

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 MAY 2019**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 May 2019 RM'000 (Unaudited)	Preceding Year Quarter 31 May 2018 RM'000 (Unaudited)	Current Year To Date 31 May 2019 RM'000 (Unaudited)	Preceding Year To Date 31 May 2018 RM'000 (Unaudited)
Revenue	14,951	17,019	14,951	17,019
Operating Expenses	(14,375)	(15,087)	(14,375)	(15,087)
Other operating income	35	49	35	49
Results from operating activities	611	1,981	611	1,981
Interest income	16	3	16	3
Interest expenses	(366)	(477)	(366)	(477)
Profit before taxation	261	1,507	261	1,507
Tax expenses	-	(37)	-	(37)
Profit after taxation	261	1,470	261	1,470
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period attributable to owners of the Company	261	1,470	261	1,470
Earnings per share:				
Basic (based on ordinary shares of RM1 each) (sen)	0.16	0.92	0.16	0.92
<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 MAY 2019

	As at end of Current Quarter 31 May 2019 RM'000 (Unaudited)	As at Preceding Financial Year End 28 February 2019 RM'000 (Audited) Restated
Assets		
Property, plant and equipment	53,932	55,205
Right-of-use assets	3,645	3,698
Investment property	5,704	5,736
Inventories	135,868	136,347
Deferred tax assets	827	827
Total non-current assets	199,976	201,813
Inventories	12,800	12,314
Trade and other receivables	10,801	13,999
Current tax assets	207	51
Cash and cash equivalents	2,674	6,612
Total current assets	26,482	32,976
Total assets	226,458	234,789
Equity		
Share capital	202,762	202,762
Reserves	(37,239)	(37,500)
Equity attributable to owners of the Company	165,523	165,262
Liabilities		
Deferred tax liabilities	23,088	23,088
Contract liabilities	7,648	7,648
Loans and borrowings	13,986	16,720
Advances from a shareholder	4,000	8,817
Total non-current liabilities	48,722	56,273
Loans and borrowings	5,156	4,208
Trade and other payables	7,047	9,004
Current tax liabilities	10	42
Total current liabilities	12,213	13,254
Total liabilities	60,935	69,527
Total equity and liabilities	226,458	234,789
Net assets per share (sen)	103.47	103.30

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2019

	←	Attributable to owners of the Company		→
	Share capital RM'000	Non-distributable Accumulated losses RM'000	Distributable Capital reserve RM'000	Total RM'000
At 1 March 2018	202,762	(44,420)	670	159,012
Total comprehensive income for the period	-	1,470	-	1,470
At 31 May 2018	<u>202,762</u>	<u>(42,950)</u>	<u>670</u>	<u>160,482</u>
At 1 March 2019	202,762	(38,170)	670	165,262
Total comprehensive income for the period	-	261	-	261
At 31 May 2019	<u>202,762</u>	<u>(37,909)</u>	<u>670</u>	<u>165,523</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2019**

	31 May 2019 RM'000 (Unaudited)	31 May 2018 RM'000 (Unaudited) Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	261	1,507
Adjustments for :		
Depreciation of property, plant and equipment	1,287	1,113
Depreciation of right-of-use assets	53	213
Depreciation of investment property	32	32
Plant and equipment written off	-	(2)
Interest income	(16)	(3)
Interest expense	366	477
Gain on disposal of property, plant and equipment	(14)	-
Operating profit before changes in working capital	<u>1,969</u>	<u>3,337</u>
<i>Changes in working capital :</i>		
Inventories	(486)	1,863
Trade and other receivables	3,397	1,702
Trade and other payables	(1,676)	(575)
Cash generated from operations	<u>3,204</u>	<u>6,327</u>
Tax paid	(189)	(77)
Net cash from operating activities	<u>3,015</u>	<u>6,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	16	3
Proceeds from disposal of property, plant and equipment	14	-
Purchase of plant and equipment	(15)	(1,510)
Net cash generated from/(used in) investing activities	15	(1,507)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2019**

	31 May 2019 RM'000 (Unaudited)	31 May 2018 RM'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to a shareholder	(4,817)	-
Interest paid	(366)	(477)
Hire purchase liabilities	(13)	(22)
Short term borrowings, net	1,621	(2,165)
Repayment of term loans, net	(2,756)	(72)
Net cash used in financing activities	(6,331)	(2,736)
Net (decrease)/increase in cash and cash equivalents	(3,301)	2,007
Cash and cash equivalents at 1 March 2019/2018	5,974	(777)
Cash and cash equivalents at end of period	2,673	1,230

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019

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 2019. 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 2019.

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 2019 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 2019:-

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments- Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits- Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Long-term Interests in Associates and Joint Ventures*

The initial application of the accounting standards, amendments or interpretations do not expected to have any material financial impacts on this interim financial report of the Group except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019 (cont'd)

1. Basis of Preparation (Cont'd)

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

Arising from the adoption of MFRS 16, the following adjustments were made to the opening financial statement as at 1 March 2019.

Group	Opening balance at 1 March 2019	Adjustments due to adoption of MFRS 16	As reported at 1 March 2019
	RM'000	RM'000	RM'000
Property, plant and equipment	3,698	(3,698)	-
Right-of-use assets	-	3,698	3,698
Finance lease obligation	(112)	112	-
Hire purchase liabilities	-	(112)	(112)

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019 (cont'd)

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.

9. Segmental Reporting

Financial data by business segment for the Group

	Current Year To-date			
	31 May 2019			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	14,805	56	90	14,951
Segment results	620	(193)	184	611
Interest income				16
Interest expense				(366)
Net profit before taxation				261
Taxation				-
Net profit after taxation				261
Segment assets	70,583	137,563	18,312	226,458

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2019 (cont'd)

9. Segmental Reporting (Cont'd)

	← Preceding Year To-date → 31 May 2018			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	16,890	-	129	17,019
Segment results	1,948	(169)	202	1,981
Interest income				3
Interest expense				(477)
Net profit before taxation				1,507
Taxation				(37)
Net profit after taxation				1,470
Segment assets	73,495	135,241	19,000	227,736

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 July 2019.

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 31 MAY 2019 (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
Interest payable and paid	<u>115</u>

15. Capital Commitments

Contractual but not provided for in the financial statements.

	RM'000
Property, Plant & Equipment	<u>299</u>

16. Profit for the Period

This is arrived at after crediting / (charging):

	Current Year Quarter 31 May 2019 RM'000	Current Year To Date 31 May 2019 RM'000
Interest income	16	16
Interest expense	(366)	(366)
Depreciation and amortisation	(1,372)	(1,372)
Foreign exchange loss (realised and unrealised)	(184)	(184)

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 MAY 2019**

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 May 19 RM'000	Preceding Year Quarter 31 May 18 RM'000	Changes Increase/ (Decrease) %	Current Year To Date 31 May 19 RM'000	Preceding Year To Date 31 May 18 RM'000	Changes Increase/ (Decrease) %
Revenue						
Fibre glasswool and related products	14,805	16,890	(12.34)	14,805	16,890	(12.34)
Property development	56	-	100	56	-	100
Investment holding	90	129	(30.23)	90	129	(30.23)
	<u>14,951</u>	<u>17,019</u>	<u>(12.15)</u>	<u>14,951</u>	<u>17,019</u>	<u>(12.15)</u>
Profit/(loss) before tax						
Fibre glasswool and related products	391	1,607	(75.67)	391	1,607	(75.67)
Property development	(191)	(169)	13.02	(191)	(169)	13.02
Investment holding	61	69	(11.59)	61	69	(11.59)
	<u>261</u>	<u>1,507</u>	<u>(82.68)</u>	<u>261</u>	<u>1,507</u>	<u>(82.68)</u>

Group

The Group revenue for the current quarter decreased by 12.15% to RM14.95 million as compared to the preceding year quarter ended 31 May 2018. The current quarter registered profit before tax of RM0.26 million as compared to the preceding year quarter's profit before tax of RM1.51 million.

This was mainly due to lower sales revenue attributed by its glasswool manufacturing division.

Fibre glasswool and related products segment

The revenue for the current quarter has decreased by 12.34% to RM14.81 million as compared to the preceding year quarter ended 31 May 2018. The current quarter registered a profit before tax of RM0.39 million as compared to the preceding year quarter's profit before tax of RM1.61 million.

This was mainly due to lower sales revenue.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 31 MAY 2019 (Cont'd)

1. 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.

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 May 19 RM'000	Immediate Preceding Quarter 28 Feb 19 RM'000	Changes Increase/ (Decrease) %
Revenue	14,951	16,945	(11.77)
Profit/(loss) before tax	261	7	3,628.57

The Group recorded a profit before tax of RM261,000.00 for the current quarter ended 31 May 2019 as compared to the immediate preceding quarter profit before tax of RM7,000.00. This was mainly due to RM2.3 million inventories written off in immediate preceding quarter on fire incident occurred on 30 July 2018.

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 to lower production cost.

Due to slow down in Australian property market, the Company expects a slower sales to Australia in FY20. This will have a negative impact on our revenue as Australia is currently our largest export market. Nevertheless, the Company continues to expand 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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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 MAY 2019 (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 over-supply market condition. The Company views the resume of mega projects like ECRL and public transport projects positively. However, we only expect to see the positive effect of continuation of projects in FY21. Having said that, the effect is not expected to be significant. 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 May 19 RM'000	Preceding Year Quarter 31 May 18 RM'000	Current Year To Date 31 May 19 RM'000	Preceding Year To Date 31 May 18 RM'000
Malaysian Taxation	-	# 37	-	# 37
Deferred Taxation	-	-	-	-
	<u>-</u>	<u>37</u>	<u>-</u>	<u>37</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 MAY 2019 (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 May 2019		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
<i>Term loans</i>	12,804	3,145	15,949
<i>Other borrowings</i>	60	39	99
	12,864	3,184	16,048
Unsecured			
<i>Term loans</i>	1,122	351	1,473
<i>Other borrowings</i>	-	1,621	1,621
	1,122	1,972	3,094
	13,986	5,156	19,142
	As at 28 February 2019		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
<i>Term loans</i>	15,483	3,182	18,665
<i>Other borrowings</i>	64	48	112
	15,547	3,230	18,777
Unsecured			
<i>Bank overdrafts</i>	-	638	638
<i>Term loans</i>	1,173	340	1,513
	1,173	978	2,151
	16,720	4,208	20,928

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 MAY 2019 (Cont'd)**

9. Group Borrowings (Cont'd)

Details of the borrowings denominated in each currency:

	As at 31 May 2019	As at 28 Feb 2019
	RM'000	RM'000
Malaysian Ringgit	10,726	10,332
United States Dollar	8,416	10,596
	19,142	20,928
 Advance from a shareholder, unsecured	 4,000	 8,817

10. Dividend

The Board of Directors does not recommend any dividend for the period ended 31 May 2019.

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 RM261,110 (2018: net profit RM1,469,840) 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 (2018: 159,974,948).

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 29 July 2019