

**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 31 AUGUST 2016**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 August 2016 RM'000 (Unaudited)	Preceding Year Quarter 31 August 2015 RM'000 (Unaudited)	Current Year To Date 31 August 2016 RM'000 (Unaudited)	Preceding Year To Date 31 August 2015 RM'000 (Unaudited)
Revenue	11,855	9,694	24,902	20,544
Operating Expenses	(11,629)	(8,613)	(23,068)	(17,686)
Other operating income	167	80	283	163
Operating profit	393	1,161	2,117	3,021
Finance costs	(382)	(412)	(770)	(829)
Profit before taxation	11	749	1,347	2,192
Taxation	(25)	(33)	(83)	(88)
Profit after taxation	(14)	716	1,264	2,104
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period attributable to owners of the Company	(14)	716	1,264	2,104
Earnings per share:				
Basic (based on ordinary shares of RM1 each) (sen)	(0.01)	0.45	0.79	1.32
<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

**POLY GLASS FIBRE (M) BHD**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AT 31 AUGUST 2016

	As at end of Current Quarter 31 August 2016 RM'000 (Unaudited)	As at Preceding Financial Year End 29 February 2016 RM'000 (Audited)
<b>Assets</b>		
Property, plant and equipment	58,879	60,664
Investment property	5,918	5,981
Land held for property development	92,468	92,468
Deferred tax assets	727	727
<b>Total non-current assets</b>	<b>157,992</b>	<b>159,840</b>
Inventories	10,124	8,239
Trade and other receivables	10,088	10,848
Current tax assets	24	3
Cash and cash equivalents	5,232	3,159
<b>Total current assets</b>	<b>25,468</b>	<b>22,249</b>
<b>Total assets</b>	<b>183,460</b>	<b>182,089</b>
<b>Equity</b>		
Share capital	159,975	159,975
Reserves	(33,733)	(34,997)
<b>Equity attributable to owners of the Company</b>	<b>126,242</b>	<b>124,978</b>
<b>Liabilities</b>		
Loans and borrowings	18,632	15,979
Advances from a shareholder	9,817	9,817
Deferred tax liabilities	13,264	13,264
<b>Total non-current liabilities</b>	<b>41,713</b>	<b>39,060</b>
Loans and borrowings	4,902	4,549
Trade and other payables	10,516	13,415
Current tax liabilities	87	87
<b>Total current liabilities</b>	<b>15,505</b>	<b>18,051</b>
<b>Total liabilities</b>	<b>57,218</b>	<b>57,111</b>
<b>Total equity and liabilities</b>	<b>183,460</b>	<b>182,089</b>
<b>Net assets per share (sen)</b>	<b>78.91</b>	<b>78.12</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 AUGUST 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 2015	159,975	42,787	181	(82,997)	670	120,616
Total comprehensive income for the period	-	-	-	2,104	-	2,104
At 31 August 2015	<u>159,975</u>	<u>42,787</u>	<u>181</u>	<u>(80,893)</u>	<u>670</u>	<u>122,720</u>
At 1 March 2016	159,975	42,787	181	(78,635)	670	124,978
Total comprehensive income for the period	-	-	-	1,264	-	1,264
At 31 August 2016	<u>159,975</u>	<u>42,787</u>	<u>181</u>	<u>(77,371)</u>	<u>670</u>	<u>126,242</u>

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**POLY GLASS FIBRE (M) BHD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 AUGUST 2016**

	31 August 2016 RM'000 (Unaudited)	31 August 2015 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	1,347	2,192
<b>Adjustments for :</b>		
Depreciation of property, plant and equipment	2,577	2,016
Depreciation of investment property	63	64
Plant and equipment written off	1	1
Interest income	(50)	(88)
Interest expense	770	829
Loss/(gain) on disposal of property, plant and equipment	150	(64)
<b>Operating profit before changes in working capital</b>	4,858	4,950
<i>Changes in working capital :</i>		
Inventories	(1,884)	335
Trade and other receivables	791	(1,404)
Trade and other payables	(2,929)	290
<b>Cash generated from operations</b>	836	4,171
Tax paid	(105)	(65)
<b>Net cash from operating activities</b>	731	4,106
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	50	88
Proceeds from disposal of property, plant and equipment	5	134
Purchase of plant and equipment	(950)	(1,741)
Additions to land held for property development	-	(28)
<b>Net cash used in investing activities</b>	(895)	(1,547)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 AUGUST 2016**

	<b>31 August 2016</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>31 August 2015</b> <b>RM'000</b> <b>(Unaudited)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(770)	(829)
Repayment of finance lease liabilities	(73)	(66)
Short term borrowings, net	(730)	(82)
Drawdown/(Repayment) of term loans	3,496	(1,069)
<b>Net cash from/(used in) financing activities</b>	1,923	(2,046)
<b>Net increase in cash and cash equivalents</b>	1,759	513
<b>Cash and cash equivalents at beginning of year</b>	3,117	5,917
<b>Cash and cash equivalents at end of year</b>	4,876	6,430

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**AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 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 28 February 2017, 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 29 February 2016. 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 29 February 2016.

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 29 February 2016 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments :-

- FRS 14, *Regulatory Deferral Account*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures- Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101, *Presentation of Financial Statements -Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS138, *Intangible Assets-Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 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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**AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 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 31 AUGUST 2016 (cont'd)**

**9. Segmental Reporting**

Financial data by business segment for the Group

	Current Year To-date 31 August 2016			
Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000	
Revenue from external customers	24,902	-	-	24,902
<b>Segment results</b>	2,289	(333)	161	2,117
Interest expense				(770)
Net profit before taxation				1,347
Taxation				(83)
<b>Net profit after taxation</b>				<u>1,264</u>

**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 October 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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**AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016 (cont'd)**

**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 Requirement) since the last annual balance sheet date.

**14. Related Party Transactions**

Transactions with the substantial shareholder, Equaplus Sdn Bhd: -

	RM'000
Interest payable and paid	<u>335</u>

**15. Capital Commitments**

Contractual but not provided for in the financial statements.

	RM'000
Capital commitment	
- Property	
Contracted but not provided for	6,401
Approved but not contracted for	<u>1,724</u>
- Plant & Equipment	
Contracted but not provided for	<u>335</u>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016 (cont'd)**

**16. Profit for the Period**

This is arrived at after crediting / (charging):

	<b>Current Year Quarter 31 Aug 2016 RM'000</b>	<b>Current Year To Date 31 Aug 2016 RM'000</b>
Interest income	26	50
Interest expense	(382)	(770)
Depreciation and amortisation	(1,295)	(2,640)
Provision for and written off receivables	-	-
Provision for and written off inventories	-	-
Foreign exchange gain (realised and unrealised)	127	135

**POLY GLASS FIBRE (M) BHD (Company No. 42138-X)**  
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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES  
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD  
ENDED 31 AUGUST 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 31 Aug 16 <b>RM'000</b>	Preceding Year Quarter 31 Aug 15 <b>RM'000</b>	Current Year To Date 31 Aug 16 <b>RM'000</b>	Preceding Year To Date 31 Aug 15 <b>RM'000</b>
<b><u>Revenue</u></b>				
Fibre glasswool and related products	11,855	9,694	24,902	20,544
Property development Investment Holding	-	-	-	-
	<b>11,855</b>	<b>9,694</b>	<b>24,902</b>	<b>20,544</b>
<b><u>Profit/(Loss) before tax</u></b>				
Fibre glasswool and related products	187	910	1,676	2,484
Property development Investment Holding	(180)	(136)	(333)	(261)
	<b>4</b>	<b>(25)</b>	<b>4</b>	<b>(31)</b>
	<b>11</b>	<b>749</b>	<b>1,347</b>	<b>2,192</b>

**Group**

The Group revenue for the current quarter increased by 22.92% to RM11.86 million as compared to the preceding year quarter ended 31 August 2015. The current quarter registered profit before tax of RM0.01 million as compared to the preceding year quarter's profit before tax of RM0.75 million.

For the current financial year to-date 31 August 2016, the Group achieved revenue of RM24.90 million as compared to preceding year to-date of RM20.54 million. The Group has registered profit before tax of RM1.35 million for the current financial year to-date as compared to the preceding year to-date's profit before tax of RM2.19 million.

This was mainly due to higher unit cost of production by its glasswool manufacturing division.

**Fibre glasswool and related products segment**

The revenue for the current quarter has increased by 22.29% to RM11.86 million as compared to the preceding year quarter ended 31 August 2015. The current quarter registered a profit before tax of RM0.19 million as compared to the preceding year quarter's profit before tax of RM0.91 million.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES  
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD  
ENDED 31 AUGUST 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 31 August 2016, the revenue achieved of RM24.90 million as compared to preceding year to-date of RM20.54 million. The profit before tax registered of RM1.68 million for the current financial year to-date as compared to the preceding year to-date's profit before tax of RM2.48 million.

This was mainly due to higher unit cost of production.

**Property development segment**

The development has been suspended and delayed for a prolonged period of time. The loss before taxation was mainly due to legal fees and land & building contributions.

**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 RM0.01 million for the current quarter ended 31 August 2016 as compared to the immediate preceding quarter profit before tax of RM1.34 million. This was mainly due to lower sales revenue by its glasswool insulation business during festive season.

**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, slowdown in the world economy and local property sector is expected to dampen the demand. The move by government to rationalize energy subsidy will continue to increase tariff of industrial use natural gas and it 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.

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

Not Applicable.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES  
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD  
ENDED 31 AUGUST 2016 (Cont'd)**

**5. Income Tax**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Aug 16 <b>RM'000</b>	Preceding Year Quarter 31 Aug 15 <b>RM'000</b>	Current Year To Date 31 Aug 16 <b>RM'000</b>	Preceding Year To Date 31 Aug 15 <b>RM'000</b>
<b>Malaysian Taxation</b>	25	# 33	# 83	# 88
<b>Deferred Taxation</b>	-	-	-	-
	25	33	83	88

# 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 31 AUGUST 2016 (Cont'd)**

**9. Group Borrowings**

	<b>As at 31 Aug 2016 RM'000</b>	<b>As at 29 Feb 2016 RM'000</b>
Long term borrowings, secured		
<i>Analysis of repayment</i>		
Between 1 – 2 years	3,182	3,479
More than 2 years	13,561	11,487
	<u>16,743</u>	<u>14,966</u>
Long term borrowings, unsecured		
<i>Analysis of repayment</i>		
Between 1 – 2 years	492	470
More than 2 years	1,397	543
	<u>1,889</u>	<u>1,013</u>
Advance from a shareholder, unsecured	<u>9,817</u>	<u>9,817</u>
Short term borrowings		
<i>Secured</i>		
Bank overdraft	-	-
Other borrowings	2,984	2,420
	2,984	2,420
<i>Unsecured</i>		
Bank overdrafts	356	41
Other borrowings	1,562	2,088
	1,918	2,128
	<u>4,902</u>	<u>4,549</u>

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD  
ENDED 31 AUGUST 2016 (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 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. On 16 November 2015 after hearing of the submission of the counsels for the respective parties, the Federal Court has unanimously dismissed the Plaintiff's motion for leave with cost of RM10,000.00 to be paid to Defendant.

On 14 June 2016, the Plaintiff filed a motion in the Federal Court to review the decision of the Federal Court. The Court has fixed 3 November 2016 for hearing of the notice.

**11. Dividend**

The Board of Directors does not recommend any dividend for the period ended 31 August 2016.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 31 AUGUST 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 RM1,264,096 (2015: net profit RM2,104,275) 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 (2015: 159,974,948).

**13. Disclosure of Realised And Unrealised Losses**

	<b>As at 31 Aug 2016 RM'000</b>	<b>As at 29 Feb 2016 RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- realised	(130,893)	(132,178)
- unrealised	(12,575)	(12,431)
	<u>(143,468)</u>	<u>(144,609)</u>
Less: Consolidation adjustments	66,096	65,973
Total accumulated losses as per consolidated accounts	<u>(77,372)</u>	<u>(78,636)</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 27<sup>th</sup> October 2016