

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 31 AUGUST 2014

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 2014. 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 2014.

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 2014 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments :-

- 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
- Amendments to FRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

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.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period beginning on or after 1 July 2014:-

- Amendments to FRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 3, Business Combinations (Annual Improvements 2010- 2012 Cycle and 2011-2013 Cycle)
- Amendments to FRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 13, Fair Value Measurement (Annual Improvements 2010- 2012 Cycle and 2011-2013 Cycle)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2014 (cont'd)

1. Basis of Preparation(cont'd)

- Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions
- Amendments to FRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 140, Investment Property (Annual Improvements 2011- 2013 Cycle)

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.

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2014 (cont'd)

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 → 31 August 2014			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	22,912	-	-	22,912
Segment results	3,938	(250)	104	3,792
Interest expense				(847)
Net profit before taxation				2,945
Taxation				(17)
Net profit after taxation				2,928

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2014 (cont'd)

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

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 28 October 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>2,510</u>
Interest payable and paid	<u>465</u>

15. Capital Commitments

Contractual but not provided for in the financial statements.

	RM'000
Capital commitment	
- Plant & Equipment	<u>236</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2014 (cont'd)

16. Profit for the Period

This is arrived at after crediting / (charging):

	Current Year Quarter 31 Aug 2014 RM'000	Current Year To Date 31 Aug 2014 RM'000
Interest income	41	66
Interest expense	(416)	(847)
Depreciation and amortisation	(981)	(2,159)
Provision for and written off receivables	-	-
Provision for and written off inventories	-	-
Foreign exchange gain (realised and unrealised)	23	47