

POLY GLASS FIBRE (M) BHD

(Company No. 197801005142 (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 2020**

	Individual Quarter		Cumulative Quarters	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	31 May 2020	31 May 2019	31 May 2020	31 May 2019
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	11,694	14,951	11,694	14,951
Operating Expenses	(11,390)	(14,375)	(11,390)	(14,375)
Other operating income	174	35	174	35
Results from operating activities	478	611	478	611
Share of profit of equity - accounted associate	3	-	3	-
Interest income	22	16	22	16
Interest expenses	(250)	(366)	(250)	(366)
Profit before taxation	253	261	253	261
Tax expense	-	-	-	-
Profit after taxation	253	261	253	261
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period attributable to owners of the Company	253	261	253	261
Earnings per share:				
Basic (based on ordinary shares of RM1 each) (sen)	0.16	0.16	0.16	0.16
(Calculated based on the weighted average number of shares in issue during the period)	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

AS AT 31 MAY 2020

	As at end of Current Quarter 31 May 2020 RM'000 (Unaudited)	As at Preceding Financial Year End 29 February 2020 RM'000 (Audited)
Assets		
Property, plant and equipment	51,763	52,996
Right-of-use assets	4,317	4,472
Investment property	5,576	5,608
Investment in an associate	180	177
Inventories	136,193	136,193
Total non-current assets	198,029	199,446
Inventories	11,739	13,218
Trade and other receivables	12,057	14,216
Current tax assets	161	94
Cash and cash equivalents	9,508	5,341
Total current assets	33,465	32,869
Total assets	231,494	232,315
Equity		
Share capital	202,762	202,762
Reserves	(33,970)	(34,223)
Equity attributable to owners of the Company	168,792	168,539
Liabilities		
Deferred tax liabilities	23,303	23,303
Contract liabilities	7,092	7,414
Loans and borrowings	13,048	11,045
Advances from a shareholder	3,000	3,000
Total non-current liabilities	46,443	44,762
Loans and borrowings	8,649	9,658
Trade and other payables	7,594	9,305
Current tax liabilities	16	51
Total current liabilities	16,259	19,014
Total liabilities	62,702	63,776
Total equity and liabilities	231,494	232,315
Net assets per share (sen)	105.51	105.35

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2020

	Share capital RM'000	Accumulated losses RM'000	Capital reserve RM'000	Total RM'000
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>
At 1 March 2020	202,762	(34,893)	670	168,539
Total comprehensive income for the period	-	253	-	253
At 31 May 2020	<u>202,762</u>	<u>(34,640)</u>	<u>670</u>	<u>168,792</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2020**

	31 May 2020 RM'000 (Unaudited)	31 May 2019 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	253	261
Adjustments for :		
Depreciation of property, plant and equipment	1,322	1,287
Depreciation of right-of-use assets	81	53
Depreciation of investment property	32	32
Interest income	(22)	(16)
Interest expense	250	366
Gain on disposal of property, plant and equipment	-	(14)
Share of associate's result	(3)	-
Operating profit before changes in working capital	<u>1,913</u>	<u>1,969</u>
<i>Changes in working capital :</i>		
Inventories	1,479	(486)
Trade and other receivables	2,159	3,397
Trade and other payables	(2,036)	(1,676)
Cash generated from operations	<u>3,515</u>	<u>3,204</u>
Tax paid	(99)	(189)
Net cash from operating activities	<u>3,416</u>	<u>3,015</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	22	16
Proceeds from disposal of property, plant and equipment	-	14
Purchase of plant and equipment	(16)	(15)
Net cash used in investing activities	<u>6</u>	<u>15</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2020

	31 May 2020 RM'000 (Unaudited)	31 May 2019 RM'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in advances from a shareholder	-	(4,817)
Interest paid	(250)	(366)
Repayment of finance lease liabilities	(5)	(13)
(Repayment)/Drawdown of short term borrowings, net	(920)	1,621
Drawdown/(Repayment) of term loans, net	1,603	(2,756)
Net cash from/(used in) financing activities	428	(6,331)
Net (increase)/decrease in cash and cash equivalents	3,850	(3,301)
Cash and cash equivalents at 1 March 2020/2019	4,961	5,974
	8,811	2,673

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

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**POLY GLASS FIBRE (M) BHD (Company No. 197801005142 (42138-X))
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AND ITS SUBSIDIARIES**

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2020

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 29 February 2020. 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 2020.

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 2020 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 2020 (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.

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 2020 (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 2020 →			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	11,597	-	97	11,694
Segment results	383	(111)	206	478
Share of profit of equity-accounted associate				3
Interest income				22
Interest expense				(250)
Net profit before taxation				253
Taxation				-
Net profit after taxation				253
Segment assets	75,148	138,004	18,342	231,494

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2020 (cont'd)

9. Segmental Reporting (Cont'd)

	← Preceding 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

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 13 July 2020.

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 2020 (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>46</u>

15. Capital Commitments

Contractual but not provided for in the financial statements.

	RM'000
Property, Plant & Equipment	<u>5,436</u>

16. Profit for the Period

This is arrived at after crediting / (charging):

	Current Year Quarter 31 May 2020 RM'000	Current Year To Date 31 May 2020 RM'000
Interest income	22	22
Interest expense	(250)	(250)
Depreciation and amortisation	(1,435)	(1,435)
Foreign exchange gain (realised and unrealised)	(163)	(163)

POLY GLASS FIBRE (M) BHD (Company No. 197801005142 (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 MAY 2020

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 20 RM'000	Preceding Year Quarter 31 May 19 RM'000	Changes Increase/ (Decrease) %	Current Year To Date 31 May 20 RM'000	Preceding Year To Date 31 May 19 RM'000	Changes Increase/ (Decrease) %
<u>Revenue</u>						
Fibre glasswool and related products	11,597	14,805	(21.67)	11,597	14,805	(21.67)
Property development	-	56	(100)	-	56	(100)
Investment holding	97	90	7.78	97	90	7.78
	<u>11,694</u>	<u>14,951</u>	<u>(21.78)</u>	<u>11,694</u>	<u>14,951</u>	<u>(21.78)</u>
<u>Profit/(loss) before tax</u>						
Fibre glasswool and related products	255	391	(34.78)	255	391	(34.78)
Property development	(111)	(191)	(41.88)	(111)	(191)	(41.88)
Investment holding	109	61	78.69	109	61	78.69
	<u>253</u>	<u>261</u>	<u>(3.07)</u>	<u>253</u>	<u>261</u>	<u>(3.07)</u>

Group

The Group revenue for the current quarter decreased by 21.78% to RM11.69 million as compared to the preceding year quarter ended 31 May 2019. The current quarter registered profit before tax of RM0.25 million as compared to the preceding year quarter's profit before tax of RM0.26 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 21.67% to RM11.60 million as compared to the preceding year quarter ended 31 May 2019. The current quarter registered a profit before tax of RM0.26 million as compared to the preceding year quarter's profit before tax of RM0.39 million.

This was mainly due to lower sales revenue and lower production output. The fibre glasswool plant was shut down from 19th March 2020 to 17th April 2020 as it was not listed as one of the essential products and services during the Movement Control Order (MCO) period.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 31 MAY 2020 (Cont'd)

Property development segment

Malaysia's MCO since 18 March 2020 arising from the Covid-19 pandemic had impacted the property development segment activities across the country. No revenue for this segment. The revenue for the current quarter has decreased by 100.00% as compared to the preceding year quarter ended 31 May 2019. The current quarter registered a loss before tax of RM0.11 million as compared to the preceding year quarter's loss before tax of RM0.19 million.

Investment holding segment

The profit before taxation is mainly the rental received by its investment property and share of profit by its associate company, Ecowool Insulation Pty. Ltd.

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 20 RM'000	Immediate Preceding Quarter 29 Feb 20 RM'000	Changes Increase/ (Decrease) %
Revenue	11,694	14,041	(16.72)
Profit/(loss) before tax	253	1,092	(76.83)

The Group recorded a profit before tax of RM0.25 million for the current quarter ended 31 May 2020 as compared to the immediate preceding quarter profit before tax of RM1.09 million. This was mainly due to lower sales revenue attributed 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.

The Covid-19 pandemic has a great impact to the fibre glasswool segment as well as the economy and the world economy. The impact of MCO has been felt immediately in the first quarter of this financial year with lower sales revenue and output. However, there are positive signs from the Oceania countries that we export to, i.e. Australia and New Zealand, which have better success at containing the virus. Other countries that we sell to like Malaysia and Singapore have seen a slowdown in construction activities as governments implement strict controls on construction sites.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 MAY 2020 (Cont'd)**

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

The management of the Company will remain vigilant in cost control. In the meantime, the meltblown non-woven fabric is progressing as schedule and is expected to contribute positively to the Group's performance from next quarter onwards.

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

Not Applicable.

5. Income Tax

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 May 20 RM'000	Preceding Year Quarter 31 May 19 RM'000	Current Year To Date 31 May 20 RM'000	Preceding Year To Date 31 May 19 RM'000
Malaysian Taxation	0	0	0	0
Deferred Taxation	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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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ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 31 MAY 2020 (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 2020		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
<i>Term loans</i>	12,061	3,036	15,097
<i>Other borrowings</i>	41	18	59
	12,102	3,054	15,156
Unsecured			
<i>Term loans</i>	946	242	1,188
<i>Bank overdrafts</i>	-	696	696
<i>Other borrowings</i>	-	4,657	4,657
	946	5,595	6,541
	13,048	8,649	21,697
	As at 29 February 2020		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
<i>Term loans</i>	10,135	3,329	13,464
<i>Other borrowings</i>	46	18	64
	10,181	3,347	13,528
Unsecured			
<i>Term loans</i>	864	354	1,218
<i>Bank overdrafts</i>	-	380	380
<i>Term loans</i>	-	5,577	5,577
	864	6,311	7,175
	11,045	9,658	20,703

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD
ENDED 31 MAY 2020 (Cont'd)**

9. Group Borrowings (Cont'd)

Details of the borrowings denominated in each currency:

	As at 31 May 2020 RM'000	As at 28 Feb 2020 RM'000
Malaysian Ringgit	10,994	13,872
United States Dollar	<u>10,703</u>	<u>6,831</u>
	<u>21,697</u>	<u>20,703</u>
Advance from a shareholder, unsecured	<u>3,000</u>	<u>3,000</u>

10. Dividend

The Board of Directors does not recommend any dividend for the period ended 31 May 2020.

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 RM252,464(2019: net profit RM261,110) 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 (2019: 159,974,948).

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Dated this 20 July 2020