

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 28 FEBRUARY 2015

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)

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 28 FEBRUARY 2015 (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.

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 28 FEBRUARY 2015 (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 28 February 2015 →			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	43,083	840	-	43,923
Segment results	7,449	109	259	7,817
Interest expense				(1,687)
Net profit before taxation				6,130
Taxation				(623)
Net profit after taxation				5,507

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.

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 28 FEBRUARY 2015 (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 22 April 2015.

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>934</u>

15. Capital Commitments

Contractual but not provided for in the financial statements.

	RM'000
Capital commitment	
- Plant & Equipment	
Contracted but not provided for	5,358
Approved but not contracted for	<u>8,138</u>

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 28 FEBRUARY 2015 (cont'd)

16. Profit for the Period

This is arrived at after crediting / (charging):

	Current Year Quarter 28 Feb 2015 RM'000	Current Year To Date 28 Feb 2015 RM'000
Interest income	55	176
Interest expense	(420)	(1,687)
Depreciation and amortisation	(1,175)	(4,311)
Provision for and written off receivables	-	-
Provision for and written off inventories	-	-
Reversal of provision for liquidated damages	600	600
Foreign exchange gain (realised and unrealised)	26	133

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

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 28 FEBRUARY 2015**

1. Review of Performance of the Company and its Principal Subsidiaries for the current quarter and financial period to-date

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28 Feb 15 RM'000	Preceding Year Quarter 28 Feb 14 RM'000	Current Year To Date 28 Feb 15 RM'000	Preceding Year To Date 28 Feb 14 RM'000
<u>Revenue</u>				
Fibre glasswool and related products	9,301	9,257	43,083	40,601
Property development	84	-	840	-
Investment Holding	-	-	-	-
	9,385	9,257	43,923	40,601
<u>Profit/(Loss) before tax</u>				
Fibre glasswool and related products	1,256	116	6,123	5,515
Property development	458	(199)	108	(878)
Investment Holding	13	1,919	(101)	1,631
	1,726	1,836	6,130	6,268

Group

The Group revenue for the current quarter increased by 1.38% to RM9.39 million as compared to the preceding year quarter ended 28 February 2014. The current quarter registered profit before tax of RM1.73 million as compared to the preceding year quarter's profit before tax of RM1.84 million.

For the current financial year to-date 28 February 2015, the Group achieved revenue of RM43.92 million as compared to preceding year to-date of RM40.60 million. The Group has registered profit before tax of RM6.13 million for the current financial year to-date as compared to the preceding year to-date's profit before tax of RM6.27 million.

The higher revenue is achieved by its glasswool insulation business. The lower profit before tax is mainly due to the reversal of impairment loss for property previously provided for by its wholly owned subsidiary, Clover Sdn. Bhd., of RM2.04 million in preceding year.

Fibre glasswool and related products segment

The revenue for the current quarter has increased by 0.48% to RM9.30 million as compared to the preceding year quarter ended 28 February 2014. The current quarter registered a profit before tax of RM1.26 million as compared to the preceding year quarter's profit before tax of RM0.12 million. This was mainly due to lower unit cost of production.

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

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 28 FEBRUARY 2015 (Cont'd)**

1. Review of Performance of the Company and its Principal Subsidiaries for the current quarter and financial period to-date (cont'd)

Fibre glasswool and related products segment (cont'd)

For the current financial year to-date 28 February 2015, the revenue achieved of RM43.08 million as compared to preceding year to-date of RM40.60 million. The profit before tax registered of RM6.12 million for the current financial year to-date as compared to the preceding year to-date's profit before tax of RM5.52 million. This was mainly due to higher sale revenue achieved.

Property development segment

The development has been suspended and delayed for a prolonged period of time. The profit before taxation was mainly due to reversal of provision for liquidation damages.

Investment holding segment

The loss before taxation is mainly the expenses to maintain the investment property.

2. Material Change in the Profit Before Taxation ("PBT") for the quarter reported on as compared to the results of the immediate preceding quarter

The Group recorded a profit before tax of RM1.73 million for the current quarter ended 28 February 2015 as compared to the immediate preceding quarter profit before tax of RM1.46 million. This was mainly due to reversal of provision for liquidated damages by its property development.

3. Prospects for the Current Financial Year

Fibre glasswool business is expected to be the major revenue contributor of the Group in the immediate and near future. PGF Insulation Sdn. Bhd. will celebrate its 30th Anniversary in fibre glasswool manufacturing in 2015. Sales and marketing activities are planned for domestic and international markets to promote the Ecowool brand. Plant upgrades and additional warehousing space are also in the pipeline in order to optimize manufacturing capacity and control cost.

Demand in domestic market surged in the months closing into the implementation of Goods and Services Tax ("GST") on 1st April 2015. The surge is not expected to be sustainable. Internally, the Company has also committed resources to ensure a smooth transition to the new tax regime. The market is expected to take sometime to adjust and settle with the new tax regime. The management will continue to monitor the domestic market condition and act accordingly.

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

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2015 (Cont'd)

3. Prospects for the Current Financial Year (cont'd)

The recent drop in Ringgit Malaysia eases the market competition in domestic and export markets. Current exchange rate and a consistent low diesel price also bodes well for the Company. The recent announcement by the government that there will be no more energy subsidy rationalization in 2015 will help the Company to keep its manufacturing cost under control.

4. Variance of Actual Profit from Forecast Profit/Profit Guarantee

Not Applicable.

5. Income Tax

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28 Feb 15 RM'000	Preceding Year Quarter 28 Feb 14 RM'000	Current Year To Date 28 Feb 15 RM'000	Preceding Year To Date 28 Feb 14 RM'000
Malaysian Taxation	# 9	# 14	# 98	# 35
Deferred Taxation	525	319	525	319
	534	333	623	354

The effective tax rate of the Group is lower than the statutory tax rate as the tax charge relates to tax on profits of certain subsidiaries is set-off against the unutilised capital and investment tax allowance.

6. Profits/(Losses) on sale of unquoted investments and/or properties

There were no profits/(losses) on sale of unquoted investments and/or properties for the current quarter and financial period to-date.

7. Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter and financial period to-date.

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

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 28 FEBRUARY 2015 (Cont'd)**

8. Status of Corporate Proposals

Not Applicable

9. Group Borrowings

	As at 28 Feb 2015 RM'000	As at 28 Feb 2014 RM'000
Long term borrowings, secured		
<i>Analysis of repayment</i>		
Between 1 – 2 years	2,333	2,420
Between 2 – 5 years	8,166	10,565
	10,499	12,985
Advance from a shareholder, unsecured	13,817	16,327
Short term borrowings		
<i>Secured</i>		
Bank overdraft	-	-
Other borrowings	2,226	2,318
	2,226	2,318
<i>Unsecured</i>		
Bank overdrafts	122	395
Other borrowings	1,752	1,126
	1,874	1,521
	4,100	3,839

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

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2015 (Cont'd)

10. Material Litigation

Golden Approach Sdn. Bhd. ("GASB")

On 20 July 2005, Golden Approach Sdn Bhd ("GASB"), a wholly owned subsidiary of the Company, has been served a Writ of Summons and a Statement of Claim issued from the Kuala Lumpur High Court ("KLHC") by a contractor of GASB for claims of RM3,212,688.78 (being outstanding sum on Interim Certificates issued by the Engineer and a further amount derived from the Plaintiff's final claim amounting to RM1,316,783.76 and RM1,895,905.02 respectively). GASB disputed the claims.

On the application of GASB the KLHC has struck out the claim by Tasja 2006 and the decision was affirmed by the Court of Appeal ("COA") on 13 August 2009. The Federal Court however has on the 22 November 2010 allowed the Plaintiff's appeal with costs and remitted the matter to the KLHC for full trial.

The KLHC has heard the evidence of both Plaintiff and Defendant and on 13 June 2012 the KLHC has allowed the Plaintiff's claim for the sum of RM3,212,688.78 with interest and cost of RM20,000.00 awarded to the Plaintiff. An appeal against the KLHC decision has been lodged with the Court of Appeal. On the hearing of the appeal on 22 May 2013 the COA has directed that the case be refixed for hearing before another panel of judges as a member of the COA has heard the appeal in the KLHC. When the matter came up for case management on 23 July 2013, the COA proceeded to fix the hearing of the appeal which is fixed for 17 October 2013.

On the 17 October 2013, the COA after hearing submissions from both counsels unanimously allowed GASB's appeal and set aside the KLHC's order given on 12 June 2012 with cost of RM10,000.00 awarded to GASB. The Court has also ordered the sum of RM6,309,564.76 paid into KLHC be released to GASB.

The Plaintiff has filed a Notice of Motion on 14 November 2013 for leave to appeal to the Federal Court. Hearing has been postponed several times. The Federal Court has requested for the ground of judgment from COA before fixing a hearing date of the Motion. On 14 April 2015, the Federal Court has fixed 29 June 2015 for a further case management pending release of the ground of judgement.

11. Dividend

The Board of Directors does not recommend any dividend for the period ended 28 February 2015.

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

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 28 FEBRUARY 2015 (Cont'd)**

12. Earnings Per Share

Basic Earnings Per Share - The basic earnings per ordinary share has been calculated by dividing the Group's net profit for the current year to date of RM5,506,393 (2014: net profit RM5,914,373) by the weighted average number of ordinary shares of the Company in issue during the current financial year to date of 159,974,948 shares (2013: 159,974,948).

13. Disclosure of Realised And Unrealised Losses

	As at 28 Feb 2015 RM'000	As at 28 Feb 2014 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- realised	(139,957)	(145,366)
- unrealised	(11,677)	(12,180)
	(151,634)	(157,546)
Less: Consolidation adjustments	69,161	69,042
Total accumulated losses as per consolidated accounts	(82,473)	(88,504)

The determination of realised and unrealised losses is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

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

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 24th April 2015