

POLY GLASS FIBRE (M) BHD

(Company No. 42138-X)
(Incorporated in Malaysia)
and its subsidiaries

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 FEBRUARY 2016**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29 February 2016 RM'000 (Unaudited)	Preceding Year Quarter 28 February 2015 RM'000 (Unaudited)	Current Year To Date 29 February 2016 RM'000 (Unaudited)	Preceding Year To Date 28 February 2015 RM'000 (Audited)
Revenue	10,294	9,385	41,807	43,923
Operating Expenses	(10,809)	(8,084)	(39,014)	(37,237)
Other operating income	275	845	3,744	1,131
Operating profit/(loss)	(240)	2,146	6,537	7,817
Finance cost	(370)	(420)	(1,575)	(1,687)
Profit/(loss) before taxation	(610)	1,726	4,962	6,130
Taxation	(447)	(534)	(600)	(623)
Profit/(loss) after taxation	(1,057)	1,192	4,362	5,507
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period attributable to owners of the Company	(1,057)	1,192	4,362	5,507
Earnings per share:				
Basic (based on ordinary shares of RM1 each) (sen)	(0.66)	0.75	2.73	3.44
<i>(Calculated based on the weighted average number of shares in issue during the period) ('000)</i>	159,975	159,975	159,975	159,975

The selected explanatory notes form an integral part of, and, should be read in conjunction with, this interim financial report

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 29 FEBRUARY 2016

	As at end of Current Quarter 29 February 2016 RM'000 (Unaudited)	As at Preceding Financial Year End 28 February 2015 RM'000 (Audited)
Assets		
Property, plant and equipment	60,664	48,513
Investment property	5,981	6,107
Land held for property development	92,468	96,913
Deferred tax assets	727	1,078
Total non-current assets	159,840	152,611
Inventories	8,239	8,499
Trade and other receivables	10,248	10,898
Goods & services tax receivable	559	-
Current tax assets	3	-
Cash and cash equivalents	3,159	6,039
Total current assets	22,208	25,436
Total assets	182,048	178,047
Equity		
Share capital	159,975	159,975
Reserves	(34,997)	(39,359)
Total equity attributable to owners of the Company	124,978	120,616
Liabilities		
Loans and borrowings	15,979	10,499
Advances from a shareholder	9,817	13,817
Deferred tax liabilities	13,264	13,264
Total non-current liabilities	39,060	37,580
Loans and borrowings	4,549	4,100
Trade and other payables	13,373	15,744
Current tax payables	88	7
Total current liabilities	18,010	19,851
Total liabilities	57,070	57,431
Total equity and liabilities	182,048	178,047
Net assets per share (sen)	78.12	75.40

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 FEBRUARY 2016

	← Attributable to owners of the Company →					Total RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Accumulated losses RM'000	Capital reserve RM'000	
At 1 March 2014	159,975	42,787	181	(88,504)	670	115,109
Total comprehensive income for the period	-	-	-	5,507	-	5,507
At 28 February 2015	159,975	42,787	181	(82,997)	670	120,616
At 1 March 2015	159,975	42,787	181	(82,997)	670	120,616
Total comprehensive income for the period	-	-	-	4,362	-	4,362
At 29 February 2016	159,975	42,787	181	(78,635)	670	124,978

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 29 FEBRUARY 2016

	29 February 2016 RM'000 (Unaudited)	28 February 2015 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	4,962	6,130
Adjustments for :		
Depreciation of property, plant and equipment	4,177	4,186
Depreciation of investment properties	126	126
Plant and equipment written off	2	25
Interest income	(3,246)	(176)
Interest expense	1,575	1,687
Gain on disposal of property, plant and equipment	(64)	(132)
Reversal of provision for liquidated damages	-	(600)
Development costs charged to profit & loss	485	734
Operating profit before changes in working capital	8,017	11,980
<i>Changes in working capital :</i>		
Inventories	260	(1,498)
Trade and other receivables	18	(1,797)
Trade and other payables	1,714	1,310
Cash generated from operations	10,009	9,995
Tax paid	(171)	(55)
Net cash from operating activities	9,838	9,940
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,246	176
Proceeds from disposal of property, plant and equipment	134	188
Purchase of property, plant and equipment	(16,140)	(3,153)
Additions to land held for property development	(51)	(124)
Net cash used in investing activities	(12,811)	(2,913)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 29 FEBRUARY 2016**

	29 February 2016 RM'000 (Unaudited)	28 February 2015 RM'000 (Audited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to a shareholder	(4,000)	(2,510)
Interest paid	(1,575)	(1,687)
Repayment of finance lease liabilities	(139)	(635)
Short term borrowings, net	336	624
Drawdown / (Repayment) of term loans	5,551	(2,070)
Net cash from/(used in) financing activities	173	(6,278)
Net (decrease)/increase in cash and cash equivalents	(2,800)	749
Cash and cash equivalents at beginning of year	5,917	5,168
Cash and cash equivalents at end of year	3,117	5,917

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this interim financial report*

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29
FEBRUARY 2016**

1. Basis of Preparation

The Group falls within the scope definition of Transitioning Entities. Transitioning Entities are allowed to defer the adoption of Malaysian Financial Reporting Standard (“MFRS”) Framework.

For the financial year ended 29 February 2016, the Group will continue to prepare its financial statements using Financial Reporting Standards (“FRS”).

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 2015. 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 2015.

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 2015 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments :-

- Amendments to FRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- 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, *Operation Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- 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)*

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.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29
FEBRUARY 2016 (cont'd)**

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.

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2016 (cont'd)

9. Segmental Reporting

Financial data by business segment for the Group

	Current Year To-date 29 February 2016			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	41,253	554	-	41,807
Segment results	3,822	2,462	253	6,537
Interest expense				(1,575)
Net profit before taxation				4,962
Taxation				(600)
Net profit after taxation				4,362

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

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 25 April 2016.

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2016 (cont'd)

13. Contingent Liabilities

There were no changes in the contingent liabilities 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>4,000</u>
Interest payable and paid	<u>835</u>

15. Capital Commitments

Contractual but not provided for in the financial statements.

	RM'000
Capital commitment	
- Property	
Contracted but not provided for	78
Approved but not contracted for	<u>8,330</u>
- Plant & Equipment	
Contracted but not provided for	80
Approved but not contracted for	<u>145</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2016 (cont'd)

16. Profit for the Period

This is arrived at after crediting / (charging):

	Current Year Quarter 29 Feb 2016 RM'000	Current Year To Date 29 Feb 2016 RM'000
Interest income	30	3,246
Interest expense	(370)	(1,575)
Depreciation and amortisation	(1,181)	(4,303)
Provision for and written off receivables	-	-
Provision for and written off inventories	-	-
Foreign exchange gain (realised and unrealised)	284	279

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 29 FEBRUARY 2016**

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 29 Feb 16 RM'000	Preceding Year Quarter 28 Feb 15 RM'000	Current Year To Date 29 Feb 16 RM'000	Preceding Year To Date 28 Feb 15 RM'000
<u>Revenue</u>				
Fibre glasswool and related products	9,740	9,301	41,253	43,083
Property development	554	84	554	840
Investment Holding	-	-	-	-
	10,294	9,385	41,807	43,923
<u>Profit/(Loss) before tax</u>				
Fibre glasswool and related products	(360)	1,256	2,581	6,123
Property development	(225)	458	2,462	108
Investment Holding	(25)	13	(81)	(101)
	(610)	1,726	4,962	6,130

Group

The Group revenue for the current quarter increased by 9.69% to RM10.29 million as compared to the preceding year quarter ended 28 February 2015. The current quarter registered loss before tax of RM0.61 million as compared to the preceding year quarter's profit before tax of RM1.73 million.

For the current financial year to-date 29 February 2016, the Group achieved revenue of RM41.81 million as compared to preceding year to-date of RM43.92 million. The Group has registered profit before tax of RM4.96 million for the current financial year to-date as compared to the preceding year to-date's profit before tax of RM6.13 million.

This was mainly due to lower sales revenue with higher unit cost of production by its glasswool insulation business and reversal of the interest of RM3.10 million previously provided by its wholly owned subsidiary, Golden Approach Sdn. Bhd. in the court case filed by Tasja Sdn. Bhd.

Fibre glasswool and related products segment

The revenue for the current quarter has increased by 4.72% to RM9.74 million as compared to the preceding year quarter ended 28 February 2015. The current quarter registered a loss before tax of RM0.36 million as compared to the preceding year quarter's profit before tax of RM1.26 million.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 29 FEBRUARY 2016 (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

For the current financial year to-date 29 February 2016, the revenue achieved of RM41.25 million as compared to preceding year to-date of RM43.08 million. The profit before tax registered of RM2.58 million for the current financial year to-date as compared to the preceding year to-date's profit before tax of RM6.12 million.

This was mainly due to lower sales revenue and higher unit cost of production.

Property development segment

The higher profit before tax is mainly due to reversal of the interest of RM3.10 million previously provided for the court case filed by Tasja Sdn. Bhd.

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 loss before tax of RM0.61 million for the current quarter ended 29 February 2016 as compared to the immediate preceding quarter profit before tax of RM3.38 million. This was mainly due to lower sales revenue with higher unit cost of production by its glasswool insulation business and reversal of the interest of RM3.10 million previously provided by its wholly owned subsidiary, Golden Approach Sdn. Bhd. in the court case filed by Tasja Sdn. Bhd. in the immediate preceding quarter.

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.

The weak 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. However, slow down in the world economy and uncertainty surrounding exchange rate and local political scenario is expected to dampen the demand. The recent announcement by Gas Malaysia Bhd. to increase tariff of industrial use natural gas will have a negative impact to the Group's bottom line. The management will continuously monitor the efficiency rate of gas furnace in order to minimize cost of production. Plant upgrades and additional warehousing space are also in the pipeline in order to optimize manufacturing capacity and control cost.

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 29 FEBRUARY 2016 (Cont'd)**

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

Not Applicable.

5. Income Tax

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29 Feb 16 RM'000	Preceding Year Quarter 28 Feb 15 RM'000	Current Year To Date 29 Feb 16 RM'000	Preceding Year To Date 28 Feb 15 RM'000
Malaysian Taxation	96	# 9	# 249	# 98
Deferred Taxation	351	525	351	525
	447	534	600	623

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.

8. Status of Corporate Proposals

Not Applicable

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 29 FEBRUARY 2016 (Cont'd)**

9. Group Borrowings

	As at 29 Feb 2016 RM'000	As at 28 Feb 2015 RM'000
Long term borrowings, secured		
<i>Analysis of repayment</i>		
Between 1 – 2 years	2,299	2,333
Between 2 – 5 years	13,680	8,166
	15,979	10,499
Advance from a shareholder, unsecured	9,817	13,817
Short term borrowings		
<i>Secured</i>		
Bank overdraft	-	-
Other borrowings	2,420	2,226
	2,420	2,226
<i>Unsecured</i>		
Bank overdrafts	41	122
Other borrowings	2,088	1,752
	2,128	1,874
	4,549	4,100

10. Material Litigation

Neither the Company nor its subsidiaries are engaged in any litigation or arbitration proceedings, either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group.

11. Dividend

The Board of Directors does not recommend any dividend for the period ended 29 February 2016.

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 29 FEBRUARY 2016 (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 RM4,361,696 (2015: net profit RM5,506,393) 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 (2014: 159,974,948).

13. Disclosure of Realised And Unrealised Losses

	As at 29 Feb 2016 RM'000	As at 28 Feb 2015 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- realised	(135,656)	(139,986)
- unrealised	(12,430)	(12,170)
	<u>(148,086)</u>	<u>(152,156)</u>
Less: Consolidation adjustments	69,451	69,158
Total accumulated losses as per consolidated accounts	<u>(78,635)</u>	<u>(82,998)</u>

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 28th April 2016