently on the market work, aside from one huge thing: Unlike most e-cigs, the Iqos still contains tobacco.

Most e-cigs are battery-powered devices that convert liquid nicotine from a cartridge into a vapour that the user inhales. While e-cigs don't contain all of the harmful chemicals that traditional cigarettes do including carbon monoxide and tar. They're not completely harmless, either.

E-cig cartridges are typically filled with propylene glycol, the same stuff that's used by fog machines. The US Food and Drug Administration approved propylene glycol for use in food. When you buy an e-cig cartridge, you can get differing amounts of nicotine (or none at all). You can also purchase flavoured liquids such as chocolate, strawberry, and mint. However, the IQOS would ostensibly contain both propylene glycol and tobacco. The company claims that its new product — the IQOS — produces 90-95% less harmful chemicals than traditional cigarettes, but these claims have not been verified externally.

Philip Morris International has spent £2.4 billion ($3 billion) developing the Iqos, which launched in the UK. The device costs £45 for the battery pack, which charges a slim cigarette holder. Consumer could also buy the tobacco sticks (called "heets") separately — which cost £8 for a pack of 20. In the US, e-cigarette prices range from $20 to $60 for a basic "starter kit," which includes the e-cigarette, along with several cartridges and a charger for the device. In the UK, similar kits typically sell for around £20 to £40.

In 2015, Philip Morris hired more than 400 scientists and toxologists in a bid to enter the e-cigarette market.

OVERVIEW OF GLOBAL CIGARETTE INDUSTRY (cont'd)

PMI built a US$120million production facility in Switzerland and announced, in June 2017 the building of a US$320million facility in Germany focused entirely on the development and production of HTP. PMI announced plans to double production capacity from 50billion heatsticks (the disposable tobacco stick that fits in the IQOS device) in 2017 to 100billion sticks in 2018.In Japan, IQOS quickly gained market share, reaching 10% of the tobacco market in less than 1year. In 2017, JTI responded with the launch of Ploom TECH,1 followed by BAT's glo.

Regulatory considerations

As of April 2018, there were a range of regulatory approaches to HTP and most of the countries being targeted by the industry for launching HTP were facing the challenge of regulating HTP under existing tobacco control laws that may not explicitly include HTP, which may have made it easier for the companies to open up loopholes in existing laws to evade regulations that apply to all other tobacco products. At a minimum, all claims of harm reduction must be proven with robust, independent evidence, and all regulatory measures of the FCTC should be applicable to the packaging, taxation, sales and marketing of HTP.

Foundation for a smoke-free world

As an apparent element of PMI's plan to expand the market for its HTP as well as rehabilitate the company's reputation, in 2017 PMI committed almost US$1billion (US$80million per year for 12years) to create the Foundation for a Smoke-Free World. The foundation website stated that its goal was to ultimately eliminate smoking worldwide and 'advancing the dialogue on smoking cessation and harm reduction'. The new foundation has a strong goal of promoting HTP as a harm reduction alternative to smoking, in alignment with PMI's strategy to engage with the scientific community and 'amplify' the debate on harm reduction.

The introduction of the latest generation of HTP appears to be the latest chapter in the decades-old tobacco industry strategy of working to create partnerships with governments and health advocates, presenting these alleged 'harm reduction' products as an option to address the tobacco epidemic. Despite the rapid introduction of HTPs, as of April 2018, the vast majority of countries did not yet have these products, which creates a window of opportunity to address the tobacco industry's latest 'harm reduction' offensive. But, time is of essence. The FCTC provides a legal framework that encourages countries to take a series of measures regarding novel tobacco products, from banning entry into market, to regulating advertisement, sales, packaging and use allowing Parties to address HTP before these products enter the market in an unregulated fashion.

The global aluminium foil packaging market is expected to see high growth over coming years. The major growth is expected in the developing markets owing to strong economic growth and increasing middle class with growing disposable income. A new report by Visiongain predicts that the world market for tobacco packaging will reach $14.9bn in 2018. These forecasts and others appear within the Forecasts by Packaging Type (Primary,

OVERVIEW OF GLOBAL CIGARETTE INDUSTRY (cont'd)

Secondary, Bulk), by Packaging Material (Metal, Paper, Flexible Packaging and Others) and by Application (Cigarettes, Cigars and Others) Plus Financial Analysis of Leading Companies and Regional and Leading National Market Analysis report published by Visiongain, a leading business intelligence provider based in London, UK. This segment is expected to growth along with the sales of cigarette and will directly benefit our Group. Our management is optimistic to secure more orders in view of our past experience and track record in the tobacco industry.

Moreover, the Government has been actively promoting the printing and packaging market via the IMP2 and IMP3, which identifies the paper and paper products industry as one of the priority areas for investment and development. During the IMP2 period, the Government has approved capital investments in paper printing and publishing totaled RM19.5 billion (or 7.2% of total approved investments of RM269.7 billion in IMP2), whereby domestic investments accounted for RM11.0 billion and foreign investments accounted for the remaining RM8.5 billion) for a total of 244 projects, reflecting the movement of the paper, printing and publishing industry to a more capital intensive, higher value-added, higher technology and knowledge intensive activities.

In IMP3, the Government targets to grow private investments for the manufacturing and services sector, including the paper and packaging industry, by RM412.2 billion. In improving the competitiveness and enhancing capabilities and capacities of Malaysian-owned companies, the Government has introduced the following 11 strategic thrusts: upgrading the capacities and innovative capabilities of Malaysian-owned companies; enhancing value creation through human capital development; facilitating the development and application of knowledge-intensive technologies; developing and promoting standards and encouraging standards conformance; encouraging small medium enterprises to strive towards becoming larger and more competitive entities; encouraging strategic alliances among Malaysian-owned companies; integrating Malaysian-owned companies into the regional and global network of production, trade, investments and services; promoting outward investments; creating a more conducive environment for the development of domestic capabilities; strengthening the role of private sector institutions, including trade and industry associations, and chamber of commerce; and nurturing exemplary corporate social responsibility. Through these plans, the Government continuously promotes self-sufficiency, reduction of imports and attracting foreign capital inflow to the paper and paperboard industry.

Premised on the above, our Board is of the opinion that the prospects of our Group are expected to be positive in the future. Moving forward, our Group will continue to focus in our core business in the manufacturing and printing of aluminium foil packaging material.

BOARD OF DIRECTORS' PROFILE

NIK MUSTAPHA BIN MUHAMAD
Executive Deputy Chairman

Encik Nik Mustapha Bin Muhamad, Malaysian, male, aged 74, was appointed to the Board on 2 July 2001 as an Independent Non-Executive Director of the Company. His position was redesignated as Chairman on 30 April 2009 and subsequently redesignated as an Executive Deputy Chairman on 28 February 2014.

He graduated with a Bachelor of Economics (Hons) from University Malaya, and was attached to the Kelantan State Economic Development Corporation from 1977 to 2000, last position being the Deputy Chief Executive Officer before his retirement. During his tenure with the Kelantan State Economic Development Corporation, he gained vast experience in the service and hospitality industries, construction and agriculture. He was also appointed to the Board of several private companies held by the State Economic Development Corporation involved in wide range of commercial activities. He does not hold any other directorship in other public companies and listed issuers.

With his extensive exposure and work knowledge in various industries, he brings on board a great wealth of experience in formulating strategies and developing business plans for the Company to pursue sustainable growth and to enhance shareholders' value.

He attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2018.

YAP KOK ENG
Executive Director

Mr. Yap Kok Eng, Malaysian, male, aged 49, was appointed as an Executive Director on 11 March 2014.

He graduated with Chartered Institute of Marketing (CIM), UK from Stamford College.

Mr Yap was the Senior Marketing Officer in Japanese Company, Kozato Kizai (M) Sdn Bhd from 1991 to 1996 and gained vast experience in the air-conditioning and electronic capacitor industry. In 1996, he joined the Company and currently holds the position of General Manager. He has overall responsibility in Sales and Marketing, Quality System and Operation of the Company. With more than 22 years working in the Company and extensive exposure in the tobacco/packaging industry, he is instrumental to formulating the marketing strategies and the organic growth of the Company. He does not hold any other directorship in other public companies and listed issuers.

He attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2018.

BOARD OF DIRECTORS' PROFILE (cont'd)

YEONG SIEW LEE
Senior Independent Non-Executive Director

Ms. Yeong Siew Lee, Malaysian, female, aged 41, was appointed as an Independent Non-Executive Director on 11 October 2013. On 10 April 2017, she was redesignated as Senior Independent Non-Executive Director.

She graduated with a Bachelor of Science (Hons) degree in Accounting and Finance from University of Wales College, Newport, United Kingdom and is a member of the Association of Chartered Certified Accountants, United Kingdom.

She is a Chartered Accountant and is currently a member of the Malaysian Institute of Accountants (MIA). She began her career with GHL Systems Berhad ("GHL"), a company listed on the Main Market of Bursa Malaysia Securities Berhad, as an Assistant Accountant in 2003 and moved up the ranks and became Head/ Assistant General Manager of Finance in 2008 to supervise the company's local and overseas accounting teams. She left GHL in August 2009 to venture into business in the consumer industry. She is currently an Independent Non-Executive Director of Asia Media Group Berhad, Sersol Berhad and TFP Solutions Berhad.

She is the Chairperson of Audit and Risk Management Committee, Nomination Committee, Remuneration Committee, and Option Committee of the Company. She attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2018.

LYE JUN FEI
Independent Non-Executive Director

Mr. Lye Jun Fei, Malaysian, male, aged 38, was appointed as Independent Non-Executive Director on 21 February 2013.

He graduated with a Bachelor of Science (Hons) in Business Computing, Staffordshire University, United Kingdom, 2003.

Mr. Lye began his career at Digi Telecommunication where he worked on improving and resolving the technical challenges of GPRS, WAP & GSM technologies. He was then recruited to lead the Marketing and Sales operations of a telecommunication industry equipment manufacturing company. In 2007, Mr. Lye was recruited as the Head of Operations for Malaysia's most prominent TMT (Technology, Media & Telecommunications) company. He was responsible for the project system design, planning, implementation and deployment of firm-wide operations. In 2009, he joined the pharmaceutical industry as the Director of Operation for a pharmaceutical company managing the day to day operation of its retail stores. He does not hold any other directorship in other public companies and listed issuers.

He is a member of Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and Option Committee of the Company. He attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2018.

BOARD OF DIRECTORS' PROFILE (cont'd)

TEE WEE KEAT
Independent Non-Executive Director

Mr. Tee Wee Keat, Malaysian, male, aged 38, was appointed as an Independent Non-Executive Director on 21 February 2013.

He graduated with a Bachelor of Business Marketing, LaTrobe University, Australia.

Mr. Tee began his career in 2004 as a Key Account Executive working within the distribution chain of FMCG (Fast Moving Consumer Goods) and had broad oversight servicing all Hypermarkets in Malaysia. In 2006, he joined Jasa Kita Trading (M) Berhad as a Marketing and Sales Executive where he was responsible for the distribution of Japanese Brand – Makita Power Tools, serving machinery dealers in Kuala Lumpur and the East Coast of Malaysia. He does not hold any other directorship in other public companies and listed issuers.

He is a member of Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and Option Committee of the Company. He attended all three (3) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2018.

KEY SENIOR MANAGMENT

YAP KOK ENG
Executive Director

The profile of Mr. Yap Kok Eng is listed under Board of Directors' Profile on page 19 of this Annual Report.

Notes:

- None of the Directors have any family relationship with any director and/or major shareholder of the Company.
- None of the Directors have any conflict of interest with the Company.
- None of the Directors have been convicted for offences within the past 5 years other than traffic offences.
- None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE SUSTAINABILITY STATEMENT

OUR COMMITMENT

We perceived corporate sustainability as our commitment to increase long-term growth and at the same time demonstrate our firm intention to enrich the lives of all the stakeholders who are connected with the Group and our operations. Our sustainability agenda is to establish and describe the way we manage risks and opportunities in economic, environment and social (EES) issues.

We focus on these four pillars of equal importance, namely innovative and high-performance culture, responsible business / corporate citizen, dynamic workforce and nurturing the community and society to achieve overall operational excellency.

A high-performance culture motivates, improves, innovates and drives success and Bright Packaging Industry Berhad is committed to promoting and supporting an environment that brings out the best of our human capital.

i. We focus on respecting and nurturing the community and society. Our operation was driven by corporate social responsibility initiatives in community development, environment and education.

ii. We will help to protect the environment by better understanding, managing and measuring our environmental impacts while continuing the sustainable growth of our operations.

iii. Further, we will review our environmental practices to ensure continued relevance.

With integration of sustainability into our business practice, especially on disaster risk reduction, community development and financial literacy, we endeavor to conduct our business ethically and to address the societal concern faced by our stakeholders:-

i) We will deliver to our customers what we have promised

ii) We will listen to them and involve them in our solutions and innovations

iii) We will work with our suppliers to develop long term partnerships based on best practice procurement methods which reflect mutually agreeable codes of conduct and respect basic human rights; and

iv) We will consider the impacts of our business on communities in which we operate. We will find opportunities to use our capabilities to add value to communities where it is needed.

We continued to demonstrate our long-standing commitment to conservation through renewed emphasis on managing our resources on reducing waste, practicing energy efficiency and introducing initiatives to reduce emissions throughout our operations.

We promote that mindset and culture amongst all our employees, our divisions and our external stakeholders.

i. We are treating our people fairly and with respect, and valuing their diversity, encouraging development of our employees through learning opportunity.

ii. We are committed to creating a workplace that makes people want to join, stay and enables them to work to their fullest potential.

iii. Our commitment and priority is to provide safety and wellbeing of our people.

iv. Our human capital is our most important asset and we strive to attract and retain outstanding people to lift the Group to greater heights.

CORPORATE SUSTAINABILITY STATEMENT (cont'd)

We constantly review and reassess our approach to ensure that our initiatives result increases benefits to all stakeholders.

Sustainability Governance

The Board is accountable for overall management of our sustainability strategy. Through an ongoing process of identification and evaluation, the Board establishes the direction of our sustainability strategy

The Board is assisted by the Audit and Rick Management Committee, which is chaired by an Independent Non-Executive Director and supported by members of the Board. As part of our sustainability governance, it oversees and ensures the integration of the Board-approved sustainability strategy into our business operations.

Sustainability Strategy

a) To provide customers with first-rate products and services is central to the sustainability of our business
b) To develop an agile workforce that is aware of and responsive to potential risks
c) To provide employee learning and development
d) To increase consideration of Environmental, Social & Governance ("ESG") matters into business decisions and operations
e) To have fair employment practices, fostering diversity and equal opportunities

Customer Satisfaction

We being a business built upon a foundation of trust and care, our commitment to customer satisfaction underlines our company's ethos of living customer centricity. This is embodied within our core value.

Ethnics and Compliance

Our Ethics and Compliance sustainability matter has widened to encompass transparent communications, responsible sales conduct as well as clear and accurate marketing. We enforce stringent ethical standards to ensure transparency.

CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Our Long-Term Sustainability Targets

a) We provide customers with first-rate products and services is central to the sustainability of our business. Our definition of sustainability is therefore grounded on the theme of excellence and has four distinct elements.
b) We constantly seek the betterment or enhancement of our products by moving up the value chain.
c) We aim to create shareholder value and stay relevant by addressing the EES impact of our business.
d) We are committed to new innovations to drive us forward.
e) We strive to be a responsible and respected corporate citizen by protecting the environment and nurturing our communities.
f) Our commitment to our strategy, namely:
   i) innovative and high-performance culture
   ii) responsible business / corporate citizen
   iii) dynamic workforce
   iv) nurturing the community and society
   v) Financially strong.
   vi) Fortified with sustainable businesses.
   vii) Ingrained with a high-performance culture that drives innovation.
   viii) Caring and responsible for its impact on the environment and the community. Our sustainability framework is embedded into our Beyond Boundaries business strategy which defines our ambition to become a high performing, regional conglomerate able to compete with other industry champions.

MOVING FORWARD

We are committed to promote good corporate governance standards and building sustainability.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 2016 ("Act") to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year then ended. The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made, in the preparation of the financial statements. The Directors also ensure that applicable approved accounting standards have been followed. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Act.

This Statement is made in accordance with a resolution of the Board of Directors dated 13 December 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Bright Packaging Industry Berhad (“the Company”) and its group of companies (“Bright Group” or “the Group”) continues to be committed in promoting and maintaining good standards of corporate governance practices in line with the Malaysian Code on Corporate Governance (“the Code”) in managing the business affairs of the Group to protect and enhance sustainable shareholders’ value and the financial performance of the Group.

The Board believes that maintaining such level of corporate governance with the concepts of integrity, transparency, accountability and professionalism, is a fundamental part of its responsibilities in managing the business and affairs of Bright Group and discharging its responsibilities to the Shareholders.

The disclosure statement below sets out the manner in which the Group has applied the principles of the Code throughout the financial year ended 31 August 2018.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

Clear Functions Reserved for the Board and Those Delegated to Management

The Board has full and effective control over the business undertakings of the Company subject to the powers reserved for shareholders under the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other applicable laws. This includes responsibility for determining the Company’s overall strategic direction as well as the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Company.

The Board has adopted a Board Charter which sets out the functions that are reserved for the Board.

The Executive Director, is responsible for matters which are not specifically reserved for the Board or delegated to the Board committees such as the day-to-day management of the operations of the Company.

Clear Roles and Responsibilities of the Board

The Board’s role and responsibilities are set out in the Company’s Board Charter. While the day-to-day management of the operations of the Company is delegated to the Executive Director, the Board retains effective control over important policies and processes covering areas such as internal controls, risk management and the remuneration of executives and employees of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Clear Roles and Responsibilities of the Board (cont'd)

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit and Risk Management Committee (please refer to the Report on Audit and Risk Management Committee set out on page 43 to page 44), Nomination and Remuneration Committee. The terms of reference of Board Committees detailing the responsibilities of each Committee and how they exercise their authority.

Separation of Positions of the Chairman and Executive Director

There is a clear division of responsibility between the Chairman and Executive Director to ensure a balance of power and authority. The principal duties of the Chairman are to conduct the meetings of the Board and shareholders and to facilitate constructive discussions at these meetings. The Executive Director is responsible for the day-to-day running of the businesses of the Group and to develop and implement strategies.

Qualified and Competent Company Secretary

The Board is supported by suitably qualified company secretaries who are responsible for ensuring the effective functioning of the Board and that rules and regulations are complied with. The company secretaries also act as secretaries of all Board Committees. The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference. They also ensure that all Board and Board Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly minutes and documents.

Access to Information and Advice

Each Board member receives quarterly operating results, including a comprehensive review and analysis. Prior to each Board meeting, Directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficiently time to enable the Directors to obtain further explanations, where necessary, in order to be sufficiently briefed before the meeting.

All Board members have access to the advice and services of the Company Secretaries and senior management. The Board, whether as a full board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice in discharge of their duties and responsibilities at the Company's expense.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Board Charter

The Board has adopted a formal Board Charter which is available on the Company's website. The Board Charter is subject to an annual review and more frequently, if required, due to a change of law or of company policy that affects the Board Charter.

Ethical Standards and Code of Conduct

The Board has in place a Code of Conduct for the Directors. The Code of Conduct includes amongst others to act honestly, in good faith and in the best interest of the company, to exercise due care and diligence in carrying out the functions, to avoid conflicts of interest, and to protect the Group's assets and use these assets for legitimate business purposes. The Code of Conduct is reviewed periodically by the Board and revised as and when appropriate.

Whistle Blowing Policy

The Board has formalized a whistleblower policy to provide a safe mechanism for whomever to come forward and raise any concerns about the actual or potential fraud or breach of trust involving employees, Management and the Directors of the Group.

It allows the whistleblower the opportunity to raise concerns outside the Management line. The identity of the whistleblower will be kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution.

Composition of the Board

During the financial year under review, the Board consisted of five (5) Board Members with various experience and expertise. The composition of the Board Members comprising one (1) Executive Deputy Chairman, one (1) Executive Director and three (3) Independent Non-Executive Directors. The composition fulfils the Main Market Listing Requirements of Bursa Securities, which stated that at least two (2) or one-third (1/3) of the Board, whichever is higher, must be Independent Directors.

Tenure of Independent Directors

As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of nine years. The Board believes that this tenure provides a balance of effectiveness and independence that is appropriate for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Tenure of Independent Directors (cont'd)

The Independent Director may continue to serve on the Board beyond nine years tenure provided the he is re-designated as a Non-Independent Director. If the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two (2)-tier voting process.

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

During the financial year under review, none of the Independent Directors has served on the Board beyond nine years.

New Appointment of Directors

The Nomination Committee ("NC") considers candidates proposed by the Directors, Senior Management, Major Shareholders or independent sources. The NC is responsible to ensure a formal and transparent procedure for the appointment of new Directors to the Board and to recommend individuals for nomination as members of the Board by assessing the desirability of renewing existing directorships. Due consideration should be given to the extent to which the interplay of the Director's expertise, skills, knowledge, experience, independence and boardroom diversity was demonstrated with those of other Board members.

In the case of candidates for the position of Independent Non-Executive Director, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Director. 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 orientation programme is in place for future new recruits to the Board.

Gender Diversity Policy

The Board supports non-discrimination on gender, ethnicity and age group of candidates to be appointed as Board members although no formal policy has been formed. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with skills, experience, time commitment and other qualities in meeting the future needs of the Company. Currently, our Board members comprise of one female director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Nomination Committee

The Nomination Committee ("NC") is responsible to recommend appointment of new candidates to the Board of Directors, reviews the effectiveness and its performance assessment of the Board of Directors and the Board Committees.

The current NC comprises entirely of Independent Non-Executive Directors.

The following are the Members of the NC:

Name	Designation	Directorship
Ms. Yeong Siew Lee	Chairperson	Senior Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Lye Jun Fei	Member	Independent Non-Executive Director

The Board has stipulated specific Terms of Reference for the NC, which covers following salient functions:

i. assessing and recommending to the Board the candidature of directors, appointment of directors to board committees;

ii. reviewing of Board's succession plans and training programmes for the Board;

iii. undertaking the assessment of the Board, board committees and individual directors on an on-going basis; and

iv. undertaking annual assessment of the independence of independent directors in the

Board beyond the independent director's background, economic and family relationships but considering they can continue to bring independent and objective judgment to Board deliberations.

Annual Assessment

During the financial year, the NC reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including core competencies of the Directors, the contribution of each individual Director as well as their character, integrity and time commitment, independence of the Independent Directors, effectiveness of the Board as a whole, and the Board Committees; and also the retirement of Directors eligible for re-election. The NC uses the Board and Board Committee Evaluation Forms comprising questionnaires for the assessments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Remuneration Committee

The Remuneration Committee ("RC") is responsible to assist the Board on fair remuneration practices in attracting, retaining and motivating Directors.

The current RC comprises entirely of Independent Non-Executive Directors. The following are the Members of the RC:

Name	Designation	Directorship
Ms. Yeong Siew Lee	Chairperson	Senior Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Lye Jun Fei	Member	Independent Non-Executive Director

For the financial year ended 31 August 2018, the RC met once to review and recommend the Executive Directors' remuneration packages and Directors' fees in FYE 2018. The Board as a whole determines the remuneration of Non-Executive Directors with individual Director abstaining from decisions in respect of their individual remuneration.

The Company has adopted the objectives as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains directors of the quality needed to manage the business of the Group respectively.

The aggregate remuneration of the Directors of the Group paid or payable by the Group for the financial year under review are as follows:

Company

	Salaries (RM)	Fees (RM)	Other emoluments/ benefit [1] (RM)	Total (RM)
EXECUTIVE DIRECTORS				
Nik Mustapha Bin Muhamad	-	36,000.00	-	36,000.00
Yap Kok Eng	205,200.00	-	35,785.00	240,985.00
NON-EXECUTIVE DIRECTORS				
Yeong Siew Lee	-	24,000.00	-	24,000.00
Lye Jun Fei	-	18,000.00	79,200.00	97,200.00
Tee Wei Keat	-	18,000.00	-	18,000.00

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Remuneration Committee (cont'd)

Group

	Salaries (RM)	Fees (RM)	Other emoluments/ benefit [1] (RM)	Total (RM)
EXECUTIVE DIRECTORS				
Nik Mustapha Bin Muhamad	-	36,000.00	-	36,000.00
Yap Kok Eng	205,200.00	-	35,785.00	240,985.00
NON-EXECUTIVE DIRECTORS				
Yeong Siew Lee	-	24,000.00	-	24,000.00
Lye Jun Fei	-	18,000.00	79,200.00	97,200.00
Tee Wei Keat	-	18,000.00	-	18,000.00

[1] Other benefits include meeting allowance, car and driver allowances and medical insurance coverage.

The Board has chosen to disclose the remuneration of the remain top (5) senior management personnel in bands instead of named basis as the Board is of the opinion that disclosure of the senior management personnel names and the various remuneration component would not be in the best interest of the Group due to confidentiality and sensitivity of each remuneration package.

The number of remain top (5) senior management's remuneration for the financial year under review is as follows:-

Range of Remuneration	Number of Senior Management Staff
Below RM50,000	1
RM50,001 – RM100,000	-
RM100,001 – RM150,000	-
RM150,001 – RM200,000	-
RM200,001 – RM300,000	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Options Committee

The Options Committee is responsible to administer the Options under the employee share options scheme.

The current Options Committee comprises entirely of Independent Non-Executive Directors.

The following are the Members of the Options Committee:

Name	Designation	Directorship
Ms. Yeong Siew Lee	Chairperson	Senior Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Lye Jun Fei	Member	Independent Non-Executive Director

The Board has stipulated specific Terms of Reference for the Options Committee, which covers following salient functions:

- To implement and administer the Scheme in such manner as it shall in its discretion deem fit in accordance with the Employee Share Options Scheme, including to deal with the issue and allotment of new shares in the Company arising from the exercise of options by grantees;

- To determine the number of shares to be offered to eligible participants and to make offers to eligible participants in accordance with the Employee Share Options Scheme;

- To recommend to the Board where it deems necessary, any amendment, modification, addition, or deletion of the Employee Share Options Scheme;

- To enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate its power relating to the Scheme subject to the provisions of the Employee Share Options Scheme;

- To take all other actions within the purview of the Committee pursuant to the Employee Share Options Scheme, for the necessary and effective implementation and administration of the Scheme.

No Options Committee meeting was held during the financial year ended 31 August 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee Composition and Chairman

The Audit and Risk Management Committee ("ARMC") consists of three (3) Independent Non-Executive Directors. The Chairman of the ARMC is Ms. Yeong Siew Lee whilst the Chairman of the Board is Encik Nik Mustapha bin Muhamad. Having the position of Board Chairman and ARMC Chairman assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations.

Policy on Appointment of a Former Key Audit Partner as AC Member

The Company observes the practice under the Code that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the ARMC.

Assessment of Suitability, Objectivity and Independence of External Auditors

The ARMC undertakes an annual review of the suitability, objectivity and independence of the external auditors. The External Auditors have confirmed that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors can be engaged to perform non-audit services that are not perceived to be in conflict with their role as External Auditors.

Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

All ARMC Members are Financially Literate

All members of the ARMC are financially literate and are able to understand matters under the purview of the ARMC including financial reporting process. The Committee members possess the necessary qualification, knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARMC. All members of the ARMC undertake continuous professional development to keep themselves abreast of relevant developments and they also receive updates from External Auditors on areas relating to changes in accounting standards, practices and rules.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Risk Management and Internal Control Framework

The Board has full and effective control over the business undertakings of the Group subject to the powers reserved for shareholders under the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other applicable laws. This includes responsibility for determining the Group's overall strategic direction as well as the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Group.

The Group has established policies and procedures for the oversight and management of material business and financial risks as well as the monitoring of the internal controls that are in place.

The risk management policy sets out procedures which are designed to identify assess, monitor and manage risk at each of the businesses of the Group. The risks covered in the procedures and reviewed by the internal audit team include operational, market (both business and finance), legal and credit risks. The Management and the Board also carry out a regular review of political, regulatory and economic risks in line with the Board's oversight of the strategic direction and position of the Group within the marketplace it operates.

Information on internal control of Bright Group is detailed in the Statement on Risk Management and Internal Control set out on pages 40 to 42.

Internal Audit Function Reporting to the ARMC

The Management has devised and implemented a risk management system appropriate to the Group's operations. Management is charged with monitoring the effectiveness of this risk management system and is required to report on the adequacy of the internal controls put in place to the Board via the ARMC. The Internal Auditor reports to the ARMC which oversees the Group's risk management policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board recognizes the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.brightpack.net where shareholders and prospective investors can access corporate information, annual reports, press releases financial information, company announcements, share and warrant prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. admin@ brightpack.net to which shareholders can direct their queries or concerns.

The Group has a corporate disclosure policy which seeks to promote effective communication to its shareholders and other stakeholders. The policy emphasis timely and complete disclosure of all relevant information to shareholders as required by the Listing Requirements and applicable laws and is in line with the Group's policy of building and maintaining a sustainable business based on delivering value to its shareholders. The communication channels include the Group's annual reports, disclosures and announcements made to Bursa Securities, press statements and other public communications notices of meetings and explanatory documents issued to shareholders.

Conduct of General Meetings

The Company encourages its shareholders to attend the AGM. The Annual Report and Notice of the AGM are sent to all shareholders in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities. The Notice of AGM is also published in national newspapers. The Notice would include explanatory statements for proposed resolutions to facilitate understanding and evaluation of issues involving the shareholders.

The AGM is the primary forum for the Directors to communicate with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

Using Information Technology for Effective Dissemination of Information

The Group has a corporate website which provides copies of all public communications and other relevant company information.

The Company will explore the leverage of technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company where circumstances permit.

Attendance at Board of Directors' Meetings and Board Committees' Meetings

Shown below is the attendance of each Director for the financial year ended 31 August 2018.

Name of Director	Designation	No. of Meetings attended	%
Nik Mustapha Bin Muhamad	Executive Deputy Chairman	4/4	100
Yap Kok Eng	Executive Director	4/4	100
Lye Jun Fei	Independent Non-Executive Director	4/4	100
Tee Wee Keat	Independent Non-Executive Director	3/4	75
Yeong Siew Lee	Senior Independent Non-Executive Director	4/4	100

Board of Committee Meetings

Name of Director	ARMC	NC	RC
Lye Jun Fei	4/4	1/1	1/1
Tee Wee Keat	3/4	1/1	1/1
Yeong Siew Lee	4/4	1/1	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

Directors' Training

During the financial year, the Directors have attended the following training:

Director	Seminar / Trainings
Nik Mustapha Bin Muhamad	• Implementing the Companies Act 2016 & the Malaysian Code of Corporate Governance 2017
Yap Kok Eng	• Implementing the Companies Act 2016 & the Malaysian Code of Corporate Governance 2017
Lye Jun Fei	• Implementing the Companies Act 2016 & the Malaysian Code of Corporate Governance 2017 • Corporate Governance Briefing Sessions: MCCG Reporting and CG Guide
Tee Wee Keat	• Implementing the Companies Act 2016 & the Malaysian Code of Corporate Governance 2017 • Corporate Governance Briefing Sessions: MCCG Reporting and CG Guide
Yeong Siew Lee	• Valuation in Practice for Transactions and Reporting: Part 3 – Valuation of Intangible Assets • Latest Developments on MFRS 15 & MFRS 16 • 2018 Budget Seminar • Sales & Services Tax 2018: Understanding the Mechanism and the Impact on Business

This Corporate Governance Overview Statement was approved by the Board of Directors on 13 December 2018.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 August 2018, the amount of the audit fees paid to external auditors on the Company and Group basis were RM57,000 and RM65,000 respectively.

There were no non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm by the Company and Group during the financial year ended 31 August 2018.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

There was no RRPT during the financial year ended 31 August 2018.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 August 2018 involving the interest of the Directors and/or Major Shareholders of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control is made in accordance with the paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers, which requires Malaysian public listed companies to make a statement in their annual report about their state of internal control, as a Group.

BOARD RESPONSIBILITY

The Board of Directors recognises and acknowledges that a sound risk management framework and internal control system play an important role in good corporate governance and efficient work processes.

The system of internal control covers not only financial controls but also non-financial controls relating to the operational management, compliance controls and risk management. The internal control system is designed to manage and mitigate the effects rather than to eliminate the risks. As such, the internal control system can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against loss or fraud.

The Group's Executive Officer has provided assurance to the Board in writing that the Group's system of risk management policy and internal control is operating adequately in all material aspects based on the risk management and internal control system put in place.

RISK MANAGEMENT FRAMEWORK

As an integral part of the system of risk management and internal control, there is an ongoing group wide risk management process for identifying, evaluating and managing the significant risks that may affect the achievement of the Group's business objective.

Risk management is firmly embedded in the Group's management systems and its policy is reviewed annually to ensure it is relevant and adequate to manage the Group's risks, which continue to evolve along with the changing of business environment. The Board strongly believes that prudent risk management is vital for business sustainability and the progressive enhancement of the shareholders' value.

It is the responsibility of key management, head of subsidiary companies and heads of departments to identify, evaluate and manage risks faced by the Group on an ongoing basis with defined parameters. The deliberation of risks and related mitigating responses are carried out at regular management meetings of the Group. Significant risks are conveyed to the Board at the quarterly scheduled meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

RISK MANAGEMENT FRAMEWORK (cont'd)

The Board, working together with the Management, continues to take measures to further strengthen the Group's risk management system as one of the means to achieve the Group's business objective and to ensure that the Group is always alert to any situation that might affect its assets, income and profits.

INTERNAL AUDIT FUNCTION

All Internal Audit activities were conducted by the independent Internal audit firm – Kloo Point Risk Management Services Sdn. Bhd. The total costs incurred by the Group for its internal audit function in 2018 amount to RM 14,000.00.

The Internal Audit Function established by the Board, provides independent assurance on the effectiveness of the Group's system of internal controls and it is centralised at the Group level and it reports to the respective Audit Committee of the Group.

It undertakes regular and systematic reviews of the system of internal control, risk management and governance processes to provide reasonable assurance that such system operates satisfactorily and effectively within the respective subsidiaries as well as across the Group.

Details of the activities of the internal audit function are provided in the Statement of the Audit Committee.

KEY ELEMENTS OF INTERNAL CONTROLS

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

i. Cleary defined limits of authority, responsibility and accountability have been established through the relevant terms of reference and organizational structures to enhance the Group's ability to achieve its strategies and operational objectives;

ii. Internal policies and procedures as set out in the Group's Policies and Procedures covering various operational and management aspects are regularly updated to address operational deficiencies and changes of risks;

iii. All Departments are required to prepare the annual strategic plan, capital and operating expenditure budgets to be aligned with the strategic planning and budgeting process of the Group;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

KEY ELEMENTS OF INTERNAL CONTROLS (cont'd)

iv. Major capital expenditure and assets disposals are appraised and approved by the Board as well as the board of directors of the subsidiaries, wherever applicable;

v. The Audit Committee reviews the Group's financial performance and statements which is then reported to the Board;

vi. Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues; and

vii. Sufficient physical safeguards over major assets are in place to protect the assets of the Group against calamities and / or theft that may result in material losses to the Group.

CONCLUSION

The Board is of the view that there is no significant breakdown or weaknesses in the current system of internal controls of the Group that have resulted in material losses incurred by the Group for the financial year ended 31 August 2018. The Board and the Management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and processes.

The above Statement on Risk Management & Internal Control is made in accordance with the resolution of the Board dated 13 December 2018.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have, in accordance with the Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants, reviewed the Statement as required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, for inclusion in the Company's Annual Report for the financial year ended 31 August 2018.

Based on their review, the auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing and assessing the integrity and adequacy of the internal controls of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

A. COMPOSITION AND ATTENDANCE

The members of the Audit and Risk Management Committee are as follows:-

- Yeong Siew Lee *(Chairperson, Senior Independent Non-Executive Director)*
- Lye Jun Fei *(Member, Independent Non-Executive Director)*
- Tee Wee Keat *(Member, Independent Non-Executive Director)*

The Board through the Nomination Committee reviews and assesses the term of office and performance of the Audit and Risk Management Committee and each of its members on an annual basis to determine whether the Audit and Risk Management Committee and members have carried out their duties in accordance with their Terms of Reference.

During the financial year ended 31 August 2018, a total of four (4) meetings were held and the meeting attendance is set out on page 37.

B. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The principal activities undertaken by the Audit and Risk Management Committee during the financial year are summarised as follows:-

(1) Reviewed the unaudited quarterly financial results prior to submission to the Board for consideration and approval.

(2) Reviewed the statutory audit plan for the financial year under review and updates on the development of applicable MFRS and all other related statutory requirements.

(3) Reviewed the annual audited financial statements, Directors' and Auditors' Reports and other significant accounting issues arising from the audit of the financial year ended 31 August 2018.

(4) Reviewed the Corporate Governance Overview Statement, Audit and Risk Management Committee Report and Risk Management and Internal Control Statement prior to submission to the Board for approval and inclusion in the 2018 Annual Report.

(5) Verified with the management on existence of related party transactions and/or conflict of interest situation that may arise within the Group.

(6) Reviewed the internal audit report and follow-up report on the Group operations.

(7) Reviewed the internal audit plan and provided recommendations.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

B. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

The aforesaid matter is further elaborated in details under Statement on Risk Management and Internal Control on Pages 40 to 42 of this Annual Report.

C. STATEMENT OF VERIFICATION ON ALLOCATION OF SHARE ISSUANCE SCHEME ("SIS")

During the financial year ended 31 August 2018, there were no options granted pursuant to the SIS.

D. INTERNAL AUDIT FUNCTION

Summary of Activities of Internal Audit function during Financial Year Ended 31 August 2018

The Company outsourced its internal audit division to a third party professional firm to assist the Audit Committee in discharging its responsibilities and duties. The role of the internal audit functions is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

The internal audits cover the review of the adequacy of risk management, operational controls, and compliance with established procedures, guidelines and statutory requirements.

During the financial year under review, the internal auditors had reviewed and audited the following areas:-

i) Pre-production coordination and monitoring
ii) Production planning
iii) Human Resource Management

There were no significant issues in the internal control system during the period under review.

Internal Audit reports are issued to highlight any deficiency or findings requiring the management's attention. Such reports include practical and cost effective recommendations as well as proposed corrective actions to be adopted by the management. The internal audit reports are then circulated to the Audit and Risk Management Committee for review and comments. Follow-up audits are then carried out to determine whether appropriate corrective actions have been taken by the management.

This statement was made in accordance with a resolution of the Board dated 13 December 2018.

Financial Statements

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2018.

Principal Activities

The principal activities of the Company are manufacturing of aluminum foil packaging materials and investment holding. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net loss for the financial year		
- Attributable to owners of the parent	(3,402,441)	(2,829,889)

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

DIRECTORS' REPORT
(cont'd)

Issue of Shares and Debentures

On 18 September 2017, the Company completed the listing of 41,066,094 bonus issue of shares, on the basis of 1 bonus share for every 4 existing ordinary shares.

The movement of bonus issue during the financial year are disclosed in Note 12 to the financial statement.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Treasury Shares

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 23 January 2017, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 100 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.255 per share. The total consideration paid for the repurchase including transaction costs was RM68.92. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

As at 31 August 2018, the total number of treasury shares held by the Company is 500 issued ordinary shares and further relevant details are disclosed in Note 14 to the financial statements.

Warrant Reserve

The Warrants 2014/2019 were constituted under the Deed Poll dated 5 December 2013.

The salient features and other teams of the Warrants are disclosed in Note 15 to the financial statements.

The exercise price of the warrant was adjusted from RM0.82 to RM0.65 and an additional 14,428,148 warrants were issued pursuant to the bonus issue of shares undertaken by the Company on 18 September 2017.

As at 31 August 2018, the total numbers of Warrants that remain unexercised were 72,141,348.

DIRECTORS' REPORT
(cont'd)

Options Granted Over Unissued Shares

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

Directors

The Directors in office during the financial year until the date of this report are:

Nik Mustapha Bin Muhamad*
Tee Wee Keat*
Lye Jun Fei*
Yeong Siew Lee
Yap Kok Eng

* Director of the Company and its subsidiary companies.

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests in Shares

According to the Register of Directors' Shareholdings, there is no Director who is in office at the end of the financial year held any interest in the shares of the Company and its related corporations.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 22, 24 and 27 to the financial statements) 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 certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business.

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

DIRECTORS' REPORT
(cont'd)

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

 (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and

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

(b) At the date of this report, the Directors are not aware of any circumstances:

 (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or

 (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

 (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

 (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

 (i) 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 liabilities of any other person; or

 (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT
(cont'd)

Other Statutory Information (cont'd)

(d) In the opinion of the Directors:

(i) no contingent liability 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 will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any items, transaction or event of a material and unusual nature; and

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 22 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 December 2018.

NIK MUSTAPHA BIN MUHAMAD	LYE JUN FEI

KUALA LUMPUR

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 58 to 132 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 December 2018.

NIK MUSTAPHA BIN MUHAMAD

LYE JUN FEI

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, NIK MUSTAPHA BIN MUHAMAD, being the Director primarily responsible for the financial management of Bright Packaging Industry Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 58 to 132 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 26 December 2018)

NIK MUSTAPHA BIN MUHAMAD

Before me,

No. W710
MOHAN A.S. MANIAM
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS ASIA MEDIA GROUP BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bright Packaging Industry Berhad, which comprise the statements of financial position as at 31 August 2018 of the Group and of the Company, and the statements of profit or loss and other 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 132.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Requirements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS ASIA MEDIA GROUP BERHAD (cont'd)

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
1. Recoverability of trade receivables	
The Group carries significant trade receivables amounting RM13.8 million as at 31 August 2018 as disclosed in Note 7 to the financial statements and are subject to credit risk exposures. The assessment of adequacy of allowance for impairment losses involved judgement and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, and customer payment terms.	We have performed impairment assessments on trade receivables that were either in default or overdue as at 31 August 2018. We also examined the recoverability by checking those subsequent receipts. We have reviewed the ageing analysis of trade receivables and tested the reliability thereof. We have reviewed the appropriateness of the disclosures made in accordance with *MFRS 136 Impairment of Assets.*

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS ASIA MEDIA GROUP BERHAD (cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
2. Valuation of inventories	
The Group held inventories of RM11.64 million as at 31 August 2018. As described in the Accounting Policies in Note 3(h) to the financial statements, inventories are carried at the lower of cost and net realisable value. Assessing valuation of inventories is an area significant judgement as there is a risk in estimating the net realisable value of the inventories, as well as assessing which items may be slow-moving or obsolete. Due to significance of inventories and the corresponding uncertainty inherent in such an estimate, we considered this is a key audit matter.	We agreed the cost of raw materials to suppliers' invoices on a sampling basis. For work-in-progress and finished goods, we assessed whether the absorption of fixed production overheads was based on the actual capacity of the production facilities and variable production overheads were absorbed into each unit of production on the basis of the actual use of the production facilities. We also assessed whether all costs included as inventories comprise costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In particular, we considered the nature of the overheads absorbed to ascertain whether only directly attributable costs were included.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS ASIA MEDIA GROUP BERHAD (cont'd)

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS ASIA MEDIA GROUP BERHAD (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (Cont'd)

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS ASIA MEDIA GROUP BERHAD (cont'd)

Other Matter

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

UHY
Firm Number: AF 1411
Chartered Accountants

TIO SHIN YOUNG
Approved Number: 03355/02/2020 J
Chartered Accountant

KUALA LUMPUR

26 December 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	61,916,941	68,545,109	47,211,042	53,697,909
Investment in subsidiary companies	5	-	-	606,030	606,030
		61,916,941	68,545,109	47,817,072	54,303,939
Current Assets					
Inventories	6	11,640,234	6,378,499	11,640,234	6,378,499
Trade receivables	7	13,795,223	13,522,680	13,795,223	13,522,680
Other receivables	8	287,766	210,526	258,266	180,876
Amount due from subsidiary companies	9	-	-	13,491,511	13,390,803
Tax recoverable		-	17,245	-	16,865
Fixed deposits with a licensed bank	10	1,644,200	3,416,400	1,644,200	3,416,400
Cash and bank balances	11	37,877,277	36,230,457	37,868,553	36,222,071
		65,244,700	59,775,807	78,697,987	73,128,194
Total Assets		127,161,641	128,320,916	126,515,059	127,432,133
Equity and Liabilities					
Equity					
Share capital	12	97,716,929	97,716,929	97,716,929	97,716,929
Share premium	13	-	-	-	-
Treasury shares	14	(505)	(436)	(505)	(436)
Warrants reserve	15	30,495,655	30,495,655	30,495,655	30,495,655
Other reserve		(30,495,655)	(30,495,655)	(30,495,655)	(30,495,655)
Retained earnings		18,095,530	21,497,971	13,987,224	16,817,113
Total Equity		115,811,954	119,214,464	111,703,648	114,533,606

STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2018 (cont'd)

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Liabilities					
Non-Current Liabilities					
Deferred tax liabilities	16	2,142,626	2,568,358	405,095	1,001,144
Finance lease liabilities	17	96,904	127,074	96,904	127,074
		2,239,530	2,695,432	501,999	1,128,218
Current Liabilities					
Trade payables	18	8,238,370	5,698,219	8,219,501	5,679,350
Other payables	19	821,641	684,189	793,940	655,988
Amount due to a subsidiary company	9	-	-	5,245,825	5,406,359
Finance lease liabilities	17	30,171	28,612	30,171	28,612
Tax payables		19,975	-	19,975	-
		9,110,157	6,411,020	14,309,412	11,770,309
Total Liabilities		11,349,687	9,106,452	14,811,411	12,898,527
Total Equity and Liabilities		127,161,641	128,320,916	126,515,059	127,432,133

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	20	54,281,474	42,189,894	54,281,474	42,189,894
Cost of sales		(55,028,768)	(41,884,985)	(55,048,768)	(41,884,985)
Gross (loss)/profit		(747,294)	304,909	(767,294)	304,909
Other income		1,808,113	1,560,704	1,802,943	14,058,852
Selling and distribution expenses		(971,694)	(721,342)	(971,694)	(721,342)
Administrative expenses		(2,818,359)	(2,715,091)	(2,431,927)	(2,463,557)
Other expenses		(966,043)	(1,934,645)	(925,394)	(1,934,645)
Finance costs	21	(105,816)	(83,793)	(105,816)	(83,793)
(Loss)/Profit before tax	22	(3,801,093)	(3,589,258)	(3,399,182)	9,160,424
Taxation	23	398,652	973,804	569,293	936,235
Net (loss)/profit for the financial year, representing total comprehensive (loss)/ income for the financial year		(3,402,441)	(2,615,454)	(2,829,889)	10,096,659
Total comprehensive loss attributable to:					
Owners of the parent		(3,402,441)	(2,615,454)		
Loss per share attributable to owners of the parent (sen):					
Basic	25(a)	(1.44)	(1.11)		
Diluted	25(b)	(1.44)	(1.11)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018

		Attributable to owners of the parent						
		Non-Distributable					Distributable	
	Note	Share capital RM	Share premium RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	Retained earnings RM	Total equity RM
Group								
At 1 September 2017		97,716,929	-	(436)	30,495,655	(30,495,655)	21,497,971	119,214,464
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	(3,402,441)	(3,402,441)
Transaction with owners:								
Share repurchased	14	-	-	(69)	-	-	-	(69)
At 31 August 2018		97,716,929	-	(505)	30,495,655	(30,495,655)	18,095,530	115,811,954

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018 (cont'd)

		Attributable to owners of the parent						
		Non-Distributable					Distributable	
	Note	Share capital RM	Share premium RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	Retained earnings RM	Total equity RM
Group								
At 1 September 2016		82,132,400	15,584,529	(360)	30,495,655	(30,495,655)	24,113,425	121,829,994
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	(2,615,454)	(2,615,454)
Transactions with owners:								
Share repurchased	14	-	-	(76)	-	-	-	(76)
Reclassification pursuant to Section 618(2) of the Companies Act 2016	12, 13	15,584,529	(15,584,529)	-	-	-	-	-
At 31 August 2017		97,716,929	-	(436)	30,495,655	(30,495,655)	21,497,971	119,214,464

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018 (cont'd)

		Attributable to owners of the parent						
		Non-Distributable					Distributable	
	Note	Share capital RM	Share premium RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	Retained earnings RM	Total equity RM
Company								
At 1 September 2017		97,716,929	-	(436)	30,495,655	(30,495,655)	16,817,113	114,533,606
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	(2,829,889)	(2,829,889)
Transaction with owners:								
Share repurchased	14	-	-	(69)	-	-	-	(69)
At 31 August 2018		97,716,929	-	(505)	30,495,655	(30,495,655)	13,987,224	111,703,648

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018 (cont'd)

		Attributable to owners of the parent						
		Non-Distributable					Distributable	
	Note	Share capital RM	Share premium RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	Retained earnings RM	Total equity RM
Company								
At 1 September 2016		82,132,400	15,584,529	(360)	30,495,655	(30,495,655)	6,720,454	104,437,023
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	10,096,659	10,096,659
Transactions with owners:								
Share repurchased	14	-	-	(76)	-	-	-	(76)
Reclassification pursuant to Section 618(2) of the Companies Act 2016	12, 13	15,584,529	(15,584,529)	-	-	-	-	-
At 31 August 2017		97,716,929	-	(436)	30,495,655	(30,495,655)	16,817,113	114,533,606

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash Flows From Operating Activities				
(Loss)/Profit before tax	(3,801,093)	(3,589,258)	(3,399,182)	9,160,424
Adjustments for:				
Depreciation of property, plant and equipment	6,629,676	6,616,495	6,488,376	6,475,195
Impairment losses on amount due from a subsidiary company	-	-	-	4,632
Impairment losses on trade receivables	-	1,778,032	-	1,778,032
Inventories written down	26,191	21,230	26,191	21,230
Dividend income from subsidiary companies	-	-	-	(12,499,999)
Gain on disposal of property, plant and equipment	-	(40,000)	-	(40,000)
Unrealised gain on foreign exchange	(347,697)	(185,274)	(347,697)	(183,422)
Finance costs	105,816	83,793	105,816	83,793
Finance income	(1,266,174)	(1,184,517)	(1,266,174)	(1,184,517)
Operating profit before working capital changes	1,346,719	3,500,501	1,607,330	3,615,368
Changes in working capital:				
Inventories	(5,287,926)	6,620,502	(5,287,926)	6,620,502
Trade receivables	119,366	6,595,655	(272,543)	(6,595,655)
Other receivables	(77,240)	74,340	(77,390)	(74,038)
Trade payables	2,353,408	(1,894,765)	2,540,151	(1,894,765)
Other payables	137,433	155,281	137,952	150,280
Amount due from/to subsidiary compames	-	-	(261,242)	(110,056)
	(2,754,959)	1,788,977	(3,220,998)	(1,903,732)
Cash (used in)/generated from operations carried down	(1,408,240)	1,711,524	(1,613,668)	1,711,636

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018 (cont'd)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash Flows From Operating Activities (Cont'd)					
Cash (used in)/generated from operations bought down		(1,408,240)	1,711,524	(1,613,668)	1,711,636
Interest received		1,266,174	1,184,517	1,266,174	1,184,517
Interest paid		(105,816)	(83,793)	(105,816)	(83,793)
Tax refund		17,800	55,963	17,420	55,583
Tax paid		(7,660)	(8,925)	(7,336)	(8,545)
		1,170,498	1,147,762	1,170,442	1,147,762
Net cash (used in)/ from operating activities		(237,742)	2,859,286	(443,226)	2,859,398
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment	4(c)	(1,508)	(28,547)	(1,509)	(28,547)
Proceed on disposal of plant and property and equipment		-	40,000	-	40,000
Net cash (used in)/from investing activities		(1,508)	11,453	(1,509)	11,453
Cash Flows From Financing Activities					
Payment of finance lease liabilities		(28,611)	(2,314)	(28,611)	(2,314)
Treasury shares repurchased		(69)	(76)	(69)	(76)
Net cash used in financing activites		(28,680)	(2,390)	(28,680)	(2,390)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018 (cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net (decrease)/increase in cash and cash equivalents	(267,930)	2,868,349	(473,415)	2,868,461
Effect of exchange translation difference	142,550	248,152	347,697	246,300
Cash and cash equivalents at the beginning of the financial year	39,646,857	36,530,356	39,638,471	36,523,710
Cash and cash equivalents at the end of the financial year	39,521,477	39,646,857	39,512,753	39,638,471
Cash and cash equivalents at the end of the financial year comprises:				
Fixed deposits with a licensed bank	1,644,200	3,416,400	1,644,200	3,416,400
Cash and bank balances	37,877,277	36,230,457	37,868,553	36,222,071
	39,521,477	39,646,857	39,512,753	39,638,471

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

The registered office of the Company is located at B-11-10, Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The principal activities of the Company are manufacturing of aluminium foil packaging materials and investment holding. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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 and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 12

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 26. Other than that, the adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 13	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The Group and the Company intend to adopt the above MFRSs when they become effective.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

The Group has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Financial assets and financial liabilities of the Group and of the Company which are currently carried at amortised costs and fair value through profit or loss ("FVTPL") respectively under MFRS 139 will continue to be measured on the same basis. Any equity investments which are currently categorised as available-for-sale under MFRS139 will be categorised as FVTPL under MFRS 9 and the Group may consider making an irrevocable election to present subsequent changes in fair value of equity instrument in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The expected impact from implementation of MFRS 9 and the determination of expected credit loss will have relatively insignificant impact on trade receivables and profit or loss before tax as the current policy on impairment on trade receivables are considered reasonably consistent with MFRS 9.

- There will be no impact arising from the new general hedge accounting requirements as the Group and the Company do not adopt hedge accounting.

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers* (Cont'd)

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue relating to sales of good will be recognised when control of the products has transferred, being the point when the products are delivered to the customer or sold from the customer's premise. As the transfer of risks and rewards generally coincides with the transfer of control at a point in time, the timing and amount of revenue recognised for the sale of good under MFRS 15 is unlikely to be materially different from its current practice.

Based on the preliminary assessment, the Group and the Company do not expect that the application of MFRS 15 will have a significant impact on the financial instruments upon initial application except for the determination of transaction price of revenue contracts whereby variable consideration is deducted from the contract value as well as extensive new disclosures in the financial statements for the year ending 31 August 2019.

(iii) MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(iii) MFRS 16 *Leases* (Cont'd)

be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 6.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 August 2018, the Group and the Company have tax recoverable of Nil and Nil (2017: RM17,245 and RM16,685) and as of that date, the Group and the Company have tax payables of RM19,975 and RM19,975 (2017: Nil and Nil).

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(j) to the financial statements on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translations and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the 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 or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j).

(i) Recognition and measurement

The Group and the Company have adopted the MFRSs framework during the financial year ended 31 August 2013, with the exemptions in MFRS 1 *First-time Adoption* of MFRS, the Group and the Company elected to retain the revalued amount of their land and buildings as at date of transition as their deemed cost.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	10 to 50 years
Plant and machineries	10 years
Furniture, fitting and office equipment	5 to 10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

<u>As lessee</u>

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

As lessee (Cont'd)

(i) Finance lease (Cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognized on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expenses, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(e) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(e) Financial assets (Cont'd)

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

Loans and receivables and amount due from subsidiary companies are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(f) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(f) Financial liabilities (Cont'd)

The Group and the Company classify their financial liabilities at initial recognition, into other financial liabilities measured at amortised cost.

The Group's and the Company's other financial liabilities comprise trade and other payables, amount due to a subsidiary companies.

Trade and other payables, amount due to a subsidiary companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(h) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material is determined on a weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits and short term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(j) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(j) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units).

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(j) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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 in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(k) Share capital

(i) Ordinary share

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued shares of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings or the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(l) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(m) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. **Significant Accounting Policies (Cont'd)**

(m) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(n) Revenue

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(o) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(o) Income taxes (Cont'd)

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

3. Significant Accounting Policies (Cont'd)

(p) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(q) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

4. Property, Plant and Equipment

	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Group						
2018						
Cost						
At 1 September 2017	15,300,000	10,160,303	68,562,858	3,348,445	306,238	97,686,844
Additions	-	-	-	1,508	-	1,508
At 31 August 2018	15,300,000	10,160,303	68,562,858	3,349,953	306,238	97,688,352
Accumulated depreciation						
At 1 September 2017	-	1,692,410	26,113,051	1,213,286	122,988	29,141,735
Charge for the financial year	-	282,676	6,001,162	308,079	37,759	6,629,676
At 31 August 2018	-	1,975,086	32,114,213	1,521,365	160,747	35,771,411
Carrying amount						
At 31 August 2018	15,300,000	8,185,217	36,448,645	1,828,588	145,491	61,916,941

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Group						
2017						
Cost						
At 1 September 2016	15,300,000	10,160,303	68,562,858	3,346,804	266,185	97,645,150
Additions	-	-	-	1,641	184,906	186,547
Written off	-	-	-	-	(144,853)	(144,853)
At 31 August 2017	15,300,000	10,160,303	68,562,858	3,348,445	306,238	97,686,844
Accumulated depreciation						
At 1 September 2016	-	1,409,734	20,092,262	904,116	263,981	22,670,093
Charge for the financial year	-	282,676	6,020,789	309,170	3,860	6,616,495
Written off	-	-	-	-	(144,853)	(144,853)
At 31 August 2017	-	1,692,410	26,113,051	1,213,286	122,988	29,141,735
Carrying amount						
At 31 August 2017	15,300,000	8,467,893	42,449,807	2,135,159	183,250	68,545,109

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Company						
2018						
Cost						
At 1 September 2017	6,615,000	3,104,303	68,617,858	3,348,445	306,238	81,991,844
Additions	-	-	1	1,509	-	1,509
At 31 August 2018	6,615,000	3,104,303	68,617,859	3,349,953	306,238	81,993,353
Accumulated depreciation						
At 1 September 2017	-	844,610	26,113,051	1,213,286	122,988	28,293,935
Charge for the financial year	-	141,376	6,001,162	308,079	37,759	6,488,376
At 31 August 2018	-	985,986	32,114,213	1,521,365	160,747	34,782,311
Carrying amount						
At 31 August 2018	6,615,000	2,118,317	36,503,646	1,828,588	145,491	47,211,042

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Company						
2017						
Cost						
At 1 September 2016	6,615,000	3,104,303	68,617,858	3,346,804	266,185	81,950,150
Additions	-	-	-	1,641	184,906	186,547
Written off	-	-	-	-	(144,853)	(144,853)
At 31 August 2017	6,615,000	3,104,303	68,617,858	3,348,445	306,238	81,991,844
Accumulated depreciation						
At 1 September 2016	-	703,234	20,092,262	904,116	263,981	21,963,593
Charge for the financial year	-	141,376	6,020,789	309,170	3,860	6,475,195
Written off		-	-	-	(144,853)	(144,853)
At 31 August 2017	-	844,610	26,113,051	1,213,286	122,988	28,293,935
Carrying amount						
At 31 August 2017	6,615,000	2,259,693	42,504,807	2,135,159	183,250	53,697,909

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

4. Property, Plant and Equipment (Cont'd)

(a) The freehold land and buildings of the Company are pledged as securities for credit facilities granted to the Company.

(b) As at the financial year end, the Group and the Company gross carrying amount of fully depreciated property, plant and equipment that are still in use is RM9,044,046 (2017: RM8,877,540) and RM9,044,046 (2017: RM8,877,540) respectively.

(c) The aggregate additional cost for the property, plant and equipment of the Group and of the Company under finance lease financing and cash payments are as follows:

	Group and Company	
	2018	**2017**
	RM	**RM**
Aggregate costs	1,508	186,547
Less: Finance lease financing	-	(158,000)
Cash payments	1,508	28,547

(d) The carrying amount of leased property, plant and equipment of the Group and of the Company acquired under finance lease are as follows:

	Group and Company	
	2018	**2017**
	RM	**RM**
Motor vehicles	144,843	181,824

5. Investment in Subsidiary Companies

	Company	
	2018	**2017**
	RM	**RM**
In Malaysia		
Unquoted shares, at cost	24,278,267	24,278,267
Less: Accumulated impairment losses	(23,672,237)	(23,672,237)
	606,030	606,030

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

5. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2018	Effective interest 2017	Principal activities
		%	%	
Acorn Properties Sdn. Bhd.	Malaysia	100	100	Property investment
Photon Technologies (Malaysia) Sdn. Bhd. *	Malaysia	90.9	90.9	Ceased operation
Markmas Pak-Print Sdn. Bhd. *	Malaysia	99.9	99.9	Printing and manufacturing of packaging boxes and materials

* Non-controlling interest's share of losses is not recognised in the consolidated financial statement as the amount is minimal.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

6. Inventories

	Group and Company 2018 RM	Group and Company 2017 RM
Raw materials	10,046,739	4,577,202
Work-in-progress	868,522	503,981
Finished goods	724,973	1,297,316
	11,640,234	6,378,499
Recognised in profit or loss:		
Inventories recognised as cost of sales	45,058,226	32,031,193
Inventories written down	26,191	21,230

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

7. Trade Receivables

	Group and Company 2018 RM	2017 RM
Trade receivables	15,573,255	15,300,712
Less: Accumulated impairment losses	(1,778,032)	(1,778,032)
	13,795,223	13,522,680

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2017: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in allowance for impairment losses of trade receivables are as follows:

	Group and Company 2018 RM	2017 RM
At 1 September	1,778,032	-
Impairment losses recognised	-	1,778,032
At 31 August	1,778,032	1,778,032

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

7. Trade Receivables (Cont'd)

Analysis of the trade receivables ageing as at the end of the reporting period is as follow:

	Group and Company 2018 RM	2017 RM
Neither past due nor impaired	7,157,715	5,276,437
Past due not impaired:		
Less than 30 days	4,573,103	4,740,089
31 to 60 days	1,286,058	3,506,154
61 to 90 days	778,347	-
	6,637,508	8,246,243
	13,795,223	13,522,680
Impaired	1,778,032	1,778,032
	15,573,255	15,300,712

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

As at 31 August 2018, trade receivables of the Group and of the Company amounting to RM6,637,508 (2017: RM8,246,243) respectively were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to Nil (2017: RM1,778,032), related to customers that have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

The foreign currency exposure profile of trade receivables is at follow:

	Group and Company 2018 RM	2017 RM
United States Dollar	12,018,244	13,492,961

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

8. Other Receivables

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other receivables	190,569	86,689	190,569	86,689
Deposits	34,132	33,701	18,182	17,751
Prepayments	63,065	90,136	49,515	76,436
	287,766	210,526	258,266	180,876

9. Amounts Due from/to Subsidiary Companies

(a) Amount due from subsidiary companies

	Company	
	2018	2017
	RM	RM
Amounts due from subsidiary companies	38,325,973	38,225,265
Less: Accumulated impairment losses	(24,834,462)	(24,834,462)
	13,491,511	13,390,803

This represents unsecured, non-interest bearing advances and repayable on demand.

Movements in the allowance for impairment of amount due from subsidiary companies are as follows:

	Company	
	2018	2017
	RM	RM
At 1 September	24,834,462	24,829,830
Impairment losses recognised	-	4,632
At 31 August	24,834,462	24,834,462

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

9. Amounts Due from/to Subsidiary Companies (Cont'd)

(b) Amount due to a subsidiary company

This represents unsecured, non-interest bearing advances and repayable on demand.

10. Fixed Deposits with a Licensed Bank

The fixed deposits of the Group and of the Company bear effective interest rates of 1.90% (2017: 1.20%) per annum with maturity period ranging from 20 to 21 days (2017: 30 to 25 days).

The foreign currency exposure profile of fixed deposits with a licensed bank is as follows:

	Group and Company	
	2018	2017
	RM	RM
United States Dollar	1,644,200	3,416,400

11. Cash and Bank Balances

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

	Group and Company	
	2018	2017
	RM	RM
United States Dollar	2,952,978	1,074,649

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

12. Share Capital

	Group and Company			
	Number of shares		Amount	
	2018 RM	2017 RM	2018 RM	2017 RM
Issued and fully paid shares				
At 1 September, ordinry share with no par value (2017: par value) of RM0.50 each	164,264,800	164,264,800	97,716,929	82,132,400
Adjustment for transition to no par regime on 31 January 2017	-	-	-	15,584,529
Bonus issue	41,066,094	-	-	-
At 31 August, ordinary share with no par value	205,330,894	164,264,800	97,716,929	97,716,929

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserves become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM15,584,529 for purposes as set out in Sections 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

On 18 September 2017, the Company completed the listing of 41,066,094 Bonus Shares and 14,428,148 Adjustment Warrants issued pursuant to the Bonus Issue of Shares on the Main Market of Bursa Malaysia Securities Berhad.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

13. Share Premium

	Group and Company	
	2018	2017
	RM	RM
At 1 September	-	15,584,529
Adjustment for transition to no-par regime on 31 January 2017	-	(15,584,529)
At 31 August	-	-

Pursuant to Section 618(2) of the Companies Act 2016, the sum of RM15,584,529 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital.

14. Treasury Shares

	Group and Company			
	Number of shares		Amount	
	2018	2017	2018	2017
	Units	Units	RM	RM
At 1 September	400	300	436	360
Own shares acquired	100	100	69	76
At 31 August	500	400	505	436

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 22 January 2018, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

14. Treasury Shares (Cont'd)

During the financial year, the Company repurchased 100 (2017: 100) ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.255 (2017: RM0.335) per share. The total consideration paid for the repurchase, including transaction costs, was RM68.92 (2017: RM76.93). The repurchased transactions were financed by internally generated funds. The shares repurchased were held as treasury shares and treated in accordance with the requirement of Section 127 of the Companies Act, 2016 in Malaysia.

The Company has the right to resell these shares at a later date. As treasury shares, the right attached as to voting, dividend and participate in other distribution as suspended.

Details of the repurchased of shares of treasury shares are as follows:

	Average price RM	Highest price RM	Lowest price RM	Number of shares repurchased Units	Cost Cost RM
2018					
January 2018	0.255	0.255	0.255	100	26
2017					
January 2017	0.335	0.335	0.335	100	34

15. Warrants Reserve

Warrants reserve represents reserve allocated to free detachable warrants issued with right issue.

On 23 January 2014, the Company issued renounceable rights issue of 86,569,800 new ordinary shares of RM0.50 each in the Company ("Bright Shares") ("Right Shares") on the basis of two (2) Rights Shares for every one (1) existing Bright Shares held, together with 57,713,200 free detachable warrants ("Warrants") on the basis of two (2) Warrants for every three (3) Rights Shares.

The Company executed a Deed Poll constituting the Warrants and the exercise price of the Warrants have been fixed at RM0.82. The Warrants may be exercised at any time commencing on the date of issue of Warrants on 13 January 2014 but not later than 12 January 2019. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

15. Warrants Reserve (Cont'd)

The new ordinary shares allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

The exercise price of the warrant was adjusted from RM0.82 to RM0.65 and an additional 14,428,148 warrants were issued pursuant to the bonus issue of shares undertaken by the Company on 18 September 2017.

As at 31 August 2018, the total numbers of Warrants that remain unexercised were 72,141,348 (2017: 57,713,200).

16. Deferred Tax Liabilities

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 September	2,568,358	3,551,937	1,001,144	1,947,154
Recognised in profit or loss	(425,732)	(983,579)	(596,049)	(946,010)
At 31 August	2,142,626	2,568,358	405,095	1,001,144

The net deferred tax assets and liability shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax liabilities	8,362,100	7,673,343	6,624,569	6,106,129
Deferred tax assets	(6,219,474)	(5,104,985)	(6,219,474)	(5,104,985)
	2,142,626	2,568,358	405,095	1,001,144

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

16. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows:

	Accelerated capital allowances RM	Surplus arising from revaluation of land and buildings RM	Others RM	Total RM
Group				
Deferred tax liabilities				
At 1 September 2017	5,774,600	1,854,717	44,026	7,673,343
Recognised in profit or loss	735,568	(86,232)	39,421	688,757
At 31 August 2018	6,510,168	1,768,485	83,447	8,362,100
At 1 September 2016	5,276,221	1,900,164	-	7,176,385
Recognised in profit or loss	498,379	(45,447)	44,026	496,958
At 31 August 2017	5,774,600	1,854,717	44,026	7,673,343
Company				
Deferred tax liabilities				
At 1 September 2017	5,707,767	354,336	44,026	6,106,129
Recognised in profit or loss	498,286	(19,267)	39,421	518,440
At 31 August 2018	6,206,053	335,069	83,447	6,624,569
At 1 September 2016	5,197,999	373,603	-	5,571,602
Recognised in profit or loss	509,768	(19,267)	44,026	534,527
At 31 August 2017	5,707,767	354,336	44,026	6,106,129

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

16. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows (Cont'd):

	Unutilised capital allowances RM	Others RM	Total RM
Group and Company			
Deferred tax assets			
At 1 September 2017	(5,104,985)	-	(5,104,985)
Recognised in profit or loss	(1,114,489)	-	(1,114,489)
At 31 August 2018	(6,219,474)	-	(6,219,474)
At 1 September 2016	(3,431,095)	(193,353)	(3,624,448)
Recognised in profit or loss	(1,673,890)	193,353	1,480,537)
At 31 August 2017	(5,104,985)	-	(5,104,985)

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unused tax losses	25,604,406	25,402,419	-	-
Unutilised capital allowance	7,656,969	7,656,969	-	-
Unutilised reinvestment allowances	5,409,952	5,409,952	-	-
	38,671,327	38,469,340	-	-

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

17. Finance Lease Liabilities

	Group and Company	
	2018	2017
	RM	RM
Minimum lease payments		
Within one year	35,568	35,568
Later than one year and not later than two years	35,568	35,568
Later than two year and not later than five years	68,161	103,729
	139,297	174,865
Less: Future finance charges	(12,222)	(19,179)
Present value of minimum lease payments	127,075	155,686
Present value of minimum lease payments		
Within one year	30,171	28,612
Later than one year and not later than two years	30,172	30,171
Later than two year and not later than five years	66,732	96,903
	127,075	155,686

The finance lease payable bears interest at rate of 2.51% (2017: 2.51%) per annum.

The Group and the Company leases motor vehicles under finance lease [Note 4(d)]. At the end of the lease term, the Group and the Company has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

The letter of credit and revolving of credit are secured by charges over the assets of the Group. The carrying amount that the Group has pledged as collateral for the letter of credit and revolving of credit is as follows:

	Group and Company	
	2018	2017
	RM	RM
Property, plant and equipment		
- Motor vehicles	144,843	181,824

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

18. Trade Payables

The normal trade credit term granted by trade creditors to the Group and to the Company ranging from 30 to 120 days (2017: 30 to 120 days).

The foreign currency exposure profile of trade payables is as follow:

	Group and Company	
	2018 RM	2017 RM
United States Dollar	7,639,613	4,839,111

19. Other Payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	665,390	553,046	649,089	537,745
Accruals	156,251	131,143	144,851	118,243
	821,641	684,189	793,940	655,988

20. Revenue

Revenue represents invoiced value of goods sold less discounts and returns.

21. Finance Costs

	Group and Company	
	2018 RM	2017 RM
Interest expenses on:		
Letter of credit and revolving credit	98,859	83,143
Finance lease liabilities	6,957	650
	105,816	83,793

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

21. Finance Costs (Cont'd)

The letter of credit and revolving credit are secured by the following:

(i) Facility Agreement stamped duly expected between the Company and the Bank; and

(ii) First party legal charge over the land and buildings of the Company as disclosed in Note 4 to the financial statements.

22. (Loss)/Profit Before Tax

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- Statutory audit	65,000	65,000	57,000	55,000
- overprovision in prior year	(1,000)	-	(1,000)	-
-Non-statutory audit				
- current year	5,000	5,000	5,000	5,000
Impairment losses on trade receivables	-	1,778,032	-	1,778,032
Depreciation of property, plant and equipment	6,629,676	6,616,495	6,488,376	6,475,195
Foreign exchange loss/ (gain)				
- Realised	894,033	130,751	894,033	130,751
- Unrealised	(347,697)	(185,274)	(347,697)	(183,422)
Impairment loss on amount due from a subsidiary company	-	-	-	4,632
Dividend income from subsidiary companies	-	-	-	12,499,999
Gain on disposal of property, plant and equipment	-	(40,000)	-	(40,000)
Interest income	(1,266,174)	(1,184,517)	(1,266,174)	(1,184,517)
Inventories written down	26,191	21,230	26,191	21,230

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

22. (Loss)/Profit Before Tax (Cont'd)

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-executive Directors' remunerations				
-Fees	60,000	105,900	60,000	105,900
- Other emoluments	79,200	75,800	79,200	75,800
Rental of premises	-	-	132,000	132,000

23. Taxation

Tax expenses recognised in profit or loss:				
Current income tax:				
Current tax provision	27,324	9,100	27,000	9,100
(Over)/under provision in prior years	(244)	675	(244)	675
	27,080	9,775	26,756	9,775
Deferred tax:				
Relating to origination and reversal of temporary difference	(1,041,551)	(998,431)	(1,023,129)	(960,862)
Under provision in prior years	615,819	14,852	427,080	14,852
	(425,732)	(983,579)	(596,049)	(946,010)
	(398,652)	(973,804)	(569,293)	(936,235)

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

23. Taxation (Cont'd)

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
(Loss)/Profit before tax	(3,801,093)	(3,589,258)	(3,399,182)	9,160,424
At Malaysian statutory tax rate of 24% (2017: 24%)	(912,300)	(861,400)	(815,804)	2,198,500
Expenses not deductible for tax purposes	147,096	183,252	116,876	147,488
Income not subject to tax	(252,961)	(278,928)	(277,934)	(3,278,483)
Deferred tax assets not recognised	48,477	13,192	-	-
Reversal of deferred tax liability arising from revaluation surplus	(44,539)	(45,447)	(19,267)	(19,267)
(Over)/Under provision in prior years:				
- Current tax	(244)	675	(244)	675
- Deferred tax	615,819	14,852	427,080	14,852
Tax expense for the financial year	(398,652)	(973,804)	(569,293)	(936,235)

The Group and the Company have the following estimated unused tax losses, unutilised capital allowances and unutilised reinvestment allowances available for set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unused tax losses	25,609,234	25,402,419	-	-
Unutilised capital allowances	33,571,444	28,927,741	25,914,475	21,270,772
Unutilised reinvestment allowances	5,409,952	5,409,952	-	-
	64,590,630	59,740,112	25,914,475	21,270,772

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

23. Taxation (Cont'd)

The Group is entitled to claim reinvestment incentives under the Schedule 7A of the Income Tax Act, 1967. These reinvestment allowances claimed, when approved by the Inland Revenue Board, will enable the Group to distribute tax exempt dividends to the shareholders. As at the financial year end, the Group has unutilised reinvestment allowances of approximately RM5,409,952 (2017: RM5,409,952), subject to the agreement by the Inland Revenue Board.

24. Staff Costs

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Fees	36,000	36,000	36,000	36,000
Salaries, wages and other emoluments	2,955,001	2,755,549	2,955,001	2,755,549
Defined contribution plans	251,206	242,480	251,206	242,480
Social security contributions	32,976	29,537	32,976	29,537
Other benefits	43,727	35,371	43,727	35,371
	3,318,910	3,098,937	3,318,910	3,098,937

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group and Company	
	2018 RM	**2017 RM**
Executive Directors of the Company		
- Fee	36,000	36,000
- Salaries	205,200	204,000
- Defined contribution plans	34,128	33,576
- Social security contributions	1,657	1,657
	276,985	275,233

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

25. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated loss for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018	**2017**
	RM	**RM**
Net loss for the financial year attributable to the owners of the parent	(3,402,441)	(2,615,454)
Weighted average number of ordinary shares in issue	235,694,503	235,694,563 #
Adjusted for:		
Treasury shares	(60)	(60)
	235,694,443	235,694,503
Basic earnings per share (sen)	(1.44)	(1.11)

The comparative figures for weighted average number of ordinary shares for basic earnings per ordinary share computation have been restated to reflect the adjustment arising from the Bonus Issues, which were completed on 18 September 2017.

(b) Diluted earnings per share

The Group and the Company have no dilution in their earnings per ordinary share as the average market price of the ordinary shares were lower than the exercise price of the warrants. Therefore, conversions of such shares are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

26. Reconciliation of Liabilities Arising From Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	Group and Company		
	At 1 July 2017 RM	Financing cash flows (i) RM	At 31 August 2018 RM
Treasury shares	(436)	(69)	(505)
Finance lease liabilities	155,686	(28,611)	127,075
	155,250	(28,680)	126,570

27. Related Party Disclosures

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

27. Related Party Disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Note 9 to the financial statements, the significant related party transactions of the Company are as follows:

	Company	
	2018 RM	2017 RM
Rental of premises paid and payable to a subsidiary company	132,000	132,000
Dividends income received and receivable from subsidiary companies	-	12,499,999

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group and Company	
	2018 RM	2017 RM
Fee	96,000	141,900
Salaries	205,200	204,000
Defined contribution plans	34,128	33,576
Social security contributions	1,657	1,657
Other emoluments	79,200	75,800
	416,185	456,933

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

28. Segment Information

For management purposes, the Group is organised into operating segments based on a similar basis to that for internal reporting. The Group's chief operation decision maker reviews the decision on resource allocation and assesses the performance of the reportable segments.

Reporting Segment

The Group operates predominately in manufacturing of aluminum foil packaging materials segment. Other operating segments include printing and manufacturing of packaging boxes and materials and property investment, none of which are of sufficient size to be reported separately. Hence, no reporting segment is presented.

Geographic information

The Group's operations, assets and liabilities are in Malaysia, hence no geographical segment is presented.

Revenue information based on the geographical location of customers and assets respectively are as follow:

	Group	
	2018 RM	2017 RM
Malaysia	601,135	594,050
Philippines	26,260,579	20,897,169
Indonesia	13,381,762	6,880,904
Thailand	3,250,386	2,635,972
Korea	4,000,923	5,127,855
Pakistan	4,647,272	4,000,815
Others	2,139,417	2,053,129
	54,281,474	42,189,894

Major Customers

Revenue from transactions with a major customer (2017: a major customer) of the Group and of the Company amounted to RM36,971,570 (2017: RM36,892,066) arising from the manufacturing of aluminum foil packaging materials segment.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total carrying amount RM
Group			
2018			
Financial assets			
Trade receivables	13,795,223	-	13,795,223
Other receivables	224,701	-	224,701
Fixed deposits with a licensed bank	1,644,200	-	1,644,200
Cash and bank balances	37,877,277	-	37,877,277
	53,541,401	-	53,541,401
Financial liabilities			
Trade payables	-	8,238,370	8,238,370
Other payables	-	821,641	821,641
Finance lease liabilities	-	127,075	127,075
	-	9,187,086	9,187,086

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total carrying amount RM
Group (Cont'd)			
2017			
Financial assets			
Trade receivables	13,522,680	-	13,522,680
Other receivables	120,390	-	120,390
Fixed deposits with a licensed bank	3,416,400	-	3,416,400
Cash and bank balances	36,230,457	-	36,230,457
	53,289,927	-	53,289,927
Financial liabilities			
Trade payables	-	5,698,219	5,698,219
Other payables	-	684,189	684,189
Finance lease liabilities	-	155,686	155,686
	-	6,538,094	6,538,094
Company			
2018			
Financial assets			
Trade receivables	13,795,223	-	13,795,223
Other receivables	208,751	-	208,751
Amount due from subsidiary companies	13,491,511	-	13,491,511
Fixed deposits with a licensed bank	1,644,200	-	1,644,200
Cash and bank balances	37,868,553	-	37,868,553
	67,008,238	-	67,008,238

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total carrying amount RM
Company (Cont'd)			
2018			
Financial liabilities			
Trade payables	-	8,219,501	8,219,501
Other payables	-	793,940	793,940
Amount due to a subsidiary company	-	5,245,825	5,245,825
Finance lease liabilities	-	127,075	127,075
	-	14,386,341	14,386,341
2017			
Financial assets			
Trade receivables	13,522,680	-	13,522,680
Other receivables	104,440	-	104,440
Amount due from subsidiary companies	13,390,803	-	13,390,803
Fixed deposits with a licensed bank	3,416,400	-	3,416,400
Cash and bank balances	36,222,071	-	36,222,071
	66,656,394	-	66,656,394

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total carrying amount RM
Company (Cont'd)			
2017			
Financial liabilities			
Trade payables	-	5,679,350	5,679,350
Other payables	-	655,988	655,988
Amount due to a subsidiary company	-	5,406,359	5,406,359
Finance lease liabilities	-	155,686	155,686
	-	11,897,383	11,897,383

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, and foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from its receivables from customers. The Company's exposure to credit risk arises principally from trade and other receivables and advances to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides advances to subsidiary companies. The Company does not specifically monitor on an ongoing basis the result of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

Credit risk concentration

As at 31 August 2018, the Group has no significant concentration of credit risk except for an amount owing from three customers (2017: three customers) constituting 55% (2017: 83%) of total receivables of the Group.

The Group has no significant concentration of credit risks except for advance to its subsidiary companies where risks of default have been assessed to be low.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimizes liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2018					
Non-derivative financial liabilities					
Trade payables	8,238,370	-	-	8,238,370	8,238,370
Other payables	821,641	-	-	821,641	821,641
Finance lease liabilities	35,568	35,568	68,161	139,297	127,075
	9,095,579	35,568	68,161	9,199,308	9,187,086
2017					
Non-derivative financial liabilities					
Trade payables	5,698,219	-	-	5,698,219	5,698,219
Other payables	684,189	-	-	684,189	684,189
Finance lease liabilities	35,568	35,568	103,729	174,865	155,686
	6,417,976	35,568	103,729	6,557,273	6,538,094

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2018					
Non-derivative financial liabilities					
Trade payables	8,219,501	-	-	8,219,501	8,219,501
Other payables	793,940	-	-	793,940	793,940
Amount due to a subsidiary company	5,245,825	-	-	5,245,825	5,245,825
Finance lease liabilities	35,568	35,568	68,161	139,297	127,075
	14,294,834	35,568	68,161	14,398,563	14,386,341
2017					
Non-derivative financial liabilities					
Trade payables	5,679,350	-	-	5,679,350	5,679,350
Other payables	655,988	-	-	655,988	655,988
Amount due to a subsidiary company	5,406,359	-	-	5,406,359	5,406,359
Finance lease liabilities	35,568	35,568	103,729	174,865	155,686
	11,777,265	35,568	103,729	11,916,562	11,897,383

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD). The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in USD	
	2018	**2017**
	RM	**RM**
Group and Company		
Financial assets		
Trade receivables	12,018,244	13,492,961
Fixed deposits with a licensed bank	1,644,200	3,416,400
Cash and bank balances	2,952,978	1,074,649
Financial liability		
Trade payables	(7,639,613)	(4,839,111)
	8,975,809	13,144,899

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's (loss)/profit before tax to a reasonably possible change in the USD exchange rates against RM, with all other variables held constant.

	2018		2017	
	Change in currency rate RM	**Effect on profit before taxation RM**	**Change in currency rate RM**	**Effect on profit before taxation RM**
Group and Company				
USD	Strengthened 10%	897,581	Strengthened 10%	1,314,490
	Weakened 10%	(897,581)	Weakened 10%	(1,314,490)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2018 RM	2017 RM
Group		
Fixed rate instrument		
Financial asset		
Fixed deposits with a licensed bank	1,644,200	3,416,400

<u>Interest rate risk sensitivity analysis</u>

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instrument not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1	Level 2	Level 3	
	RM	RM	RM	RM
Group and Company				
2018				
Financial liability (Non-current)				
Finance lease liabilities	-	94,022	-	96,903
2017				
Financial liability (Non-current)				
Finance lease liabilities	-	127,870	-	127,074

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

29. Financial Instruments (Cont'd)

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

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iii) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

30. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2018 (cont'd)

30. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants which is net debt, loan and borrowings, trade and other payables, less cash and cash equivalents. Capital represents equity attributable to the owners of the Company. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Total finance lease liabilities (Note 17)	127,075	155,686	127,075	155,686
Less: Fixed deposits, cash and bank balances	(39,521,477)	(39,646,857)	(36,224,353)	(39,638,471)
Excess of fixed deposits, cash and bank balances	(39,394,402)	(39,491,171)	(36,097,278)	(39,482,785)
Total equity	115,811,954	119,214,464	111,703,648	114,533,606
Gearing ratio	*	*	*	*

* *Gearing ratio is not presented as the Group and the Company is in net cash position as at 31 August 2018 and 31 August 2017.*

There were no changes in the Group's approach to capital management during the financial year.

31. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 December 2018.

SHAREHOLDERS' INFORMATION / ANALYSIS OF SHAREHOLDINGS
AS AT 30 NOVEMBER 2018

Number of Issued Shares	:	205,330,894 Ordinary Shares (inclusive of 500 as Treasury Shares)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 NOVEMBER 2018

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	56	1.71	2,355	0.00
100 – 1,000	129	3.94	37,199	0.02
1,001 – 10,000	1,380	42.18	5,717,394	2.78
10,001 – 100,000	1,500	45.84	47,847,950	23.30
100,001 – 10,266,518*	206	6.30	84,096,900	40.96
10,266,519 and above **	1	0.03	67,628,596	32.94
Total	3,272	100.00	205,330,394	100.00

Notes:
* Less than 5% of issued holdings
** 5% and above of issued holdings

DIRECTORS' SHAREHOLDINGS AS AT 30 NOVEMBER 2018

		Direct interest		Deemed interest	
No.	**Name**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Nik Mustapha Bin Muhamad	-	-	-	-
2.	Yap Kok Eng	-	-	-	-
3.	Yeong Siew Lee	-	-	-	-
4.	Lye Jun Fei	-	-	-	-
5.	Tee Wee Keat	-	-	-	-

SHAREHOLDERS' INFORMATION / ANALYSIS OF SHAREHOLDINGS
AS AT 30 NOVEMBER 2018 (cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 30 NOVEMBER 2018

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
1.	WONG SK HOLDINGS SDN BHD	67,628,596	32.94	-	-
2.	DATO' WONG SHEE KAI [i]	-	-	67,628,596	32.94
3.	TEH SEW WAN [i]	-	-	67,628,596	32.94

[i] Deemed interested by virtue of his/her shareholdings in Wong SK Holdings Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

THIRTY LARGEST SHAREHOLDERS AS AT 30 NOVEMBER 2018

No.	Shareholders	No. of Shares	% of issued share capital
1.	WONG SK HOLDINGS SDN BHD	67,628,596	32.94
2.	MATRIX ANGLE SDN BHD	10,025,000	4.88
3.	TEE YOK POH	8,876,250	4.32
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	3,000,000	1.46
5.	HK WONG HOLDINGS SDN BHD	3,000,000	1.46
6.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,736,700	1.33
7.	LAU KIM WAH	1,600,000	0.78
8.	OOI LEE PENG	1,571,325	0.77
9.	TEE AH SWEE	1,550,500	0.76
10.	TEH SIEW YAN	1,481,000	0.72
11.	TIAH THEE KUAN	1,464,625	0.71
12.	WONG YET LONG	1,261,250	0.61
13.	WILLIAM WONG CHEE KIN	1,250,000	0.61
14.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN GAIK SUAN	1,219,200	0.59
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NOMURA SINGAPORE LIMITED FOR LIM LIAN HOCK (410242)	1,175,000	0.57

SHAREHOLDERS' INFORMATION / ANALYSIS OF SHAREHOLDINGS
AS AT 30 NOVEMBER 2018 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS (CONT 'D)

No.	Shareholders	No. of Shares	% of issued share capital
16.	NG KWEE KUAN	1,000,000	0.49
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG LIN CHIN (E-BPT)	750,000	0.37
18.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO AH SENG (PB)	748,875	0.36
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	687,500	0.33
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO AH SENG (PB) PLEDGED SECURITIES ACCOUNT FOR LEE LI SEE (SOLARIS-CL)	671,200	0.33
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG AI MING (E-KLC)	634,225	0.31
22.	LIEW TEEN CHAI	625,000	0.30
23.	OON PHAIK SIEW	625,000	0.30
24.	EUGENE LIEW WENG LEONG	613,750	0.30
25.	CIMSEC NOMINEES (TEMPATAN) SDN BHD - CIMB BANK FOR LEE HENG CHOON (MY1672)	573,375	0.28
26.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD - EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	573,250	0.28
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI LEE PENG (MLK/SS)	547,500	0.27
28.	WEE SENG HUAT	543,750	0.26
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH KIAN LANG (CEB)	540,375	0.26
30.	TAN SIEW LUAN	526,900	0.26

WARRANT HOLDERS' INFORMATION / ANALYSIS OF WARRANT HOLDINGS
AS AT 30 NOVEMBER 2018

No. of Warrants Issued	:	72,141,348
Exercise Price of the Warrants	:	RM0.65
Exercise Period	:	13 January 2014 – 12 January 2019

DISTRIBUTION OF WARRANT HOLDINGS AS AT 30 NOVEMBER 2018

Size of Shareholdings	Number of Holders	%	Number of Holders	%
1 – 99	141	14.19	7,315	0.01
100 – 1,000	21	2.11	8,864	0.01
1,001 – 10,000	329	33.10	1,468,945	2.04
10,001 – 100,000	338	34.00	14,280,792	19.80
100,001 – 3,607,066*	165	16.60	56,375,432	78.14
3,607,067 and above **	0	0.00	0	0.00
Total	994	100.00	72,141,348	100.00

Notes:
* Less than 5% of issued holdings
** 5% and above of issued holdings

DIRECTORS' WARRANT HOLDINGS AS AT 30 NOVEMBER 2018

	Direct interest		Deemed interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Nik Mustapha Bin Muhamad	-	-	-	-
Yap Kok Eng	-	-	-	-
Yeong Siew Lee	-	-	-	-
Lye Jun Fei	-	-	-	-
Tee Wee Keat	-	-	-	-

THIRTY LARGEST WARRANT HOLDERS
AS AT 30 NOVEMBER 2018 (cont'd)

THIRTY LARGEST WARRANT HOLDERS AS AT 30 NOVEMBER 2018

No.	Shareholders	No. of Warrant	% of issued Warrant
1.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	3,000,000	4.16
2.	SIA CHUN PERN	1,700,000	2.36
3.	HON HOCK FATT	1,500,000	2.08
4.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHUAN FEI (E-KLC)	1,301,700	1.80
5.	EE KIM CHENG	1,200,000	1.66
6.	EE KIM CHENG	1,200,000	1.66
7.	CHIN LEE LI	950,000	1.32
8.	NG SIEW LEE	932,250	1.29
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - NG KOK HOON	902,500	1.25
10.	CHONG WEN JIE	900,000	1.25
11.	ANGELA KUNG CHUI PING	890,000	1.23
12.	FOONG WEI HON	800,000	1.11
13.	SEAH YONG KWONG	780,000	1.08
14.	TAN CHIN HOW	776,000	1.08
15.	HO TET CHOONG	710,000	0.98
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - WAN YOON THONG	700,000	0.97
17.	LEE CHIOU LUAN	657,600	0.91
18.	TAN KAR HENG	654,600	0.91
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOONG KAM HOE	650,000	0.90
20.	BON SIONG LEE	618,600	0.86
21.	CHANG AH BOON	608,875	0.84
22.	TAN SIAW CHYNG	600,200	0.83
23.	BEH YIN KIAN	600,000	0.83

THIRTY LARGEST WARRANT HOLDERS
AS AT 30 NOVEMBER 2018 (cont'd)

THIRTY LARGEST WARRANT HOLDERS AS AT 30 NOVEMBER 2018

No.	Shareholders	No. of Warrant	% of issued Warrant
24.	LEE PHAIK KOOI	600,000	0.83
25.	TAN PEIN CHUEN	600,000	0.83
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - KUA SONG TUCK	578,825	0.80
27.	DING NIK YAU	571,000	0.79
28.	HLIB NOMINEES (TEMPATAN) SDN BHD - HONG LEONG BANK BHD FOR TEOH SEOW LIN	563,400	0.78
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHONG NAM FATT (08CJ544Q-008)	562,541	0.78
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - LOO ENG SENG	527,000	0.73

LIST OF PROPERTIES

The list of properties held by the Group as at 31 August 2018 is set out as follows:

Location	Description of Land	Existing use	Land Area in sq. ft.	Tenure/ Lease Period	Net Book Value (RM000')	Approximate age of building (years)	Date of last revaluation
No.23, Jalan Delima 1/3 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor Darul Ehsan	Industrial land	Office cum factory building	56,555	Freehold	8,875	26	3 January 2013
No.20, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor Darul Ehsan	Industrial land	Factory building	80,482	Freehold	14,902	22	3 January 2013

NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-First (31st) Annual General Meeting of the Company will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 22 January 2019 at 9.00 a.m. to transact the following businesses:

A G E N D A
As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 August 2018 and the Reports of Directors and Auditors thereon.	**(Please refer to Explanatory Note 1)**
2.	To re-elect Yeong Siew Lee who is retiring as a Director in accordance with Article 108 of the Company's Articles of Association.	**Ordinary Resolution 1**
3.	To re-elect Lye Jun Fei who is retiring as a Director in accordance with Article 108 of the Company's Articles of Association.	**Ordinary Resolution 2**
4.	To re-appoint Messrs UHY as the Auditors of the Company and authorise the Directors to determine their remuneration.	**Ordinary Resolution 3**
5.	To approve the payment of Director's Benefits of RM75,800.00 for the financial year ended 31 August 2017.	**Ordinary Resolution 4**
6.	To approve the payment of Directors' fees of RM96,000.00 and Directors' Benefits of RM79,200.00 for the financial year ended 31 August 2018.	**Ordinary Resolution 5**
7.	To approve the payment of Directors' fees of up to RM96,000.00 from 23 January 2019 until the next Annual General Meeting of the Company and and Directors' benefits of up to RM110,400.00 from 1 September 2018 to next Annual General Meeting of the Company.	**Ordinary Resolution 6**

NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

As Special Business

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

8. **AUTHORITY TO ISSUE SHARES** **Ordinary Resolution 7**

"THAT subject always to the Companies Act 2016 ("the Act"), Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 and Section 76 of the Act to issue not more than ten per centum (10%) of the total number of issued shares of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

9. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** **Ordinary Resolution 8**

"THAT subject always to compliance with the Companies Act 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors be and are hereby authorised to make purchases of ordinary shares in the Company's issued share capital as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

(i) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the said purchase(s); and

NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

(iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

(i) cancel all or part of the shares so purchased; and/or

(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders or resell on the market of Bursa Securities; and/or

(iii) retain part thereof as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors and/or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

10. **PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY** **Special Resolution**

"THAT approval be given to revoke the existing Constitution (previously referred to as the Memorandum and Articles of Association) of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Part B of the Circular to Shareholders dated 27 December 2018, be adopted as the Constitution of the Company AND THAT the Directors of the Company be authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

11. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

Ng Heng Hooi (MAICSA 7048492)
Wong Mee Kiat (MAICSA 7058813)
Jane Ong Su Ping (MAICSA 7059946)
Secretaries

Kuala Lumpur
27 December 2018

Notes:

1. For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 15 January 2019 and only members whose name appear on such Record of Depositors shall be entitled to attend and vote at the meeting.

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 stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company.

3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 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.

NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.

5. The instrument appointing a proxy shall be deposited at the office of the Share Registrar of the Company situated at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

Explanatory Note on Ordinary and Special Business:

1. Item 1 of the Agenda

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 5 of the Agenda

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. Due to the omission of the Company to obtain the shareholder's approval during the AGM held on 22 January 2018, the Company be hereby requesting shareholders' approval for the payment of benefits for the financial year ended 31 August 2017. The benefits comprise meeting allowances payable to directors.

3. Item 7 of the Agenda

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of fees for the period commencing 23 January 2019 and the payment of benefits from 1 September 2018 up till the next Annual General Meeting of the Company in 2020. The benefits comprise meeting allowances payable to directors.

NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

4. Item 8 of the Agenda

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilized and accordingly no proceeds were raised.

The proposed Ordinary Resolution 7, if passed, will authorize the Directors of the Company to issue not more than 10% of the total number of issued shares of the Company subject to the approvals of all relevant governmental/regulatory bodies. This authorization will expire at the conclusion of the next Annual General Meeting of the Company.

The purpose of the renewal mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

5. Item 9 of the Agenda

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten per centum (10%) of the total number of issued shares of the Company by utilizing the funds allocated which shall not exceed the total retained earnings of the Company.

The authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Further information on the Proposed Share Buy-Back is set out in Part A of the Circular to Shareholders dated 27 December 2018.

6. Item 10 of the Agenda

The proposed Special Resolution, if passed, will bring the new Company's Constitution in line with the enforcement of Companies Act 2016 and the amended Main Market Listing Requirements of Bursa Securities, which will enhance the Company's administrative efficiency. The proposed new Constitution is set out in Part B of the Circular to Shareholders dated 27 December 2018.

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BRIGHT PACKAGING INDUSTRY BERHAD

(Company No. 161776-W)
(Incorporated in Malaysia)

FORM OF PROXY

I/We ____
[Full Name in block, NRIC no./company no.]

of ____
[Address]

____

being the shareholder(s) of **Bright Packaging Industry Berhad**, hereby appoint:

Full name (in block)	**NRIC/Passport no.**	**Proportion of shareholdings**	
		No. of shares	**%**
Address			

and/or (delete as appropriate)

Full name (in block)	**NRIC/Passport no.**	**Proportion of shareholdings**	
		No. of shares	**%**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll at the Thirty-First Annual General Meeting of the Company to be held at **Tioman Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpu**r on T**uesday, 22 January 2019** at **9.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Resolution	**Agenda**	**FOR**	**AGAINST**
Resolution 1	Re-election of Yeong Siew Lee		
Resolution 2	Re-election of Lye Jun Fei		
Resolution 3	Re-appointment of Messrs UHY as the Auditors of the Company and authorise the Directors to determine their remuneration		
Resolution 4	Payment of Director's benefits for the financial year ended 31 August 2017		
Resolution 5	Payment of Directors' Fees and benefits for the financial year ended 31 August 2018		
Resolution 6	Payment of Directors' Fees from 23 January 2019 until the next Annual General Meeting and Directors 'benefits from 1 September 2018 until the next Annual General Meeting		
Resolution 7	Authority to Issue Shares		
Resolution 8	Proposed Renewal of Authority for Share Buy-Back		
Special Resolution	Proposed Adoption of the New Constitution		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this ____________ *day of* ____________ *2019*

____
Signature of Shareholder(s)/Common Seal

Please fold here

Affix stamp

BRIGHT PACKAGING INDUSTRY BERHAD *(161776-W)*
c/o Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Please fold here

NOTES:

1. For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 15 January 2019 and only members whose name appear on such Record of Depositors shall be entitled to attend and vote at the meeting.
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 stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company.
3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 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. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
5. The instrument appointing a proxy shall be deposited at the office of the Share Registrar of the Company situated at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

BRIGHT PACKAGING INDUSTRY BERHAD (161776-W)
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