

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 2018**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 August 2018 RM'000 (Unaudited)	Preceding Year Quarter 31 August 2017 RM'000 (Unaudited)	Current Year To Date 31 August 2018 RM'000 (Unaudited)	Preceding Year To Date 31 August 2017 RM'000 (Unaudited)
Revenue	15,977	14,835	32,996	26,537
Operating Expenses	(14,098)	(12,607)	(29,185)	(25,706)
Other operating income	84	89	133	591
Results from operating activities	1,963	2,317	3,944	1,422
Interest income	16	4	19	17
Interest expenses	(476)	(493)	(953)	(983)
Profit before taxation	1,503	1,828	3,010	456
Tax expenses	-	(12)	(37)	(27)
Profit after taxation	1,503	1,816	2,973	429
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period attributable to owners of the Company	1,503	1,816	2,973	429
Earnings per share:				
Basic (based on ordinary shares of RM1 each) (sen)	0.94	1.14	1.86	0.27
<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

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2018

	As at end of Current Quarter 31 August 2018 RM'000 (Unaudited)	As at Preceding Financial Year End 28 February 2018 RM'000 (Audited)
Assets		
Property, plant and equipment	60,395	61,384
Investment property	5,800	5,865
Land held for property development	133,785	133,785
Deferred tax assets	1,387	1,387
Total non-current assets	201,367	202,421
Inventories	11,905	15,895
Trade and other receivables	12,003	11,581
Current tax assets	69	10
Cash and cash equivalents	3,108	699
Total current assets	27,085	28,185
Total assets	228,452	230,606
Equity		
Share capital	202,762	202,762
Reserves	(38,635)	(41,608)
Equity attributable to owners of the Company	164,127	161,154
Liabilities		
Loans and borrowings	18,141	17,927
Advances from a shareholder	11,167	11,167
Deferred tax liabilities	23,089	23,089
Total non-current liabilities	52,397	52,183
Loans and borrowings	3,894	7,965
Trade and other payables	8,034	9,272
Current tax liabilities	-	32
Total current liabilities	11,928	17,269
Total liabilities	64,325	69,452
Total equity and liabilities	228,452	230,606
Net assets per share (sen)	102.60	100.74

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2018

	← Attributable to owners of the Company →				Total RM'000
	Share capital RM'000	Capital reserve RM'000	Accumulated losses RM'000	Capital reserve RM'000	
At 1 March 2017	202,762	181	(44,271)	670	159,342
Total comprehensive income for the period	-	-	429	-	429
At 31 August 2017	202,762	181	(43,842)	670	159,771
At 1 March 2018	202,762	181	(42,459)	670	161,154
Total comprehensive income for the period	-	-	2,973	-	2,973
At 31 August 2018	202,762	181	(39,486)	670	164,127

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2018**

	31 August 2018 RM'000 (Unaudited)	31 August 2017 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,010	456
Adjustments for :		
Depreciation of property, plant and equipment	2,650	2,746
Depreciation of investment property	64	63
Plant and equipment written off	3	-
Interest income	(19)	(17)
Interest expense	953	983
Gain on disposal of property, plant and equipment	(19)	-
Operating profit before changes in working capital	6,642	4,231
<i>Changes in working capital :</i>		
Inventories	3,991	(802)
Trade and other receivables	(420)	(1,746)
Trade and other payables	(1,239)	103
Cash generated from operations	8,974	1,786
Tax paid	(128)	(113)
Net cash from operating activities	8,846	1,673
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	19	17
Proceeds from disposal of property, plant and equipment	19	-
Purchase of plant and equipment	(1,664)	(1,768)
Net cash used in investing activities	(1,626)	(1,751)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2018**

	31 August 2018 RM'000 (Unaudited)	31 August 2017 RM'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from a shareholder	-	1,350
Interest paid	(953)	(983)
Repayment of finance lease liabilities	(12)	(79)
Short term borrowings, net	(2,965)	(164)
Drawdown/(Repayment) of term loans, net	595	(1,935)
Net cash used in financing activities	(3,335)	(1,811)
Net increase/(decrease) in cash and cash equivalents	3,885	(1,889)
Cash and cash equivalents at 1 March 2018/2017	(777)	1,457
Cash and cash equivalents at end of period	3,108	(432)

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this interim financial report*

POLY GLASS FIBRE (M) BHD (Company No. 42138-X)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2018

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 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 2018. 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 2018.

The interim financial report of the Group for the period ended 31 May 2018 are the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) Framework. The date of transition to the MFRS Framework was on 1 March 2018.

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 2018 except for the adoption of the following new and revised MFRSs, IC Interpretations and Amendments which are effective from the annual period on or after 1 January 2018:-

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

The initial application of the above standards, amendments or interpretations do not 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 2018 (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 2018 (cont'd)

9. Segmental Reporting

Financial data by business segment for the Group

	Current Year To-date 31 August 2018			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	32,743	73	180	32,996
Segment results	4,252	(402)	404	3,944
Interest income				19
Interest expense				(953)
Net profit before taxation				3,010
Taxation				(37)
Net profit after taxation				<u>2,973</u>
Segment assets	<u>74,445</u>	<u>135,142</u>	<u>18,865</u>	<u>228,452</u>
	Preceding Year To-date 31 August 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				<u>429</u>
Segment assets	<u>77,557</u>	<u>135,246</u>	<u>19,450</u>	<u>232,253</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2018 (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 2018.

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
Interest payable and paid	<u>388</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2018 (cont'd)

15. Capital Commitments

Contractual but not provided for in the financial statements.

	RM'000
Capital commitment	
- Plant & Equipment	
Contracted but not provided for	401
Approved but not contracted for	262
	262

16. Profit for the Period

This is arrived at after crediting / (charging):

	Current Year Quarter 31 Aug 2018 RM'000	Current Year To Date 31 Aug 2018 RM'000
Interest income	16	19
Interest expense	(476)	(953)
Depreciation and amortisation	(1,356)	(2,714)
Foreign exchange loss (realised and unrealised)	(326)	(244)

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

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 18 RM'000	Preceding Year Quarter 31 Aug 17 RM'000	Changes Increase/ (Decrease) %	Current Year To Date 31 Aug 18 RM'000	Preceding Year To Date 31 Aug 17 RM'000	Changes Increase/ (Decrease) %
Revenue						
Fibre glasswool and related products	15,853	14,745	7.51	32,743	26,357	24.23
Property development	34	-	100	73	-	100
Investment holding	90	90	-	180	180	-
	<u>15,977</u>	<u>14,835</u>	<u>7.70</u>	<u>32,996</u>	<u>26,537</u>	<u>24.34</u>
Profit/(loss) before tax						
Fibre glasswool and related products	1,667	1,997	(16.52)	3,274	786	316.54
Property development	(229)	(241)	(4.98)	(398)	(479)	(16.91)
Investment holding	65	72	(9.72)	134	149	(10.07)
	<u>1,503</u>	<u>1,828</u>	<u>(17.78)</u>	<u>3,010</u>	<u>456</u>	<u>560.09</u>

Group

The Group revenue for the current quarter increased by 7.70% to RM15.98 million as compared to the preceding year quarter ended 31 August 2017. The current quarter registered profit before tax of RM1.50 million as compared to the preceding year quarter's profit before tax of RM1.83 million.

For the current financial year to-date 31 August 2018, the Group achieved revenue of RM33.00 million as compared to preceding year to-date of RM26.54 million. The Group has registered profit before tax of RM3.01 million for the current financial year to-date as compared to the preceding year to-date's profit before tax of RM0.46 million. This was mainly due to higher revenue is attributed by its glasswool insulation division.

Fibre glasswool and related products segment

The revenue for the current quarter has increased by 7.51% to RM15.85 million as compared to the preceding year quarter ended 31 August 2017. The current quarter registered a profit before tax of RM1.67 million as compared to the preceding year quarter's profit before tax of RM2.00 million.

For the current financial year to-date 31 August 2018, the revenue achieved of RM32.74 million as compared to preceding year to-date of RM26.36 million. The profit before tax registered of RM3.27 million for the current year to-date as compared to the preceding year to-date's profit before tax of RM0.79 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 2018 (Cont'd)**

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

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.

- 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 18 RM'000	Immediate Preceding Quarter 31 May 18 RM'000	Changes Increase/ (Decrease) %
Revenue	15,977	17,019	(6.12)
Profit/(loss) before tax	1,503	1,507	(0.27)

The Group recorded a profit before tax of RM1.50 million for the current quarter ended 31 August 2018 as compared to the immediate preceding quarter profit before tax of RM1.51 million.

- 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 to lower production cost.

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.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 31 AUGUST 2018 (Cont'd)

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

On the local front, the property development industry is expected to be dampened by weak market sentiment. The delay of several mega projects is expected to have short term impact on domestic sales for next six to twelve months. 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. The abolishment of Goods and Services Tax ("GST") and new Sales and Services Tax ("SST") will distort sales where customers and distributors are expected to take opportunity to stock up during the tax free period. This had a positive impact on FY19 Q2 sales revenue compared to previous year but a negative impact on Q3 and Q4 of same FY.

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

Not Applicable.

5. Income Tax

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Aug 18 RM'000	Preceding Year Quarter 31 Aug 17 RM'000	Current Year To Date 31 Aug 18 RM'000	Preceding Year To Date 31 Aug 17 RM'000
Malaysian Taxation	-	# 12	# 37	# 27
Deferred Taxation	-	-	-	-
	<u>-</u>	<u>12</u>	<u>37</u>	<u>27</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 2018 (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 Aug 2018		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
<i>Term loans</i>	16,775	3,501	20,276
<i>Other borrowings</i>	87	50	137
	16,862	3,551	20,413
Unsecured			
<i>Term loans</i>	1,279	343	1,622
	18,141	3,894	22,035
	As at 28 February 2018		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
<i>Term loans</i>	16,439	3,150	19,589
<i>Other borrowings</i>	29	46	75
	16,468	3,196	19,664
Unsecured			
<i>Bank overdrafts</i>	-	1,476	1,476
<i>Term loans</i>	1,459	328	1,787
<i>Other borrowings</i>	-	2,965	2,965
	1,459	4,769	6,228
	17,927	7,965	25,892

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018 (Cont'd)**

9. Group Borrowings (Cont'd)

Details of the borrowings denominated in each currency:

	As at 31 Aug 2018 RM'000	As at 28 Feb 2018 RM'000
Malaysian Ringgit	10,731	15,954
United States Dollar	<u>11,304</u>	<u>9,938</u>
	<u>22,035</u>	<u>25,892</u>
Advance from a shareholder, unsecured	<u>11,167</u>	<u>11,167</u>

10. Dividend

The Board of Directors does not recommend any dividend for the period ended 31 August 2018.

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 RM2,972,648 (2017: net profit RM429,241) 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).

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 29 October 2018