

BRIGHT PACKAGING INDUSTRY BERHAD
QUARTERLY REPORT
FOR THE QUARTER ENDED 28 FEBRUARY 2017

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 2016.

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 2016 except for the new standards amendments to published standards and interpretations as set out below:

		Effective 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 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
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
<u>New IC Int</u>		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
<u>Amendments to IC Int</u>		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

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

BRIGHT PACKAGING INDUSTRY BERHAD
QUARTERLY REPORT
FOR THE QUARTER ENDED 28 FEBRUARY 2017

1.02 Changes in Accounting Policies (cont'd)

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and 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 not recycling. 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.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 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 Standard 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.

1.03 Qualified Audit Report

The auditors' report on the financial statements for the year ended 31 August 2016 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 Dividend Paid

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

BRIGHT PACKAGING INDUSTRY BERHAD
QUARTERLY REPORT
FOR THE QUARTER ENDED 28 FEBRUARY 2017

1.08 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 MFRS 8 – Operating Segments.

1.09 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.

1.10 Changes In The Composition Of The Group

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

1.11 Changes In Contingent Liabilities

There were no changes in other contingent liabilities since the last annual financial statements as at 31 August 2016.

**BRIGHT PACKAGING INDUSTRY BERHAD
 QUARTERLY REPORT
 FOR THE QUARTER ENDED 28 FEBRUARY 2017**

2. NOTES AS REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD REQUIREMENTS

2.01 Review Of Performance

The Group for the second quarter ended 28 February 2017 registered a total turnover of RM6.55 million, as compared to RM15.677 million in the second quarter of last financial year. The lower turnover was due to lower in customers' order from tobacco industry.

2.02 Comparison With Preceding Quarter's Results

During the current quarter, the Group registered total revenue of RM6.55 million as compared to the preceding quarter of RM9.76 million. The Group has registered a loss after tax and minority interest of RM1.85 million as compared to preceding quarter profit after tax of RM0.24 million. The decrease in profitability mainly due to unrealised forex losses as well as increase in operating expenses.

2.03 Current Year Prospects

The Company on 13 January 2015 announced that the Company had entered into a Purchase-Sale Agreement with Zao Philip Morris Izhora, a MNC tobacco manufacturing company in Russia, to supply aluminium foil ("Agreement") at a total estimated value of USD15 million (US Dollars Fifteen Million) subject to the terms and conditions stipulated in the Agreement.

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 28 February 2017 RM'000	Current Year to date 28 February 2017 RM'000
Current tax expense	4	8
	-----	-----
	4	8
	=====	=====

Tax expense for the current quarter ended 28 February 2017 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

There were no new corporate proposals for the financial period under review.

2.09 Group Borrowings and Debt Securities

As at 28 February 2017, 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.

BRIGHT PACKAGING INDUSTRY BERHAD
QUARTERLY REPORT
FOR THE QUARTER ENDED 28 FEBRUARY 2017

2.11 Material Litigation

As at the date of this announcement, the Group is not engaged in any material litigation.

2.12 Dividend

No dividend was recommended for the quarter under review.

2.13 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Quarter	Preceding Year Corresponding Quarter
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
a) <u>Basic earnings per share</u>				
Net profit/(loss) for the period (RM'000)	(1,852)	873	(2,095)	681
Weighted average number of Ordinary shares issued	164,265	164,265	164,265	164,265
Basic earnings/ (loss) per share (sen)	(1.13)	0.53	(1.27)	0.41

b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Quarter	Preceding Year Corresponding Quarter
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
Net profit/(loss) for the period (RM'000)	(1,852)	873	(2,095)	681
<u>Potential ordinary share (units)</u>	221,978	221,978	221,978	210,567
Weighted average number of Ordinary shares issued	164,265	164,265	164,265	152,854
Full conversion of Warrants to Shares	57,713	57,713	57,713	57,713
Full conversion of Options to Shares	-	-	-	-
Diluted earnings/ (loss) per share (sen)	(0.83)	0.39	(0.94)	1.18

BRIGHT PACKAGING INDUSTRY BERHAD
QUARTERLY REPORT
FOR THE QUARTER ENDED 28 FEBRUARY 2017

2.14 Realised and Unrealised Profit/ (Losses) Disclosure

The accumulated loss of the Group as at 28 February 2017 and 31 August 2016 are analyzed as follows:

	As at 28/02/2017 RM'000	As at 31/08/2016 RM'000
Total accumulated loss of the Company and its subsidiaries:		
-Realised	(21,905)	(18,852)
-Unrealised	11,095	10,136
	<hr/>	<hr/>
	(10,810)	(8,716)
 Add: Consolidation adjustments	 32,829	 32,829
	<hr/>	<hr/>
Accumulated profit / (loss) as per financial statements	22,019	24,113
	<hr/>	<hr/>