

ANNUAL REPORT 2016



BRIGHT PACKAGING
INDUSTRY BERHAD (161776-W)

Laminating Quality Onto Your Products

CONTENTS

CORPORATE INFORMATION	2
EVENT HIGHLIGHTS	3
GROUP CORPORATE STRUCTURE	5
FINANCIAL HIGHLIGHTS	6
CHAIRMAN'S STATEMENT	8
MANAGEMENT DISCUSSION AND ANALYSIS	11
OVERVIEW OF GLOBAL CIGARETTE INDUSTRY	14
BOARD OF DIRECTORS' PROFILE	19
CORPORATE SUSTAINABILITY STATEMENT	22
STATEMENT OF DIRECTORS' RESPONSIBILITIES	23
CORPORATE GOVERNANCE STATEMENT	24
ADDITIONAL COMPLIANCE INFORMATION	39
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL	40
AUDIT COMMITTEE REPORT	43
FINANCIAL STATEMENTS	45
SHAREHOLDERS' INFORMATION/ANALYSIS OF SHAREHOLDINGS	122
LIST OF PROPERTIES	127
NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING	128
PROXY FORM	

Corporate Information

BOARD OF DIRECTORS

YBhg Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee
Independent Non-Executive Chairman

Nik Mustapha Bin Muhamad
Executive Deputy Chairman

Yap Kok Eng
Executive Director

Yeong Siew Lee
Independent Non-Executive Director

Lye Jun Fei
Independent Non-Executive Director

Tee Wee Keat
Independent Non-Executive Director

AUDIT COMMITTEE

YBhg Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee
(Chairman)

Yeong Siew Lee

Lye Jun Fei

Tee Wee Keat

NOMINATION COMMITTEE

YBhg Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee
(Chairman)

Yeong Siew Lee

Lye Jun Fei

Tee Wee Keat

REMUNERATION COMMITTEE

YBhg Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee
(Chairman)

Yeong Siew Lee

Lye Jun Fei

Tee Wee Keat

COMPANY SECRETARIES

Ng Heng Hooi (MAICSA 7048492)

Wong Mee Kiat (MAICSA 7058813)

Jane Ong Su Ping (MAICSA 7059946)

REGISTERED OFFICE

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50450 Kuala Lumpur
Tel : (03) 2166 9718
Fax : (03) 2166 9728

BUSINESS ADDRESS

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Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor
Tel : (03) 5635 1949
Fax : (03) 5635 1984
Email : admin@brightpack.net
Website : www.brightpack.net

PRINCIPLE BANKER

Affin Bank Berhad

SHARE REGISTRAR

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

AUDITORS

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

STOCK EXCHANGE LISTING

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

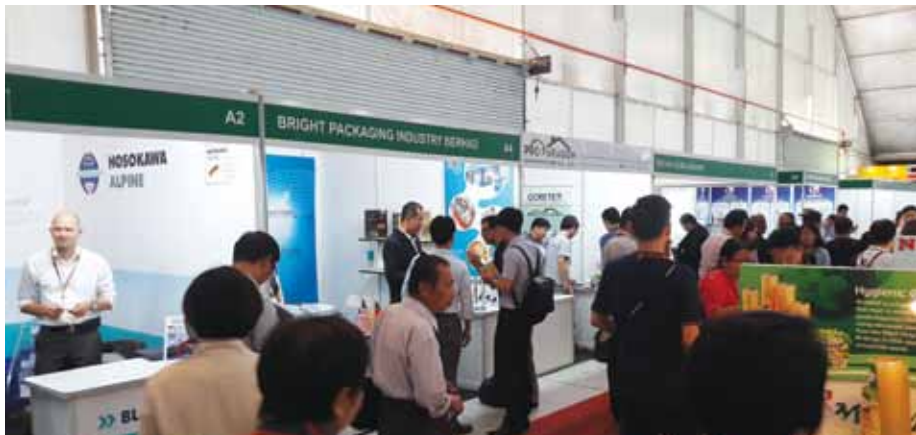
Event Highlight



Propak Asia @ Thailand Year 2016



Event Highlight (cont'd)



Propak Asia @ Myanmar Year 2016



Group Corporate Structure



Financial Highlights

FINANCIAL ANALYSIS

AS AT 31 AUGUST	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Turnover	56,070	52,220	34,151	44,714	62,374
Profit Before Tax	4,509	7,459	2,095	3,458	(300)
Net Profit	3,656	6,910	1,647	789	1,821
Pre-tax Profit Margin (%)	8.04	14.28	6.13	7.73	(0.48)
Net Profit Margin (%)	6.52	13.23	4.82	1.76	2.92
Gearing Ratio (Net of cash) (times)	-	-	-	-	-
Return on Shareholders' Equity (Sen)	0.09	0.15	0.02	0.01	0.01
Return on Total Assets (Sen)	0.06	0.13	0.02	0.01	0.01
Earnings Per Share (Sen)					
- Basic	8.45	15.96	1.7	0.52	1.11
- Diluted	8.45	15.96	1.7	0.52	1.11

SUMMARISED GROUP BALANCE SHEETS

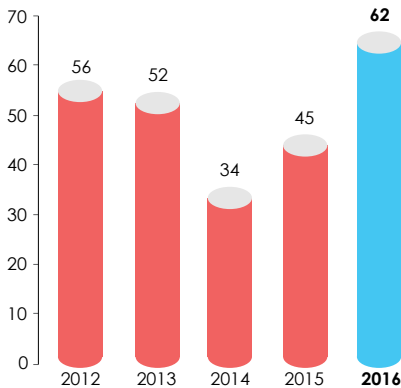
AS AT 31 AUGUST	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Non-Current Assets	26,727	26,311	68,391	81,591	74,975
Current Assets	29,740	27,521	40,802	48,952	58,555
Total Assets	56,467	53,832	109,194	103,543	133,530
Share Capital	43,285	21,643	71,420	82,132	82,132
Retained Earning	(10,853)	19,857	21,504	22,293	24,113
Shareholders' Equity	39,833	46,743	104,788	120,010	121,830
Non-Controlling Interests	-	-	-	-	-
Total Equity	39,833	46,743	104,788	120,010	121,830
Non-Current Liabilities	2,407	2,568	2,993	5,658	3,552
Current Liabilities	14,228	4,521	1,413	4,875	8,148
Total Liabilities	16,635	7,089	4,406	10,533	11,700
Total Equity and Liabilities	56,467	53,832	109,194	130,543	133,530

Financial Highlights (cont'd)

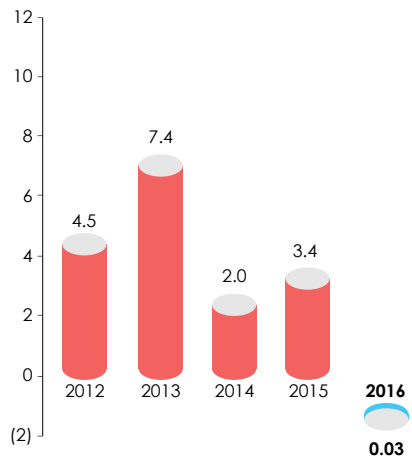
SUMMARISED GROUP CASH FLOWS

YEAR ENDED 31 AUGUST	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Net Cash Flows From Operating Activities	6,660	(4,615)	4,278	4,461	6,745
Net Cash Flows (For)/From Investing Activities	(30)	(171)	(42,664)	(18,759)	(32)
Net Cash Flows From/(For) Financing Activities	252	-	54,196	13,246	90
Net (Decrease)/Increase in Cash and Cash Equivalents	6,882	(4,786)	15,810	(1,052)	6,803
Effect of exchange differences	(39)	(69)	(117)	322	(231)
Cash and Cash Equivalents at Beginning of Year	13,007	19,850	14,995	30,688	29,958
Cash and Cash Equivalents at End of Year	19,850	14,995	30,688	29,958	36,530

Turnover (RM'million)



Profit before taxation (RM'million)



Chairman's Statement



My Fellow Shareholders,

On behalf of the Board, it gives me great pleasure to present our Annual Report and Financial Statements for 2016. I am pleased to report that we continue to execute our plan and strategy in-line with expectations. The Board joins me in my view that our business has great potentials and our earlier efforts to restructure the business has begun yielding results.

OVERVIEW

With the additional production capabilities coming online, it has further strengthened our revenue in this financial year. We also have increasing visibility into our future earnings as clients continue to demonstrate commitment and confidence in our new management team.

We continue to benefit from favourable exchange rate for exporters. Bright Packaging continues to serve the Asia Pacific market and is expected to benefit significantly from foreign exchange moving in our favour. Our sales are denominated in US dollars which has appreciated about 10% against the Ringgit Malaysia. The global macroeconomics indicators continue to show signs of dollar strength for 2017 which should bode well for us.

Previously we have expanded our production floor to cater for larger warehouses and new ancillary equipment.

We have moved away from the legacy systems and the new management team has invested in bringing 'best in class' management and production capabilities. Our new Enterprise Resource Planning programme will help streamline production planning and supply chain management. We expect to see significant increase in our ROIC (return on invested capital) and ROE (return on equity) going forwards.

Chairman's Statement (cont'd)

FINANCIALS

Our revenue for financial year ended 31 August 2016 was RM62.4 million. Earnings per share (EPS) for the year were higher at 1.11 cents compared to 0.52 cents in 2015. Our revenue increased about 40% or RM 17.66 million as compared to previous year. The profit after tax (PAT) has tripled to RM1.821 million as compared to RM0.789 million previous year.

The significant improvement of our revenue is the outcome of our successful implementation of business strategy by gaining market share with more competitive pricing.

The strategies are gaining traction and we foresee the next financial year the Company is better positioned to increase its margin and its bottom line.

OUTLOOK

Our tobacco packaging business has earned a reputation for outstanding quality both regionally and globally. Major clients include Philip Morris and its affiliates, and the Group has been their preferred supplier for over 20 years. Our products are used by various brands including Marlboro, Dunhill, Lucky Strike, Kent, Pall Mall and Benson & Hedges. In the household goods and beverage segments, we supply Johnnie Walker, Chivas Regal and various affiliates of Diageo, Unilever and Procter & Gamble.

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

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

Chairman's Statement (cont'd)

OPERATIONS

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

CORPORATE SOCIAL RESPONSIBILITY

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

APPRECIATION

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

YBhg Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee
Independent Non-Executive Chairman

Management Discussion And Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

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

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

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

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

Our Product

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

Our abilities of supply and quick delivery of foil/MPET paper laminate are renowned, and we extensively cater for:

- Tobacco Packaging
- Liquor Packaging
- Confectionery Packaging
- Pharmaceutical Packaging

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

Management Discussion And Analysis (cont'd)

i. Tobacco Packaging

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

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

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

ii. Liquor Packaging

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

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

iii. Confectionery Packaging

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

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

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

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

The ideal packaging choice is aluminium foil laminate.

Management Discussion And Analysis (cont'd)

iv. Pharmaceutical Packaging

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

OPERATIONAL CAPABILITIES

Manufacturing Facilities

i. Laminating

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

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

ii. Slitting

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

iii. Ink Matching

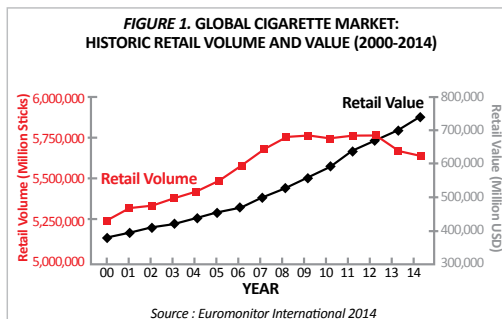
Our foil paper is easily laminated and coated, and our ink/lacquer matching centre provides the ability to create any shade from a set of base colours, allowing us to reduce inventory.

iv. Coating / Lacquering

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

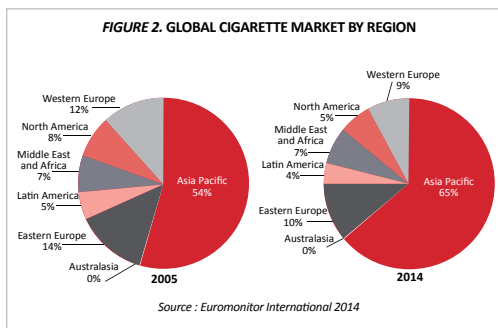
Overview of Global Cigarette Industry

- Cigarette retail values in 2014 were worth US\$744 billion.
- In 2014, over 5.6 trillion cigarettes were sold to more than one billion smokers worldwide.
- Between 2000 and 2014, global cigarette volume sales increased by 8% while retail values increased 121% (Figure 1). Industry analysts predict that over the next five years the global cigarette industry will continue to grow; volumes are predicted to increase by 0.9% and values by 29%



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

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

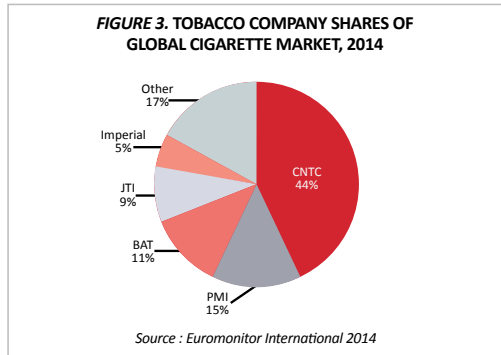


- Between 2005 and 2014, cigarette sales in the Asian Pacific and in the Middle East and Africa region have increased while all other regions have experienced declining sales (Figure 2).

Overview of Global Cigarette Industry (cont'd)

TRANSNATIONAL TOBACCO COMPANIES

While cigarette sales are expanding to new markets, industry market shares are consolidating, and the market is increasingly controlled by a few international companies. In 2001, a little more than 50% of global market sales were controlled by transnational tobacco companies (TTC). By 2014, 84% of the market was controlled by TTCs. Over the last decade, the international cigarette market has been dominated by five companies, China National Tobacco Corporation, Philip Morris International, British American Tobacco, Japan Tobacco International and Imperial Tobacco (Figure 3).



China National Tobacco Corporation (CNTC) is owned and operated by the Chinese government and is the world's single largest producer of cigarettes with 44% of the global market. CNTC sells the majority of its product in China; just over 1% of cigarettes produced are exported to other countries. CNTC is increasing efforts to sell brands such as RDG, Dubliss and Harmony internationally.

Philip Morris International (PMI) is a publicly traded American company with headquarters in Lausanne, Switzerland. PMI controls an estimated 15% of the international cigarette market and is the most profitable tobacco company in the world.¹ Since separating from its parent company, Altria, in 2008, PMI only sells its tobacco products outside of the United States. The company operates in more than 180 countries, and sells 6 of the top 15 brands, including Marlboro. Cigarette sales in Asia drive PMI's growth, and the company will continue to focus on growing sales in countries like Indonesia and the Philippines while also expanding its market shares in Bangladesh, China, India and Vietnam.

British American Tobacco (BAT) is a publicly traded company based in London. BAT operates in 200 countries, is the third largest in the global tobacco market and controls 11% of the international cigarette market. Top selling brands include Pall Mall, Kent, Lucky Strike and Dunhill, and 71% of BAT's volumes are distributed in emerging markets. The company is currently focusing on how to increase sales in Asian markets.

Japan Tobacco International (JTI) is the international division of Japan Tobacco (JT) and is headquartered in Geneva, Switzerland. The Japanese government holds a 33% stake in JT. JTI operates in 120 countries, is the fourth largest tobacco company in the world and controls 9% of the global cigarette market. Top brands include Winston, Mervius (formally known as Mild Seven) and Camel. International tobacco sales account for more than 50% of JT profits. JTI continues to expand its presence in emerging markets, and recently acquired a tobacco company in Sudan.

Overview of Global Cigarette Industry (cont'd)

Imperial Tobacco Group is a British company. It is the fifth largest company participating in the global tobacco market and controls 5% of the international cigarette market.¹ Imperial operates in more than 160 markets, with 65% of its products sold in emerging markets in Africa, the Middle East, Eastern Europe and Asia. Top brands include Davidoff and Gauloises. Imperial is targeting emerging markets in Asia and Africa and the Middle East to further company growth internationally.

LARGEST CIGARETTE MARKETS: TOBACCO INDUSTRY TARGETS

The five largest cigarette consuming nations—China, Russia, U.S., Japan and Indonesia—account for 63% of the volume of all cigarettes sold in 2014. Six of the ten largest cigarette markets in 2014 were emerging markets, three of which are Asian Pacific countries (Figure 4).

China is the largest cigarette market in the world. The retail value of China's cigarette market in 2014 was US\$226 billion. By comparison, the retail value of the next largest cigarette market, Russia, was US\$28 billion in 2014. Volume growth in China drives global market growth. Between 2012 and 2014, the global cigarette market decreased by 2.2%, but the global market declined even more (6.3%) when excluding China's volume gains.

FIGURE 4. TOP 10 CIGARETTE MARKETS BY VOLUME

COUNTRY	RETAIL VOLUME, 2014 (MN STICKS)
China	2,542,891.9
Russia	316,512.1
USA	270,199.1
Indonesia*	238,867.2
Japan	187,456.1
India	95,930.2
Turkey	94,684.3
South Korea	89,517.1
Philippines	82,666.3
Germany	80,355.0

*excluding hand-rolled kreteks

Source : Euromonitor International 2014

Cigarette sales by volume have been declining in Russia since 2008—down 20% between 2008 and 2014. However, over the same time period, retail values have increased 65% from US\$17 billion to US\$28 billion. With a 34% market share, JTI is the market leader in Russia, but PMI, BAT and Imperial also have a presence.

The Indonesia cigarette market is unique because sales are dominated by kreteks (cigarettes made with a blend of tobacco, and cloves). Between 2013 and 2014, the Indonesian cigarette market grew nearly 8%. The leading tobacco company, Sampoerna, was acquired by PMI in 2005 and has steadily been gaining market share in Indonesia, outperforming domestically owned companies and other TTCs trying to make a profit in Indonesia.

India's tobacco market is dominated by smokeless tobacco sales (75%). Manufactured cigarettes are only 5% of the market, and 20% of tobacco users smoke bidis (small, thin, hand-rolled cigarettes). While cigarettes are not the most popular tobacco product in India, nearly 96 billion cigarettes were sold in 2014, making the country an important target for international tobacco companies.

Overview of Global Cigarette Industry (cont'd)

Prospects of our Group

Our Group is principally involved in the manufacturing and printing of aluminium foil packaging materials mainly for the tobacco industry. The breakdown of our segmental revenues for the past four (4) audited FYE 2013 to FYE 2016 is as follows:

	FYE 2013 (RM'000)	%	FYE 2014 (RM'000)	%	FYE 2015 (RM'000)	%	FYE 2016 (RM'000)	%
Revenue generated from tobacco industry	43,900	84.06	33,725	98.75	42,195	94.37	61,984	99.37
Revenue generated from non-tobacco industry ⁽¹⁾	8,320	15.94	426	1.25	2,519	5.63	390	0.63
Total revenue	52,200	100	34,151	100	44,714	100	62,374	100

Note:

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

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

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

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

Overview of Global Cigarette Industry (cont'd)

Our Group envisages the demand for our products will continue to increase in view of the continuous growth in the demand of cigarettes. Based on market research, between 2000 and 2014, global cigarette volume sales increased by 8% while retail values increased 121%. Industry analysts predict that over the next five years the global cigarette industry will continue to grow; volumes are predicted to increase by 0.9% and values by 29%. The cigarette sales and consequently tobacco packaging sales are expected to remain strong over the short to medium term as tobacco producers explore innovative product and brand positioning methods to influence consumer purchasing decision in driving the sales of cigarettes through various forms of communication, including choice of packaging materials and design. As such, the aluminium foils which represent the largest percentage of the tobacco packaging segment is expected to growth along with the sales of cigarette and will directly benefit our Group. The Company recently announced a new purchase – sale agreement placed by Zao Philip Morris Izhora (Russia). Our management is optimistic to secure more orders in view of our past experience and track record in the tobacco industry.

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

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

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

Board of Directors' Profile

YBHG DATUK SERI SYED ALI BIN TAN SRI ABBAS ALHABSHEE **Independent Non-Executive Chairman**

YBhg Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee, Malaysian, male, aged 55, was appointed as a Non-Independent Non-Executive Director on 21 February 2013, redesignated as an Independent Non-Executive Director on 11 October 2013 and subsequently, redesignated as an Independent Non-Executive Chairman on 28 February 2014. He is currently the Senior Independent Director of the Company.

He graduated with a Professional Diploma in Leadership and Management from the New Zealand Institute of Management.

YBhg Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee has great knowledge and executive experience in leading private, public and government controlled organizations from a broad range of industries. He ventured into business in the early 1980s and currently sits on the board of several private and public corporations involved in a diverse range of businesses namely Redtone International Berhad, Asia Media Group Berhad, Perbadanan Nasional Berhad and UZMA Berhad. He was appointed as a member of the Malaysian Senate (Dewan Negara) on 21 April 2003 until April 2009.

He is the Chairman of Nomination Committee, Remuneration Committee and Audit Committee of the Company. He attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2016.

NIK MUSTAPHA BIN MUHAMAD **Executive Deputy Chairman**

Encik Nik Mustapha Bin Muhamad, Malaysian, male, aged 72, was appointed to the Board on 2 July 2001 as an Independent Non-Executive Director of the Company, redesignated as Chairman and Director of the Company on 30 April 2009 and subsequently, redesignated as an Executive Deputy Chairman on 28 February 2014.

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

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

He attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2016.

Board of Directors' Profile (cont'd)

YAP KOK ENG **Executive Director**

Mr. Yap Kok Eng, Malaysian, male, aged 47, was appointed as an Executive Director on 11 March 2014.

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

Mr Yap was the Senior Marketing Officer in Japanese Company, Kozato Kizai (M) Sdn Bhd from 1991 to 1996 and gained vast experience in the air-conditioning and electronic capacitor industry. In 1996, he joined the Company and currently holds the position of General Manager. He has overall responsibility in Sales and Marketing, Quality System and Operation of the Company. With more than 16 years working in the Company and extensive exposure in the tobacco/packaging industry, he is instrumental to formulating the marketing strategies and the organic growth of the Company. He does not hold any other directorship in other public companies and listed issuers.

He attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2016.

YEONG SIEW LEE **Independent Non-Executive Director**

Ms Yeong Siew Lee, Malaysian, female, aged 39, was appointed as an Independent Non-Executive Director on 11 October 2013.

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

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

She is a member of Nomination Committee, Remuneration Committee and Audit Committee of the Company. She attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2016.

Board of Directors' Profile (cont'd)

LYE JUN FEI **Independent Non-Executive Director**

Mr Lye Jun Fei, Malaysian, male, aged 36, was appointed as Independent Non-Executive Director on 21 February 2013.

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

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

He is a member of Nomination Committee, Remuneration Committee and Audit Committee of the Company. He attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2016.

TEE WEE KEAT **Independent Non-Executive Director**

Mr Tee Wee Keat, Malaysian, male, aged 36, was appointed as an Independent Non-Executive Director on 21 February 2013.

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

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

He is a member of Nomination Committee, Remuneration Committee and Audit Committee of the Company. He attended all four (4) Board of Directors' Meetings of the Company held during the financial year ended 31 August 2016.

KEY SENIOR MANAGEMENT

YAP KOK ENG **Executive Director**

The profile of Mr Yap Kok Eng is listed under Board of Directors' Profile on page 20 of this Annual Report.

Notes:

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

Corporate Sustainability Statement

Our Commitment

We perceived corporate sustainability as our commitment to create long term value for our shareholders, environment and society through innovation and overall operational Excellency.

We understand our choices today have an impact on our customers and suppliers and the success of their businesses in the future. Our business imperative is to carry out our activities responsibly and with integrity. Our people are expected to behave in an honest and ethical manner in accordance with our policies, business rules and guidelines.

Our Corporate Sustainability Commitment

Within this context we have defined our commitment to Corporate Sustainability across five impact areas:

1. We will be a good employer, treating our people fairly and with respect, and valuing their diversity. We are committed to creating a workplace that makes people want to join, stay and enables them to work to their full potential. Our commitment to the safety and wellbeing of our people is a priority;
2. We will deliver to our customers what we have promised; we will listen to them and involve them in our solutions and innovations;
3. We will work with our suppliers to develop long term partnerships based on best practice procurement methods which reflect mutually agreeable codes of conduct and respect basic human rights;
4. We will consider the impacts of our business on the communities in which we operate, and we will engage with our community stakeholders. We will find opportunities to use our capabilities to add value to communities where they need it; and
5. We will help to protect the environment by better understanding, managing and measuring our environmental impacts while continuing the sustainable growth of our operations. Further, we will review our environmental practices to ensure their continued relevance.

Moving Forward

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

Statement of Directors' Responsibilities

The directors are required by the Companies Act, 1965 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year then ended. The directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made, in the preparation of the financial statements. The directors also ensure that applicable approved accounting standards have been followed. The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

This statement is made in accordance with a resolution of the Board dated 14 December 2016.

Corporate Governance Statement

The Board of Directors (“the Board”) of Bright Packaging Industry Berhad (“the Company”) and its group of companies (“Bright Group” or “the Group”) continues to be committed in promoting and maintaining good standards of corporate governance practices in line with the Malaysian Code on Corporate Governance 2012 (“the Code”) in managing the business affairs of the Group to protect and enhance sustainable shareholders’ value and the financial performance of the Group.

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

The disclosure statement below sets out the manner in which the Group has applied the principles and the extent of compliance with the recommendations of the Code throughout the financial year ended 31 August 2016.

PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear functions reserved for the Board and those delegated to Management

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

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

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

Clear Roles and Responsibilities of the Board

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

Corporate Governance Statement (cont'd)

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on page 43 to page 44), Nomination and Remuneration Committee. The terms of reference of Board Committee detailing the responsibilities of each Committee and how they exercise their authority. There is a clear division of responsibility between the Chairman and Executive Director to ensure a balance of power and authority. The principal duties of the Chairman are to conduct the meetings of the Board and shareholders and to facilitate constructive discussions at these meetings. The Executive Director is responsible for the day-to-day running of the businesses of the Group and to develop and implement strategies.

Ethical Standards and Code of Conduct

The Board has in place a Code of Conduct for the Directors and employees. The Code of Conduct includes amongst others the respect for the individual, create a culture of open and honest communication, set tone at the top, uphold the law, avoids conflicts of interest, set metrics and reports results accurately.

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

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

The Code of Conduct is reviewed periodically by the Board and revised as and when appropriate.

Strategies Promoting Sustainability

The Group's approach to governance is to drive business revenues and profits and manage risk prudently in order to deliver long-term profitability and provide value to shareholders on a sustainable basis. This approach includes meeting expectations of stakeholders such as customers, shareholders, regulators, bankers, strategic business partners and the communities in which the Group operates.

The Board and management view its commitment to Business Sustainability and Environmental, Social and Governance (ESG) objectives as part of its responsibility to its stakeholders and the communities in which it operates. The Group is committed to the implementation of safe work practices and aims to provide an injury free workplace for all its employees.

Bright Group is committed to the continuous efforts in maintaining a delicate balance between its sustainability agenda and the shareholders' interest.

The details of the sustainability efforts are set out in the Corporate Sustainability Statement in this Annual Report.

Corporate Governance Statement (cont'd)

Access to Information and Advice

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

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

Qualified and competent Company Secretary

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

Board Charter

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

PRINCIPLE 2 : STRENGTHEN COMPOSITION OF THE BOARD

During the financial year under review, the Board consisted of six (6) Board Members with various experience and expertise. The composition of the Board Members comprising one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, one (1) Executive Director and three (3) Independent Non-Executive Directors. The composition fulfils the Main Market Listing Requirements of Bursa Securities, which stated that at least two (2) or one-third (1/3) of the Board, whichever is higher, must be Independent Directors. The profile of each Director is set out under the Board of Directors' profile in this Annual Report.

Corporate Governance Statement (cont'd)

Re-Appointment & Re-Election of Directors

In accordance with the Articles of Association of the Company (Articles), Directors newly appointed during the year must offer themselves to the shareholders for re-election at the first Annual General Meeting ("AGM") following their appointment and one-third of Directors are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election.

At this forthcoming AGM, the two Directors who will be retiring by rotation are Yeong Siew Lee and Lye Jun Fei. All of them, being eligible, offer themselves for re-election.

Nomination Committee

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

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

The following are the Members of the Nomination Committee:

Name	Designation	Directorship
Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee	Chairman	Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Yeong Siew Lee	Member	Independent Non-Executive Director
Lye Jun Fei	Member	Independent Non-Executive Director

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

- i. assessing and recommending to the Board the candidature of directors, appointment of directors to board committees;
- ii. reviewing of Board's succession plans and training programmes for the Board;
- iii. undertaking the assessment of the Board, board committees and individual directors on an on-going basis; and
- iv. undertaking annual assessment of the independence of independent directors in the Board beyond the independent director's background, economic and family relationships but considering they can continue to bring independent and objective judgment to Board deliberations.

Corporate Governance Statement (cont'd)

For the financial year ended 31 August 2016, the Nomination Committee met once with full attendance of its Members and has carried out the following key activities:

- Reviewed and recommended the re-election of Members of the Board at the AGM for Shareholders' approval, pursuant to the Articles of Association of the Company;
- Reviewed the annual assessment of the required mix of skills and experience of the individual Board Members and the Board committees;
- Assessed the annual effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual director, including independent non-executive directors and chief executive officer; and
- Review the Terms of Reference of the Nomination Committee.

The following salient points would be taken into consideration pertaining to recruitment of Directors and annual assessment:

- Required mix of skills, experience, independence and diversity, including gender, where appropriate;
- Character, knowledge, expertise, professionalism, integrity, competence and time availability; and
- The Independent Directors' abilities to discharge such responsibilities/functions as expected from the Independent Directors.

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

Remuneration Committee

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

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

Name	Designation	Directorship
Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee	Chairman	Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Yeong Siew Lee	Member	Independent Non-Executive Director
Lye Jun Fei	Member	Independent Non-Executive Director

Corporate Governance Statement (cont'd)

For the financial year ended 31 August 2016, the Remuneration Committee met once with full attendance of its Members to review and recommend the Executive Directors' remuneration packages and Directors' fees in FYE 2016. The Board as a whole determines the remuneration of Non-Executive Directors with individual Director abstaining from decisions in respect of their individual remuneration.

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

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

Company

CATEGORY	FEE (RM)	SALARIES & OTHER EMOLUMENTS (RM)
EXECUTIVE DIRECTOR	36,000	231,385
NON-EXECUTIVE DIRECTORS	138,000	72,100
	174,000	303,485

Group

CATEGORY	FEE (RM)	SALARIES & OTHER EMOLUMENTS (RM)
EXECUTIVE DIRECTOR	36,000	231,285
NON-EXECUTIVE DIRECTORS	138,000	72,100
	174,000	303,485

Corporate Governance Statement (cont'd)

RANGE OF REMUNERATION	NUMBER OF DIRECTORS	
	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Below RM50,000	1	2
RM50,001 – RM100,000	-	2
RM100,001 – RM300,000	1	-
RM300,001 – RM350,000	-	-
RM350,001 – RM1,300,000	-	-
RM1,300,001 – RM1,350,000	-	-
RM1,350,001 – RM1,400,000	-	-
RM1,400,001 – RM1,450,000	-	-

Note:

For security and confidentiality reasons, the details of the Directors' remuneration are not shown with reference to Directors individually. The Board is of the view that the transparency and accountability aspect of the corporate governance on Directors' remuneration are appropriately served by the band disclosure made.

The Board recommends the Directors' fees and other emoluments payable for the financial year ended 31 August 2016 which are subject to the shareholders' approval at the forthcoming AGM.

Options Committee

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

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

Name	Designation	Directorship
Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee	Chairman	Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Yeong Siew Lee	Member	Independent Non-Executive Director
Lye Jun Fei	Member	Independent Non-Executive Director

Corporate Governance Statement (cont'd)

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

- To implement and administer the Scheme in such manner as it shall in its discretion deem fit in accordance with the Employee Share Options Scheme, including to deal with the issue and allotment of new shares in the Company arising from the exercise of options by grantees;
- To determine the number of shares to be offered to eligible participants and to make offers to eligible participants in accordance with the Employee Share Options Scheme;
- To recommend to the Board where it deems necessary, any amendment, modification, addition, or deletion of the Employee Share Options Scheme;
- To enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate its power relating to the Scheme subject to the provisions of the Employee Share Options Scheme;
- To take all other actions within the purview of the Committee pursuant to the Employee Share Options Scheme, for the necessary and effective implementation and administration of the Scheme.

No Options Committee meeting was held during the financial year ended 31 August 2016.

PRINCIPLE 3 : REINFORCE INDEPENDENCE OF THE BOARD

The Chairman is an Independent Non-Executive Director. The roles of the Chairman and Executive Director are distinct and separate with individual responsibilities.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Executive Director, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Main Market Listing Requirements of Bursa Securities. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve on the Board upon reaching the nine year limit subject to the Independent Director's redesignation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Director based on the criteria on independence as adopted by the Board.

Corporate Governance Statement (cont'd)

PRINCIPLE 4 : FOSTER COMMITMENT

The Board and Board committees have regular pre-scheduled meetings annually. As the meeting dates for the upcoming meeting are decided in advance by the Board, members of the Board are aware of the commitments with respect to time that each has to commit as a member of the Board and each committee.

Details of attendance of Board and Board Committee meetings are set out on pages 35.

The Company encourages its Directors to attend relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and the business development and enhance their professionalism in discharging their fiduciary duties to the Company in compliance with paragraph 15.08 of the Main Market Listing Requirements of the Bursa Securities.

Details of the trainings attended by the Directors during the financial year are set out on pages 35 to 36.

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

It is Board's commitment to present a balanced and meaningful assessment of the Group's financial performance prospects at the end of each reporting period and financial period, primarily through the quarterly announcement of results to Bursa Securities, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

To assist in its discharge of its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively Independent Non-Executive Directors, with Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report section of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

Corporate Governance Statement (cont'd)

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING (cont'd)

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors. To address the "self-review" that faced by the external audit firm, the procedures includes in the policy require the engagement team conducting the non-audit services to be different from the external audit team.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by relevant professional and regulatory bodies.

PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS

Sound risk management framework

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

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

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

Internal audit function reporting to the Audit Committee

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

Corporate Governance Statement (cont'd)

PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Appropriate corporate disclosure policies and procedures

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

Using information technology for effective dissemination

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

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

Encourage Shareholder Participation at General Meetings

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. The Group makes every effort to encourage maximum participation of shareholder at the AGM and Extraordinary General Meetings. Notice of the AGM and Annual Report are sent out to shareholders at least 21 days before the date of meeting.

Poll Voting

Pursuant to the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meeting is voted by poll. All resolutions set out in the notice of AGM will be voted by way of poll.

Corporate Governance Statement (cont'd)

ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS AND BOARD COMMITTEE MEETINGS

Shown below is the attendance of each Director for the financial year ended 31 August 2016.

Board of Directors' Meetings

Name of Director	Designation	No. of Meetings attended	%
Datuk Seri Syed Ali	Independent Non-Executive	4/4	100
Bin Tan Sri Abbas Alhabshee	Chairman		
Nik Mustapha Bin Muhamad	Executive Deputy Chairman	4/4	100
Yap Kok Eng	Executive Director	4/4	100
Lye Jun Fei	Independent Non-Executive Director	4/4	100
Tee Wee Keat	Independent Non-Executive Director	4/4	100
Yeong Siew Lee	Independent Non-Executive Director	4/4	100

Board of Committee Meetings

Name of Director	Audit Committee	Nomination Committee	Remuneration Committee
Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee	5/5	1/1	1/1
Lye Jun Fei	5/5	1/1	1/1
Tee Wee Keat	4/5	1/1	1/1
Yeong Siew Lee	5/5	1/1	1/1

Directors' Training

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

Directors	Seminar / Trainings
Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee	<ul style="list-style-type: none"> • ISO – Risk Based Thinking for Internal Auditor • High Performance Work Team • Bursa Malaysia CG Breakfast Series with Directors: How to Maximize Internal Audit
Nik Mustapha Bin Muhammad	<ul style="list-style-type: none"> • ISO – Risk Based Thinking Awareness
Yap Kok Eng	<ul style="list-style-type: none"> • ISO – Risk Based Thinking Awareness • ISO – Risk Based Thinking for Internal Auditor • High Performance Work Team

Corporate Governance Statement (cont'd)

Directors	Seminar / Trainings
Lye Jun Fei	<ul style="list-style-type: none"> • ISO – Risk Based Thinking Awareness • ISO – Risk Based Thinking for Internal Auditor • High Performance Work Team • CG Breakfast Series For Directors – Future of Auditor Reporting (The Game Changer)
Tee Wee Keat	<ul style="list-style-type: none"> • ISO – Risk Based Thinking Awareness • ISO – Risk Based Thinking for Internal Auditor • High Performance Work Team
Yeong Siew Lee	<ul style="list-style-type: none"> • Risk Management and Internal Control Workshop • GST Post-Implementation Issues • Comprehensive Post-GST Implementation

Whistleblowing Policy

Objectives

BRIGHT PACKAGING INDUSTRY BHD and its group of companies (“the Group”), are committed to achieving the highest standards of integrity from all its employees and vendors. The Group takes a serious view of any wrongdoing on the part of its employees, management, directors and vendors or any other stakeholders who are involved with or in the Group.

This policy establishes the Group’s position in encouraging employees or other stakeholders to raise genuine concerns about possible improprieties in matters relating to financial reporting, compliance and other malpractices or misconduct that may have occurred. The Whistle-blowing channels are established to help employees or other stakeholders raise concerns, without fear of reprisals or retaliations.

The Group expects all parties to always act in good faith and have reasonable grounds when reporting a Whistle-blowing complaint. However, malicious and false allegations by a whistle blower will be viewed seriously and treated as a gross misconduct and if proven may lead to dismissal.

The identity of parties reporting a Whistle-blowing complaint will be kept confidential. However, their consent will be sought should there be need to disclose their identity for investigation purposes.

Any attempt to retaliate, victimize or intimidate against anyone who has reported a Whistle-blowing complaint in good faith will be subjected to the appropriate disciplinary actions.

Corporate Governance Statement (cont'd)

Types of Wrongdoing

Parties can report a Whistle-blowing complaint if they are aware of any wrongdoing, including but not limited to the following:-

- fraud
- misappropriation of assets
- criminal breach of trust
- corruption
- sexual harassment
- questionable or improper accounting
- misuse of confidential information
- breach of the Group policies and authorities
- acts or omissions which are deemed to be against the interest of the Group, laws, regulations or public policies
- deliberate concealment of information relating to any of the above

Procedures

1. Any concern should be raised to the immediate superior. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the Managing Director. Channel of reporting to the Executive Director is as follows:-

Executive Director

Via Email

vincent@brightpack.net

Via Mail

Mark Strictly Confidential

BRIGHT PACKAGING INDUSTRY BERHAD

No.23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park,
47500 Subang Jaya, Selangor Darul Ehsan.

Attention : Executive Director

Corporate Governance Statement (cont'd)

2. In the case where reporting to management is a concern, then the report should be made to the Senior Independent Director. Channel of reporting to the Senior Independent Director is as follows:-

Whistleblowing Director

Via Email

internalaudit@brightpack.net

Via Mail

Mark Strictly Confidential

BRIGHT PACKAGING INDUSTRY BERHAD

No.23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park,
47500 Subang Jaya, Selangor Darul Ehsan.
Attention : Whistleblowing Director

Consequences of Wrongdoing or Wrongful Disclosure

If the Person (i.e. the whistle-blower) has, or is found to have :

- Committed a wrongdoing;
- Taken serious risks which would likely cause a wrongdoing to be committed;
- Made a disclosure not in accordance with the requirements of this policy (for instance, dishonest, mischievous or malicious complaints); or
- Participated or assisted in any process pursuant to this policy otherwise than in good faith, the corrective actions to be taken against that Person will be determined by the MD or, if so delegated by the MD, the Senior Management, which may include, disciplinary measures, formal warning or reprimand, demotion, suspension or termination of employment or services or monetary or other forms of punishment.

Protection

The identity and personal information of the whistle-blower will be protected and kept confidential, unless the whistle-blower agrees otherwise or unless otherwise required by law.

The whistle-blower will be protected from reprisal, including any form of harassment and victimisation, as a consequence of his disclosure.

1. If a whistle-blower reasonably believes that he is being subjected to reprisal, including harassment and victimisation, as a consequence of whistle-blowing, he may consult or report to the Senior Independent Director. Channel of reporting to the Senior Independent Director is as follows:-

Whistleblowing Director

Via Email

internalaudit@brightpack.net

Via Mail

Mark Strictly Confidential

BRIGHT PACKAGING INDUSTRY BERHAD

No.23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park,
47500 Subang Jaya, Selangor Darul Ehsan.
Attention : Whistleblowing Director

Additional Compliance Information

Audit and Non-Audit Fees

During the financial year ended 31 August 2016, the amount of the audit fees paid to external auditors on the Company and Group basis were RM50,000 and RM55,000 respectively.

There were no non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm by the Company and Group during the financial year ended 31 August 2016.

Recurrent Related Party Transactions ("RRPT")

There was no RRPT during the financial year ended 31 August 2016

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 August 2016 involving the interest of the Directors and/or Major Shareholders of the Company.

Statement On Risk Management And Internal Control

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

Board Responsibility

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

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

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

Risk Management Framework

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

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

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

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

Statement On Risk Management And Internal Control (cont'd)

Internal Audit Function

All Internal Audit activities were conducted by the in-house audit team as well as our independent internal auditor Kloo Point Risk Management Services Sdn Bhd. The total costs incurred by the Group for its internal audit function in the financial year ended 31 August 2016 amount to RM 44,450.00.

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

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

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

Key Elements of Internal Controls

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

- i. Clearly defined limits of authority, responsibility and accountability have been established through the relevant terms of reference and organisational structures to enhance the Group's ability to achieve its strategies and operational objectives;
- ii. Internal policies and procedures as set out in the Group's Policies and Procedures covering various operational and management aspects are regularly updated to address operational deficiencies and changes of risks;
- iii. All departments are required to prepare the annual strategic plan, capital and operating expenditure budgets to be aligned with the strategic planning and budgeting process of the Group;
- iv. Major capital expenditure and assets disposals are appraised and approved by the Board as well as the board of directors of the subsidiaries, wherever applicable;
- v. The Audit Committee reviews the Group's financial performance and statements which is then reported to the Board;
- vi. Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues; and
- vii. Sufficient physical safeguards over major assets are in place to protect the assets of the Group against calamities and / or theft that may result in material losses to the Group.

Statement On Risk Management And Internal Control (cont'd)

Conclusion

The Board is of the view that there is no significant breakdown or weaknesses in the current system of internal controls of the Group that have resulted in material losses incurred by the Group for the financial year ended 31 August 2016. The Board and the Management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and processes.

The above Statement on Risk Management & Internal Control is made in accordance with the resolution of the Board dated 14 December 2016.

Review of the Statement by External Auditors

The External Auditors have, in accordance with the Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants, reviewed the Statement as required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, for inclusion in the Company's Annual Report for the financial year ended 31 August 2016.

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

Audit Committee Report

A. Composition and Attendance

The members of the Audit Committee are as follows:-

Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee (*Chairman, Independent Non-Executive Chairman*)

Lye Jun Fei (*Member, Independent Non-Executive Director*)

Tee Wee Keat (*Member, Independent Non-Executive Director*)

Yeong Siew Lee (*Member, Independent Non-Executive Director*)

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

During the financial year ended 31 August 2016, a total of five (5) meetings were held and the meeting attendance is set out on page 35.

B. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

- (1) Reviewed the unaudited quarterly financial results prior to submission to the Board for consideration and approval.
- (2) Reviewed the statutory audit plan for the financial year under review and updates on the development of applicable MFRS and all other related statutory requirements.
- (3) Reviewed the annual audited financial statements, Directors' and Auditors' Reports and other significant accounting issues arising from the audit of the financial year ended 31 August 2016.
- (4) Reviewed the Corporate Governance Statement, Audit Committee Report and Risk Management and Internal Control Statement prior to submission to the Board for approval and inclusion in the 2016 annual report.
- (5) Verified with the management on existence of related party transactions and/or conflict of interest situation that may arise within the Group.
- (6) Reviewed the internal audit report and follow-up report on the Group operations.
- (7) Reviewed the internal audit plan and provided recommendations.

Audit Committee Report (cont'd)

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

During the financial year ended 31 August 2016, there were no options granted pursuant to the SIS.

D. INTERNAL AUDIT FUNCTION

Summary of Activities of Internal Audit function during Financial Year Ended 31 August 2016

The Group's Internal Audit function performed audit visits to all relevant departments and subsidiary on a regular basis. The objectives of such visits are to determine whether adequate controls have been established and are operating in the Group.

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

The cost incurred for the Internal Audit Function for the financial year ended 31 August 2016 amounted to RM44,450.00

This statement was made in accordance with a resolution of the Board dated 14 December 2016.

FINANCIAL STATEMENTS

DIRECTORS' REPORT	46
STATEMENT BY DIRECTORS	51
STATUTORY DECLARATION	51
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	52
STATEMENTS OF FINANCIAL POSITION	55
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	57
STATEMENTS OF CHANGES IN EQUITY	58
STATEMENTS OF CASH FLOWS	62
NOTES TO THE FINANCIAL STATEMENTS	64

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2016.

Principal Activities

The principal activities of the Company are manufacturing of aluminium foil packaging materials and investment holding.

The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements.

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

Financial Results

	Group RM	Company RM
Net profit for the financial year		
- Attributable to owners of the parent	1,820,546	2,004,513

Reserves and Provisions

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

Dividends

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

Directors' Report (cont'd)

Issue of Shares and Debentures

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

Treasury Shares

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 26 February 2016, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 100 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.35 per share. The total consideration paid for the repurchase including transaction costs was RM78.43. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 August 2016, the total number of treasury shares held by the Company is 300 issued ordinary shares and further relevant details are disclosed in Note 14 to the financial statements.

Warrant Reserve

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

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

As at 31 August 2016, the total numbers of Warrants that remain unexercised were 57,713,200.

Options Granted Over Unissued Shares

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

Directors' Report (cont'd)

Directors

The Directors in office since the date of the last report are:

Nik Mustapha Bin Muhamad
YBhg. Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee
Tee Wee Keat
Lye Jun Fei
Yeong Siew Lee
Yap Kok Eng

Directors' Interests

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

Directors' Benefits

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

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

Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and adequate allowance for doubtful had been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report (cont'd)

Other Statutory Information (cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any items, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (cont'd)

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 14 December 2016.

NIK MUSTAPHA BIN MUHAMAD

**YBHG. DATUK SERI SYED ALI
BIN TAN SRI ABBAS ALHABSHEE**

KUALA LUMPUR

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 55 to 120 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 August 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 31 to the financial statements on page 121 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 14 December 2016.

NIK MUSTAPHA BIN MUHAMAD

YBHG. DATUK SERI SYED ALI
BIN TAN SRI ABBAS ALHABSHEE

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Nik Mustapha Bin Muhamad, being the Director primarily responsible for the financial management of Bright Packaging Industry Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 55 to 121 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 14 December 2016) NIK MUSTAPHA BIN MUHAMAD

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

to the members of Bright Packaging Industry Berhad
(Company No : 161776-W)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Bright Packaging Industry Berhad, which comprise the statements of financial position as at 31 August 2016 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 55 to 120.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors' Report (cont'd)

to the members of Bright Packaging Industry Berhad
(Company No : 161776-W)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 August 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purpose.
- (c) Our audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 31 on page 121 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report (cont'd)

to the members of Bright Packaging Industry Berhad
(Company No : 161776-W)
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411
Chartered Accountant

CHAN JEE PENG

Approved Number: 3068/08/18 (J)
Chartered Accountants

KUALA LUMPUR

14 December 2016

Statements of Financial Position

As At 31 August 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Assets					
Non-current assets					
Property, plant and equipment	4	74,975,057	81,591,236	59,986,557	66,461,436
Investment in subsidiary companies	5	-	-	606,030	606,030
		74,975,057	81,591,236	60,592,587	67,067,466
Current assets					
Inventories	6	13,020,231	8,564,331	13,020,231	8,564,331
Trade receivables	7	8,794,378	9,975,166	8,794,378	9,975,166
Other receivables	8	136,186	181,633	106,838	152,285
Amount due from subsidiary companies	9	-	-	4,291,278	4,279,306
Tax recoverable		74,058	182,227	73,678	182,227
Fixed deposits with a licensed bank	10	-	90,669	-	-
Cash and bank balances	11	36,530,356	29,957,489	36,523,710	29,947,799
		58,555,209	48,951,515	62,810,113	53,101,114
Total assets		133,530,266	130,542,751	123,402,700	120,168,580
Equity and Liabilities					
Equity					
Share capital	12	82,132,400	82,132,400	82,132,400	82,132,400
Share premium	13	15,584,529	15,584,529	15,584,529	15,584,529
Treasury shares	14	(360)	(281)	(360)	(281)
Warrants reserve	15	30,495,655	30,495,655	30,495,655	30,495,655
Other reserve		(30,495,655)	(30,495,655)	(30,495,655)	(30,495,655)
Retained earnings		24,113,425	22,292,879	6,720,454	4,715,941
Total equity		121,829,994	120,009,527	104,437,023	102,432,589

Statements of Financial Position (cont'd)

As At 31 August 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Non-current liability					
Deferred tax liabilities	17	3,551,937	5,658,005	1,947,154	4,015,653
Current liabilities					
Trade payables	18	7,619,511	4,213,745	7,600,642	4,194,876
Other payables	19	528,824	645,448	505,624	606,215
Amount due to a subsidiary company	9	-	-	8,912,257	8,919,247
Tax payables		-	16,026	-	-
		8,148,335	4,875,219	17,018,523	13,720,338
Total liabilities		11,700,272	10,533,224	18,965,677	17,735,991
Total equity and liabilities		133,530,266	130,542,751	123,402,700	120,168,580

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

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 August 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	20	62,373,708	44,713,975	62,373,708	40,675,801
Cost of sales		(60,493,135)	(39,526,645)	(60,493,135)	(36,560,893)
Gross profit		1,880,573	5,187,330	1,880,573	4,114,908
Other income		2,540,675	3,065,739	2,540,312	3,062,931
Selling and distribution expenses		(871,509)	(777,966)	(871,509)	(777,966)
Administration expenses		(3,664,432)	(2,678,388)	(3,466,095)	(2,537,524)
Other expenses		(48,540)	(1,229,629)	(8,344)	(1,189,433)
Finance costs	21	(136,522)	(109,358)	(136,522)	(109,358)
(Loss)/Profit before taxation	22	(299,755)	3,457,728	(61,585)	2,563,558
Taxation	23	2,120,301	(2,668,959)	2,066,098	(2,695,089)
Net profit/(loss) for the financial year, representing total comprehensive income for the financial year		1,820,546	788,769	2,004,513	(131,531)
Total comprehensive income attributable to:					
Owners of the parent		1,820,546	788,769		
Earnings per share attributable to owners of the parent (sen):					
Basic	24(a)	1.11	0.52		
Diluted	24(b)	1.11	0.52		

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

Statements of Changes in Equity

For The Financial Year Ended 31 August 2016

		Attributable to Owners of the Parent				Distributable			
		Non-Distributable			Share				
		Share Capital RM	Share Premium RM	Treasury Shares RM	Warrants Reserve RM	Other Reserve RM	Options Reserve RM	Retained Earnings RM	Total Equity RM
	Note								
Group									
At 1 September 2014		71,419,900	9,664,635	(184)	30,495,655	(30,495,655)	2,199,361	21,504,110	104,787,822
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	-	788,769	788,769
Transactions with owners:									
Share options granted under Share Issuance Scheme ("SIS")	16	-	-	-	-	-	1,184,271	-	1,184,271
Exercise of SIS	12,13,16	10,712,500	5,919,894	-	-	-	(3,383,632)	-	13,248,762
Share repurchased	14	-	-	(97)	-	-	-	-	(97)
Total transactions with owners		10,712,500	5,919,894	(97)	-	-	(2,199,361)	-	14,432,936
At 31 August 2015		82,132,400	15,584,529	(281)	30,495,655	(30,495,655)	-	22,292,879	120,009,527

Statements of Changes in Equity (cont'd)

For The Financial Year Ended 31 August 2016

		Attributable to Owners of the Parent							
		Non-Distributable				Distributable			
		Share Capital	Share Premium	Treasury Shares	Warrants Reserve	Other Reserve	Retained Earnings	Total Equity	
		RM	RM	RM	RM	RM	RM	RM	
Note									
Group									
At 1 September 2015		82,132,400	15,584,529	(281)	30,495,655	(30,495,655)	22,292,879	120,009,527	
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	1,820,546	1,820,546	
Transaction with owners:									
Share repurchased		14	-	-	(79)	-	-	(79)	
At 31 August 2016		82,132,400	15,584,529	(360)	30,495,655	(30,495,655)	24,113,425	121,829,994	

Statements of Changes in Equity (cont'd)

For The Financial Year Ended 31 August 2016

		Non-Distributable					Distributable		
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Warrants Reserve RM	Other Reserve RM	Share Options Reserve RM	Retained Earnings RM	Total Equity RM
Company									
At 1 September 2014		71,419,900	9,664,635	(184)	30,495,655	(30,495,655)	2,199,361	4,847,472	88,131,184
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	-	(131,531)	(131,531)
Transactions with owners:									
Share options granted under SIS	16	-	-	-	-	-	1,184,271	-	1,184,271
Exercise of SIS	12,13,16	10,712,500	5,919,894	-	-	-	(3,383,632)	-	13,248,762
Share repurchased	14	-	-	(97)	-	-	-	-	(97)
Total transactions with owners		10,712,500	5,919,894	(97)	-	-	(2,199,361)	-	14,432,936
At 31 August 2015		82,132,400	15,584,529	(281)	30,495,655	(30,495,655)	-	4,715,941	102,432,589

Statements of Changes in Equity (cont'd)

For The Financial Year Ended 31 August 2016

		Non-Distributable				Distributable			Total
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Warrants Reserve RM	Other Reserve RM	Retained Earnings RM	Equity RM	
Company									
At 1 September 2015		82,132,400	15,584,529	(281)	30,495,655	(30,495,655)	4,715,941	102,432,589	
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	2,004,513	2,004,513	
Transaction with owners:									
Share repurchased	14	-	-	(79)	-	-	-	(79)	
At 31 August 2016		82,132,400	15,584,529	(360)	30,495,655	(30,495,655)	6,720,454	104,437,023	

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

Statements of Cash Flows

For The Financial Year Ended 31 August 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash flows from operating activities				
(Loss)/Profit before taxation	(299,755)	3,457,728	(61,585)	2,563,558
Adjustments for:				
Bad debt written off	-	2,765	-	2,765
Depreciation of property, plant and equipment	6,647,396	5,558,193	6,506,096	5,436,893
Property, plant and equipment written off	715	-	715	-
Impairment loss on amount due from a subsidiary company	-	-	7,629	2,396
Inventories written down	15,242	-	15,242	-
Unrealised loss/(gain) on foreign exchange	805,639	(948,942)	805,639	(948,942)
Share options granted under SIS	-	1,184,271	-	1,184,271
Finance costs	136,522	109,358	136,522	109,358
Finance income	(983,448)	(957,371)	(983,205)	(954,563)
Operating profit before working capital changes	6,322,311	8,406,002	6,427,053	7,395,736
Change in working capital				
Inventories	(4,471,142)	(2,878,243)	(4,471,142)	(2,878,243)
Trade receivables	199,979	(4,793,967)	199,979	(4,895,361)
Other receivables	45,447	(104,490)	45,447	(103,541)
Trade payables	3,788,900	2,775,548	3,788,900	2,775,548
Other payables	(93,478)	262,674	(77,445)	281,283
Amount due from/to subsidiary companies	-	-	(26,591)	1,107,732
	(530,294)	(4,738,478)	(540,852)	(3,712,582)
Cash generated from operations	5,792,017	3,667,524	5,886,201	3,683,154
Interest received	983,448	957,371	983,205	954,563
Interest paid	(136,522)	(109,358)	(136,522)	(109,358)
Tax refund	126,651	2,327	126,043	-
Tax paid	(20,275)	(57,258)	(19,895)	(56,184)
	953,302	793,082	952,831	789,021
Net cash from operating activities	6,745,319	4,460,606	6,839,032	4,472,175

Statements of Cash Flows (cont'd)

For The Financial Year Ended 31 August 2016

	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Cash flows from investing activity				
Acquisition of property, plant and equipment	(31,932)	(18,758,611)	(31,932)	(18,758,611)
Net cash used in investing activity	(31,932)	(18,758,611)	(31,932)	(18,758,611)
Cash flows from financing activities				
Proceeds from exercise SIS	-	13,283,500	-	13,283,500
Share issue expenses	-	(34,738)	-	(34,738)
Treasury shares repurchased	(79)	(97)	(79)	(97)
Decrease/(Increase) in fixed deposit pledged	90,669	(2,808)	-	-
Net cash from/(used in) financing activities	90,590	13,245,857	(79)	13,248,665
Net increase/(decrease) in cash and cash equivalents	6,803,977	(1,052,148)	6,807,021	(1,037,771)
Effect of exchange translation difference	(231,110)	321,628	(231,110)	321,628
Cash and cash equivalents at the beginning of the financial year	29,957,489	30,688,009	29,947,799	30,663,942
Cash and cash equivalents at the end of the financial year	36,530,356	29,957,489	36,523,710	29,947,799
Cash and cash equivalents at the end of the financial year comprises:				
Fixed deposits with a licensed bank	-	90,669	-	-
Cash and bank balances	36,530,356	29,957,489	36,523,710	29,947,799
	36,530,356	30,048,158	36,523,710	29,947,799
Less: Fixed deposits pledged with a licensed bank	-	(90,669)	-	-
	36,530,356	29,957,489	36,523,710	29,947,799

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

Notes To The Financial Statements

31 August 2016

1. Corporate Information

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

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

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

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

2. Basis of Preparation

(a) Statement of compliance

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

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

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Notes To The Financial Statements (cont'd)

31 August 2016

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
MFRS 9	Financial Instruments	
	(IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15	Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transaction	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

Notes To The Financial Statements (cont'd)

31 August 2016

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

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

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

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

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

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

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

Notes To The Financial Statements (cont'd)

31 August 2016

2. Basis of Preparation (cont'd)

- (a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

MFRS 15 Revenue from Contracts with Customers

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

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

- (b) Functional and presentation currency

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

- (c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

Notes To The Financial Statements (cont'd)

31 August 2016

2. Basis of Preparation (cont'd)

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

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

Inventories valuation

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

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 August 2016, the Group has tax recoverable and payable of RM74,058 (2015: RM182,227) and RMNil (2015: RM16,026) respectively. Details of income tax expense are disclosed in Note 23.

Notes To The Financial Statements (cont'd)

31 August 2016

2. Basis of Preparation (cont'd)

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

Key sources of estimation uncertainty (cont'd)

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

3. Significant Accounting Policies

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

- (a) Basis of consolidation

- (i) Subsidiary companies

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

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

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

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

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

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

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

(b) Foreign currency translations and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(b) Foreign currency translations and balances (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(c) Property, plant and equipment

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

(i) Recognition and measurement

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

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

(i) Recognition and measurement (cont'd)

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

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

(iii) Depreciation (cont'd)

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

(d) Financial assets

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

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

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

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

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

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(e) Financial liabilities

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

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

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

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

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

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

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

(f) Offsetting of financial instruments

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(g) Inventories

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

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

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

(h) Cash and cash equivalents

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

(i) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(i) Impairment of assets (cont'd)

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

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

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

(ii) Financial assets

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

Financial assets carried at amortised cost

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(i) Impairment of assets (cont'd)

(ii) Financial asset (cont'd)

Financial assets carried at amortised cost (cont'd)

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

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

(j) Share capital

(i) Ordinary share

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(j) Share Capital (cont'd)

(ii) Treasury shares

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

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

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

(k) Revenue

(i) Sale of goods

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

(ii) Interest income

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

(l) Segments reporting

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(m) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(iii) Share-based payments transaction

Equity-settled Share-based Payment Transactions

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognized as an expense in the profit or loss over the vesting period of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(m) Employee benefits (cont'd)

(iii) Share-based payment transaction (cont'd)

Equity-settled Share-based Payment Transactions (cont'd)

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(n) Income taxes

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

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

3. Significant Accounting Policies (cont'd)

(n) Income taxes (cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

4. Property, Plant and Equipment

	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Group 2016						
Cost						
At 1 September 2015	15,300,000	10,160,303	70,987,843	3,325,772	521,099	100,295,017
Additions	-	9,000	1,900	21,032	-	31,932
Written off	-	-	(2,700)	-	-	(2,700)
At 31 August 2016	15,300,000	10,169,303	70,987,043	3,346,804	521,099	100,324,249
Accumulated depreciation						
At 1 September 2015	-	1,127,137	16,474,935	594,377	507,332	18,703,781
Charge for the financial year	-	282,597	6,043,497	309,739	11,563	6,647,396
Written off	-	-	(1,985)	-	-	(1,985)
At 31 August 2016	-	1,409,734	22,516,447	904,116	518,895	25,349,192
Carrying amount						
At 31 August 2016	15,300,000	8,759,569	48,470,596	2,442,688	2,204	74,975,057

Notes To The Financial Statements (cont'd)

31 August 2016

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

	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Group 2015						
Cost						
At 1 September 2014	15,300,000	10,160,303	53,285,168	2,269,836	521,099	81,536,406
Additions	-	-	17,702,675	1,055,936	-	18,758,611
At 31 August 2015	15,300,000	10,160,303	70,987,843	3,325,772	521,099	100,295,017
Accumulated depreciation						
At 1 September 2014	-	844,697	11,470,042	342,784	488,065	13,145,588
Charge for the financial year	-	282,440	5,004,893	251,593	19,267	5,558,193
At 31 August 2015	-	1,127,137	16,474,935	594,377	507,332	18,703,781
Carrying amount						
At 31 August 2015	15,300,000	9,033,166	54,512,908	2,731,395	13,767	81,591,236

Notes To The Financial Statements (cont'd)

31 August 2016

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

Company 2016	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Cost						
At 1 September 2015	6,615,000	3,095,303	68,618,658	3,325,772	266,185	81,920,918
Additions	-	9,000	1,900	21,032	-	31,932
Written off	-	-	(2,700)	-	-	(2,700)
At 31 August 2016	6,615,000	3,104,303	68,617,858	3,346,804	266,185	81,950,150
Accumulated depreciation						
At 1 September 2015	-	561,937	14,050,750	594,377	252,418	15,459,482
Charge for the financial year	-	141,297	6,043,497	309,739	11,563	6,506,096
Written off	-	-	(1,985)	-	-	(1,985)
At 31 August 2016	-	703,234	20,092,262	904,116	263,981	21,963,593
Carrying amount						
At 31 August 2016	6,615,000	2,401,069	48,525,596	2,442,688	2,204	59,986,557

Notes To The Financial Statements (cont'd)

31 August 2016

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

	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Company 2015						
Cost						
At 1 September 2014	6,615,000	3,095,303	50,915,983	2,269,836	266,185	63,162,307
Additions	-	-	17,702,675	1,055,936	-	18,758,611
At 31 August 2015	6,615,000	3,095,303	68,618,658	3,325,772	266,185	81,920,918
Accumulated depreciation						
At 1 September 2014	-	420,797	9,025,857	342,784	233,151	10,022,589
Charge for the financial year	-	141,140	5,024,893	251,593	19,267	5,436,893
At 31 August 2015	-	561,937	14,050,750	594,377	252,418	15,459,482
Carrying amount						
At 31 August 2015	6,615,000	2,533,366	54,567,908	2,731,395	13,767	66,461,436

Notes To The Financial Statements (cont'd)

31 August 2016

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

- (a) The freehold land and buildings of the Company are pledged as securities for credit facilities granted to the Company.
- (b) As at the financial year end, the Group and the Company gross carrying amount of fully depreciated property, plant and equipment that are still in use is RM8,902,088 (2015: RM8,265,326) and RM8,902,088 (2015: RM8,265,326) respectively.
- (c) During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM31,932 (2015: RM18,758,661) which were all satisfied by cash payments.

5. Investment in Subsidiary Companies

	Company	
	2016 RM	2015 RM
In Malaysia		
Unquoted shares, at cost	24,278,267	24,278,267
Less: Accumulated impairment losses	(23,672,237)	(23,672,237)
	606,030	606,030

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2016 %	2015 %	
Acorn Properties Sdn. Bhd.	Malaysia	100	100	Property investment
Photon Technologies (Malaysia) Sdn. Bhd. *	Malaysia	90.9	90.9	Ceased operation
Markmas Pak-Print Sdn. Bhd. *	Malaysia	99.9	99.9	Printing and manufacturing of packaging boxes and materials

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

Notes To The Financial Statements (cont'd)

31 August 2016

5. Investment in Subsidiary Companies (cont'd)

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

6. Inventories

	Group and Company	
	2016	2015
	RM	RM
Raw materials	11,105,391	6,735,791
Work-in-progress	587,934	784,215
Finished goods	1,326,906	1,044,325
	13,020,231	8,564,331
Recognised in profit or loss:		
Inventories recognised as cost of sales	49,468,962	27,713,744
Inventories written down	15,242	-

7. Trade Receivables

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables	8,794,378	9,987,120	8,794,378	9,975,166
Less: Accumulated impairment losses	-	(11,954)	-	-
	8,794,378	9,975,166	8,794,378	9,975,166

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2015: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes To The Financial Statements (cont'd)

31 August 2016

7. Trade Receivables (cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 September	11,954	11,954	-	-
Written off	(11,954)	-	-	-
At 31 August	-	11,954	-	-

Analysis of the trade receivables ageing as at the end of the financial year is as follow:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Neither past due nor impaired	7,591,456	7,422,648	7,591,456	7,422,648
<i>Past due not impaired:</i>				
Less than 30 days	1,202,922	2,552,518	1,202,922	2,552,518
Impaired	8,794,378 -	9,975,166 11,954	8,794,378 -	9,975,166 -
	8,794,378	9,987,120	8,794,378	9,975,166

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

As at 31 August 2016, trade receivables of the Group and of the Company amounting to RM1,202,922 and RM1,202,922 (2015: RM2,552,518 and RM2,552,518) respectively were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM Nil and RM Nil (2015: RM 11,954 and RM Nil) respectively, related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

Notes To The Financial Statements (cont'd)

31 August 2016

7. Trade Receivables (cont'd)

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

	Group and Company	
	2016	2015
	RM	RM
United States Dollar	8,744,254	9,975,466

8. Other Receivables

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables	51,828	73,298	51,828	73,298
Deposits	32,777	31,656	16,827	15,706
Prepayments	51,581	76,679	38,183	63,281
	136,186	181,633	106,838	152,285

9. Amounts Due from/to Subsidiary Companies

(a) Amount due from subsidiary companies

	Company	
	2016	2015
	RM	RM
Amounts due from subsidiary companies	29,121,108	29,101,507
Less: Accumulated impairment losses	(24,829,830)	(24,822,201)
	4,291,278	4,279,306

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

Notes To The Financial Statements (cont'd)

31 August 2016

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

(a) Amount due from subsidiary companies (cont'd)

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

	Company	
	2016 RM	2015 RM
At 1 September	24,822,201	24,819,805
Impairment losses recognised	7,629	2,396
At 31 August	24,829,830	24,822,201

(b) Amount due to a subsidiary company

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

10. Fixed Deposits with a Licensed Bank

The fixed deposits of the Group bear effective interest rates ranging from 3.25% (2015: 2.69% to 3.57%) per annum with maturity period of Nil (2015: Nil).

Included in fixed deposits with licensed banks of the Group is an amount of RMNil (2015: RM90,669) which has been pledged to a licensed bank as security for bank guarantee facility granted to a subsidiary company.

11. Cash and Bank Balances

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

	Group and Company	
	2016 RM	2015 RM
United States Dollar	7,531,673	2,317,794

Notes To The Financial Statements (cont'd)

31 August 2016

12. Share Capital

	Group and Company			
	Number of shares		Amount	
	2016 Units	2015 Units	2016 RM	2015 RM
<hr/>				
Ordinary shares of RM0.50 each				
Authorised:				
At 1 September/ 31 August	400,000,000	400,000,000	200,000,000	200,000,000
<hr/>				
Issued and fully paid shares:				
At 1 September	164,264,800	142,839,800	82,132,400	71,419,900
Exercise of SIS	-	21,425,000	-	10,712,500
<hr/>				
At 31 August	164,264,800	164,264,800	82,132,400	82,132,400
<hr/>				

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

In previous financial year, the Company increased its issued and paid-up share capital from 142,839,800 to 164,264,800 through the creation of 21,425,000 new ordinary shares of RM0.50 each for cash arising from the exercise of SIS at a weighted average exercise price of RM0.62 per ordinary share.

Notes To The Financial Statements (cont'd)

31 August 2016

13. Share Premium

	Group and Company	
	2016	2015
	RM	RM
At 1 September	15,584,529	9,664,635
Add: Exercise of SIS	-	5,954,632
Less: Share issue expenses	-	(34,738)
At 31 August	15,584,529	15,584,529

14. Treasury Shares

	Group and Company			
	Number of shares		Amount	
	2016	2015	2016	2015
	Units	Units	RM	RM
Ordinary shares of RM0.50 each				
At 1 September	200	100	281	184
Own shares acquired	100	100	79	97
At 31 August	300	200	360	281

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

During the financial year, the Company repurchased 100 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.35 per share. The total consideration paid for the repurchase, including transaction costs, was RM78.43. The repurchased transactions were financed by internally generated funds. The shares repurchased were held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

Notes To The Financial Statements (cont'd)

31 August 2016

14. Treasury Shares (cont'd)

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

	Average price RM	Highest price RM	Lowest price RM	Number of shares repurchased Units	Cost RM
2016					
January 2016	0.35	0.36	0.33	100	35
2015					
March 2015	0.56	0.57	0.56	100	56

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

15. Warrants Reserve

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

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

15. Warrants Reserve (cont'd)

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

As at 31 August 2016, the total number of Warrants that remain unexercised was 57,713,200 (2015: 57,713,200).

16. Share Options Reserve

	Group and Company	
	2016	2015
	RM	RM
Non-distributable		
At 1 September	-	2,199,361
Share options granted under SIS	-	1,184,271
Realisation of SIS reserve	-	(3,383,632)
At 31 August	-	-

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

In previous financial year, the ordinary shares of the Company under SIS have been fully subscribed.

Notes To The Financial Statements (cont'd)

31 August 2016

17. Deferred Tax Liabilities

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 September	5,658,005	2,992,626	4,015,653	1,326,737
Recognised in profit or loss	(2,106,068)	2,665,379	(2,068,499)	2,688,916
At 31 August	3,551,937	5,658,005	1,947,154	4,015,653

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deferred tax liabilities	7,176,385	7,778,072	5,571,602	6,135,720
Deferred tax assets	(3,624,448)	(2,120,067)	(3,624,448)	(2,120,067)
	3,551,937	5,658,005	1,947,154	4,015,653

Notes To The Financial Statements (cont'd)

31 August 2016

17. Deferred Tax Liabilities (cont'd)

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

	Accelerated allowances capital RM	Surplus arising from revaluation of land and buildings RM	Total RM
Group			
Deferred tax liabilities			
At 1 September 2015	5,832,461	1,945,611	7,778,072
Recognised in profit or loss	(556,240)	(45,447)	(601,687)
At 31 August 2016	5,276,221	1,900,164	7,176,385
<hr/>			
At 1 September 2014	2,178,406	1,991,056	4,169,462
Recognised in profit or loss	3,654,055	(45,445)	3,608,610
At 31 August 2015	5,832,461	1,945,611	7,778,072
<hr/>			
Company			
Deferred tax liabilities			
At 1 September 2015	5,742,849	392,871	6,135,720
Recognised in profit or loss	(544,850)	(19,268)	(564,118)
At 31 August 2016	5,197,999	373,603	5,571,602
<hr/>			
At 1 September 2014	2,091,436	412,137	2,503,573
Recognised in profit or loss	3,651,413	(19,266)	3,632,147
At 31 August 2015	5,742,849	392,871	6,135,720
<hr/>			

Notes To The Financial Statements (cont'd)

31 August 2016

17. Deferred Tax Liabilities (cont'd)

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

	Unutilised capital allowances RM	Others RM	Total RM
Group and Company			
Deferred tax assets			
At 1 September 2015	(2,120,067)	-	(2,120,067)
Recognised in profit or loss	(1,311,028)	(193,353)	(1,504,381)
At 31 August 2016	(3,431,095)	(193,353)	(3,624,448)
At 1 September 2014	(1,176,836)	-	(1,176,836)
Recognised in profit or loss	(943,231)	-	(943,231)
At 31 August 2015	(2,120,067)	-	(2,120,067)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unused tax losses	25,346,909	25,296,571	-	-
Unutilised capital allowance	7,656,969	12,359,102	-	4,702,133
Unutilised reinvestment allowances	5,409,952	5,409,952	-	-
	38,413,830	43,065,625	-	4,702,133

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

Notes To The Financial Statements (cont'd)

31 August 2016

18. Trade Payables

The normal trade credit term granted by trade creditors to the Group and to the Company ranging from 30 to 120 days (2015: 30 to 120 days).

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

	Group and Company	
	2016	2015
	RM	RM
United States Dollar	7,344,911	3,705,308

19. Other Payables

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other payables	424,249	482,859	408,949	452,876
Accruals	104,575	162,589	96,675	153,339
	528,824	645,448	505,624	606,215

20. Revenue

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

21. Finance Costs

	Group and Company	
	2016	2015
	RM	RM
Interest expenses on:		
Letter of credit and revolving credit	136,522	109,358

Notes To The Financial Statements (cont'd)

31 August 2016

22. (Loss)/Profit Before Taxation

(Loss)/Profit before taxation is derived after charging/(crediting):

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration				
- Statutory audit	50,000	50,000	48,000	45,000
- Non-statutory audit				
- current year	8,000	7,720	8,000	7,720
- underprovision in prior year	3,000	-	-	-
Bad debt written off	-	2,765	-	2,765
Depreciation of property, plant and equipment	6,647,396	5,558,193	6,506,096	5,436,893
Foreign exchange loss/(gain)				
- Realised	(385,482)	(969,137)	(385,482)	(969,137)
- Unrealised	805,639	(948,942)	805,639	(948,942)
Impairment loss on amount due from a subsidiary company	-	-	7,629	2,396
Interest income	(983,448)	(957,371)	(983,205)	(954,563)
Inventories written down	15,242	-	15,242	-
Non-executive Directors' remunerations				
- Fees	138,000	118,000	138,000	118,000
- Other emoluments	72,100	67,500	72,100	67,500
Property, plant and equipment written off	715	-	715	-
Rental of premises	-	-	132,000	132,000

Notes To The Financial Statements (cont'd)

31 August 2016

23. Taxation

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax expenses recognised in profit or loss:				
Current income tax:				
Current tax provision	1,800	17,100	1,800	-
Under/(Over) provision in prior years	(16,033)	(13,520)	601	6,173
	(14,233)	3,580	2,401	6,173
Deferred tax:				
Relating to origination and reversal of temporary difference	(1,278,801)	572,211	(1,241,232)	593,106
(Over)/Under provision in prior years	(827,267)	2,245,956	(827,267)	2,245,956
Relating to change in tax rate	-	(152,788)	-	(150,146)
	(2,106,068)	2,665,379	(2,068,499)	2,688,916
	(2,120,301)	2,668,959	(2,066,098)	2,695,089

Notes To The Financial Statements (cont'd)

31 August 2016

23. Taxation (cont'd)

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation	(299,755)	3,457,728	(61,585)	2,563,558
At Malaysian statutory tax rate of 24% (2015: 25%)	(71,900)	864,400	(14,800)	640,900
Effect of change in tax rate	-	(152,788)	-	(150,146)
Expenses not deductible for tax purposes	213,078	523,161	179,448	463,676
Income not subject to tax	(256,300)	(491,400)	(256,300)	(491,400)
Deferred tax assets not recognised	12,080	-	-	-
Effect of utilisation of previously unrecognised deferred tax assets	(1,128,512)	(259,510)	(1,128,512)	-
Reversal of deferred tax liability arising from revaluation surplus	(45,447)	(47,340)	(19,268)	(20,070)
(Over)/Under provision in prior years:				
- Current tax	(16,033)	(13,520)	601	6,173
- Deferred tax	(827,267)	2,245,956	(827,267)	2,245,956
Tax expense for the financial year	(2,120,301)	2,668,959	(2,066,098)	2,695,089

Notes To The Financial Statements (cont'd)

31 August 2016

23. Taxation (cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unused tax losses	25,346,909	25,296,571	-	-
Unutilised capital allowances	21,953,198	21,192,714	14,296,229	13,535,745
Unutilised reinvestment allowances	5,409,952	5,409,952	-	-
	52,710,059	51,899,237	14,296,229	13,535,745

The Group is entitled to claim reinvestment incentives under the Schedule 7A of the Income Tax Act, 1967. These reinvestment allowances claimed, when approved by the Inland Revenue Board, will enable the Group to distribute tax exempt dividends to the shareholders. As at the financial year end, the Group has unutilised reinvestment allowances of approximately RM5,409,952 (2015: RM5,409,952), subject to the agreement by the Inland Revenue Board.

24. Staff Costs

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fees	36,000	36,000	36,000	36,000
Salaries, wages and other emoluments	3,119,675	2,580,079	3,119,675	2,391,349
Defined contribution plans	249,256	221,995	249,256	210,590
Social security contributions	31,324	25,554	42,273	23,737
Share options granted under SIS	-	1,184,270	-	1,184,270
Other benefits	40,964	31,693	40,864	31,693
	3,477,219	4,079,591	3,488,068	3,877,639

Notes To The Financial Statements (cont'd)

31 August 2016

24. Staff Costs (cont'd)

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

	Group and Company	
	2016	2015
	RM	RM
Executive Directors of the Company		
- Fee	36,000	36,000
- Salaries	197,700	193,200
- Defined contribution plan	32,376	31,284
- Social contribution plan	1,309	1,240
	267,385	261,724

25. Earnings Per Share

(a) Basic earnings per share

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

	Group	
	2016	2015
	RM	RM
Net profit for the financial year attributable to the owners of the parent	1,820,546	788,769
Weighted average number of ordinary shares in issue	164,264,800	152,854,184
Adjusted for:		
Treasury shares	(61)	(50)
	164,264,739	152,854,134
Basic earnings per share (sen)	1.11	0.52

Notes To The Financial Statements (cont'd)

31 August 2016

25. Earnings Per Share (cont'd)

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2016 RM	2015 RM
Net profit for the financial year attributable to the owners of the parent	1,820,546	788,769
Weighted average number of ordinary shares in issue	164,264,800	152,854,184
Adjusted for:		
Treasury shares	(61)	(50)
Assumed conversion of Warrants	*	*
	164,264,739	152,854,134
Diluted earnings per share (sen)	1.11	0.52

* The outstanding warrants do not have any impact on the diluted earnings per share as the exercise price of the warrants exceeded the average market price of the Company's ordinary shares.

Notes To The Financial Statements (cont'd)

31 August 2016

26. Related Party Disclosures

(a) Identity of related parties

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

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

(b) Significant related party transactions

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

	Company	
	2016 RM	2015 RM
Rental of premises paid and payable to a subsidiary company	132,000	132,000

Notes To The Financial Statements (cont'd)

31 August 2016

26. Related Party Disclosures (cont'd)

(c) Compensation of key management personnel

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

	Group and Company	
	2016	2015
	RM	RM
Fee	174,000	154,000
Salaries	197,700	193,200
Defined contribution plan	32,376	31,284
Social contribution plan	1,309	1,240
Other emoluments	72,100	67,500
	477,485	447,224

27. Segment Information

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

Reporting Segment

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

Notes To The Financial Statements (cont'd)

31 August 2016

27. Segment Information (cont'd)

Geographic information

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

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

	Group	
	2016 RM	2015 RM
Malaysia	764,896	5,319,871
Philippines	34,088,272	16,773,445
Indonesia	11,617,216	12,965,426
Thailand	2,593,754	2,001,432
Korea	7,090,387	4,436,626
Pakistan	3,440,703	139,550
Others	2,778,480	3,077,625
	62,373,708	44,713,975

Major Customers

Revenue from transactions with a major customer of the Group and of the Company amounted to RM55,709,531 (2015: RM32,729,838) arising from the manufacturing of aluminum foil packaging materials segment.

28. Financial Instruments

(a) Classification of financial instruments

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

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total carrying amount RM
Group			
2016			
Financial assets			
Trade receivables	8,794,378	-	8,794,378
Other receivables	84,605	-	84,605
Cash and bank balances	36,530,356	-	36,530,356
	45,409,339	-	45,409,339
Financial liabilities			
Trade payables	-	7,619,511	7,619,511
Other payables	-	528,824	528,824
	-	8,148,335	8,148,335

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total carrying amount RM
2015			
Financial assets			
Trade receivables	9,975,166	-	9,975,166
Other receivables	104,954	-	104,954
Fixed deposits with a licensed bank	90,669	-	90,669
Cash and bank balances	29,957,489	-	29,957,489
	40,128,278	-	40,128,278
Financial liabilities			
Trade payables	-	4,213,745	4,213,745
Other payables	-	645,448	645,448
	-	4,859,193	4,859,193

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total carrying amount RM
Company			
2016			
Financial assets			
Trade receivables	8,794,378	-	8,794,378
Other receivables	68,655	-	68,655
Amount due from subsidiary companies	4,291,278	-	4,291,278
Cash and bank balances	36,523,710	-	36,523,710
	49,678,021	-	49,678,021
Financial liabilities			
Trade payables	-	7,600,642	7,600,642
Other payables	-	505,624	505,624
Amount due to a subsidiary company	-	8,912,257	8,912,257
	-	17,018,523	17,018,523
2015			
Financial assets			
Trade receivables	9,975,166	-	9,975,166
Other receivables	89,004	-	89,004
Amount due from subsidiary companies	4,279,306	-	4,279,306
Cash and bank balances	29,947,799	-	29,947,799
	44,291,275	-	44,291,275

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total carrying amount RM
Financial liabilities			
Trade payables	-	4,194,876	4,194,876
Other payables	-	606,215	606,215
Amount due to a subsidiary company	-	8,919,247	8,919,247
	-	13,720,338	13,720,338

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

(i) Credit risk (cont'd)

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

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

Credit risk concentration

As at 31 August 2016, the Group has no significant concentration of credit risk except for an amount owing from three customer (2015: one customer) constituting 87% (2015: 95%) of total receivables of the Group.

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

(ii) Liquidity risk

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

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

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

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Group			
2016			
Non-derivative financial liabilities			
Trade payables	7,619,511	7,619,511	7,619,511
Other payables	528,824	528,824	528,824
	8,148,335	8,148,335	8,148,335
2015			
Non-derivative financial liabilities			
Trade payables	4,213,745	4,213,745	4,213,745
Other payables	645,448	645,448	645,448
	4,859,193	4,859,193	4,859,193

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2016			
Non-derivative financial liabilities			
Trade payables	7,600,642	7,600,642	7,600,642
Other payables	505,624	505,624	505,624
Amount due to a subsidiary company	8,912,257	8,912,257	8,912,257
	17,018,523	17,018,523	17,018,523
2015			
Non-derivative financial liabilities			
Trade payables	4,194,876	4,194,876	4,194,876
Other payables	606,215	606,215	606,215
Amount due to a subsidiary company	8,919,247	8,919,247	8,919,247
	13,720,338	13,720,338	13,720,338

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

(iii) Market risks

(a) Foreign currency risk

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

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

	Denominated in USD	
	2016	2015
	RM	RM
Group and Company		
Financial assets		
Trade receivables	8,744,254	9,975,466
Cash and bank balances	7,531,673	2,317,794
Financial liability		
Trade payables	(7,344,911)	(3,705,308)
	8,931,016	8,587,952

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

(iii) Market risks (cont'd)

(b) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

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

		2016		2015
		Change in currency rate RM	Effect on profit before taxation RM	Change in currency rate RM
				Effect on profit before taxation RM
Group and Company				
USD	Strengthened			Strengthened
	10%		893,102	10%
	Weakened			Weakened
	10%		(893,102)	10%
				858,795
				(858,795)

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

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

(iii) Market risks (cont'd)

(c) Interest rate risk

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

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

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

	2016 RM	2015 RM
Group		
Fixed rate instrument		
Financial asset		
Fixed deposits with a licensed bank	-	90,669

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Notes To The Financial Statements (cont'd)

31 August 2016

28. Financial Instruments (cont'd)

(c) Fair value of financial instruments

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

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

Non-derivative financial instruments

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

(iii) Level 3 fair value

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

Notes To The Financial Statements (cont'd)

31 August 2016

29. Capital Management

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

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

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

The Group is not subject to any externally imposed capital requirements.

There is no bank borrowing as at the financial year end. Accordingly, calculation of gross debts equity ratio is not meaningful to the Group and to the Company.

30. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 December 2016.

Notes To The Financial Statements (cont'd)

31 August 2016

31. Supplementary Information on the Disclosure of Realised and Unrealised Profit or Losses

The following analysis of realised and unrealised retained earnings of the Group and of the Company at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiary companies				
- Realised	(18,851,860)	(23,404,516)	4,846,722	3,270,117
- Unrealised	10,135,745	9,779,348	1,873,732	1,445,824
	(8,716,115)	(13,625,168)	6,720,454	4,715,941
Less: Consolidation adjustments	32,829,540	35,918,047	-	-
Total retained earnings	24,113,425	22,292,879	6,720,454	4,715,941

The disclosure of realised and unrealised profits or loss above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

Shareholders' Information / Analysis Of Shareholdings

Issued and paid-up Ordinary Share Capital	: RM82,132,400 (inclusive of 300 as Treasury Shares)
Class of shares	: Ordinary shares of RM0.50 each
Voting rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 NOVEMBER 2016

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	6	0.17	162	0.00
100 – 1,000	505	14.58	418,027	0.25
1,001 – 10,000	1,541	44.50	9,186,834	5.59
10,001 – 100,000	1,257	36.30	41,720,400	25.40
100,001 – 8,213,224*	153	4.42	65,836,200	40.08
8,213,225 and above **	1	0.03	47,102,877	28.68
Total	3,463	100.00	164,264,500	100.00

Notes:

* Less than 5% of issued holdings

** 5% and above of issued holdings

DIRECTORS' SHAREHOLDINGS AS AT 30 NOVEMBER 2016

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
1.	Nik Mustapha Bin Muhamad	-	-	-	-
2.	YBhg Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee	-	-	-	-
3.	Yap Kok Eng	-	-	-	-
4.	Yeong Siew Lee	-	-	-	-
5.	Lye Jun Fei	-	-	-	-
6.	Tee Wee Keat	-	-	-	-

Shareholders' Information / Analysis Of Shareholdings (cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 30 NOVEMBER 2016

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
1.	WONG SK HOLDINGS SDN BHD	54,102,877	32.94	-	-
2.	DATO' WONG SHEE KAI ⁽ⁱ⁾	-	-	54,102,877	32.94
3.	TEH SEW WAN ⁽ⁱ⁾	-	-	54,102,877	32.94

(i) Deemed interested by virtue of his/her shareholdings in Wong SK Holdings Sdn Bhd pursuant to Section 6A of the Companies Act 1965

THIRTY LARGEST SHAREHOLDERS AS AT 30 NOVEMBER 2016

No.	Shareholders	No. of Shares	% of issued share capital
1	WONG SK HOLDINGS SDN BHD	47,102,877	28.68
2	MATRIX ANGLE SDN BHD	8,020,000	4.88
3	TEE YOK POH	7,101,000	4.32
4	WONG SK HOLDINGS SDN BHD	7,000,000	4.26
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AU KWAN SENG	1,440,000	0.88
6	TEH SIEW YAN	1,184,800	0.72
7	TIAH THEE KUAN	1,171,700	0.71
8	OOI LEE PENG	1,044,600	0.64
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	1,028,300	0.63
10	WONG YET LONG	1,009,000	0.61
11	TEE AH SWEE	998,000	0.61
12	TEO AH SENG	934,000	0.57
13	LIM TEE GUAN	830,000	0.51
14	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (B)	800,000	0.49
15	TEOH BOON BENG @ TEOH ENG KUAN	800,000	0.49
16	LAU KIM WAH	779,900	0.47
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM KA KIAN (PB)	650,000	0.40
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG AI MING (E-KLC)	626,100	0.38
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO AH SENG (PB)	599,100	0.36
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG LIN CHIN (E-BPT)	589,700	0.36

Shareholders' Information / Analysis Of Shareholdings (cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 30 NOVEMBER 2016 (cont'd)

No.	Shareholders	No. of Shares	% of issued share capital
21	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG KUAI KANG @ WONG CHO KAN (6000481)	577,200	0.35
22	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH KIAN LANG (CEB)	565,300	0.34
23	CHONG SIAN YEE	550,000	0.33
24	HEE BOON LONG	549,900	0.33
25	EUGENE LIEW WENG LEONG	526,000	0.32
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE LI SEE (SOLARIS-CL)	500,000	0.30
27	OON PHAIK SIEW	500,000	0.30
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH KING KOK	500,000	0.30
29	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YEE FOONG	489,400	0.30
30	GOH PEI KIAT	475,000	0.29

WARRANT HOLDERS' INFORMATION / ANALYSIS OF WARRANT HOLDINGS

No. of Warrants Issued	: 57,713,200
Exercise Price of the Warrants	: RM0.82
Exercise Period	: 13 January 2014 – 12 January 2019

DISTRIBUTION OF WARRANT HOLDINGS AS AT 30 NOVEMBER 2016

Size of Holdings	Number of Holders	%	Number of Holdings	%
1 – 99	83	7.59	3,712	0.01
100 – 1,000	19	1.74	8,622	0.01
1,001 – 10,000	440	40.26	2,030,868	3.52
10,001 – 100,000	430	39.34	16,788,668	29.09
100,001 – 2,885,659*	121	11.07	38,881,330	67.37
2,885,660 and above **	0	0.00	0	0.00
Total	1,093	100.00	57,713,200	100.00

Notes:

* Less than 5% of issued holdings

** 5% and above of issued holdings

Shareholders' Information / Analysis Of Shareholdings (cont'd)

DIRECTORS' WARRANT HOLDINGS AS AT 30 NOVEMBER 2016

No.	Name	Direct interest		Deemed interest	
		No. of Holdings	%	No. of Holdings	%
1.	Nik Mustapha Bin Muhamad	-	-	-	-
2.	YBhg Datuk Seri Syed Ali Bin Tan Sri Abbas Alhabshee	-	-	-	-
3.	Yap Kok Eng	-	-	-	-
4.	Yeong Siew Lee	-	-	-	-
5.	Lye Jun Fei	-	-	-	-
6.	Tee Wee Keat	-	-	-	-

THIRTY LARGEST WARRANT HOLDERS AS AT 30 NOVEMBER 2016

No.	Warrant holders	No. of Warrant	% of issued Warrant
1	CHAI MING FATT	2,159,300	3.74
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR KIM HOCK (BB KLANG-CL)	2,039,000	3.53
3	LIM TEE GUAN	1,500,100	2.60
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AU KWAN SENG (E-KLC)	1,469,100	2.55
5	TEO AH SENG	1,262,866	2.19
6	WUI MEE LING	866,100	1.50
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VELAYUTHAM A/L VADIVELLO (E-BWK/JTS)	846,800	1.47
8	TAN TEONG HENG	750,000	1.30
9	NG SIEW LEE	745,800	1.29
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	740,000	1.28
11	CHAI THAM POH	699,100	1.21
12	SEAH YONG KWONG	650,000	1.13
13	KHOR ENG KHOON	582,400	1.01
14	LIM BOON HIAN	568,200	0.98
15	SIM MAY YEE	502,200	0.87
16	YEAP LEE SIN	500,000	0.87

Shareholders' Information / Analysis Of Shareholdings (cont'd)

THIRTY LARGEST WARRANT HOLDERS AS AT 30 NOVEMBER 2016 (cont'd)

No.	Warrant holders	No. of Warrant	% of issued Warrant
17	CHANG AH BOON	487,100	0.84
18	LEONG SAU CHING	479,600	0.83
19	HO MEE LAN	455,500	0.79
20	GOH AIK CHUAN	451,300	0.78
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG NAM FATT (08CJ544Q-008)	450,033	0.78
22	TAN KOK KENG	450,000	0.78
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AH MENG	420,000	0.73
24	MICHELLE GAN	412,100	0.71
25	KHOR KIM HOCK	411,000	0.71
26	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	400,200	0.69
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO AH SENG (PB)	399,400	0.69
28	TEO MENG HAI	394,600	0.68
29	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR CHANG AH BOON	393,000	0.68
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG JIN JOO (E-TJJ/BBP)	370,666	0.64

List Of Properties

The list of properties held by the Group as at 31 August 2016 is set out as follows:

Location	Description of Land	Existing use	Land Area in sq. ft.	Tenure/ Lease Period	Net Book Value (RM000')	Approximate age of building (years)	Date of last revaluation
No.23, Jalan Delima 1/3 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor Darul Ehsan	Industrial land	Office cum factory building	56,555	Freehold	9,428	22	3 January 2013
No.20, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor Darul Ehsan	Industrial land	Factory building	80,482	Freehold	15,467	18	3 January 2013

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the **Twenty-Ninth Annual General Meeting** of the Company will be held at **Redang Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur** on **Monday, 23 January 2017** at **9.00 a.m.** to transact the following businesses:

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 August 2016 and the Reports of Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect Yeong Siew Lee who is retiring as a Director in accordance with Article 108 of the Company's Articles of Association. **Ordinary Resolution 1**
3. To re-elect Lye Jun Fei who is retiring as a Director in accordance with Article 108 of the Company's Articles of Association. **Ordinary Resolution 2**
4. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

"THAT Nik Mustapha Bin Muhamad, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."
Ordinary Resolution 3
5. To re-appoint Messrs UHY as the Auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 4**
6. To approve the payment of Directors' fees of RM174,000 for the financial year ended 31 August 2016. **Ordinary Resolution 5**

As Special Business

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

Notice Of Annual General Meeting (cont'd)

7. AUTHORITY TO ISSUE SHARES

Ordinary Resolution 6

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten per centum (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

8. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Ordinary Resolution 7

"THAT subject always to compliance with the Companies Act, 1965 ("Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up ordinary share capital as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total issued and paid-up ordinary share capital of the Company for the time being;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium, if any, of the Company at the time of the said purchase(s); and

Notice Of Annual General Meeting (cont'd)

- (iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors and/or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/or authorised by this Ordinary Resolution."

Notice Of Annual General Meeting (cont'd)

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

NG HENG HOOI (MAICSA 7048492)
WONG MEE KIAT (MAICSA 7058813)
JANE ONG SU PING (MAICSA 7059946)
 Secretaries

Kuala Lumpur
 30 December 2016

Notes:

1. For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 16 January 2017 and only members whose name appear on such Record of Depositors shall be entitled to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply.
3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
5. The instrument appointing a proxy shall be deposited at the office of the Share Registrar of the Company situated at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

Notice Of Annual General Meeting (cont'd)

Explanatory Note on Ordinary and Special Business:

1. Item 1 of the Agenda

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 4 of the Agenda

The re-appointment of Nik Mustapha Bin Muhamad, who is over the age of seventy years to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Ordinary Resolution 3 is passed by a majority of not less than three-fourth (¾) of members entitled to vote in person or by proxy, at the forthcoming Annual General Meeting.

3. Item 7 of the Agenda

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilized and accordingly no proceeds were raised.

The proposed Ordinary Resolution 6, if passed, will authorize the Directors of the Company to issue not more than 10% of the issued share capital of the Company subject to the approvals of all relevant governmental/regulatory bodies. This authorization will empower the Directors of the Company to issue shares notwithstanding that the authorization has ceased to be in force if the shares are issued in pursuance of an offer, agreement or option made or granted by the Directors while the authorization was in force. This authorization will expire at the conclusion of the next Annual General Meeting of the Company.

The purpose of the renewal mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

4. Item 8 of the Agenda

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten per centum (10%) of the issued and paid up share capital of the Company by utilizing the funds allocated which shall not exceed the total retained earnings and share premium of the Company.

The authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.



BRIGHT PACKAGING INDUSTRY BERHAD
(Company No. 161776-W)
(Incorporated in Malaysia under the Companies Act, 1965)

CDS account no.
No. of shares held

FORM OF PROXY

I/We, _____
[Full Name in block, NRIC no./company no.]

of _____
[Address]

being the shareholder(s) of **Bright Packaging Industry Berhad**, hereby appoint:

Full name (in block)	NRIC/Passport no.	Proportion of shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Full name (in block)	NRIC/Passport no.	Proportion of shareholdings	
		No. of shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll at the **Twenty-Ninth Annual General Meeting** of the Company to be held at **Redang Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur** on **Monday, 23 January 2017** at **9.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Resolution	Agenda	For	Against
Ordinary Resolution 1	Re-election of Yeong Siew Lee		
Ordinary Resolution 2	Re-election of Lye Jun Fei		
Ordinary Resolution 3	Re-appointment of Nik Mustapha Bin Muhamad		
Ordinary Resolution 4	Re-appointment of Messrs UHY as the Auditors of the Company and authorise the Directors to determine their remuneration		
Ordinary Resolution 5	Payment of Directors' Fees		
Ordinary Resolution 6	Authority to Issue Shares		
Ordinary Resolution 7	Proposed Renewal of Authority for Share Buy-Back		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed on this day of 2017

.....
Signature of Shareholder(s) / Common Seal

Notes:

1. For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 16 January 2017 and only members whose name appear on such Record of Depositors shall be entitled to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply.
3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
5. The instrument appointing a proxy shall be deposited at the office of the Share Registrar of the Company situated at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

Fold this flap for sealing



**Affix
Stamp**

BRIGHT PACKAGING INDUSTRY BERHAD (161776-W)
c/o Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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BRIGHT PACKAGING INDUSTRY BERHAD (161776-W)

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Subang Hi-Tech Industrial Park,
40000 Shah Alam,
Selangor Darul Ehsan, Malaysia.

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