

BRIGHT PACKAGING INDUSTRY BERHAD
QUARTERLY REPORT
FOR THE QUARTER ENDED 31 MAY 2013

1. NOTES TO THE INTERIM FINANCIAL STATEMENTS

1.01 Basis of Preparation

The interim financial statement has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 August 2012.

1.02 Changes in Accounting Policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 August 2012 except for the new standards amendments to published standards and interpretations as set out below:

MFRS 10, Consolidated Financial Statements

MFRS 102, Inventories

Amendments to MFRS 10, Consolidated Financial Statements: Transition Guidance

The adoption of these new MFRSs and Amendments do not have any material impact on the interim financial statements of the Group.

1.03 Qualified Audit Report

The auditors’ report on the financial statements for the year ended 31 August 2012 was not qualified.

1.04 Seasonality Or Cyclicity Of Operations

The business of the Group for the quarter under review has not been affected by any seasonality or cyclicity of operations.

1.05 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no items affecting assets, liabilities, equity, net income or cash flows that unusual because of their nature, size or incidence during the financial period to date.

1.06 Changes In Estimates

There is no significant change in estimates of amounts reported in prior interim period or previous financial year.

1.07 Issuances And Repayment Of Debt And Equity Securities

As of 10.7.2013 being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report, the Company has purchased 100 of its own shares.

1.08 Dividend Paid

There was no dividend paid in the current financial period to date.

1.09 Segmental Information

The Group is principally engaged in the manufacturing segment within Malaysia. The other segments are not significant to be disclosed under the requirements of FRS 8 – Operating Segments.

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1.10 Valuation of Property, Plant and Equipment

The Group has engaged a professional valuer from Raine & Horne International Zaki + Partners Sdn Bhd to revalue two parcels of its freehold land and building located at Lot 20 & Lot 23 of Subang Hi-Tech Industrial Park, Shah Alam (“the Properties”) to determine the fair value of the Properties in compliance to FRS 116, Property, plant and equipment. The last revaluation of the Properties was done in 2006.

Based on the valuation report dated 3 January 2013, the Properties are valued at RM 23 million and it has resulted in a revaluation surplus of RM 12.85 million which has been recognised in the previous quarter’s financial statements.

1.11 Subsequent Events

As at the date of this report, there are no material events subsequent to the balance sheet that have a material impact on the financial position of the Group.

1.12 Changes In The Composition Of The Group

There were no changes in the composition of the Group for the financial period under review.

1.13 Changes In Contingent Liabilities

There were no changes in other contingent liabilities since the last annual financial statements as at 31 August 2012.

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2. NOTES AS REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD REQUIREMENTS

2.01 Review Of Performance

The Group, for the third quarter ended 31 May 2013, registered a total turnover of RM11.15 million, as compared to RM14.00 million in the third quarter of last financial year. The lower turnover was due to reduced orders from overseas tobacco manufacturer; whilst the higher margin was attributed to lower costs of materials and improved operational efficiency.

2.02 Comparison With Preceding Quarter's Results

During the current quarter, the Group registered total revenue of RM11.15 million as compared to the preceding quarter of RM14.00 million. The Group has registered a profit after tax and minority interest of RM0.73 million as compared to preceding quarter of RM0.91 million.

2.03 Current Year Prospects

Barring unforeseen circumstances, the Directors foresee a reasonable performance for the Group for the year ahead.

2.04 Variance Of Actual Profit From Forecast Profit / Profit Guarantee

Not applicable.

2.05 Taxation

The taxation of the Group for the financial period under review was as follow:-

| | Current Quarter ended 31 May 2013 RM'000 | Current Year to date 31 May 2013 RM'000 |
|---------------------|---|--|
| Current tax expense | 190 | 1,336 |
| | ----- | ----- |
| | 190 | 1,336 |
| | ===== | ===== |

Tax expense for the current quarter ended 31 May 2013 is derived based on management's best estimate for the financial period.

2.06 Profit On Sale Of Investment And / Or Properties

There were no sales of investment / or properties for the financial period under review.

2.07 Purchase Or Disposal Of Quoted Securities

There were no purchases and / or disposal of quoted securities for the financial period under review.

2.08 Status Of Corporate Proposals

On 19th April 2013, the Company announced that it proposes to undertake the following:

(i) proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 ("Act") involving the cancellation of RM0.50 par value of all existing ordinary shares of RM1.00 each ("**Bright Shares**") in the Company ("**Proposed Par Value Reduction**");

(ii) proposed reduction of up to RM2,157,000 from the share premium account of the Company pursuant to Sections 60(2) and 64(1) of the Act ("**Proposed Share Premium Reduction**");

(iii) proposed amendments to the Memorandum and Articles of Association ("**M&A**") of the Company to facilitate the Proposed Par Value Reduction ("**Proposed Amendments**"); and

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(iv) proposed authority for the Company to buy-back its own share (“**Proposed Share Buy-Back**”)

All the above corporate proposals were approved by the shareholders of the Company at an extraordinary general meeting (“**EGM**”) convened on the 5th June 2013.

The Proposed Par Value Reduction, Proposed Share Premium Reduction and Proposed Amendments are pending upon approvals being obtained from the following:

- (a) sanctions of the High Court of Malaya; and
- (b) any other relevant authority, if required.

The Proposed Par Value Reduction, Proposed Share Premium Reduction and Proposed Amendments are inter-conditional upon each other.

Barring any unforeseen circumstance and subject to the approval of the relevant authorities being obtained, the Board expects the proposals (i), (ii) & (iii) to be completed by the last quarter of 2013.

2.09 Group Borrowings and Debt Securities

As at 31/05/2013, the Group did not have any long term Bank borrowings and debt securities.

2.10 Off Balance Sheet Financial Instruments

The Group has no off balance sheet financial instruments as at the date of this announcement.

2.11 Material Litigation

As at the date of this announcement, the Group is not engaged in any material litigation which in the opinion of the Board of Directors will have a material impact on the financial position or business of the Group.

2.12 Dividend

No dividend was recommended for the quarter under review.

2.13 Earnings Per Share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Current Year Quarter 31/05/2013 | Preceding Year Quarter 31/05/2012 | Current Year Quarter 31/05/2013 | Preceding Year Quarter 31/05/2012 |
| a) Basic earnings per share | | | | |
| Net profit/(loss) for the period (RM'000) | 733 | 914 | 4,052 | 2,299 |
| Weighted average number of Ordinary shares issued (RM'000) | 43,285 | 43,285 | 43,285 | 43,285 |
| Basic earnings per share (sen) | 1.69 | 2.11 | 9.36 | 5.31 |

b) Diluted earnings per share

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share have not been disclosed.

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2.14 Realised and Unrealised Profit/ (Losses) Disclosure

The accumulated loss of the Group as at 31 May 2013 and 31 August 2012 are analyzed as follows:

| | As at 31/05/2013 RM'000 | As at 31/08/2012 RM'000 |
|---|--|--|
| Total accumulated loss of the Company and its subsidiaries: | | |
| -Realised | (57,442) | (61,675) |
| -Unrealised | (1,044) | (859) |
| | <hr/> | <hr/> |
| | (58,486) | (62,534) |
| Less: Consolidation adjustments | 36,147 | 36,143 |
| | <hr/> | <hr/> |
| Accumulated loss as per financial statements | (22,339) | (26,391) |
| | <hr/> <hr/> | <hr/> <hr/> |