

POLY GLASS FIBRE (M) BHD (Company No. 42138-X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30
NOVEMBER 2013**

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Listing Requirements.

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the year ended 28 February 2013. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 28 February 2013.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 28 February 2013 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments :-

- Amendments to FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements*
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (2011)
- FRS 127, Separate Financial Statements (2011)
- FRS 128, Investments in Associates and Joint Ventures (2011) *
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine *
- Amendments to FRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Government Loans *
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 10, Consolidated Financial Statements: Transition Guidance
- Amendments to FRS 11, Joint Arrangements: Transition Guidance *
- Amendments to FRS 12, Disclosure of Interests in Other Entities: Transition Guidance

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30
NOVEMBER 2013 (cont'd)**

1. Basis of Preparation

The initial application of the above standards, amendments or interpretations are not expected to have any material impact on this interim financial report of the Group.

At the date of authorization of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

- Amendments to FRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to FRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to FRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- FRS 9, Financial Instruments (2010)
- FRS 9, Financial Instruments (2011)
- Amendments to FRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures

2. Audit Report For Preceding Financial Year

Not applicable. No qualification on the audit report of the preceding annual financial statements of Poly Glass Fibre (M) Bhd.

3. Seasonal or Cyclical Factors

The fibre glasswool insulation business normally expect a fall in revenue of about 30% during the festive holiday season.

4. Unusual Items

There were no unusual items for the current quarter and financial period to-date.

5. Exceptional Items

There were no exceptional items for the current quarter and financial period-to-date.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2013 (cont'd)

6. Changes in Estimates

There were no changes in estimates in the prior interim periods and the prior years that have a material effect in the current quarter and financial period to-date.

7. Equity Structure

There were no issuance and repayment of debt and equity shares, shares buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period to-date.

8. Dividends Paid

There was no dividend paid for the current quarter and financial period to-date.

9. Segmental Reporting

Financial data by business segment for the Group

	← Current Year To-date →			
	30 November 2013			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	31,344	-	-	31,344
Segment results	6,684	(529)	(15)	6,140
Interest expense				(1,708)
Net profit before taxation				4,432
Taxation				(21)
Net profit after taxation				4,411

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30
NOVEMBER 2013 (cont'd)**

10. Valuation of Property, Plant and Equipment

Not applicable. No valuation policy was adopted for property, plant and equipment. The Group availed the transitional provisions issued by the Malaysian Accounting Standards Board upon adoption of International Accounting Standard No 16 (Revised) to have the 1992 revalued assets of land and buildings continue to be stated at their existing carrying amounts less accumulated depreciation.

11. Material events subsequent to the end of the period reported on not reflected in the financial statements for the said period

Save on the taken delivery of the vacant possession of property Parcel No. A12A.01 of Hexagon Tech Park (formally known as Kompleks Adorna Diamond), Georgetown, Pulau Pinang on 26 December 2013, there were no material events subsequent to the end of the period reported on which have not been reflected in the financial statements as at 15 January 2014.

12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date.

13. Contingent Liabilities

There were no changes in the contingent liabilities (other than material litigations disclosed in Note 10 of the Additional Information Required by the Bursa Malaysia's Listing Requirements) since the last annual balance sheet date.

14. Related Party Transactions

Transactions with the substantial shareholder, Equaplus Sdn Bhd: -

	RM'000
Repayment of advances	<u>5,300</u>
Interest payable and paid	<u>1,059</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2013 (cont'd)

15. Capital Commitments

Contractual but not provided for in the financial statements.

	RM'000
Capital commitment	
- Property	1,601
- Plant & Equipment	864
	2,465

16. Profit for the Period

This is arrived at after crediting / (charging):

	Current Year Quarter 30 Nov 2013 RM'000	Current Year To Date 30 Nov 2013 RM'000
Interest income	31	69
Interest expense	(548)	(1,708)
Depreciation and amortisation	(1,251)	(3,668)
Provision for and written off receivables	-	-
Provision for and written off inventories	-	-
Foreign exchange gain (realised and unrealised)	77	158