

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 2017**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 August 2017 RM'000 (Unaudited)	Preceding Year Quarter 31 August 2016 RM'000 (Unaudited)	Current Year To Date 31 August 2017 RM'000 (Unaudited)	Preceding Year To Date 31 August 2016 RM'000 (Unaudited)
Revenue	14,835	11,855	26,537	24,902
Operating Expenses	(12,607)	(11,629)	(25,706)	(23,068)
Other operating income	89	141	591	233
Results from operating activities	2,317	367	1,422	2,067
Interest income	4	26	17	50
Interest expenses	(493)	(382)	(983)	(770)
Profit before taxation	1,828	11	456	1,347
Tax expenses	(12)	(25)	(27)	(83)
Profit/(loss) after taxation	1,816	(14)	429	1,264
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period attributable to owners of the Company	1,816	(14)	429	1,264
Earnings per share:				
Basic (based on ordinary shares of RM1 each) (sen)	1.14	(0.01)	0.27	0.79
<i>(Calculated based on the weighted average number of shares in issue during the period)</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

(Company No. 42138-X)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2017

	As at end of Current Quarter 31 August 2017 RM'000 (Unaudited)	As at Preceding Financial Year End 28 February 2017 RM'000 (Audited)
Assets		
Property, plant and equipment	62,437	63,413
Investment property	5,792	5,856
Land held for property development	133,386	133,398
Deferred tax assets	1,916	1,916
Total non-current assets	203,531	204,583
Inventories	15,535	14,733
Trade and other receivables	12,050	10,305
Current tax assets	11	-
Cash and cash equivalents	1,126	1,871
Total current assets	28,722	26,909
Total assets	232,253	231,492
Equity		
Share capital	202,762	202,762
Reserves	(42,991)	(43,420)
Equity attributable to owners of the Company	159,771	159,342
Liabilities		
Loans and borrowings	18,931	19,102
Advances from a shareholder	11,167	9,817
Deferred tax liabilities	23,089	23,089
Total non-current liabilities	53,187	52,008
Loans and borrowings	9,118	9,981
Trade and other payables	10,149	10,057
Current tax liabilities	28	104
Total current liabilities	19,295	20,142
Total liabilities	72,482	72,150
Total equity and liabilities	232,253	231,492
Net assets per share (sen)	99.87	99.60

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POLY GLASS FIBRE (M) BHD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2017

	← 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 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>
At 1 March 2017	202,762	-	181	(44,271)	670	159,342
Total comprehensive income for the period	-	-	-	429	-	429
At 31 August 2017	<u>202,762</u>	<u>-</u>	<u>181</u>	<u>(43,842)</u>	<u>670</u>	<u>159,771</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 2017

	31 August 2017 RM'000 (Unaudited)	31 August 2016 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	456	1,347
Adjustments for :		
Depreciation of property, plant and equipment	2,746	2,577
Depreciation of investment property	63	63
Plant and equipment written off	-	1
Interest income	(17)	(50)
Interest expense	983	770
Gain on disposal of property, plant and equipment	-	150
Operating profit before changes in working capital	<u>4,231</u>	<u>4,858</u>
<i>Changes in working capital :</i>		
Inventories	(802)	(1,884)
Trade and other receivables	(1,746)	791
Trade and other payables	103	(2,929)
Cash generated from operations	<u>1,786</u>	<u>836</u>
Tax paid	(113)	(105)
Net cash from operating activities	<u>1,673</u>	<u>731</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	17	50
Proceeds from disposal of property, plant and equipment	-	5
Purchase of plant and equipment	(1,768)	(950)
Net cash used in investing activities	<u>(1,751)</u>	<u>(895)</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2017**

	31 August 2017 RM'000 (Unaudited)	31 August 2016 RM'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from a shareholder	1,350	-
Interest paid	(983)	(770)
Repayment of finance lease liabilities	(79)	(73)
Short term borrowings, net	(164)	(730)
(Repayment)/Drawdown of term loans, net	(1,935)	3,496
Net cash (used in)/from financing activities	(1,811)	1,923
Net (decrease)/increase in cash and cash equivalents	(1,889)	1,759
Cash and cash equivalents at 1 March 2017/2016	1,457	3,117
Cash and cash equivalents at end of period	(432)	4,876

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this interim financial report*

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31
AUGUST 2017**

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 2018, 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 2017. 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 2017.

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 2017 except for the adoption of the following new and revised FRSs, Interpretations and Amendments :-

- Amendments to FRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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 31 AUGUST 2017 (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 2017 (cont'd)

9. Segmental Reporting

Financial data by business segment for the Group

	Current Year To-date ← 31 Aug 2017 →			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	26,357	-	180	26,537
Segment results	1,491	(479)	410	1,422
Interest income				17
Interest expense				(983)
Net profit before taxation				456
Taxation				(27)
Net profit after taxation				429
Segment assets	77,557	135,246	19,450	232,253

	Preceding Year To-date ← 31 Aug 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
Segment results	2,239	(333)	161	2,067
Interest income				50
Interest expense				(770)
Net profit before taxation				1,347
Taxation				(83)
Net profit after taxation				1,264
Segment assets	75,956	95,042	12,463	183,461

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2017 (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

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 26 October 2017.

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 since the last annual balance sheet date.

14. Related Party Transactions

Transactions with the substantial shareholder, Equaplus Sdn Bhd: -

	RM'000
Advances granted	<u>1,350</u>
Interest payable and paid	<u>367</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2017 (cont'd)

15. Capital Commitments

Contractual but not provided for in the financial statements.

	RM'000
Capital commitment	
- Property	
Contracted but not provided for	304
Approved but not contracted for	756
- Plant & Equipment	
Contracted but not provided for	3,336
Approved but not contracted for	1,256

16. Profit for the Period

This is arrived at after crediting / (charging):

	Current Year Quarter 31 Aug 2017 RM'000	Current Year To Date 31 Aug 2017 RM'000
Interest income	4	17
Interest expense	(493)	(983)
Depreciation and amortisation	(1,409)	(2,809)
Provision for and written off receivables	-	-
Provision for and written off inventories	-	-
Foreign exchange gain (realised and unrealised)	73	569

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 AUGUST 2017**

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	Preceding	Changes	Current	Preceding	Changes
	Year	Year	Increase/ (Decrease)	Year	Year	Increase/ (Decrease)
	Quarter 31 Aug 17	Quarter 31 Aug 16	%	To Date 31 Aug 17	To Date 31 Aug 16	%
	RM'000	RM'000		RM'000	RM'000	
Revenue						
Fibre glasswool and related products	14,745	11,855	24.38	26,357	24,902	5.84
Property development	-	-	-	-	-	-
Investment Holding	90	-	100	180	-	100
	<u>14,835</u>	<u>11,855</u>	<u>25.14</u>	<u>26,537</u>	<u>24,902</u>	<u>6.57</u>
Profit/(Loss) before tax						
Fibre glasswool and related products	1,997	187	967.91	786	1,676	(53.10)
Property development	(241)	(180)	33.89	(479)	(333)	43.84
Investment Holding	72	4	1,700	149	4	3,625
	<u>1,828</u>	<u>11</u>	<u>16,518</u>	<u>456</u>	<u>1,347</u>	<u>(66.15)</u>

Group

The Group revenue for the current quarter increased by 25.14% to RM14.84 million as compared to the preceding year quarter ended 31 August 2016. The current quarter registered profit before tax of RM1.83 million as compared to the preceding year quarter's profit before tax of RM0.01 million. This was mainly due to higher sales revenue achieved by its glasswool manufacturing division.

For the current financial year to-date 31 August 2017, the Group achieved revenue of RM26.54 million as compared to preceding year to-date of RM24.90 million. The Group has registered profit before tax of RM0.46 million for the current financial year to-date as compared to the preceding year to-date's profit before tax of RM1.35 million. This was mainly due to plant shutdown for equipment upgrades by its glasswool manufacturing division in the first quarter of current financial year.

Fibre glasswool and related products segment

The revenue for the current quarter has increased by 24.38% to RM14.75 million as compared to the preceding year quarter ended 31 August 2016. The current quarter registered a profit before tax of RM2.00 million as compared to the preceding year quarter's profit before tax of RM0.19 million. This was mainly due to higher sales revenue achieved.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 31 AUGUST 2017 (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 31 August 2017, the revenue achieved of RM26.36 million as compared to preceding year to-date of RM24.90 million. The profit before tax registered of RM0.79 million for the current year to-date as compared to the preceding year to-date's profit before tax of RM1.68 million. This was mainly due to plant shutdown for equipment upgrades in the first quarter of current financial year.

Property development segment

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

Investment holding segment

The profit before taxation is mainly the rental received by its 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

	Current Quarter 31 Aug 17 RM'000	Immediate Preceding Quarter 31 May 17 RM'000	Changes %
Revenue	14,835	11,702	26.77
Profit/(loss) before tax	1,828	(1,372)	233.24

The Group recorded a profit before tax of RM1.83 million for the current quarter ended 31 August 2017 as compared to the immediate preceding quarter loss before tax of RM1.37 million. This was mainly due to higher sales revenue achieved by its glasswool manufacturing division.

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.

Internally, the Company will continue to focus on improving operation in order to achieve consistent output and quality to lower production cost.

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 AUGUST 2017 (Cont'd)**

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

The Group is focusing on expanding its export market in line with the improvement of production output. In order to achieve that, we will intensify our efforts to work with strategic partners in targeted countries to promote our brands.

On the local front, the property development industry is expected to be dampened by weak market sentiment. Domestic sales is expected to be slower this year as compared to previous year. However, long term demand for insulation is expected to increase consistently, albeit slowly, in tandem with the housing demand and increasing awareness of the importance insulation in energy efficiency.

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

Not Applicable.

5. Income Tax

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Aug 17 RM'000	Preceding Year Quarter 31 Aug 16 RM'000	Current Year To Date 31 Aug 17 RM'000	Preceding Year To Date 31 Aug 16 RM'000
Malaysian Taxation	# 12	25	# 27	# 83
Deferred Taxation	-	-	-	-
	<u>12</u>	<u>25</u>	<u>27</u>	<u>83</u>

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.

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 AUGUST 2017 (Cont'd)**

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

9. Group Borrowings

	As at 31 August 2017		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
<i>Term loans</i>	17,163	3,179	20,342
<i>Other borrowings</i>	-	95	95
	17,163	3,274	20,437
Unsecured			
<i>Bank overdrafts</i>	-	1,558	1,558
<i>Term loans</i>	1,767	357	2,124
<i>Other borrowings</i>	-	3,930	3,930
	1,767	5,845	7,612
	18,930	9,119	28,049
	As at 28 February 2017		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
<i>Term loans</i>	17,190	4,838	22,028
<i>Other borrowings</i>	76	141	217
	17,266	4,979	22,245
Unsecured			
<i>Bank overdrafts</i>	-	414	414
<i>Term loans</i>	1,836	495	2,331
<i>Other borrowings</i>	-	4,093	4,093
	1,836	5,002	6,838
	19,102	9,981	29,083

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 AUGUST 2017 (Cont'd)**

9. Group Borrowings (Cont'd)

Details of the borrowings denominated in each currency:

	As at 31 Aug 2017 RM'000	As at 28 Feb 2017 RM'000
Malaysian Ringgit	16,605	16,406
United States Dollar	11,444	12,677
	28,049	29,083
 Advance from a shareholder, unsecured	 11,167	 9,817

10. Dividend

The Board of Directors does not recommend any dividend for the period ended 31 August 2017.

11. 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 RM429,241 (2016: net profit RM1,264,096) 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 (2016: 159,974,948).

12. Disclosure of Realised And Unrealised Losses

	As at 31 Aug 2017 RM'000	As at 28 Feb 2017 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- realised	(3,701)	(2,890)
- unrealised	(20,754)	(21,849)
	(24,455)	(24,739)
Less: Consolidation adjustments	(19,387)	(19,533)
Total accumulated losses as per consolidated accounts	(43,842)	(44,272)

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

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 AUGUST 2017 (Cont'd)**

12. Disclosure of Realised And Unrealised Losses (Cont'd)

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 26th October 2017