

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2020**
(In Ringgit Malaysia)

Russell Bedford LC & Company
(AF 1237)
Chartered Accountants

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

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BRIGHT PACKAGING INDUSTRY BERHAD
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DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 August 2020.

Principal activities

The Company is principally a manufacturer of aluminium foil packaging materials and investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 12 to the financial statements.

Financial results

	Group RM	Company RM
Net loss for the financial year attributable to:		
Owners of the Company	1,237,282	1,192,941
Non controlling interests	5	-
	<u>1,237,287</u>	<u>1,192,941</u>

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

Reserves and provisions

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

Issue of shares and debentures

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

Treasury shares

There were no shares being repurchased by the Company during the financial year.

As at 31 August 2020, the Company held a total of 500 treasury shares of its 205,330,894 issued ordinary shares. The treasury shares are held at carrying amount of RM505. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

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Share options

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

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

Directors

The directors of the Company in office since the end of the previous financial year to the date of this report are:

Nik Mustapha Bin Muhamad
Tee Wee Keat
Yap Kok Eng
Ong Chooi Lee
Ng Koh Wah
Yeong Siew Lee

Appointed on 15 April 2020
Resigned on 23 January 2020

Directors' interests in shares

None of the directors in office at the end of the financial year had an interest in shares of the Company and its related companies during the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016.

Directors' benefits

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

The details of the directors' remuneration are disclosed in Note 5 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and insurance

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the financial year.

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Other statutory information

Before the financial statements of the Group and the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

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

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

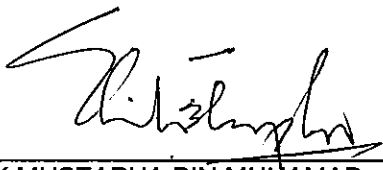
BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

Auditors


The auditors, Messrs Russell Bedford LC & Company, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 5 to the financial statements.

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

X 

NIK MUSTAPHA BIN MUHAMAD



ONG CHOOI LEE

Kuala Lumpur

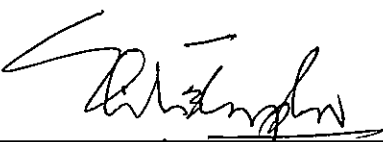
Dated: 08 DEC 2020

BRIGHT PACKAGING INDUSTRY BERHAD
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STATEMENT BY DIRECTORS

The directors of BRIGHT PACKAGING INDUSTRY BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2020, and of their financial performance and their cash flows for the year ended on that date.

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

X 

NIK MUSTAPHA BIN MUHAMAD



ONG CHOOI LEE

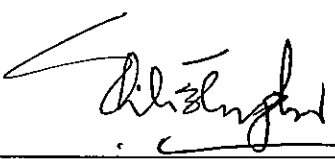
Kuala Lumpur

Dated: 08 DEC 2020

STATUTORY DECLARATION

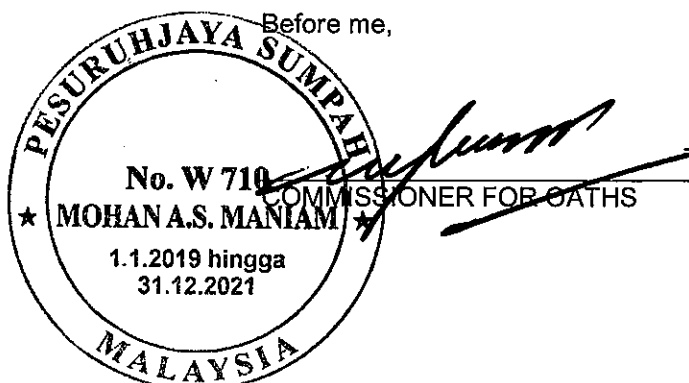
I, NIK MUSTAPHA BIN MUHAMAD, being the director primarily responsible for the financial management of BRIGHT PACKAGING INDUSTRY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration 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 above named NIK MUSTAPHA BIN)
MUHAMAD at Kuala Lumpur in Wilayah)
Persekutuan on 08 DEC 2020)

X 

NIK MUSTAPHA BIN MUHAMAD

Before me,



tingkat 20 Ambank Group Building
56 Jln. Raja Chulan, 50200 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

BRIGHT PACKAGING INDUSTRY BERHAD

(Incorporated in Malaysia)

1. Report on the audit of the financial statements

1.1 Opinion

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 31 August 2020, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2020, and of their financial performance and their cash flows for the year then ended in accordance with the Companies Act 2016 (the "Act") and the Malaysian Financial Reporting Standards.

1.2 Basis for opinion

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in paragraph 1.6.

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

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

1.3 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 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.

1.3.1 Impairment review of property, plant and equipment of the Group and the Company

As at 31 August 2020, as shown in Note 10 to the financial statements, the carrying amount of the Group's and the Company's property, plant and equipment amounted to RM55.31 million and RM40.89 million respectively, representing approximately 41% and 31% of the Group's and the Company's total assets respectively.

The Group and the Company are required to carry out impairment test on the carrying amounts of property, plant and equipment for cash generating units having impairment indicators.

For cash generating units having impairment indicators, the Group and the Company determined the recoverable amounts of the cash generating units by estimating their values-in-use, of which, are derived by discounting their projected cash flows.

We have identified the impairment review of property, plant and equipment as a key audit matter because of the critical judgement used by management in estimating the key assumptions applied by the Group and the Company to determine the recoverable amounts.

How the matter was addressed in the audit

Our audit procedures, amongst others, include:

- Assessed the appropriateness of the impairment review model used by management by comparing it with the requirements of the relevant accounting standards;
- Benchmarked key assumptions used by management in estimating future cash flows such as revenue growth and gross profit margin to historical performance, and internal and external sources of information;
- Compared management's basis for determining discount rate by checking the key inputs used such as risk-free rate, market risk premium and industry's debt and equity ratios to market data;
- Performed sensitivity analysis over the key assumptions used in the values-in-use calculations and assessed the impact on the recoverable amounts of the property, plant and equipment.

We did not find any material exception in the procedures performed.



1.4 Other information

Management is responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard to the directors' report.

1.5 Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is 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 management either intends to liquidate the Company and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

1.6 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

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



1.6 Auditors' responsibilities for the audit of the financial statements (continued)

As part of our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 and/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 on our auditors' report to the related disclosures in the financial statements 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 and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, actions taken to eliminate threats or safeguards applied.



1.6 Auditors' responsibilities for the audit of the financial statements (continued)

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

2. Engagement partner

The engagement partner on the audit resulting in this independent auditors' report is Teoh Wuey Sze.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

Kuala Lumpur

Date: 8 December 2020

TEOH WUEY SZE
02831/01/2022 J
CHARTERED ACCOUNTANT

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020**

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	4	50,804,807	67,890,625	50,804,807	67,890,625
Cost of sales		(48,468,986)	(62,638,127)	(48,598,571)	(62,636,693)
Gross profit		2,335,821	5,252,498	2,206,236	5,253,932
Other operating income		470,112	282,864	470,112	282,864
Selling and distribution expenses		(816,556)	(1,288,217)	(816,556)	(1,288,217)
Administrative expenses		(4,371,720)	(2,822,139)	(4,357,040)	(2,653,811)
Other operating expenses		(473,515)	(28,281)	(195,729)	(640,989)
(Loss)/Profit from operations	5	(2,855,858)	1,396,725	(2,692,977)	953,779
Finance income	6	1,326,816	1,377,564	1,326,816	1,377,564
Finance costs	7	(3,836)	(5,396)	(89,840)	(5,396)
Net finance income		1,322,980	1,372,168	1,236,976	1,372,168
(Loss)/Profit before tax		(1,532,878)	2,768,893	(1,456,001)	2,325,947
Income tax expense	8	295,591	(836,024)	263,060	(561,928)
Net (loss)/profit/Total comprehensive (loss)/income for the year		<u>(1,237,287)</u>	<u>1,932,869</u>	<u>(1,192,941)</u>	<u>1,764,019</u>
Net (loss)/profit/Total comprehensive (loss) /income attributable to:					
Owners of the Company		(1,237,282)	1,935,340		
Non controlling interests		(5)	(2,471)		
		<u>(1,237,287)</u>	<u>1,932,869</u>		
(Loss)/Earnings per share (sen)					
- Basic	9	<u>(0.60)</u>	<u>0.94</u>		

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non current assets					
Property, plant and equipment	10	55,312,996	58,991,715	40,889,697	44,427,116
Right of use assets	11	70,881	-	977,977	-
Investment in subsidiaries	12	-	-	2	2
Other receivables	15	-	-	13,431,642	13,473,096
		<u>55,383,877</u>	<u>58,991,715</u>	<u>55,299,318</u>	<u>57,900,214</u>
Current assets					
Inventories	13	11,471,888	11,768,330	11,471,888	11,768,330
Trade receivables	14	15,827,591	13,718,456	15,827,591	13,718,456
Other receivables, deposits and prepayments	15	80,944	197,275	51,444	167,774
Tax recoverable		501	-	225	-
Cash and bank balances	16	50,790,115	44,519,887	50,789,114	44,514,270
		<u>78,171,039</u>	<u>70,203,948</u>	<u>78,140,262</u>	<u>70,168,830</u>
Total assets		<u>133,554,916</u>	<u>129,195,663</u>	<u>133,439,580</u>	<u>128,069,044</u>
Equity					
Share capital	17	97,716,929	97,716,929	97,716,929	97,716,929
Reserves	18	18,793,083	20,030,365	14,557,797	15,750,738
Equity attributable to owners of the Company		<u>116,510,012</u>	<u>117,747,294</u>	<u>112,274,726</u>	<u>113,467,667</u>
Non controlling interests		(2,476)	(2,471)	-	-
Total equity		<u>116,507,536</u>	<u>117,744,823</u>	<u>112,274,726</u>	<u>113,467,667</u>
Non current liabilities					
Lease liabilities	19	31,877	65,171	872,104	65,171
Deferred tax liabilities	20	2,671,820	2,973,330	692,400	961,655
		<u>2,703,697</u>	<u>3,038,501</u>	<u>1,564,504</u>	<u>1,026,826</u>
Current liabilities					
Trade payables	21	13,323,785	7,806,638	13,304,916	7,787,769
Other payables and accruals	22	986,605	573,969	6,159,683	5,755,050
Lease liabilities	19	33,293	31,732	135,751	31,732
		<u>14,343,683</u>	<u>8,412,339</u>	<u>19,600,350</u>	<u>13,574,551</u>
Total liabilities		<u>17,047,380</u>	<u>11,450,840</u>	<u>21,164,854</u>	<u>14,601,377</u>
Total equity and liabilities		<u>133,554,916</u>	<u>129,195,663</u>	<u>133,439,580</u>	<u>128,069,044</u>

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020**

Group	Share capital RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	Retained profits RM	Equity attributable to owners of the Company RM	Non controlling interests RM	Total RM
At 1 September 2018	97,716,929	(505)	30,495,655	(30,495,655)	18,095,530	115,811,954	-	115,811,954
Transactions with owners:								
Warrant 2014/2019 expired	-	-	(30,495,655)	30,495,655	-	-	-	-
Net profit/Total comprehensive income for the year	-	-	-	-	1,935,340	1,935,340	(2,471)	1,932,869
At 31 August 2019	97,716,929	(505)	-	-	20,030,870	117,747,294	(2,471)	117,744,823
Net loss/Total comprehensive loss for the year	-	-	-	-	(1,237,282)	(1,237,282)	(5)	(1,237,287)
At 31 August 2020	97,716,929	(505)	-	-	18,793,588	116,510,012	(2,476)	116,507,536

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

BRIGHT PACKAGING INDUSTRY BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020 (continued)

Company	Share capital RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	Retained profits RM	Total RM
At 1 September 2018	97,716,929	(505)	30,495,655	(30,495,655)	13,987,224	111,703,648
Transactions with owners:						
Warrant 2014/2019 expired	-	-	(30,495,655)	30,495,655	-	-
Net profit/Total comprehensive income for the year	-	-	-	-	1,764,019	1,764,019
At 31 August 2019	97,716,929	(505)	-	-	15,751,243	113,467,667
Net loss/Total comprehensive loss for the year	-	-	-	-	(1,192,941)	(1,192,941)
At 31 August 2020	97,716,929	(505)	-	-	14,558,302	112,274,726

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

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash flows from/(used in) operating activities				
(Loss)/Profit before tax	(1,532,878)	2,768,893	(1,456,001)	2,325,947
Adjustments for:				
Bad debt written off	-	-	6,674	6,680
Depreciation	3,619,702	3,632,141	3,607,987	3,490,841
Impairment loss on investment in a subsidiary	-	-	-	606,028
Interest expense	3,836	5,396	89,840	5,396
Interest income	(1,326,816)	(1,377,564)	(1,326,816)	(1,377,564)
Realised gain/(loss) on foreign exchange – cash and cash equivalents	27,257	(116,873)	27,257	(116,873)
Unrealised loss/(gain) on foreign exchange	189,055	(106,122)	189,055	(106,122)
Operating profit before working capital changes	980,156	4,805,871	1,137,996	4,834,333
Decrease/(Increase) in inventories	296,442	(128,096)	296,442	(128,096)
(Increase)/Decrease in trade and other receivables	(2,499,498)	371,747	(2,506,173)	365,068
Increase/(Decrease) in trade and other payables	6,247,422	(777,771)	6,247,261	(807,093)
Cash generated from operations	5,024,522	4,271,751	5,175,526	4,264,212
Income tax refunded	276	929	-	605
Income tax paid	(6,696)	(26,224)	(6,420)	(25,948)
Net cash from operating activities	5,018,102	4,246,456	5,169,106	4,238,869
Cash flows from/(used in) investing activities				
Purchase of plant and equipment	(11,864)	(706,915)	(11,864)	(706,915)
Interest income	1,326,816	1,377,564	1,326,816	1,377,564
Repayment from subsidiaries	-	-	41,454	18,415
Net cash from investing activities	1,314,952	670,649	1,356,406	689,064

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020 (continued)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from/(used in) financing activities				
Repayments of lease liabilities	(31,733)	(30,172)	(125,729)	(30,172)
Repayments to a subsidiary	-	-	(7,842)	(7,721)
Interest paid	(3,836)	(5,396)	(89,840)	(5,396)
Net cash used in financing activities	(35,569)	(35,568)	(223,411)	(43,289)
Net increase in cash and cash equivalents	6,297,485	4,881,537	6,302,101	4,884,644
Cash and cash equivalents at beginning of year	44,519,887	39,521,477	44,514,270	39,512,753
Effect of exchange differences	(27,257)	116,873	(27,257)	116,873
Cash and cash equivalents at end of year	50,790,115	44,519,887	50,789,114	44,514,270
Cash and cash equivalents are represented by:				
Cash and bank balances	50,790,115	44,519,887	50,789,114	44,514,270
Reconciliation of liabilities arising from financing activities				
		1.9.2019 RM	Cash flows RM	31.8.2020 RM
Group				
Lease liabilities		96,903	(31,733)	65,170
		1.9.2018 RM	Cash flows RM	31.8.2019 RM
Group				
Hire purchase liabilities		127,075	(30,172)	96,903
		1.9.2019 RM	Cash flows RM	Non cash changes RM
Company				31.8.2020 RM
Lease liabilities				
- hire purchase	96,903	(31,733)	-	65,170
- others	-	(93,996)	1,036,681	942,685
Amount due to a subsidiary	5,238,104	(7,842)	-	5,230,262
		1.9.2018 RM	Cash flows RM	Non cash changes RM
Company				31.8.2019 RM
Hire purchase liabilities	127,075	(30,172)	-	96,903
Amount due to a subsidiary	5,245,825	(7,721)	-	5,238,104

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

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2020

1. General information

The Company is principally a manufacturer of aluminium foil packaging materials and investment holding.

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

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

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

The financial statements were approved and authorised for issue by the board of directors on 8 December 2020.

2. Principal accounting policies

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and IC interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC interpretations does not result in significant changes in accounting policies of the Group other than as follows:

i. MFRS 16 Leases

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance lease under MFRS 117. The standard includes two recognition exemptions for lessees – leases of low value assets and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset).

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.1 Basis of accounting (continued)

i. MFRS 16 Leases

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change of lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

Lessor accounting is substantially unchanged. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of lease which is operating and finance leases.

The effect of adopting MFRS 16 is disclosed in Note 28.

The Group has not adopted the new standards, amendments to published standards and IC Interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial application.

2.2.2 Significant accounting policies

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, non controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the present ownership instruments' proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other components of non controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Basis of consolidation (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non controlling interests and the owners of the Company. Losses applicable to the non controlling interests in a subsidiary are allocated to the non controlling interests even if doing so causes the non controlling interests to have a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as an equity investment at fair value depending on the level of influence retained.

Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Revenue recognition (continued)

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue is recognised only when it is probable that the Group will collect the consideration to which it will be entitled to in exchange for goods or services sold.

Foreign currencies

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2020 RM	2019 RM
United States Dollar	4.1725	4.2150

Employee benefits

(i) Short term benefits

Wages, allowances, 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 leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contribution to defined contribution plans such as Employees Provident Fund are recognised as an expense in profit or loss as incurred.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Income tax

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

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are offset if there is 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.

Impairment of non financial assets

The carrying amount of assets subject to accounting for impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the reporting period in which it arises.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the profit or loss.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Property, plant and equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

No depreciation is provided on freehold land. Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to its residual value on a straight line basis at the following annual rates based on their estimated useful lives:

Buildings	2%
Plant and machineries	3.75% - 10%
Furniture, fittings and office equipment	10%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at each reporting date 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 items of property, plant and equipment.

Investment in subsidiaries

Subsidiary is a company controlled by the Company. Control exists when the Company has power over its investee, exposed or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Inventories

Inventories, comprising raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost of inventories is determined on a weighted average basis. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in selling and distribution.

Cost of raw materials comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of work in progress and finished goods comprises the cost of raw materials used, direct labour, other direct costs and appropriate production overheads.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Leases

As a lessee

i) Right of use assets

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Subsequent to initial measurement, the right of use asset is depreciated on a straight line basis over the shorter of the lease term and the estimated useful life as follows:

Premises	8 years
Motor vehicles	5 years

Right of use asset is subject to impairment and is adjusted for any remeasurement of lease liabilities.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Segment information

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

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. A trade receivable without significant financing component is initially measured at the transaction price.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

(i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Financial instruments (continued)

(i) Financial assets at amortised cost (continued)

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

(ii) Financial liabilities at amortised cost

Financial liabilities are classified at amortised cost if they are not:

- a) contingent consideration of an acquirer in a business combination;
- b) financial guarantee contracts;
- c) loan commitments;
- d) designated at fair value through profit or loss; or
- e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities at amortised cost are derecognised, and through the amortisation process (finance cost).

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Expected credit losses

The Group recognises an allowance for expected credit losses ("ECL") on financial assets at amortised cost.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECL are recognised in profit or loss.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Where appropriate, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Loss allowances for debt instruments measured at amortised cost are deducted from the gross carrying amount of the assets.

Low credit risk

A financial instrument is determined to have low credit risk if:

- a) the financial instrument has a low risk of default;
- b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

Significant increase in credit risk

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Expected credit losses (continued)

Definition of default

The Group considers a debt instrument to be in default when:

- a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company; or
- b) The financial asset is more than 90 days past due.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

- a) Significant financial difficulties of the debtor;
- b) A breach of contract, such as a default or past due event;
- c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
- e) Disappearance of an active market for that financial asset because of financial difficulties.

Write off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Current versus non-current classification

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

- a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- b) Held primarily for the purpose of trading;
- c) Expected to be realised within twelve months after the reporting period; or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

2.2.2 Significant accounting policies (continued)

Current versus non-current classification (continued)

A liability is current when:

- a) It is expected to be settled in the normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is due to be settled within twelve months after the reporting period; or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

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

3. Critical accounting estimates and judgments

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

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

- (a) Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. Changes in the expected level of use of the assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets. Therefore, future depreciation charges could be revised.

BRIGHT PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia)

3. Critical accounting estimates and judgments (continued)

(b) Impairment assessment for property, plant and equipment

The Group assessed the recoverable amount for cash generating unit having impairment indicators based on value-in-used calculations. These calculations use cash flow projections that have been projected to the useful lives of property, plant and equipment based on financial budgets and projections prepared by management. Significant variations to the assumptions and estimates used to determine future cash flows could result in changes to the assessment of the recoverable amount of these property, plant and equipment.

4. Revenue

4.1 Disaggregation of revenue

	Group and Company	
	2020	2019
	RM	RM
Geographical markets		
Philippines	23,916,840	35,959,804
Indonesia	14,432,115	18,668,692
Pakistan	4,578,998	4,912,308
Korea	2,506,064	3,296,705
Thailand	2,583,173	2,282,111
Malaysia	425,926	474,971
Others	2,361,691	2,296,034
	<u>50,804,807</u>	<u>67,890,625</u>

	Group and Company	
	2020	2019
	RM	RM
Timing of revenue recognition		
Goods transferred at a point in time	<u>50,804,807</u>	<u>67,890,625</u>

4.2 Performance obligations

The Group manufactures and sells aluminium foil packaging materials. The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery.

4.3 Transaction price allocated to the remaining performance obligations

For practical expediency, no information is provided on the remaining performance obligation at the reporting date that have an original expected duration of one year or less as allowed under the paragraph 121(a) of MFRS 15.

4.4 Financing components

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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5. (Loss)/Profit from operations

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
(Loss)/Profit from operations is arrived at after charging/ (crediting):				
Auditors' remuneration				
- auditors' of the Company				
- audit services	75,000	75,000	66,000	66,000
- over provision in prior years	-	(6,959)	-	(7,586)
- other services	5,000	5,000	5,000	5,000
Bad debt written off	-	-	6,674	6,680
Expenses relating to short term leases	35,356	-	35,356	-
Impairment loss on investment in a subsidiary	-	-	-	606,028
(Gain)/Loss on foreign exchange				
- realised	(210,299)	28,281	(210,299)	28,281
- unrealised	189,055	(106,122)	189,055	(106,122)
Operating lease expense				
- factory	-	-	-	132,000
- hostel	-	38,682	-	38,682

	Group and Company	
	2020	2019
	RM	RM
Staff costs comprise:		
Defined contribution plan	271,270	224,492
Salaries, wages and allowances	3,379,032	3,181,307
Other employee related expenses	579,415	482,402
	4,229,717	3,888,201
Executive directors:		
Fees	36,000	36,000
Remuneration other than fees	284,412	235,692
	320,412	271,692
Non executive directors:		
Fees	50,750	60,000
Remuneration other than fees	-	86,440
	50,750	146,440
	4,600,879	4,306,333

The number of directors of the Company where total remuneration during the reporting period falls within the following bands are as follows:

	2020	2019
	RM	RM
Executive directors:		
Below RM50,000	1	1
RM200,001 to RM250,000	1	1
Non executive directors:		
Below RM50,000	4	3
RM100,001 to RM150,000	-	1

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6. Finance income

	Group and Company	
	2020	2019
	RM	RM
Interest income from fixed deposits	12,077	25,813
Interest income from cash management fund account	1,314,739	1,351,751
	<u>1,326,816</u>	<u>1,377,564</u>

7. Finance costs

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Interest expense on:				
- hire purchase liabilities	3,836	5,396	3,836	5,396
- other lease liabilities	-	-	86,004	-
	<u>3,836</u>	<u>5,396</u>	<u>89,840</u>	<u>5,396</u>

8. Income tax expense

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Expected income tax payable				
- current year	(6,420)	(6,420)	(6,420)	(6,420)
- over provision in prior years	501	1,100	225	1,052
	<u>(5,919)</u>	<u>(5,320)</u>	<u>(6,195)</u>	<u>(5,368)</u>
Deferred tax (Note 20)				
- current year	331,255	(816,481)	299,000	(537,084)
- under provision in prior years	(29,745)	(14,223)	(29,745)	(19,476)
	<u>301,510</u>	<u>(830,704)</u>	<u>269,255</u>	<u>(556,560)</u>
	<u>295,591</u>	<u>(836,024)</u>	<u>263,060</u>	<u>(561,928)</u>

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8. Income tax expense (continued)

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 is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	<u>(1,532,878)</u>	<u>2,768,893</u>	<u>(1,456,001)</u>	<u>2,325,947</u>
Taxation at statutory tax rate of 24% (2019: 24%)	367,900	(665,000)	349,400	(558,000)
Expenses not deductible for tax purposes	(444,165)	(161,223)	(457,920)	(284,456)
Effect of change in tax rate for real property gain tax	-	(568,878)	-	(271,648)
Utilisation of deferred tax assets not recognised	-	1,600	-	-
Income not subject to tax	401,100	570,600	401,100	570,600
Over/(Under) provision in prior years				
- income tax	501	1,100	225	1,052
- deferred tax	<u>(29,745)</u>	<u>(14,223)</u>	<u>(29,745)</u>	<u>(19,476)</u>
Income tax expense for the year	<u>295,591</u>	<u>(836,024)</u>	<u>263,060</u>	<u>(561,928)</u>

9. (Loss)/Earnings per share

Basic

Basic (loss)/earnings per ordinary share is calculated based on the net (loss)/profit attributable to ordinary shareholders and weighted average number of ordinary shares in issue as follows:

	Group	
	2020 RM	2019 RM
Net (loss)/profit attributable to owners of the Company	<u>(1,237,282)</u>	<u>1,935,340</u>
Weighted average number of ordinary shares in issue	205,330,894	205,330,894
Basic (loss)/earnings per share (sen)	<u>(0.60)</u>	<u>0.94</u>

Diluted

Diluted (loss)/earnings per share are not presented in the financial statements since there are no dilutive potential ordinary share.

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10. Property, plant and equipment

Group	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Cost						
At 1 September 2018	15,300,000	10,169,303	68,562,858	3,349,953	306,238	97,688,352
Additions	-	-	698,959	7,956	-	706,915
At 31 August 2019	15,300,000	10,169,303	69,261,817	3,357,909	306,238	98,395,267
Reclassification to right of use assets (Note 11)	-	-	-	-	(184,906)	(184,906)
Additions	-	-	6,903	4,961	-	11,864
At 31 August 2020	15,300,000	10,169,303	69,268,720	3,362,870	121,332	98,222,225
Accumulated depreciation						
At 1 September 2018	-	1,975,086	32,114,213	1,521,365	160,747	35,771,411
Charge for the year	-	189,234	3,098,136	307,142	37,629	3,632,141
At 31 August 2019	-	2,164,320	35,212,349	1,828,507	198,376	39,403,552
Reclassification to right of use assets (Note 11)	-	-	-	-	(77,044)	(77,044)
Charge for the year	-	203,386	3,076,942	302,393	-	3,582,721
At 31 August 2020	-	2,367,706	38,289,291	2,130,900	121,332	42,909,229
Carrying amount						
At 31 August 2020	15,300,000	7,801,597	30,979,429	1,231,970	-	55,312,996
At 31 August 2019	15,300,000	8,004,983	34,049,468	1,529,402	107,862	58,991,715

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10. Property, plant and equipment (continued)

Company	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost						
At 1 September 2018	6,615,000	3,104,303	68,617,859	3,349,953	306,238	81,993,353
Additions	-	-	698,959	7,956	-	706,915
At 31 August 2019	6,615,000	3,104,303	69,316,818	3,357,909	306,238	82,700,268
Reclassification to right of use assets (Note 11)	-	-	-	-	(184,906)	(184,906)
Additions	-	-	6,903	4,961	-	11,864
At 31 August 2020	6,615,000	3,104,303	69,323,721	3,362,870	121,332	82,527,226
Accumulated depreciation						
At 1 September 2018	-	985,986	32,114,213	1,521,365	160,747	34,782,311
Charge for the year	-	47,934	3,098,136	307,142	37,629	3,490,841
At 31 August 2019	-	1,033,920	35,212,349	1,828,507	198,376	38,273,152
Reclassification to right of use assets (Note 11)	-	-	-	-	(77,044)	(77,044)
Charge for the year	-	62,086	3,076,942	302,393	-	3,441,421
At 31 August 2020	-	1,096,006	38,289,291	2,130,900	121,332	41,637,529
Carrying amount						
At 31 August 2020	6,615,000	2,008,297	31,034,430	1,231,970	-	40,889,697
At 31 August 2019	6,615,000	2,070,383	34,104,469	1,529,402	107,862	44,427,116

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10. Property, plant and equipment (continued)

At the reporting date, the freehold land and buildings of the Group and the Company with carrying amount of RM8,623,297 (2019: RM8,685,383) have been charged as collaterals to secure the banking facilities granted to the Company.

10.1 Impairment review on property, plant and equipment

The Company has been making losses during the reporting period. The recoverable amount of the property, plant and equipment is determined from a value in use calculations using cash flows projections from financial budget prepared by management. Based on the impairment assessment, the recoverable amount of the property, plant and equipment is higher than the carrying amount.

10.2 Key assumptions used in the value in use calculations

The calculation of value in use for property, plant and equipment is most sensitive to the following assumptions:

- i) The discount rate used for the value in use calculation is based on the country's industry weighted average cost of capital specific to the business of 8.37%; and
- ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future trends of the business and its historical data.

11. Right of use assets

	Motor vehicle RM	Total RM
Group Cost		
At 1 September 2019	-	-
Reclassification from property, plant and equipment (Note 10)	184,906	184,906
At 31 August 2020	<u>184,906</u>	<u>184,906</u>
Accumulated depreciation		
At 1 September 2019	-	-
Reclassification from property, plant and equipment (Note 10)	77,044	77,044
Charge for the year	36,981	36,981
At 31 August 2020	<u>114,025</u>	<u>114,025</u>
Carrying amount		
At 31 August 2020	<u>70,881</u>	<u>70,881</u>
At 31 August 2019	<u>-</u>	<u>-</u>

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11. Right of use assets (continued)

Company	Premises	Motor	Total
Cost	RM	vehicle	RM
		RM	
At 1 September 2019	-	-	-
Effect arising from adoption of MFRS 16	1,036,681	-	1,036,681
Reclassification from property, plant and equipment (Note 10)	-	184,906	184,906
At 31 August 2020	<u>1,036,681</u>	<u>184,906</u>	<u>1,221,587</u>
Accumulated depreciation			
At 1 September 2019	-	-	-
Reclassification from property, plant and equipment (Note 10)	-	77,044	77,044
Charge for the year	129,585	36,981	166,566
At 31 August 2020	<u>129,585</u>	<u>114,025</u>	<u>243,610</u>
Carrying amount			
At 31 August 2020	<u>907,096</u>	<u>70,881</u>	<u>977,977</u>
At 31 August 2019	<u>-</u>	<u>-</u>	<u>-</u>

12. Investment in subsidiaries

	Company	
	2020	2019
	RM	RM
Unquoted shares at cost		
At beginning/end of year	<u>24,278,267</u>	<u>24,278,267</u>
Accumulated impairment losses		
At beginning of year	24,278,265	23,672,237
Impairment loss during the year	-	606,028
At end of year	<u>24,278,265</u>	<u>24,278,265</u>
Carrying amount	<u>2</u>	<u>2</u>

The details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective interest		Principal activities
		2020	2019	
		%	%	
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	Ceased operation

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12.1 Impairment of investment in subsidiaries

In the previous reporting period, the directors have performed an impairment test on the investment in Markmas Pak-Print Sdn. Bhd. ("Markmas") and an impairment loss of RM606,028 was recognised to write down the investment in Markmas to its recoverable amount of RM Nil. The recoverable amount is determined based on its fair value less costs of disposal (arrived at based on the audited net assets) of Markmas and the amount of impairment loss has been recognised in profit or loss under "Other operating expenses" line item.

13. Inventories

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At cost:				
Raw materials				
- on hand	6,465,105	5,374,909	6,465,105	5,374,909
- in transit	2,013,530	2,525,557	2,013,530	2,525,557
Work in progress	388,806	881,818	388,806	881,818
Finished goods	2,604,447	2,986,046	2,604,447	2,986,046
	<u>11,471,888</u>	<u>11,768,330</u>	<u>11,471,888</u>	<u>11,768,330</u>
Amount of inventories recognised as an expense	<u>48,468,986</u>	<u>62,638,127</u>	<u>48,598,571</u>	<u>62,636,693</u>

14. Trade receivables

The Group's normal trade credit terms range from 30 days to 90 days (2019: 30 days to 90 days). Trade receivables are not secured by any collateral or credit enhancements.

The following table provides information on the trade receivables credit risk exposure.

	Group and Company	
	2020	2019
	RM	RM
Not past due	11,094,665	9,010,944
1 - 30 days past due	4,248,740	4,707,512
31 - 60 days past due	484,186	-
	<u>15,827,591</u>	<u>13,718,456</u>

The movements in the allowance for expected credit losses for trade receivables during the reporting period are as follows:

	Group and Company	
	2020	2019
	RM	RM
At beginning of year	-	1,778,032
Write offs	-	(1,778,032)
At end of year	<u>-</u>	<u>-</u>

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14. Trade receivables (continued)

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

	Group and Company	
	2020	2019
	RM	RM
United States Dollar	15,802,038	13,692,903

15. Other receivables, deposits and prepayments

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Amount due from subsidiaries	-	-	38,266,104	38,307,558
Less: Allowance for expected credit losses	-	-	(24,834,462)	(24,834,462)
	-	-	13,431,642	13,473,096
Deposits	34,582	34,582	18,632	18,632
Other receivables	-	52,833	-	52,832
Prepayments	46,362	109,860	32,812	96,310
	80,944	197,275	13,483,086	13,640,870
Less: Non current portion (Note 15.1)	-	-	(13,431,642)	(13,473,096)
	80,944	197,275	51,444	167,774

15.1 Amount due from subsidiaries

Amount due from subsidiaries represents unsecured interest free advances receivable on demand.

The amount due from subsidiaries has been presented under non current assets as these advances are not expected to be realised within 12 months after the reporting date.

16. Cash and bank balances

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

	Group and Company	
	2020	2019
	RM	RM
United States Dollar	6,289,261	2,703,276

17. Share capital

	Group and Company	
	2020	2019
	RM	RM
Issued and fully paid		
205,330,894 ordinary shares	97,716,929	97,716,929

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. In respect of the Company's treasury shares, all rights are suspended until those shares are reissued.

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18. Reserves

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Distributable:				
Retained profits	18,793,588	20,030,870	14,558,302	15,751,243
Non distributable:				
Treasury shares (Note 18.1)	(505)	(505)	(505)	(505)
	<u>18,793,083</u>	<u>20,030,365</u>	<u>14,557,797</u>	<u>15,750,738</u>

18.1 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. At 31 August 2020, the Group held 500 (2019: 500) of the Company's own shares.

19. Lease liabilities

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Hire purchase liabilities	65,170	96,903	65,170	96,903
Other lease liabilities - a subsidiary	-	-	942,685	-
	<u>65,170</u>	<u>96,903</u>	<u>1,007,855</u>	<u>96,903</u>
Less: Portion due within one year	<u>(33,293)</u>	<u>(31,732)</u>	<u>(135,751)</u>	<u>(31,732)</u>
Non current portion	<u>31,877</u>	<u>65,171</u>	<u>872,104</u>	<u>65,171</u>

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
The non current portion of the lease liabilities is payable as follows:				
Later than 1 year and not later than 2 years	31,877	33,273	143,556	33,273
Later than 2 years and not later than 5 years	-	31,898	399,054	31,898
Later than 5 years	-	-	329,494	-
	<u>31,877</u>	<u>65,171</u>	<u>872,104</u>	<u>65,171</u>

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19. Lease liabilities (continued)

The weighted average effective interest rate are as follows:

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Hire purchase liabilities	4.80	4.80	4.80	4.80
Other lease liabilities	-	-	8.09	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2020	2019	2020	2019
	RM	RM	RM	RM
Total cash outflows for leases	70,925	74,250	250,925	206,250
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20. Deferred tax liabilities

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At beginning of year	(2,973,330)	(2,142,626)	(961,655)	(405,095)
Recognised in profit or loss (Note 8)				
- current year	331,255	(816,481)	299,000	(537,084)
- under provision in prior years	(29,745)	(14,223)	(29,745)	(19,476)
	<u>301,510</u>	<u>(830,704)</u>	<u>269,255</u>	<u>(556,560)</u>
At end of year	<u>(2,671,820)</u>	<u>(2,973,330)</u>	<u>(692,400)</u>	<u>(961,655)</u>
	2020	2019	2020	2019
	RM	RM	RM	RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	7,495,100	6,963,200	7,495,100	6,963,200
Deferred tax liabilities	(10,166,920)	(9,936,530)	(8,187,500)	(7,924,855)
	<u>(2,671,820)</u>	<u>(2,973,330)</u>	<u>(692,400)</u>	<u>(961,655)</u>

Deferred tax liabilities are in respect of the following:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Tax effects of:				
Differences between tax capital allowances and accounting depreciation	7,897,960	7,626,561	7,586,900	7,321,600
Revaluation reserve	2,268,960	2,309,969	600,600	603,255
	<u>10,166,920</u>	<u>9,936,530</u>	<u>8,187,500</u>	<u>7,924,855</u>

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20. **Deferred tax liabilities** (continued)

Deferred tax assets are in respect of the following:

Group	Gross		Tax effects	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses to be utilised up to year ending 31 August 2025	25,402,700	25,402,900	6,096,700	6,096,700
Unrealised loss on foreign exchange	189,000	41,700	45,400	10,000
Unabsorbed capital allowances	38,691,800	36,617,400	9,286,200	8,788,100
	<u>64,283,500</u>	<u>62,062,000</u>	<u>15,428,300</u>	<u>14,894,800</u>
Less: Deferred tax assets recognised	<u>(31,229,000)</u>	<u>(29,013,000)</u>	<u>(7,495,100)</u>	<u>(6,963,200)</u>
Deferred tax assets not recognised	<u>33,054,500</u>	<u>33,049,000</u>	<u>7,933,200</u>	<u>7,931,600</u>

Company	Gross		Tax effects	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed capital allowances	31,040,000	28,972,000	7,449,700	6,953,200
Unrealised loss on foreign exchange	189,000	41,000	45,400	10,000
	<u>31,229,000</u>	<u>29,013,000</u>	<u>7,495,100</u>	<u>6,963,200</u>
Less: Deferred tax assets recognised	<u>(31,229,000)</u>	<u>(29,013,000)</u>	<u>(7,495,100)</u>	<u>(6,963,200)</u>
Deferred tax assets not recognised	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Portion of deferred tax assets have not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these tax benefits.

21. **Trade payables**

The normal trade credits granted to the Group and Company range from 30 days to 75 days (2019: 30 days to 75 days).

The foreign currency exposure profile of trade payables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
United States Dollar	<u>12,617,050</u>	<u>7,323,830</u>	<u>12,603,816</u>	<u>7,310,596</u>

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22. Other payables and accruals

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Amount due to a subsidiary	-	-	5,230,262	5,238,104
Other payables	858,299	402,746	801,115	359,397
Accruals	128,306	171,223	128,306	157,549
	<u>986,605</u>	<u>573,969</u>	<u>6,159,683</u>	<u>5,755,050</u>

The amount due to a subsidiary represents unsecured interest free advances repayable on demand.

23. Significant related party disclosures
23.1 Related party transactions

Significant transactions with related parties are as follows:

	Type of transactions	Company	
		2020	2019
		RM	RM
With a subsidiary			
Acorn Properties Sdn. Bhd.	Lease payments	<u>180,000</u>	<u>132,000</u>

23.2 Related party balances

Individually significant outstanding balances arising from transactions (other than normal trade transactions) are as follows:

	Type of transactions	Company	
		2020	2019
		RM	RM
Financial assets			
With subsidiaries			
Acorn Properties Sdn. Bhd.	Advances	13,431,642	13,473,096
Photon Technologies (Malaysia) Sdn. Bhd.	Advances	24,834,462	24,834,462
	Allowance for expected credit losses	(24,834,462)	(24,834,462)
		-	-
Financial liabilities			
With subsidiaries			
Acorn Properties Sdn Bhd	Lease liabilities	942,685	-
Markmas Pak-Print Sdn. Bhd.	Advances	<u>5,230,262</u>	<u>5,238,104</u>

23.3 Compensation of key management personnel

The key management personnel comprises mainly executive directors of the Company whose remuneration is disclosed in Note 5.

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24. Segment information

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segment separately for the purpose of making decision about resource allocation and performance assessment.

Revenue from transactions with major customers that individually accounted for 10 percent or more of the Group's revenue are summarised below:

	2020 RM	2019 RM
Customer A	47,361,441	64,550,113

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on geographical location.

	Group Revenue RM	Non-current assets RM
2020 Geographical information		
Philippines	23,916,840	-
Indonesia	14,432,115	-
Pakistan	4,578,998	-
Korea	2,506,064	-
Thailand	2,583,173	-
Malaysia	425,926	55,383,877
Others	2,361,691	-
	50,804,807	55,383,877

	Group Revenue RM	Non-current assets RM
2019 Geographical information		
Philippines	35,959,804	-
Indonesia	18,668,692	-
Pakistan	4,912,308	-
Korea	3,296,705	-
Thailand	2,282,111	-
Malaysia	474,971	58,991,715
Others	2,296,034	-
	67,890,625	58,991,715

Non current assets information presented above consist of property, plant and equipment as presented in the statements of financial position.

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25. Financial instruments and financial risks management**25.1 Categories of financial instruments**

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Financial assets				
Amortised costs				
- trade and other receivables	15,862,173	13,753,038	29,277,865	27,210,184
- cash and bank balances	50,790,115	44,519,887	50,789,114	44,514,270
	<u>66,652,288</u>	<u>58,272,925</u>	<u>80,066,979</u>	<u>71,724,454</u>
Financial liabilities				
Amortised cost				
- lease liabilities (fixed rate)	65,170	96,903	1,007,855	96,903
- trade and other payables	14,310,390	8,380,607	19,464,599	13,542,819
	<u>14,375,560</u>	<u>8,477,510</u>	<u>20,472,454</u>	<u>13,639,722</u>

25.2 Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis below has been determined based on the exposure to interest rates for the banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis point higher or lower and all other variables were held constant, the Group's and the Company's profitability before tax would decrease or increase by RM300 (2019: RM500) respectively.

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by equity and keeping committed credit lines available.

The following tables detail the remaining contractual maturity for non-derivative 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 can be required to pay.

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25.2 Financial risk management policies and objectives (continued)

Liquidity risk management (continued)

Contractual cash flows (including interest payments)						
Group 2020	Carrying amount RM	Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 5 years RM	More than 5 Years RM
Non interest bearing debts	14,310,390	14,310,390	14,310,390	-	-	-
Interest bearing debts	65,170	68,161	35,568	32,593	-	-
	14,375,560	14,378,551	14,345,958	32,593	-	-
2019						
Non interest bearing debts	8,380,607	8,380,607	8,380,607	-	-	-
Interest bearing debts	96,903	103,729	35,568	35,568	32,593	-
	8,477,510	8,484,336	8,416,175	35,568	32,593	-
Contractual cash flows (including interest payments)						
Company 2020	Carrying amount RM	Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 years RM
Non interest bearing debts	19,464,599	19,464,599	19,464,599	-	-	-
Interest bearing debts	1,007,855	1,328,161	215,568	212,593	540,000	360,000
	20,472,454	20,792,760	19,680,167	212,593	540,000	360,000
2019						
Non interest bearing debts	13,542,819	13,542,819	13,542,819	-	-	-
Interest bearing debts	96,903	103,729	35,568	35,568	32,593	-
	13,639,722	13,646,548	13,578,387	35,568	32,593	-

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25.2 Financial risk management policies and objectives (continued)

Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group transacts business in various currencies, and therefore is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The carrying amounts of the Group's and the Company's foreign currency denominated financial assets and financial liabilities at the end of reporting period are disclosed in respective notes.

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the reporting period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the functional currency of the Group, profitability before tax will increase by:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
United States Dollar	947,000	907,000	949,000	909,000

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group and the Company.

Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Bank balances with one financial institution (2019: One)	42,980,524	40,724,801	42,980,524	40,724,801
Amount due from a subsidiary	-	-	13,431,642	13,473,096
	<u>42,980,524</u>	<u>40,724,801</u>	<u>56,412,166</u>	<u>54,197,897</u>

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25.2 Financial risk management policies and objectives (continued)

Credit risk management

Management believes that the sound financial standing of its subsidiaries substantially mitigates the Company's exposure to credit risk.

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery or the debtor is two years past due.	Amount is written off

i) Trade receivables

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. In determining the ECL of trade receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ii) Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. The loss allowance for the amount due from subsidiaries of RM24,834,462 is measured at an amount equal to the lifetime ECL as there has been a significant increase in credit risk since initial recognition. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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25.2 Financial risk management policies and objectives (continued)

Credit risk management (continued)

iii) Cash and bank balances

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

None of the receivables that have been written off is subject to enforcement activities.

26 Capital structure and capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity and reserves that are managed as capital.

During the reporting period ended 31 August 2020, the Group's and the Company's strategy were unchanged from 31 August 2019 which is to maintain the debt-to-adjusted capital ratio at a level deemed appropriate considering business, economic and investment conditions. The debt-to-adjusted capital ratios at 31 August 2020 and 31 August 2019 were as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Total debts	65,170	96,903	1,007,855	96,903
Less: Cash and bank balances	(50,790,115)	(44,519,887)	(50,789,114)	(44,514,270)
Net cash	(50,724,945)	(44,422,984)	(49,781,259)	(44,417,367)
Total equity/Adjusted capital	116,507,536	117,744,823	112,274,726	113,467,667
Debt-to-adjusted capital ratio (times)	N/A	N/A	N/A	N/A

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27. Fair value of assets and liabilities

The carrying amounts of cash and bank balances, receivables and payables, and other liabilities approximate their respective fair values due to the respectively short-term maturity of these financial instruments.

The fair value of the Group's and Company's lease liabilities approximate its carrying amount as the effective interest rate of this instrument is within reasonable approximation of the market interest rate on or near reporting date.

The fair values of financial assets and financial liabilities are determined with standard terms and conditions.

28. Change in accounting policies

The Group adopted MFRS 16 using the modified retrospective approach with the date of initial application of 1 September 2019. Under this approach, the right of use asset is recognised at the date of initial application at an amount equal to the lease liability, using the Group's current incremental borrowing rate. The comparative information are not restated and continues to be reported under MFRS 117.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right of use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 was applied to these leases from 1 September 2019. Hire purchase liabilities were also reclassified to lease liabilities on 1 September 2019.

Leases previously classified as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low value assets. The right of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

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**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

	Appendix	2020 RM	2019 RM
Revenue		50,804,807	67,890,625
Cost of sales:			
Opening inventory of finished goods		2,986,046	724,973
Transferred from manufacturing account	A	48,216,972	64,897,766
Closing inventory of finished goods		(2,604,447)	(2,986,046)
		(48,598,571)	(62,636,693)
Gross profit		2,206,236	5,253,932
Other operating income:			
Sales of scrap		130,283	176,742
Gain on foreign exchange			
- realised		210,229	-
- unrealised		-	106,122
Other income		129,600	-
		470,112	282,864
Selling and distribution expenses	B	(816,556)	(1,288,217)
Administrative expenses	B	(4,357,040)	(2,653,811)
Other operating expenses	B	(195,729)	(640,989)
(Loss)/Profit from operations		(2,692,977)	953,779
Finance income			
Interest income from fixed deposits		12,077	25,813
Interest income from cash management fund account		1,314,739	1,351,751
		1,326,816	1,377,564
Finance costs			
Interest expense on:			
- hire purchase liabilities		(3,836)	(5,396)
- other lease liabilities		(86,004)	-
		(89,840)	(5,396)
Net finance income		1,236,976	1,372,168
(Loss)/Profit before tax		(1,456,001)	2,325,947

The statement has been prepared for management purpose only.
It does not form part of the audited financial statements.

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Appendix A
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020
MANUFACTURING ACCOUNT

	2020 RM	2019 RM
Raw materials used:		
At beginning of year	7,900,466	10,072,930
Purchases	40,351,665	53,765,405
	48,252,131	63,838,335
At end of year	(8,478,635)	(7,900,466)
	39,773,496	55,937,869
Direct labour:		
Contract labour	620,056	600,496
EPF	65,476	70,330
EIS	946	1,022
Salaries and allowance	703,200	878,479
SOCSSO	10,614	13,491
	1,400,292	1,563,818
Indirect labour:		
EIS	1,052	999
EPF	84,237	79,938
Contract worker	167,260	289,291
Salaries and allowance	788,299	809,286
Sosco	11,187	11,514
	1,052,035	1,191,028
Factory overheads:		
Diesel	174,720	348,512
Rental - hostel	35,356	38,682
Water and electricity	600,195	795,683
Packing materials	906,908	1,010,343
Van running expense	3,945	6,874
Insurance	29,211	32,965
Uniform	17,010	14,322
Depreciation	3,252,413	3,140,414
Rental of factory	-	132,000
Waste disposal	21,925	25,885
Maintenance - machinery	323,878	564,644
Maintenance - factory	132,576	108,023
	5,498,137	6,218,347
Work in progress:		
At beginning of year	881,818	868,522
At end of year	(388,806)	(881,818)
	493,012	(13,296)
Cost of manufacturing	48,216,972	64,897,766

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Appendix B

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020 RM	2019 RM
<u>Selling and distribution expenses</u>		
Accommodation	6,607	13,754
Carriage outwards	7,120	6,666
Export charges	761,277	1,167,964
Entertainment	2,431	5,372
Sample, gift and promotion	5,597	26,892
Travelling expense	33,524	67,569
	<u>816,556</u>	<u>1,288,217</u>
<u>Administrative expenses</u>		
Advertising	2,398	4,906
Assessment rates & municipal charges	39,383	39,384
Auditors' remuneration	71,000	63,414
Bank charges	45,508	88,173
Director fees	86,750	96,000
Director remuneration	284,412	322,132
Depreciation	355,574	350,427
EPF	121,557	74,224
EIS	1,398	1,097
GST expense	-	808
Human resource	12,096	20,678
Insurance	2,755	1,999
ISO expenses	-	4,705
Medical expenses	12,676	24,281
Meeting expenses	3,551	3,907
Office refreshment	2,917	1,941
Professional fee	1,431,220	264,814
Penalty	151	1,174
Postage	6,916	6,875
Printing and stationery	45,923	43,102
Repairs and maintenance	43,153	37,169
Repair and maintenance motor vehicles	11,925	5,340
Road tax and insurance motor vehicle	5,973	6,311
Recruitment expenses	10,918	2,051
Register and KLSE annual fee	34,184	53,389
Research fee	199	-
Salary and allowance	1,181,220	679,853
Secretarial fees	22,379	17,570
Security	77,798	78,353
SOCSSO	12,223	8,003
Service tax	-	2,432
Staff welfare	422,247	321,169
Telephone and fax	5,905	5,789
Tax services	11,130	10,724
Training	(9,120)	11,457
Travelling	721	160
	<u>4,357,040</u>	<u>2,653,811</u>

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Appendix B

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020 RM	2019 RM
<u>Other operating expenses</u>		
Bad debt written off	6,674	6,680
Impairment loss on investment in a subsidiary	-	606,028
Loss on foreign exchange		
- realised	-	28,281
- unrealised	189,055	-
	<u>195,729</u>	<u>640,989</u>

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