POLY GLASS FIBRE™

(42138-X)

POLY GLASS FIBRE (M) BHD.

www.polyglass.my

Annual Report 2019

PROTECTING

People, Building
& Environment

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Fong Wern Sheng *Executive Chairman*

Tan Ming Chong *Chief Operating Officer*

Fong Wah Kai *Executive Director*

Sia Taik Hian *Senior Independent Non-Executive Director*

Omar Bin Mohamed Said *Independent Non-Executive Director*

Khoo Kah Hock *Independent Non-Executive Director*

COMPANY SECRETARY

Ch'ng Lay Hoon

(MAICSA 0818580)

REGISTERED OFFICE

Suite 12-A, Level 12

Menara Northam

No. 55, Jalan Sultan Ahmad Shah

10050 Georgetown Penang

Tel: 604-228 0511

Fax: 604-228 0518

BUSINESS ADDRESS

No. 2449, Lorong Perusahaan Sepuluh

Kawasan Perusahaan Perai

13600 Perai, Penang

Tel: 604-390 8460

Fax: 604-399 6197

Website: www.polyglass.my

REGISTRARS

Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share Registrars Sdn. Bhd.)

Level 6, Symphony House

Pusat Dagangan Dana 1, Jalan PJU 1A/46

47301 Petaling Jaya, Selangor

Tel: 603-7849 0777

Fax: 603-7841 8151

AUDITORS

KPMG PLT

BANKERS

Affin Bank Berhad

AmBank (M) Berhad

Bangkok Bank Berhad

Hong Leong Bank Berhad

Malaysian Industrial Development Finance Berhad

Maybank Berhad

Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE

(42138-X)

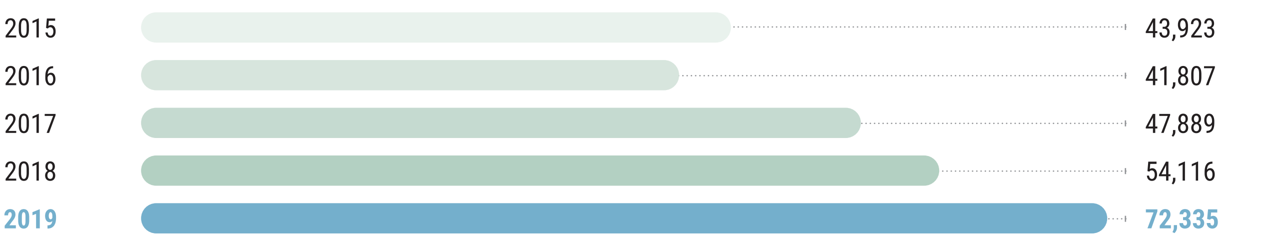
POLY GLASS FIBRE (M) BHD.

100%	Clover Sdn. Bhd. (179152-D)
100%	PGF Insulation Sdn. Bhd. (228905-M)
100%	Concrete Energy Sdn. Bhd. (813919-M)
100%	Golden Approach Sdn. Bhd. (267743-W)
100%	SK Insulation Solutions Sdn. Bhd. (208649-A)
20%	Ecowool Insulation Pty. Ltd. (624 672 475)

FINANCIAL HIGHLIGHTS

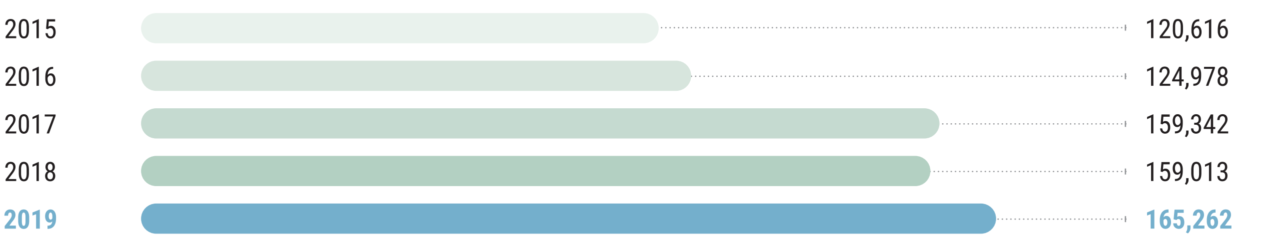
Year Ended 28 February	2015[2] RM '000	2016[2] RM '000	2017[2] RM '000	2018[1] RM '000	**2019 RM '000**
Turnover	43,923	41,807	47,889	54,116	**72,335**
Profit Before Taxation	6,130	4,962	43,271	2,741	**7,700**
Profit After Taxation	5,506	4,362	34,364	1,812	**6,249**
Profit Attributable to Shareholders	5,506	4,362	34,364	1,812	**6,249**
As at 28 February					
Total Assets	178,048	182,089	231,492	233,635	**234,790**
Shareholders' Funds	120,616	124,978	159,342	159,013	**165,262**
Net Earnings Per Share (Sen)	3.44	2.73	21.48	1.13	**3.91**
Net Assets Per Share (RM)	0.75	0.78	1.00	0.99	**1.03**

Turnover (RM'000)



Profit Before Taxation (RM'000)

Shareholders' Funds (RM'000)



Net Earnings Per Share (Sen)

Notes: [1] Restated following the first-time adoption of the Malaysian Financial Reporting Standards (" MFRS") framework.
[2] The comparatives have not been restated for the first-time adoption of MFRS framework and reclassifications made in financial year 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The Group's core business remains in manufacturing and selling of glass mineral wool ("GW") which contributed 98.61% of our Group's revenue in FY2019. GW is mainly used as an insulator on buildings to save energy and provide indoor comfort through thermal and acoustic insulation. The diagram below describes the key, but not all of the applications of GW.

Our product is promoted in the market under the brand name of Ecowool, with the main product models: Classic and Brownie.

écowool

Business Overview (cont'd)

Ecowool Classic products are the conventional GW produced using phenolic-formaldehyde binder. Ecowool Classic covers the full range of products that the plant can produce.

Ecowool Brownie was launched in 2013 in response to increasing demand for products that can meet more stringent environmental requirements. It is produced using a different type of binder technology, that is with low volatile organic compound and formaldehyde-free. Ecowool Brownie currently covers limited range of products and is mainly sold in Malaysia, Australia and New Zealand.

In FY2019, around 34% of our revenue is generated from Malaysian market, while 66% is from export market. A breakdown of the revenue is as follows:

Regions	Revenue (RM'000)	Percentage
Local	24,415	34
Export	47,920	66

Majority of GW sales go to building application. Building insulation is a necessity for developed countries like Australia and New Zealand, where building energy efficiency passive designs are embedded in the local building codes. GW is a common building material in those countries. This trend is beginning to emerge in developing countries like Malaysia and Vietnam.

Other than insulating building envelope, GW is also commonly used in heating and air-conditioning ducts to save energy and condensation control. A small portion of GW sales goes to industrial application, where GW is installed in silencers of power generators, fire doors, acoustic partitions and highway/ railway sound barriers.

The GW operation is located in Perai, Penang with manufacturing and warehousing facility operating on approximately 38,614 square meters of land. We have a total workforce of approximately 260 employees in the Group with a workforce ratio of 53% local and 47% foreign.

Through Golden Approach Sdn Bhd ("GASB"), the Group is also involved in property development. The subsidiary owns a leasehold land of around 5.3 million square meters located in Tanjung Malim, Perak. However, the development has been suspended and delayed for a prolonged period of time.

Business strategy and objectives

The Group continues to maximize utilization rate of the 20,000 metric tonnes per annum plant capacity to minimize production cost. Production volume rose by 28% comparing FY 18 to FY19 due to better order and line efficiency. Sales volume grew by 26%, in tandem with the increase of production volume.

GW sales slow down during festive season of the countries that the Group sells to, namely Lunar New Year, Eid Murabak/ Hari Raya Aidilfitri, Christmas and Easter Holiday. This means that sales is slow from Nov – Feb of the following year. During this period of the year, the Group will need to continue to run its production lines to maintain economies of scale and absorb overhead cost.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Business strategy and objectives (cont'd)

The excess finished goods is stored in a warehouse that is located adjacent to the plant. Our current warehousing capacity stands at approximately 3,000 metric tonnes. The warehouse is also equipped with loading bays to improve container loading turnaround time.

Figure 2: New warehouse and loading bay

Better economies of scale can be further achieved through increasing production volume and efficiency. Therefore the longer term strategy is for the Group to invest in marketing, production improvement and automation that enables the Group to manufacture and sell more of GW to markets that fetch better selling price. Due to the strategic location of our plant, the Group is well placed to supply our products to the Oceania region where our current market share is less than 5%.

Financial Results

For the current financial year to-date 28 February 2019, the Group achieved a revenue of RM72.33 million which was 34% or RM18.22 million higher than preceding financial year to date 28 February 2018. The increase in revenue was mainly contributed by greater demand of the GW in its fibre glasswool segment.

The Group has registered a profit before tax ("PBT") of RM7.70 million for the current financial year as compared to the preceding year's PBT of RM2.74 million. The higher PBT is mainly due to higher sales volume and selling price, as well as lower manufacturing cost.

Operational Review

The Company was able to achieve a higher production target due to the improved sales order and production efficiency. Sales volume increased by 26% while production volume increased by 28%, comparing the current to the previous financial year. The increase is mainly due to the growth of export sales by 44% from RM33.32 million to RM47.92 million. Local sales in Malaysia grew by 17% from RM20.80 million to RM24.42 million.

Operational Review (cont'd)

A fire broke out at the warehouse on 30th July 2018. The total net book value of the assets affected by the fire, comprising part of the warehouse building located at Prai, Penang and inventories, has been estimated to be RM3.2 million. As of the date of this publication, insurance adjuster and insurer have not finalized the compensation claim amount. The root cause of fire has been identified and actions have been taken to prevent it from happening. As of end of FY19, all repairs have been completed and operation has fully recovered.

Outlook

Internally, the Company will continue to focus on stabilizing operation of new equipment in order to achieve consistent output and quality to lower down production cost.

The Company will need 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. Due to the strategic location of our plant, the Company is well placed to supply our products to the Oceania region where our current market share is less than 5%. Having said that, the Company is cautious of the growth in Oceania market due to the slow down of the Australian housing market.

On the local front, demand for insulation is expected to increase consistently, albeit slowly, in tandem with the housing demand and increasing awareness of the importance of insulation in energy efficiency. Malaysian housing demand is expected to remain stagnant due to tightening of bank borrowings. Having said that, the management is encouraged by the trend of more local authorities embracing and adopting the new energy efficiency code "*MS 1525:2014. Energy efficiency and use of renewable energy for non-residential buildings - Code of practice*". The management will work continuously to tap into this positive but long term trend to translate it into better sales.

The Company has enjoyed its status as the only GW manufacturer in Malaysia for the past. This will no longer be the case when a new German owned plant operates in Johor. A new plant with a capacity of 75,000MT a year is expected to be operational in early 2020. The management expects this development to have an impact on our sales in the short term. This development has been identified as a risk to the Company. As part of the risk management framework, this risk has been deliberated by the management team and necessary steps have been or will be implemented to mitigate the risk.

In view of the up and coming relocation of Proton's Shah Alam plant to Tanjung Malim, the management continues to seek opportunity to improve the value of its development properties in Diamond Creeks Country Retreat.

SUSTAINABILITY STATEMENT

The Company is aware of the importance of the sustainability of its actions on social, environment and people. Through sustainable manufacturing practices, the Company strives to develop and bring to market products and solutions in supporting the construction sector to deliver a low energy and sustainable built environment.

Economic and Social Sustainability

The product that the Company manufactures provides thermal and acoustic insulation benefits. In Malaysia, over 30% of energy is consumed by buildings to cool down human occupied spaces. Ecowool, or generally known as glasswool/ fibre glass, can retard heat flow when installed on building envelopes and thereby reducing the need to use energy.

Another common application of Ecowool is air-conditioning ducts commonly seen in commercial buildings, such as shopping malls, offices and hospitals. In hot tropical countries like Malaysia, cool air is generated to cool down spaces for thermal comfort. Air-conditioning ductwork is used as a medium to transfer cool air from chiller or compressors to intended destination. Along the ductwork, heat gain happens and if not properly insulated, more energy is required for cooling. Effective thermal insulation of the ductwork reduces this heat gain and helps minimize energy usage.

On the national level, the Company supports the nation's energy efficiency agenda through educating policy makers and general public on the need for better passive insulation of Malaysian buildings. The Company, either individually or through the Malaysian Insulation Manufacturers Group under the Federation of Malaysian Manufacturers (FMM), contributes actively towards this end. An annual budget of MYR 100,000 is allocated every year to this end. The Group has also provided free insulation to schools to improve occupants' comfort and raise awareness of energy efficiency.

Safety is crucial in any manufacturing plant. The same applies to the Company. All personnel in production lines are provided with adequate protective equipment. New workers are given training on safety procedures in general and specifically on their workstations. Refresher trainings are also provided for experienced personnel. In FY19, four separate safety trainings related to first-aid, forklift driving, gas and fire safety were conducted. However, despite the effort, one safety breach incident in the glass wool manufacturing plant was reported in FY19. The Company will continue to put the necessary measures in place to achieve our target of zero safety breach incident in the plant.

Environmental Sustainability

In the glass wool manufacturing process, a significant amount of energy is used. The main two sources of energy that the manufacturing plant is consuming are natural gas and electricity drawn from the grid. The Company acknowledges the cost and environmental impact in consuming energy and makes conscious effort to reduce energy consumption.

Since 2017, the Company has started collection of industrial glass waste from sheet glass fabricators and solar panel companies surrounding the plant to be used as raw material. These glass waste would have otherwise been sent to landfill. Use of recycled glass instead of silica sand also translates to lower use of energy to melt the same quantity of silica sand. In FY2019, 100% of silica content is drawn out of recycled glass.

The following table summarizes the metrics that the Company monitors in relation to environmental sustainability:

Metrics	FY18 Index	FY19 Index
Quantity of waste products send to landfill per MT of Good Product Output (MT/MT)	100	71
Unit Consumption of Energy per kg of Good Product Output (kWH/kg)	100	84
Unit Consumption of potable water in Liter per kg of Good Product Output (L/kg)	100	111

The metrics are presented in index form with reference to FY18 as a baseline to protect sensitive information. The goal is to have reduction from year to year. The Company is embarking on a project that recycles processed water to reduce water and raw material cost. The Company is also evaluating the feasibility of capitalizing on government's incentives given on solar power generation as an effort to reduce electricity consumed from the grid.

Environmental Sustainability (cont'd)

The Company monitors the emission created by the manufacturing process every year and below are the metrics as per requirements by the Malaysian Department of Environment.

Emission	Limit set by DOE	FY18 Results	FY19 Results
Sulphur Oxides (SO)	< 800 mg/m^3	Met	Met
Nitrous Oxides (NO)	< 800 mg/m^3	Met	Met
Total Particulate Matters	< 50 mg/m^3	Met	Met

Within the working environment, in the face of growing demand for energy and depleting natural resources, employees are encouraged to reduce the use of paper, recycle any recyclable items and reduce wastages.

Product Sustainability

Fibre glass is made of primarily silica, an inorganic substance that can only melt but does not combust/ burn. The product can pass BS 476: Part 4 (Non-combustibility test for materials), a widely used fire testing standard for building materials. No fire-retardant chemical is added to the product. This is crucial in the face of increasing use of insulation materials that do not pass fire safety standards that led to unfortunate fire incidents which happened at the Employees' Provident Fund's building in Petaling Jaya, Toh Guan Building in Singapore and Grenfell Tower in London.

On top of that, fiber glass can last as long as the life of a property when installed according to recommended method and maintained well. That is why the Company is offering a product warranty of 70 years. Please visit www.ecowool.com.my for more information.

PGF sells its products in several countries in the Asia-Pacific region. The Company is committed to ensuring the compliance to local product standards and building codes of the countries that we sell to. The Company obtained and continued to renew local product certifications of Malaysia (MS1020), Australia (AS/NZS 4859.1), New Zealand (AS/NZS 4859.1), where fibre glass product standards exist. Where fibre glass product standard does not exist locally, the Company strives to obtain industry recognized standards or test reports (mainly in British and American Standards) to demonstrate the product quality and performance.

In 2013, the Company stepped up its effort in providing sustainable product by launching its formaldehyde free range of product under the model of Brownie. With that product offering, the Company stands tall together with the other leading fibre glass manufacturing plants around the world in embracing the growing demand for sustainable insulation solution. For more information on Brownie, please visit http://www.ecowool.com.my/brownie.aspx.

PROFILE OF THE BOARD OF DIRECTORS

FONG WERN SHENG

38
MALE
A MALAYSIAN

Appointed to the Board as an Executive Director of the Company on 7 October 2003 and holding a second position as Executive Chairman since 3 June 2008. On 18 January 2012, he was re-designated and hold the position as the Executive Chairman & Chief Executive Officer of the Company. His position was subsequently re-designated on 26 October 2017 and he is currently the Executive Chairman of the Company.

He holds a Hon. Bachelor of Management & Information Technology degree from University of Manchester Institute of Science & Technology. He began his career in the Company as a Risk Management Manager in 2003.

He has attended all the five (5) Board Meetings held during the financial year ended 28 February 2019.

TAN MING CHONG

39
MALE
A MALAYSIAN

Appointed to the Board as an Executive Director of the Company on 17 May 2010 and re-designated as the Chief Operating Officer of the Company on 18 January 2012. He holds a Master Degree in Economics from University of Warwick and a Bachelor in Economics from London School of Economics.

Prior to joining the Company, he was a Manager in the business advisory division of Ernst & Young where he was involved in various types of organization improvement projects with clients in different industries.

Mr. Tan has attended all the five (5) Board Meetings held for the financial year ended 28 February 2019.

FONG WAH KAI

72
MALE
A MALAYSIAN

Appointed to the Board as an Executive Director of the Company on 25 March 1989. He served as an Executive Director in his family business for the past thirty (30) years.

Mr. Fong has attended all the five (5) Board Meetings held during the financial year ended 28 February 2019.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

SIA TAIK HIAN

55
MALE
A MALAYSIAN

Appointed to the Board as an Independent Non-Executive Director and the Chairman of the Audit Committee of the Company on 22 June 2001. He is currently the Senior Independent Non-Executive Director of the Company. He is a Chartered Accountant and has more than 20 years of extensive experiences in all aspects of the accounting profession.

He is a member of the Malaysian Institute of Accountants, a member of the Australian Society of Certified Practising Accountants, a member of the Association of Taxation and Management Accountants, a fellow member of the Taxation Institute of Australia and an associate member of the Australian Computer Society.

In 1994-2000, he was the Finance & Administration Manager of Gemtech Resources Berhad. In 2000-2013, he was the Director of Genesis Square Sdn. Bhd., a private limited company.

Mr. Sia is the Chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee and the Nominating Committee.

Mr. Sia has attended all the five (5) Board Meetings held during the financial year ended 28 February 2019.

OMAR BIN MOHAMED SAID

37
MALE
A MALAYSIAN

Appointed to the Board as an Independent Non-Executive Director of the Company on 7 October 2003. He holds a Hon. Bachelor of Management (Accounting and Finance) degree from University of Manchester Institute of Science & Technology. Upon graduation, he was attached with Ernst & Young from 2003- 2006. Currently he is the Managing Director of a local company specialising in downstream retail oil and gas. He is the Non-Independent Non-Executive Director of Turbo Mech Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Encik Omar is the Chairman of the Nominating Committee and a member of the Audit & Risk Management Committee and the Remuneration Committee.

He has attended all the five (5) Board Meetings held during the financial year ended 28 February 2019.

KHOO KAH HOCK

51
MALE
A MALAYSIAN

Appointed to the Board as an Independent Non-Executive Director of the Company on 12 December 2012. He graduated from City and Guilds of London Institute, United Kingdom in 1994 with a Professional Certificate in Engineering (Electrical/Electronic), major in Electrical Engineering and subsequently from University of Southern Pacific, United States of America in 2006 with a Master Degree in Business Administration.

He has more than 23 years of experience in equipment maintenance, production and engineering skills including all areas of technical training, strong knowledge of analytical skills with knowledge of Six Sigma, Lean Manufacturing, LeanSigma, Supply Chain, SPC, FMEA & OEE and familiarity with Hard Disk Drive, Head sliders, Tape Head, Tape Drives, Lead frame Plating and PCB manufacturing process.

Mr. Khoo is the Chairman of the Remuneration Committee and a member of the Audit & Risk Management Committee and the Nominating Committee.

Mr. Khoo has attended all the five (5) Board Meetings held during the financial year ended 28 February 2019.

Notes:

1. All the Directors do not have any conflict of interest with the Group.
2. All the Directors have not been convicted for any offences within the past five years other than for traffic offences, if any.
3. All the Directors have no family relationship with any other Directors or major shareholders of the Group with the exception of Mr. Fong Wah Kai, the Executive Director and substantial shareholder of the Company is the father of Mr. Fong Wern Sheng, the Company's Executive Chairman and a substantial shareholder of the Company.
4. The Directors' shareholdings are as disclosed in page 118 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

FONG WERN SHENG

EXECUTIVE CHAIRMAN

38
MALE
A MALAYSIAN

The profile of Mr. Fong Wern Sheng is listed in the Profile of Directors on page 11.

TAN MING CHONG

CHIEF OPERATING OFFICER

39
MALE
A MALAYSIAN

The profile of Mr. Tan Ming Chong is listed in the Profile of Directors on page 11.

KOH JOO LING

SENIOR GROUP FINANCE MANAGER, FAIA

55
FEMALE
A MALAYSIAN

Ms. Koh Joo Ling is a Fellow Member of the Association of International Accountants (United Kingdom). Before joining the Group in 1989, she has gained not less than 6 years of experience in finance related field with local rubber and wood manufacturing companies. Currently, Ms. Koh is overseeing the financial planning of the Group.

Notes:
1. Save as disclosed in the Directors' Profile for Mr. Fong Wern Sheng, none of the key senior management has any family relationship with any other Directors and/or substantial shareholders of the Company.
2. None of the key senior management has any conflict of interest with the Company.
3. None of the key senior management has been convicted for any offences against the law other than traffic offences (if any) within the past five (5) years.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors fully appreciates the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability and integrity.

The Board evaluates the status of the Group's corporate governance practices with a view to adopt and apply, where practicable, the Principles of Malaysian Code on Corporate Governance 2017 (the "Code") respectively. As such, the Board is fully committed to the maintenance of high standards of corporate governance in its quest to enhance shareholders' value.

The comprehensive Corporate Governance Report ("CG Report") is published on the Company's corporate website at www.polyglass.my.

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year under review unless otherwise stated.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Composition and Balance

The Board currently has six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This complies with the Listing Requirements of Bursa Malaysia Securities Berhad that one third of its Board consists of Independent Directors.

The Board comprises a mixture of businessmen and professionals. The current composition of the Board brings the required mix of skills and experience required for the Board to function effectively. A brief write-up of the background of the Board members as at the date of this statement is set out in the Directors' profile section of this Annual Report.

The Board recognizes that Mr. Fong Wern Sheng, the Chairman of the Board, also assumes an executive position but is of the view that there are sufficient experienced and independent non-executive Directors on Board to provide assurance that there is adequate check and balance.

Board Roles and Responsibilities

The Board has adopted a Board Charter that sets out the functions that are reserved for the Board.

The Board had delegated the management of the Group to Executive Directors and management team. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing day to day operations as well as coordinating the development and implementation of business and corporate strategies.

The Non-Executive Directors ensure that the strategies proposed by the Management are fully deliberated and examined, taking into account the long term interest of the stakeholders including contributing to the formulation of policy and other decision-making process through their expertise and experience.

The Board of Directors regularly review the strategic direction of the Company and the progress of the Group's operations taking into account the changes in business environment and risk factors.

Board Charter and Code of Conduct/ Ethics

The Board has adopted a Board Charter which sets out the role, functions, compositions, operations and processes of the Board. The Charter provides guidance to the Board in relation to the Board's role, duties and responsibilities and authority.

The Board appreciates the need for a Code of Conduct for Directors and employees which governs the standards of ethics and good conduct expected of Directors and employees. Drafting of the Code of Conduct is underway and will be made publicly available once it is ready.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Charter and Code of Conduct/ Ethics (cont'd)

The Board will review the Board Charter regularly to ensure it remains consistent with the Board's objectives and responsibilities.

The Board Charter is posted on our website at www.polyglass.my.

Supply of Information

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. Every Director also has unhindered access to the advice and services of the Company Secretary. The Company Secretary circulates relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference.

Prior to the meetings of the Board and the Audit and Risk Management Committee, appropriate documents which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all the members to obtain further explanation, where necessary, in order to be properly briefed before the meeting. The Company Secretary ensures that all Board and Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly minuted and documented.

The Directors review and approve all quarterly financial results and announcements before releasing them to Bursa Securities.

The Directors collectively determine, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense.

Corporate Social Responsibility

The Board is aware of the importance of the practice of Corporate Social Responsibility. The Company is committed to support the nation's energy efficiency agenda and the Malaysian Prime Minister's carbon emission target commitment made in the Copenhagen Summit 2009. This could be achieved through educating policy makers and general public on the need for better passive insulation of Malaysian buildings. The Company, either individually or through the Malaysian Insulation Manufacturers Group under the Federation of Malaysian Manufacturers (FMM), contributes actively towards this end. The Group has also provided free insulation to schools to improve occupants' comfort and raise awareness of energy efficiency.

The manufacturing arm of the Group has continued to take initiatives to reduce carbon footprints in all areas of its operations, e.g. adopting energy efficient equipment to lower energy consumption and increase the use of recycled materials in its manufacturing process. With the recent upgrades and expansion of production, the Company has started collection of industrial glass waste from sheet glass fabricators and solar panel companies to be used as raw material. These glass waste would have otherwise been sent to landfill. Within the working environment, in the face of growing demand for energy and depleting natural resources, employees are encouraged to reduce the use of paper, recycle any recyclable items and reduce wastages.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Group strives to have a balanced Board comprising members with suitable qualifications, skills, expertise and exposures.

Board Committees

The Board has established the following Committees to assist the Board to discharge its fiduciary duties:

(a) Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three (3) Independent Directors. A full report of the Audit and Risk Management Committee with details of its membership and a summary of the work performed during the financial year are set out in the Audit and Risk Management Committee Report of this Annual Report.

(b) Nominating Committee

The Nominating Committee is primarily responsible for identifying and recommending new nominees to the Board. Besides this, the Committee shall also assess the effectiveness of the Board, the committees of the Board and contributions of each director on an ongoing basis and annually review the required mix of skills, experiences and other qualities including core competencies. The recommendations of the Committee will be subject to the approval of the Board.

As the date of this report, the members of the Nominating Committee comprise:

Encik Omar Bin Mohamed Said	Chairman- Independent Non-Executive Director
Members: -	
Mr. Sia Taik Hian	Senior Independent Non-Executive Director
Mr. Khoo Kah Hock	Independent Non-Executive Director

All members of the Nominating Committee are Non-Executive Independent Directors.

For the financial year ended 28 February 2019, the Nominating Committee met once with full attendance of its Members and has carried out the following key activities:

- Reviewed and recommended the re-election of Members of the Board at the AGM for shareholders' approval, pursuant to the Constitution of the Company;
- Reviewed the annual assessment of the required mix of skills and experience of the individual Board members and the Board committees;
- Assessed the annual effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual director, including Independent Non-Executive Directors and Executive Directors;
- Assessment of the independence of the Independent Directors based on the criteria set out in the Main Market Listing Requirements of Bursa Securities;
- Recommendation for the retention of Mr. Sia Taik Hian and En Omar Bin Mohamed Said who have served for a cumulative period of more than nine (9) years to continue in office as Independent Non-Executive Directors;
- Reviewed and assessed the effectiveness of the Audit & Risk Management Committee in carrying out its duties as set out in the terms of reference.

The Board supports non-discrimination on gender, ethnicity and age group of candidates to be appointed as Board members although no formal policy has been formed. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with skills, experience, time commitment and other qualities in meeting the future needs of the Group.

PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

Board Committees (cont'd)

(c) Remuneration Committee

The Remuneration Committee comprises a majority of Independent Non-Executive Directors as follows:

Mr. Khoo Kah Hock	Chairman- Independent Non-Executive Director
Members: -	
Mr. Sia Taik Hian	Senior Independent Non-Executive Director
Encik Omar Bin Mohamed Said	Independent Non-Executive Director

The Remuneration Committee shall be responsible for developing the remuneration policy and determining the remuneration packages for Executive Directors of the Company.

The Company's policy on Directors' remuneration is to attract and retain the Directors of caliber needed to manage the business of the Company and to align the interest of the Directors to those of the shareholders.

The performance of the Executive Directors is measured based on the achievements of their annual Key Performance Indicators (KPIs). These KPIs comprise not only quantitative targets, such as revenue and profit growth, but also qualitative targets which include strategic milestones and initiatives that need to be achieved.

The determination of the remuneration of each Non-Executive Director is decided by the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration.

The Company pays each Non-Executive Directors an annual fee and benefits, which is approved by the shareholders at the Annual General Meeting. The Board, as a whole, determines the remuneration of the Executive Directors, with the individual Directors concerned abstaining from decision in respect of their individual remuneration. Details of the Directors' remuneration for the financial year under review are as follows:

Directors	Remuneration RM	Fees RM	Other emoluments RM	Benefits-in-kind RM
Fong Wern Sheng	381,791	-	-	19,845
Tan Ming Chong	347,455	-	-	9,910
Fong Wah Kai	266,264	-	-	-
Sia Taik Hian	-	8,400	2,750	-
Omar Bin Mohamed Said	-	8,400	2,750	-
Khoo Kah Hock	-	8,400	2,750	-

The number of Senior Management whose remuneration falls into the following bands comprises:

Range of remuneration (RM)	No. of Senior Management
150,001 – 200,000	1
300,001 – 350,000	2

PRINCIPLE 3: REINFORCE INDEPENDENCE OF THE BOARD

The Board consists of three Non-Executive Directors, all of them are Independent Directors and they are able to express their independent views without any constraint. The Independent Directors remain objective and independent in decision making, actively participated at meetings of the Board and Board Committees and provided constructive feedback.

Two of the three Independent Directors, Mr. Sia Taik Hian and Encik Omar Bin Mohamed Said had served the Company for a cumulative term of more than 9 years, exceeding the 9 years as per the recommendations of the Code. The Board believes that the length of the service does not in any way interfere with their exercise of independent judgement to act in the interest of the Company.

Re-election of Directors

The Constitution provide that all Directors of the Company are subject to retirement. At least one-third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to, but not more than one-third (1/3) of the total shall retire from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of the Annual General Meeting.

The Company Secretary ensures that all the necessary information is obtained and that all legal and regulatory obligations are met before the appointments are made.

PRINCIPLE 4: FOSTER COMMITMENT

Each Director does not hold more than five directorships in public listed companies to ensure that they have sufficient time to focus and discharge their duties and responsibilities. The Board is satisfied with the level of the time commitment given by the Non-Executive Directors toward fulfilling their roles and responsibilities as Directors of the Company during the financial year ended 28 February 2019.

Board Meetings

The Board meets at least four times a year at quarterly intervals, with additional meetings convened as necessary. There were five meetings held during the financial year ended 28 February 2019 and details of the attendance of the Directors were as follows:

Director	No. of Meetings Attended
Fong Wern Sheng	5/5
Tan Ming Chong	5/5
Fong Wah Kai	5/5
Sia Taik Hian	5/5
Omar Bin Mohamed Said	5/5
Khoo Kah Hock	5/5

Directors' training

Directors are encouraged to attend any form of training to enhance their knowledge and expertise in relations to the industry, laws and regulations, business environment, etc. The Directors continue to attend relevant seminars and programmes to keep their knowledge and expertise updated.

PRINCIPLE 4: FOSTER COMMITMENT

Directors' training (cont'd)

In FY 2019, training programmes attended by directors of the Company are as follows:-

Training Programmes		Attended by
1.	Sustainability Engagement Series	Tan Ming Chong
2.	Guiding to your SST Journey	Sia Taik Hian
3.	Malaysia Economic Monitor: Navigating Change	Sia Taik Hian
4.	Implementation of SST for Service Tax and Systems MySST	Sia Taik Hian
5.	Speaking of Budget 2019 with the Minister of Finance of Malaysia	Sia Taik Hian
6.	LHDN Employer's Responsibilities Borang E	Sia Taik Hian
7.	Special briefing on SST for MIA members by Royal Malaysian Customs Department (RMCD)	Sia Taik Hian
8.	TRIZ-Theory of Incentive Problem Solving	Khoo Kah Hock
9.	DI-Domestic Inquiry Procedure Training	Khoo Kah Hock
10.	AMCHAM-American Chamber of Commerce Seminar	Khoo Kah Hock

In addition to the above, Directors are updated on the recent developments in the areas of statutory and regulatory requirements from briefings by the External Auditors, Company Secretary and the Internal Auditors during the Audit and Risk Management Committee and Board Meetings.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders and the Chairman's statement in the Annual Report. The Board is assisted by the Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Relationship with External Auditors

The Company has established transparent and appropriate relationship with the external auditors through the Audit and Risk Management Committee of the Company. From time to time, the external auditors will highlight matters that require further attention of the Audit and Risk Management Committee and the Board of Directors.

The Audit and Risk Management Committee meets with external auditors at least twice annually or whenever deemed necessary to discuss their audit plans, audit findings and their reviews of the Company's financial results/financial statements.

In addition, the external auditors will be attending the Annual General Meeting of the Company and are available to clarify and answer shareholders' questions on their conduct of the audit.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

The Board regards risk management and internal controls as an integral part of the overall management processes. Recognising the importance of having risk management processes and practices, the Audit & Risk Management Committee is assigned to oversee the identification, evaluation, control, monitoring and reporting of the critical risks faced by the Group.

Information on internal control and internal audit function of the Group is detailed in the Statement of Risk Management and Internal Control set out on pages 21 to 23.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company recognizes the importance of transparency and accountability to its shareholders and investors. The Board endeavours to keep its shareholders and investors informed of its progress through Annual Report, Annual General Meeting ("AGM") and Extraordinary General Meeting. It is the Company's practice to send the Notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

The Group also maintains a corporate website at www.polyglass.my whereby shareholders as well as members of the public may access for the latest information on the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with the shareholders of the Company. Shareholders are encouraged to attend the Company's AGM and use the opportunity to actively participate in the proceedings. They are encouraged to ask questions both about the resolutions being proposed or any issues pertaining to the Company. Members of the Board and the external auditors of the Company are present to answer questions raised at the meeting as and when appropriate.

Poll Voting

Pursuant to the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meeting is voted by poll. All resolutions set out in the notice of AGM will be voted by way of poll.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group and the Company give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cashflows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and supportable judgments and estimates.

The Directors also have a general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance ("MCCG") requires public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and company's assets. Under the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main Listing Requirements"), under paragraph 15.26(b), Directors of public listed companies are required to produce a statement on the state of the group's internal control in their Annual Report.

The Board of Directors ("Board") continues with its commitment to maintain sound systems of risk management and internal control throughout Poly Glass Fibre (M) Bhd and its subsidiaries ("Group") and in compliance with the Main Listing Requirements and the Statement of Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Internal Control Guidelines"), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year in review.

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organizational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure its viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established an ongoing process for identifying, evaluating, monitoring and managing significant risks faced, or potentially exposed to, by the Group in pursuing its corporate objectives. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidelines.

AUDIT AND RISK MANAGEMENT COMMITTEE'S ROLE

The Audit and Risk Management Committee ("ARMC") is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control.

CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board's commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a strong structure and environment for the proper conduct of the Group's business operations as follows:

- The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Chief Operating Officer provides explanation to the board papers on pertinent issues. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis;
- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational and human resource management, which is subject to regular review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board's approval;
- Information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Regular visits to operating units by members of the Board and senior management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

RISK MANAGEMENT

The Board confirms that there is an ongoing process for identifying, assessing and responding to risks to achieve the objectives of the Group for the financial year under review. The process is in place for the period under review and up to the date of issuance of this Statement.

The Group has established sound risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy, enable value creation and growth through identification of opportunities and provide assurance to the Group's various stakeholders.

The Group, has implemented the Enterprise Risk Management ("ERM") processes to identify, assess, monitor, report and mitigate risks impacting the Group's business and supporting activities.

The main components of the Group's risk governance and structure consists of the Board and the ARMC. The structure allows for strategic risk discussions to take place between the Board and the ARMC on a periodical basis. The summary of the accountabilities for the Board and the ARMC under the risk governance structure are as follows:

a. Board of Directors

- Overall risk oversight responsibility;
- Determines that the principal risks are identified, and appropriate as well as systems are implemented to manage these risks; and
- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

b. Audit and Risk Management Committee

- Reviews and endorses policies and frameworks and other key components of risk management for implementation within the Group; and
- Reviews and endorses the corporate risk profile for the Group, and the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks.
- Oversees the effective implementation of risk policies and guidelines, ERM and cultivation of risk management culture within the organization; and
- Reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and update the Board accordingly.

During the financial year, the Group has identified some significant risks which are critical to the success of the business. The likelihood and impact of the risks have been assessed and appropriate mitigation actions have been identified for the risks.

In essence, Risk Management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional consulting firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

Please refer to page 25 of the Audit & Risk Management Committee Report for detailed information on internal audit function.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 28 February 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the process described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

CONCLUSION

The Board, having received assurance from the Chief Executive Officer, Chief Operating Officer and Senior Group Finance Manager, is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of the approval of this Statement. There were no material internal control weaknesses which had resulted in material losses, uncertainties or contingencies that would require disclosure in this Annual Report.

This statement is issued in accordance with a resolution of the Directors dated 10 June 2019.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

1. CONSTITUTION

The Audit Committee was established by the Board in 1994 as the prime body to assist the Board in ensuring a high standard of corporate responsibility, integrity and accountability to shareholders in line with the corporate governance and disclosure standards expected from that of a public listed company in Malaysia. The Audit Committee was then renamed as Audit & Risk Management Committee ("the Committee") in 2018 to reflect its duties and responsibilities accordingly.

The present members of the Committee are:

Mr. Sia Taik Hian	Chairman/ Senior Independent Non-Executive Director
Members:	
En. Omar Bin Mohamed Said	Independent Non-Executive Director
Mr. Khoo Kah Hock	Independent Non-Executive Director

2. ATTENDANCE AT MEETINGS

There were five (5) meetings convened the financial year ended 28 February 2019.

Details of the attendance of members at the Committee Meetings are as follows:

	Attendance
Mr. Sia Taik Hian	5/5
En. Omar Bin Mohamed Said	5/5
Mr. Khoo Kah Hock	5/5

3. TERMS OF REFERENCE

The terms of reference of the Committee are available on the Company's website www.polyglass.my.

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE

In line with the terms of reference, the following activities were carried out by the Committee during the financial year ended 28 February 2019 in the discharge of its duties and responsibilities:

(a) reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company and the Group prior to recommending them for approval by the Board of Directors;
(b) reviewed the external auditors' scope of work and the audit planning memorandum;
(c) reviewed with the external auditors the results of the annual audit, their audit and management letter together with management's response to the findings of the external auditors;
(d) reviewed with external auditors, the draft Audited Financial Statements of the Company and the Group;
(e) evaluated the performance and independence of the external auditors and made recommendations to the Board of Directors on their re-appointment and remuneration;
(f) reviewed the annual internal audit plans to ensure adequate scope, coverage of the activities of the Company and the Group;
(g) reviewed the internal audit reports, audit recommendations and management's responses to these recommendations;
(h) reviewed related party transaction entered into by the Company and the Group during the year;
(i) reviewed of the Statement on Risk Management and Internal Control for inclusion in the Annual Report; and
(j) reviewed and discussed with management the outcome of the exercise to identify, evaluate and manage significant strategic, operational and financial risks faced by the Group.

5. INTERNAL AUDIT FUNCTION

Internal audit function was conducted by an outsourced professional firm with an objective that independent feedback and reviews will be provided to the Committee and subsequently to the Board of Directors.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Committee.

The Committee has full and direct access to the internal auditors and the Committee receives reports on all internal audits performed. The internal auditors continue to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to management and the Committee with periodic follow-up of the implementation of actions plans. The management is responsible for ensuring that corrective actions are implemented accordingly.

Based on the internal audit reports, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The internal audit cost incurred for the financial year ended 28 February 2019 was RM20,000.

This report is made in accordance with a resolution of the Board of Directors dated 26 April 2019.

ADDITIONAL COMPLIANCE INFORMATION

The information disclosed below is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. **Material Contracts**
   Save as disclosed below, the Company and its subsidiaries involving directors and substantial shareholders have not entered into any material contracts either still subsisting at the end of the financial year ended 28 February 2019 or entered into since the end of the previous financial year: -

   The Company via its wholly owned subsidiary company, PGF Insulation Sdn Bhd had obtained advances from a substantial shareholder of the Company, Equaplus Sdn Bhd, for working capital purposes.

   As at 28 February 2019, the total balance due and payable for the advances was recorded at RM8.8 million and shall be repaid not later than 31 August 2020.

   The advances are secured by way of a corporate guarantee from the Company with interest rate more specifically disclosed in Note 15 of the Notes to the Financial Statements for the financial year ended 28 February 2019.

2. **Audit and Non-Audit Services**
   During the financial year, the audit fees and non-audit fees paid/payable to the Company's external auditors by the Company and by the Group incurred for services rendered are as follows: -

Type of Fees	Company (RM)	Group (RM)
Audit Fees	20,000	95,000
Non-Audit Fees	10,500	27,300

3. **Employees Share Options Scheme**
   The Group did not offer any share scheme for employees during the financial year under review.

4. **Internal Audit Function**
   The internal audit function was outsourced and the cost incurred for the internal audit function in respect of the financial year under review was RM20,000.

5. **Continuing Education Programme**
   Details of the seminars or courses attended by the Directors of the Company are disclosed in the Corporate Governance Statement, as set out on Page 19 of this Annual Report.

6. **Recurrent Related Party Transaction Of A Revenue Nature Or Trading Nature**
   The Company does not have any recurrent related party transaction of a revenue nature or trading nature for the financial year ended 28 February 2019.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 28 February 2019.

Principal activities

The Company is principally engaged in the trading of fibre glasswool and its related products, provision of management services and investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	6,249,445	1,454,926

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividend

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Fong Wern Sheng, Executive Chairman
Tan Ming Chong, Chief Operating Officer
Fong Wah Kai, Executive Director
Sia Taik Hian, Senior Independent Non-Executive Director
Omar Bin Mohamed Said, Independent Non-Executive Director
Khoo Kah Hock, Independent Non-Executive Director

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2019 (CONT'D)

Director of the subsidiaries

Director of the subsidiaries who served during the financial year until the date of this report is:

Koh Joo Ling

Directors' interests in shares

The direct and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares			
	Balance at 1.3.2018	**Bought**	**(Sold)**	**Balance at 28.2.2019**
The Company				
Direct Interest				
Fong Wah Kai - own	6,798,800	-	-	6,798,800
Fong Wern Sheng - own	10,797,400	-	-	10,797,400
Indirect Interest				
Fong Wah Kai - others *	78,056,900	-	-	78,056,900
Fong Wern Sheng - others *	24,323,053	-	-	24,323,053

* These are shares held by corporations which are either controlled by the Director(s) or in which he and his associates hold more than 20% of the voting shares.

By virtue of their interests in the shares of the Company, Mr Fong Wah Kai and Mr Fong Wern Sheng are also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 28 February 2019 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the interest paid by a subsidiary for advances from a corporate shareholder of the Company in which a Director has substantial financial interests as disclosed in the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Indemnity and insurance cost

There was no indemnity given to or insurance effected for Directors, officers or auditors of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

i) there are no bad debts to be written off and no provision needs to be made for doubtful debts; and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances :

i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performances of the Group and of the Company for the financial year ended 28 February 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

…………………………………………………………………..
Fong Wern Sheng
Director

…………………………………………………………………..
Tan Ming Chong
Director

Penang,

Date : 10 June 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019

	Note	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Assets				
Property, plant and equipment	3	58,902,709	61,383,793	63,413,145
Investment property	4	5,736,356	5,864,748	5,855,717
Investment in an associate	6	-	60	-
Inventories	7	136,347,250	136,814,361	136,427,816
Deferred tax assets	8	827,000	1,387,000	1,916,000
Total non-current assets		201,813,315	205,449,962	207,612,678
Inventories	7	12,313,840	15,895,055	14,733,193
Trade and other receivables	9	13,999,260	11,581,452	10,304,448
Current tax assets		50,840	9,578	-
Cash and cash equivalents	10	6,612,429	698,840	1,870,745
Total current assets		32,976,369	28,184,925	26,908,386
Total assets		234,789,684	233,634,887	234,521,064
Equity				
Share capital	11	202,761,930	202,761,930	202,761,930
Reserves	12	(37,499,856)	(43,749,301)	(45,561,363)
Equity attributable to owners of the Company		165,262,074	159,012,629	157,200,567
Liabilities				
Deferred tax liabilities	8	23,088,502	23,088,502	23,088,502
Contract liabilities	13	7,647,864	7,647,864	7,647,864
Loans and borrowings	14	16,719,988	17,926,984	19,102,107
Advances from a shareholder	15	8,817,000	11,166,969	9,816,969
Total non-current liabilities		56,273,354	59,830,319	59,655,442
Loans and borrowings	14	4,207,851	7,964,902	9,981,357
Trade and other payables	16	9,004,576	6,795,520	7,580,244
Current tax liabilities		41,829	31,517	103,454
Total current liabilities		13,254,256	14,791,939	17,665,055
Total liabilities		69,527,610	74,622,258	77,320,497
Total equity and liabilities		234,789,684	233,634,887	234,521,064

The notes on pages 42 to 109 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2019

	Note	2019 RM	2018 RM
Revenue	17	72,334,905	54,116,495
Other operating income		164,136	1,614,035
Changes in manufactured inventories		(2,866,616)	(451,813)
Raw materials consumed		(27,538,852)	(20,865,121)
Property development costs		(467,111)	386,545
Staff costs	18	(11,370,524)	(10,675,004)
Depreciation and amortisation		(5,372,257)	(5,553,617)
Other operating expenses		(15,447,793)	(13,974,184)
Results from operating activities	19	9,435,888	4,597,336
Share of loss of equity - accounted associate		(60)	-
Interest income		79,527	60,715
Interest expense	20	(1,815,242)	(1,916,960)
Profit before tax		7,700,113	2,741,091
Tax expense	22	(1,450,668)	(929,029)
Profit for the year representing total comprehensive income for the year attributable to owners of the Company		6,249,445	1,812,062
Basic earnings per ordinary share (sen)	23	3.91	1.13

The notes on pages 42 to 109 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Share capital RM	Accumulated losses RM	Capital reserve RM	Total equity RM
At 1 March 2017	202,761,930	(46,231,766)	670,403	157,200,567
Profit for the year representing total comprehensive income for the year	-	1,812,062	-	1,812,062
At 28 February 2018/1 March 2018	202,761,930	(44,419,704)	670,403	159,012,629
Profit for the year representing total comprehensive income for the year	-	6,249,445	-	6,249,445
At 28 February 2019	202,761,930	(38,170,259)	670,403	165,262,074

The notes on pages 42 to 109 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Note	2019 RM	2018 RM
Cash flows from operating activities			
Profit before tax		7,700,113	2,741,091
Adjustments for :			
Depreciation of :			
- Property, plant and equipment	3	5,243,865	5,427,046
- Investment property	4	128,392	126,571
Plant and equipment written off	19	18,609	2,401
Interest income		(79,527)	(60,715)
Interest expense	20	1,815,242	1,916,960
Gain on disposal of property, plant and equipment	19	(29,001)	(150,359)
Share of associate's results		60	-
Operating profit before changes in working capital		14,797,753	10,002,995
Changes in working capital :			
Inventories		4,048,326	(1,548,407)
Trade and other receivables		(2,417,808)	(1,277,004)
Trade and other payables		2,209,056	(784,724)
Cash generated from operations		18,637,327	6,392,860
Tax paid		(921,618)	(481,544)
Net cash from operating activities		17,715,709	5,911,316

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2019 (CONT'D)

	Note	2019 RM	2018 RM
Cash flows from investing activities			
Interest received		79,527	60,715
Proceeds from disposal of property, plant and equipment		41,900	1,677,349
Purchase of plant and equipment		(2,794,289)	(4,927,085)
Purchase of investment property		-	(135,602)
Acquisition of an associate		-	(60)
Net cash used in investing activities		(2,672,862)	(3,324,683)
Cash flows from financing activities			
(Decrease)/Increase in advances from a shareholder		(2,349,969)	1,350,000
Interest paid		(1,815,242)	(1,916,960)
Lease liabilities refinanced	14.3	92,000	-
Repayment of finance lease liabilities	14.3	(55,675)	(140,560)
Repayment of short term borrowings, net	14.3	(2,965,000)	(1,128,351)
Repayment of term loans, net	14.3	(1,197,875)	(2,984,296)
Net cash used in financing activities		(8,291,761)	(4,820,167)
Net increase/(decrease) in cash and cash equivalents		6,751,086	(2,233,534)
Cash and cash equivalents at 1 March 2018/2017		(776,598)	1,456,936
Cash and cash equivalents at 28 February	A	5,974,488	(776,598)

NOTES

A. *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts :

	Note	2019 RM	2018 RM
Cash and bank balances	10	2,092,085	698,840
Fixed deposits with a licensed bank	10	4,520,344	-
Bank overdrafts	14	(637,941)	(1,475,438)
		5,974,488	(776,598)

The notes on pages 42 to 109 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019

	Note	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Assets				
Property, plant and equipment	3	168,866	290,911	307,028
Investments in subsidiaries	5	198,645,042	198,341,890	197,807,703
Investment in an associate	6	60	60	-
Total non-current assets		198,813,968	198,632,861	198,114,731
Inventories	7	101,002	-	-
Trade and other receivables	9	6,499,777	6,189,182	4,944,395
Current tax assets		395	9,579	-
Cash and cash equivalents	10	248,189	130,752	1,537,065
Total current assets		6,849,363	6,329,513	6,481,460
Total assets		205,663,331	204,962,374	204,596,191
Equity				
Share capital	11	202,761,930	202,761,930	202,761,930
Reserves	12	730,145	(724,781)	(1,467,339)
Equity attributable to owners of the Company		203,492,075	202,037,149	201,294,591
Liabilities				
Loans and borrowings	14	64,395	-	14,429
Total non-current liability				
Loans and borrowings	14	18,403	1,632,787	1,147,478
Trade and other payables	16	2,088,458	1,292,438	2,069,799
Current tax liabilities		-	-	69,894
Total current liabilities		2,106,861	2,925,225	3,287,171
Total liabilities		2,171,256	2,925,225	3,301,600
Total equity and liabilities		205,663,331	204,962,374	204,596,191

The notes on pages 42 to 109 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Note	2019 RM	2018 RM
Revenue	17	3,600,275	2,785,109
Other operating income		16,999	57,259
Staff costs	18	(573,596)	(511,960)
Depreciation	3	(123,210)	(131,114)
Other operating expenses		(1,374,841)	(1,274,034)
Results from operating activities	19	1,545,627	925,260
Interest income		12,373	10,427
Interest expense	20	(20,041)	(66,987)
Profit before tax		1,537,959	868,700
Tax expense	22	(83,033)	(126,142)
Profit for the year representing total comprehensive income for the year attributable to owners of the Company		1,454,926	742,558

The notes on pages 42 to 109 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Share capital RM	Accumulated losses RM	Capital reserve RM	Total equity RM
At 1 March 2017	202,761,930	(2,703,087)	1,235,748	201,294,591
Profit for the year representing total comprehensive income for the year	-	742,558	-	742,558
At 28 February 2018/ 1 March 2018	202,761,930	(1,960,529)	1,235,748	202,037,149
Profit for the year representing total comprehensive income for the year	-	1,454,926	-	1,454,926
At 28 February 2019	202,761,930	(505,603)	1,235,748	203,492,075

The notes on pages 42 to 109 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Note	2019 RM	2018 RM
Cash flows from operating activities			
Profit before tax		1,537,959	868,700
Adjustments for :			
Depreciation of plant and equipment	3	123,210	131,114
Plant and equipment written off	19	3	1
Dividend income	17	(1,500,000)	(500,000)
Interest income		(12,373)	(10,427)
Interest expense		20,041	66,987
(Gain)/Loss on disposal of property, plant and equipment	19	(16,999)	2
Reversal of impairment loss on investments in subsidiaries	19	-	(57,259)
Operating profit before changes in working capital		151,841	499,118
Changes in working capital :			
Inventories		(101,002)	-
Trade and other receivables		(310,595)	(1,244,787)
Trade and other payables		796,020	(777,361)
Cash generated from/(used in) operations		536,264	(1,523,030)
Tax paid		(73,849)	(205,615)
Net cash from/(used in) operating activities		462,415	(1,728,645)
Cash flows from investing activities			
Purchase of plant and equipment	3	(1,169)	(115,000)
Proceeds from disposal of plant and equipment		17,000	-
Increase of investments in subsidiaries		(303,152)	(476,928)
Increase of investment in an associate		-	(60)
Interest received		12,373	10,427
Dividend received		1,500,000	500,000
Net cash from/(used in) investing activities		1,225,052	(81,561)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2019 (CONT'D)

	Note	2019 RM	2018 RM
Cash flows from financing activities			
Interest paid		(20,041)	(66,987)
Repayment of short term borrowings, net	14.3	(1,414,000)	428,000
Repayment of finance lease liabilities	14.3	(23,631)	(108,485)
Lease liabilities refinanced	14.3	92,000	-
Net cash (used in)/from financing activities		(1,365,672)	252,528
Net increase/(decrease) in cash and cash equivalents		321,795	(1,557,678)
Cash and cash equivalents at 1 March 2018/2017		(73,606)	1,484,072
Cash and cash equivalents at 28 February		248,189	(73,606)

NOTES

Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts :

	Note	2019 RM	2018 RM
Cash and bank balances	10	248,189	130,752
Bank overdraft	14	-	(204,358)
		248,189	(73,606)

The notes on pages 42 to 109 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Poly Glass Fibre (M) Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows :

Registered office

Suite 12-A, Level 12
Menara Northam
No 55, Jalan Sultan Ahmad Shah
10050 George Town
Penang

Principal place of business

2449, Lorong Perusahaan 10
Kawasan Perusahaan Perai
13600 Perai
Penang

The consolidated financial statements of the Company as at and for the financial year ended 28 February 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 28 February 2019 do not include other entities.

The Company is principally engaged in the trading of fibre glasswool and its related products, provision of management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 5.

These financial statements were authorised for issue by the Board of Directors on 10 June 2019.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial year, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts on transition to MFRS are disclosed in Note 29 to the financial statements.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company :

MFRSs, Interpretations and amendments effective for annual periods beginning 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)*

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019 (cont'd)

- 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*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable, in the respective financial years when the abovementioned accounting standards, interpretations and amendments become effective.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company 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.

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.

The Group has assessed the estimated impact that the initial application of MFRS 16 will have on its consolidated financial statements as at 1 March 2019. The estimated impact on initial application is based on the assessment undertaken to date and the actual impacts of adopting the standard may still be subject to change until the Group presents its first financial statements that include the date of initial application.

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

	As reported at 28 February 2019 RM'000	Estimated adjustments due to adoption of MFRS 16 RM'000	Estimated adjusted opening balance at 1 March 2019 RM'000
Group			
Property, plant and equipment	3,698,156	(3,698,156)	-
Right-of-use assets	-	3,698,156	3,698,156
Finance lease obligation	(112,206)	112,206	-
Hire purchase liabilities	-	(112,206)	(112,206)
Company			
Finance lease obligation	(82,798)	82,798	-
Hire purchase liabilities	-	(82,798)	(82,798)

The initial application of this accounting standard is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 5, Investment in subsidiaries and Note 7, Net realisable value of land held for property development.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRSs statements of financial position of the Group and the Company at 1 March 2017 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Associates (cont'd)

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses unless it is held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows :

Amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement **(cont'd)**

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction (capital in-progress) are not depreciated until the assets are ready for their intended use.

The principal annual rates used for the current and comparative periods are as follows :

	%
Buildings	2 - 5
Plant, machinery and equipment	5 - 25
Furniture, fittings and equipment	10 - 20
Motor vehicles	20

Leasehold land is depreciated over the lease term of 60 years.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

2. Significant accounting policies (cont'd)

(e) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the costs of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Leasehold land is depreciated over the lease term and freehold land is not depreciated.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

2. Significant accounting policies (cont'd)

(f) Leased assets (cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(g) Inventories

(i) Land held for property development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified as non-current assets.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

(iii) Other inventories

The cost of inventories is calculated based on the following bases :

Raw materials Manufactured inventories	} first-in, first-out
Consumables	- weighted average

Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

All inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (cont'd)

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. In the case of property development, contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2 (k)(i)). Contract asset is stated at cost less any accumulated impairment.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers. In the case of property development, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liability includes down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

(i) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments (including the accounts maintained pursuant to the Housing Development (Control and Licensing) Act, 1966). For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

***(i) Financial assets* (cont'd)**

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

(ii) Other assets

The carrying amount of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

(ii) Other assets (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not re-measured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (cont'd)

(m) Employee benefits (cont'd)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months from the end of the reporting period, then they are discounted.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Contingencies

(i) ***Contingent liabilities***

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) ***Contingent assets***

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

2. Significant accounting policies (cont'd)

(p) Revenue and other income (cont'd)

(i) Revenue (cont'd)

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Commissions

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2. Significant accounting policies (cont'd)

(q) Borrowing costs (cont'd)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entity, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that future probable taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowances, being tax incentives that are not tax bases of an asset, are recognised as deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentives can be utilised.

(s) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

2. Significant accounting policies (cont'd)

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Chairman of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Leasehold land RM	Buildings RM	Plant, machinery and equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group							
Cost							
At 1 March 2018	7,419,560	21,328,501	86,523,416	1,932,486	1,659,015	-	118,862,978
Additions	-	923,761	1,290,476	240,709	-	2,472,139	4,927,085
Disposals	-	-	(2,665,599)	(15,430)	-	-	(2,681,029)
Write-off	-	-	(1,937)	(15,294)	-	-	(17,231)
At 28 February 2018/ 1 March 2018	7,419,560	22,252,262	85,146,356	2,142,471	1,659,015	2,472,139	121,091,803
Additions	-	-	415,260	121,444	-	2,257,585	2,794,289
Disposals	-	-	(109,420)	(89,743)	(7,280)	-	(206,443)
Write-off	-	(12,200)	(14,530,644)	(103,425)	-	-	(14,646,269)
At 28 February 2019	7,419,560	22,240,062	70,921,552	2,070,747	1,651,735	4,729,724	109,033,380

3. Property, plant and equipment (cont'd)

	Leasehold land RM	Buildings RM	Plant, machinery and equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group							
Accumulated depreciation							
At 1 March 2017	3,076,224	3,141,451	46,388,701	1,560,529	1,282,928	-	55,449,833
Depreciation for the year	322,590	642,976	4,205,739	133,900	121,841	-	5,427,046
Disposals	-	-	(1,138,614)	(15,425)	-	-	(1,154,039)
Write-off	-	-	(1,404)	(13,426)	-	-	(14,830)
At 28 February 2018/ 1 March 2018	3,398,814	3,784,427	49,454,422	1,665,578	1,404,769	-	59,708,010
Depreciation for the year	322,590	655,113	4,012,316	137,456	116,390	-	5,243,865
Disposals	-	-	(96,524)	(89,742)	(7,278)	-	(193,544)
Write-off	-	-	(14,524,347)	(103,313)	-	-	(14,627,660)
At 28 February 2019	3,721,404	4,439,540	38,845,867	1,609,979	1,513,881	-	50,130,671
Carrying amounts							
At 1 March 2017	4,343,336	18,187,050	40,134,715	371,957	376,087	-	63,413,145
At 28 February 2018/ 1 March 2018	4,020,746	18,467,835	35,691,934	476,893	254,246	2,472,139	61,383,793
At 28 February 2019	3,698,156	17,800,522	32,075,685	460,768	137,854	4,729,724	58,902,709

3. Property, plant and equipment (cont'd)

	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Company			
Cost			
At 1 March 2017	485,020	774,923	1,259,943
Additions	115,000	-	115,000
Write-off	(6,418)	-	(6,418)
Disposals	(6,900)	-	(6,900)
At 28 February 2018/1 March 2018	586,702	774,923	1,361,625
Additions	1,169	-	1,169
Write-off	(4,170)	-	(4,170)
Disposals	(88,943)	-	(88,943)
At 28 February 2019	494,758	774,923	1,269,681
Depreciation			
At 1 March 2017	453,270	499,645	952,915
Depreciation for the year	30,677	100,437	131,114
Write-off	(6,417)	-	(6,417)
Disposals	(6,898)	-	(6,898)
At 28 February 2018/1 March 2018	470,632	600,082	1,070,714
Depreciation for the year	27,771	95,439	123,210
Write-off	(4,167)	-	(4,167)
Disposals	(88,942)	-	(88,942)
At 28 February 2019	405,294	695,521	1,100,815
Carrying amounts			
At 1 March 2017	31,750	275,278	307,028
At 28 February 2018/1 March 2018	116,070	174,841	290,911
At 28 February 2019	89,464	79,402	168,866

3. Property, plant and equipment (cont'd)

3.1 Assets under finance leases

The carrying amounts of plant and equipment of the Group and of the Company acquired under finance leases are as follows :

	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Group			
Under finance leases			
Furniture, fittings and equipment	80,500	-	13,373
Motor vehicles	58,449	221,970	369,984
Company			
Under finance leases			
Furniture, fittings and equipment	80,500	-	13,373
Motor vehicles	-	142,892	270,277

3.2 Security

The leased plant and machinery in Note 3.1 above secures lease obligations (see Note 14).

The carrying amounts of property, plant and equipment of the Group charged to financial institutions for banking facilities granted to the Group (see Note 14) are as follows :

		Group	
	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Leasehold land and buildings	12,481,069	13,147,473	12,865,779
Plant, machinery and equipment	17,797,598	19,796,308	26,454,349

4. Investment property - Group

	RM
Cost	
At 1 March 2017	6,253,416
Additions during the year	135,602
At 28 February 2018/1 March 2018/28 February 2019	6,389,018
Accumulated depreciation	
At 1 March 2017	397,699
Depreciation for the year	126,571
At 28 February 2018/1 March 2018	524,270
Depreciation for the year	128,392
At 28 February 2019	652,662
Carrying amount	
At 1 March 2017	5,855,717
At 28 February 2018/1 March 2018	5,864,748
At 28 February 2019	5,736,356

The following are recognised in profit or loss in respect of investment property :

	28.2.2019 RM	28.2.2018 RM
Rental income	360,000	360,000
Direct operating expenses :		
- income generating investment property	246,224	245,307

4.1 Fair value information

The fair value was based on Directors' estimation using the latest available market information of similar property within the same locality and adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot. The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower). The fair value of the investment property of the Group as at 28 February 2019 is classified as level 3 of fair value hierarchy and determined to be approximately RM6,720,000 (28.2.2018 : RM7,430,000 and 1.3.2017 : RM6,237,000).

5. Investments in subsidiaries - Company

	Note	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Unquoted shares, at cost		196,120,309	196,120,309	196,120,309
Amount due from a subsidiary	5.1	2,705,474	2,402,322	1,925,394
Less : Accumulated impairment loss		(180,741)	(180,741)	(238,000)
		198,645,042	198,341,890	197,807,703

5.1 Amount due from a subsidiary

The amount due from a subsidiary is regarded as net investments in subsidiaries. This amount is unsecured, interest-free and repayable on demand.

5.2 Key sources of estimation uncertainties

The Company determines whether there is impairment on interest in subsidiaries when indicators of impairment were identified. The recoverable amount is estimated based on the higher of fair value less cost to sell and the value in use. Estimating the recoverable amount requires the Company to make an estimate of the fair value of the net assets in the subsidiary, which mainly comprise land held for property development.

Details of the subsidiaries are as follows :

Name of subsidiary	Country of incorporation	Effective ownership interest 28.2.2019 %	28.2.2018 %	1.3.2017 %	Principal activities
PGF Insulation Sdn. Bhd.	Malaysia	100	100	100	Manufacture and sale of fibre glasswool and its related products
Golden Approach Sdn. Bhd.	Malaysia	100	100	100	Property development
Concrete Energy Sdn. Bhd.	Malaysia	100	100	100	Property holding
Clover Sdn. Bhd.	Malaysia	100	100	100	Property holding, trading in fibre glasswool and its related products
SK Insulation Solutions Sdn. Bhd.	Malaysia	100	100	100	Trading in fibre glasswool and its related products

Restriction imposed by bank covenants

The covenant of a loan facility taken by a subsidiary of the Group restricts the ability of the subsidiary to provide advances to other companies within the Group and to declare dividends to its shareholders in excess of 50% of the subsidiary's profit after tax unless prior written consent from the financial institution is obtained.

6. Investments in associate

	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Group			
Unquoted shares, at cost	60	60	-
Share of post acquisition reserves	(60)	-	-
	-	60	-
Company			
Unquoted shares, at cost	60	60	-

Details of the associate are as follows :

Name of associate	Country of incorporation	Effective ownership interest 28.2.2019 %	28.2.2018 %	1.3.2017 %	Principal activity
Ecowool Insulation Pty Ltd	Australia	20	20	-	Sale and distribution of fibre glasswool and related products

7. Inventories

	Note	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Group				
Non-current				
Land held for property development	7.1	136,347,250	136,814,361	136,427,816
Current				
Raw materials		3,690,625	4,680,973	3,821,166
Manufactured inventories		5,551,761	8,418,377	8,870,190
Consumables		3,071,454	2,795,705	2,041,837
		12,313,840	15,895,055	14,733,193
Company				
Current				
Trading inventories		101,002	-	-

7. Inventories (cont'd)

7.1 Land held for property development - Group

	2019 RM	2018 RM
At 1 March 2018/2017	136,814,361	136,427,816
Development costs recognised in profit or loss	(467,111)	386,545
At 28 February	136,347,250	136,814,361

The development costs credited to profit or loss in the previous financial year represents the net impact which arose mainly from the rescission of sales during that financial year.

Balance at end of financial year comprises :

	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Leasehold land	173,758,200	184,899,515	184,899,515
Less : Write-down to net realisable value	(44,186,259)	(44,186,259)	(44,186,259)
	129,571,941	140,713,256	140,713,256
Development costs	6,775,309	75,130,447	75,130,447
Accumulated costs charged to profit or loss	-	(79,029,342)	(79,415,887)
	136,347,250	136,814,361	136,427,816

7.2 Net realisable value of land held for property development - Group

The Group through its subsidiary, Golden Approach Sdn. Bhd. ("GASB") has suspended and delayed the development of its development properties since April 1999 pending outcome of various litigations with various contractors of GASB. Following the conclusion of all legal cases with the contractors of the Group in the financial year 2017 and the potential revival of development activities, the Board of Directors reassessed the net realisable value of land held for future development included in the property development segment at the end of each reporting period.

In estimating the net realisable amount of the land held for property development, the Directors considered its fair value less cost to sell determined based on a professional valuation carried out by a firm of professional valuers on an open market value basis conducted in March 2017.

8. **Deferred tax assets/(liabilities) - Group**

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following :

	Assets			Liabilities			Net		
	28.2.2019 RM	**28.2.2018 RM**	**1.3.2017 RM**	**28.2.2019 RM**	**28.2.2018 RM**	**1.3.2017 RM**	**28.2.2019 RM**	**28.2.2018 RM**	**1.3.2017 RM**
Property, plant and equipment									
- capital allowance	(6,654,394)	(6,927,394)	(6,051,394)	-	-	-	(6,654,394)	(6,927,394)	(6,051,394)
- revaluation	(288,606)	(288,606)	(288,606)	-	-	-	(288,606)	(288,606)	(288,606)
Unutilised reinvestment allowance	781,000	2,020,000	2,073,000	-	-	-	781,000	2,020,000	2,073,000
Unutilised investment tax allowance	5,979,000	5,979,000	5,979,000	-	-	-	5,979,000	5,979,000	5,979,000
Unutilised increased export allowance	937,000	388,000	130,000	-	-	-	937,000	388,000	130,000
Land held for property development	-	-	-	(23,088,502)	(23,088,502)	(23,088,502)	(23,088,502)	(23,088,502)	(23,088,502)
Provisions	73,000	216,000	74,000	-	-	-	73,000	216,000	74,000
Deferred tax assets/ (liabilities)	827,000	1,387,000	1,916,000	(23,088,502)	(23,088,502)	(23,088,502)	(22,261,502)	(21,701,502)	(21,172,502)

8. Deferred tax assets/(liabilities) - Group (cont'd)

Movements in temporary differences during the year :

	At 1.3.2017 RM	Recognised in profit or loss (Note 22) RM	At 28.2.2018/ 1.3.2018 RM	Recognised in profit or loss (Note 22) RM	At 28.2.2019 RM
Property, plant and equipment					
- capital allowance	(6,051,394)	(876,000)	(6,927,394)	273,000	(6,654,394)
- revaluation	(288,606)	-	(288,606)	-	(288,606)
Unutilised reinvestment allowance	2,073,000	(53,000)	2,020,000	(1,239,000)	781,000
Unutilised investment tax allowance	5,979,000	-	5,979,000	-	5,979,000
Unutilised increased export allowance	130,000	258,000	388,000	549,000	937,000
Land held for property development					
- revaluation	(23,088,502)	-	(23,088,502)	-	(23,088,502)
Provisions	74,000	142,000	216,000	(143,000)	73,000
Net tax liabilities	(21,172,502)	(529,000)	(21,701,502)	(560,000)	(22,261,502)

Unrecognised deferred tax assets

Deferred tax assets (stated at gross) have not been recognised in respect of the following items :

	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Group			
Deductible temporary differences	372,800	11,417,800	11,019,800
Tax loss carry-forwards	27,770,000	15,908,000	15,756,000
Unutilised reinvestment allowance	427,000	427,000	427,000
Unutilised increased export allowances	177,000	177,000	177,000
Provisions	186,000	114,000	127,000
	28,932,800	28,043,800	27,506,800
Company			
Unabsorbed capital allowance	209,000	172,000	108,000
Unutilised reinvestment allowance	427,000	427,000	427,000
Provisions	186,000	114,000	127,000
Unutilised increased export allowance	177,000	177,000	177,000
	999,000	890,000	839,000

8. Deferred tax assets/(liabilities) - Group (cont'd)

Unrecognised deferred tax assets (cont'd)

During the financial year, as a consequence of the announcement of the 2018 Finance Bill by the Government of Malaysia which places a 7 year time limit on carry forward tax losses and unutilised reinvestment allowances :

(i) the tax loss carry-forwards of the Group amounting RM27,770,000 is subject to a 7 year time limit until year of assessment 2026.
(ii) the unutilised reinvestment allowance of the Group and the Company amounting to RM427,000 can only be carried forward up to 7 consecutive years of assessment after the expiry/end of the qualifying period.

Unabsorbed capital allowance and unutilised increased export allowance do not expire under the current tax legislation.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

9. Trade and other receivables

	Note	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Group				
Trade				
Trade receivables		11,832,705	10,319,793	9,179,724
Associate	9.1	511,530	-	-
		12,344,235	10,319,793	9,179,724
Non-trade				
Other receivables		216,052	-	52
Deposits		156,220	112,284	97,384
Prepayments	9.2	817,813	867,293	427,684
Indirect tax refundable		464,940	282,082	599,604
		1,655,025	1,261,659	1,124,724
		13,999,260	11,581,452	10,304,448

9. Trade and other receivables (cont'd)

	Note	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Company				
Trade				
Trade receivables		5,712,048	5,600,369	4,559,176
Non-trade				
Amount due from subsidiaries	9.3	306,004	463,346	367,918
Deposits		9,520	9,260	9,290
Prepayments		7,265	11,807	8,011
Indirect tax refundable		464,940	104,400	-
		787,729	588,813	385,219
		6,499,777	6,189,182	4,944,395

9.1 Amount due from an associate

The trade amount due from Associate is unsecured with credit term of 15 days.

9.2 Prepayments

Included in the prepayments of the Group is an amount of RM600,469 (28.2.2018 : RM752,827 and 1.3.2017 : RM337,383) representing advance payments made to suppliers.

9.3 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

10. Cash and cash equivalents

	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Group			
Cash and bank balances	2,092,085	698,840	336,259
Fixed deposits with a licensed bank	4,520,344	-	834,486
Short term deposits	-	-	700,000
	6,612,429	698,840	1,870,745
Company			
Cash and bank balances	248,189	130,752	2,579
Fixed deposits with a licensed bank	-	-	834,486
Short term deposits	-	-	700,000
	248,189	130,752	1,537,065

10. Cash and cash equivalents (cont'd)

Included in the cash and bank balances of the Group is an amount of RM1,225 (28.2.2018: RM46,016 and 1.3.2017 : RM7,141) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and is restricted from use in other operations.

11. Share capital - Group/Company

	28.2.2019		28.2.2018		1.3.2017	
	Amount RM	Number of shares	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully-paid :						
Ordinary shares	202,761,930	159,974,948	202,761,930	159,974,948	202,761,930	159,974,948

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

12. Reserves

	Note	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Group				
Accumulated losses		(38,170,259)	(44,419,704)	(46,231,766)
Capital reserve	12.1	670,403	670,403	670,403
		(37,499,856)	(43,749,301)	(45,561,363)
Company				
Accumulated losses		(505,603)	(1,960,529)	(2,703,087)
Capital reserve	12.1	1,235,748	1,235,748	1,235,748
		730,145	(724,781)	(1,467,339)

12.1 Capital reserve

The capital reserve represents gain on disposal of a subsidiary.

13. Contract liabilities - Group

	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Non-current	7,647,864	7,647,864	7,647,864

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time, arising from the property development activities.

14. Loans and borrowings

	Note	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Group				
Non-current				
Secured				
Term loans		15,482,823	16,438,521	17,190,360
Finance lease liabilities	14.2	64,395	29,376	75,880
		15,547,218	16,467,897	17,266,240
Group				
Non-current				
Unsecured				
Term loan		1,172,770	1,459,087	1,835,867
		16,719,988	17,926,984	19,102,107
Current				
Secured				
Term loans		3,181,886	3,149,866	4,838,838
Finance lease liabilities	14.2	47,811	46,505	140,561
		3,229,697	3,196,371	4,979,399
Unsecured				
Bank overdrafts		637,941	1,475,438	413,809
Bankers' acceptances		-	2,834,000	2,986,000
Export credit refinancing		-	131,000	-
Onshore foreign currency loan		-	-	1,107,351
Term loan		340,213	328,093	494,798
		978,154	4,768,531	5,001,958
		4,207,851	7,964,902	9,981,357

14. Loans and borrowings (cont'd)

	Note	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Company				
Non-current				
Secured				
Finance lease liabilities	14.2	64,395	-	14,429
Current				
Secured				
Finance lease liabilities	14.2	18,403	14,429	108,485
Unsecured				
Bank overdrafts		-	204,358	52,993
Bankers' acceptances		-	1,414,000	986,000
		-	1,618,358	1,038,993
		18,403	1,632,787	1,147,478

14.1 Security

The finance lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default.

The secured term loans are secured over fixed and floating charges over certain property, plant and equipment of the Group (see Note 3).

14. Loans and borrowings (cont'd)

14.2 Finance lease liabilities

Finance lease liabilities are payable as follows :

	28.2.2019			28.2.2018			1.3.2017		
	Future minimum lease payments RM	**Interest RM**	**Present value of minimum lease payments RM**	**Future minimum lease payments RM**	**Interest RM**	**Present value of minimum lease payments RM**	**Future minimum lease payments RM**	**Interest RM**	**Present value of minimum lease payments RM**
Group									
Less than 1 year	53,334	5,523	47,811	50,026	3,521	46,505	152,285	11,724	140,561
Between 1 and 5 years	75,794	11,399	64,395	31,642	2,266	29,376	81,668	5,788	75,880
	129,128	16,922	112,206	81,668	5,787	75,881	233,953	17,512	216,441
Company									
Less than 1 year	21,660	3,257	18,403	15,478	1,049	14,429	117,737	9,252	108,485
Between 1 and 5 years	75,794	11,399	64,395	-	-	-	15,478	1,049	14,429
	97,454	14,656	82,798	15,478	1,049	14,429	133,215	10,301	122,914

14. Loans and borrowings (cont'd)

14.3 Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.3.2017 RM	Net changes from financing cash flows RM	At 28.2.2018/ 1.3.2018 RM	Lease liabilities refinanced RM	Other changes RM	At 28.2.2019 RM
Group						
Bankers' acceptances	2,986,000	(152,000)	2,834,000	-	(2,834,000)	-
Export credit refinancing	-	131,000	131,000	-	(131,000)	-
Onshore foreign currency loan	1,107,351	(1,107,351)	-	-	-	-
Short term borrowings	4,093,351	(1,128,351)	2,965,000	-	(2,965,000)	-
Term loans	24,359,863	(2,984,296)	21,375,567	-	(1,197,875)	20,177,692
Finance lease liabilities	216,441	(140,560)	75,881	92,000	(55,675)	112,206
	28,669,655	(4,253,207)	24,416,448	92,000	(4,218,550)	20,289,898
Company						
Bankers' acceptances	986,000	428,000	1,414,000	-	(1,414,000)	-
Finance lease liabilities	122,914	(108,485)	14,429	92,000	(23,631)	82,798
	1,108,914	319,515	1,428,429	92,000	(1,437,631)	82,798

15. Advances from a shareholder, unsecured - Group

	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Non-current			
Advances from a shareholder	8,817,000	11,166,969	9,816,969

The advances from a shareholder are unsecured and carry interests at 6.9% (28.2.2018 : 6.9% and 1.3.2017 : 6.65%) per annum.

The Company has issued a corporate guarantee of similar amount in favour of the shareholder to guarantee the repayment of debt by its subsidiary.

These advances shall be repaid by 31 August 2020 based on the extended repayment period granted by the shareholder during the financial year.

16. Trade and other payables

	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Group			
Trade			
Trade payables	1,297,069	600,390	646,914
Non-trade			
Indirect tax payable	283,317	-	30,191
Other payables	3,045,674	2,842,138	2,467,873
Accrued expenses	4,307,142	3,038,226	4,175,540
Deposits received	71,374	314,766	259,726
	7,707,507	6,195,130	6,933,330
	9,004,576	6,795,520	7,580,244
Company			
Trade			
Subsidiary	1,471,886	670,495	1,432,342
Non-trade			
Other payables	281,332	272,541	349,424
Accrued expenses	335,240	349,402	288,033
	616,572	621,943	637,457
	2,088,458	1,292,438	2,069,799

17. Revenue

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Revenue from contracts with customers				
Sale of fibre glasswool and its related products	71,332,785	54,019,277	-	-
Property development revenue (*)	516,030	(323,782)	-	-
Commission income	-	-	1,744,187	1,612,301
Management fees received	-	-	356,088	672,808
	71,848,815	53,695,495	2,100,275	2,285,109
Other revenue				
Rental income	486,090	421,000	-	-
Dividend income	-	-	1,500,000	500,000
Total revenue	72,334,905	54,116,495	3,600,275	2,785,109

* In the previous financial year, this represents the net impact which arose mainly from the rescission of sales during the financial year.

17.1 Adoption of MFRS 15: Revenue from Contracts with Customers

The key effects as a result of adopting this standard on the property development activities of the Group and of the Company are as follows:

i) in respect of sale of properties that do not come under the purview of the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 23 *Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties* issued by the Malaysian Institute of Accountants, the Group has to assess if the property has an alternative use to the Group and whether the sales and purchase arrangement provides the Group with an enforceable right to payment for work completed to date, in determining whether or not the sale of property units should be recognised at a point in time (completion method) or over time (percentage of completion method);

ii) it requires the identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with maintenance of orchard, and may result in the acceleration or deferment of revenue recognition relating to these separate performance obligations depending on when the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities;

iii) it requires that expenses attributable to securing contracts with customers such as commission expense be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation;

iv) it requires reassessment on the revenue recognition for the Group based on their probability of collection particularly insofar as the cash buyers are concerned; and

v) it views liquidated ascertained damages payable when the developer fails to deliver vacant possession within the stipulated period as consideration payable to customers and is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.

17. Revenue (cont'd)

17.2 Disaggregation of revenue

Group	Reportable segments: Fibre glasswool and related products 2019 RM'000	Fibre glasswool and related products 2018 RM'000	Property development 2019 RM'000	Property development 2018 RM'000	Investment holding 2019 RM'000	Investment holding 2018 RM'000	Total 2019 RM'000	Total 2018 RM'000
Primary geographical markets								
Malaysia	23,413	20,699	516	(324)	-	-	23,929	20,375
Asia (excluding Malaysia)	9,394	10,263	-	-	-	-	9,394	10,263
Oceania	37,660	22,449	-	-	-	-	37,660	22,449
Other countries	866	608	-	-	-	-	866	608
	71,333	54,019	516	(324)	-	-	71,849	53,695
Timing and recognition								
At a point in time	71,333	54,019	-	-	-	-	71,333	54,019
Overtime	-	-	516	(324)	-	-	516	(324)
	71,333	54,019	516	(324)	-	-	71,849	53,695
Revenue from contracts with customers	71,333	54,019	516	(324)	-	-	71,849	53,695
Other revenue	-	-	-	-	486	421	486	421
Total revenue	71,333	54,019	516	(324)	486	421	72,335	54,116

17. **Revenue (cont'd)**

17.3 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sale of fibre glasswool and its related products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 14 to 60 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Product warranty of 70 years are given to customers.
Sale of development properties	Revenue is recognised over time as costs are incurred. These contracts would meet the criteria of having no alternative use and the Group has rights to payment for work performed.	Credit period of 120 days from invoice date.	Not applicable.	Not applicable.	Defect liability period ranging from 6 months to 2 years are given to the customers.

18. Staff costs

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Wages, salaries and others (excluding Directors' remuneration)	10,578,598	9,907,212	507,041	450,748
Contribution to state plan	791,926	767,792	66,555	61,212
Staff costs	11,370,524	10,675,004	573,596	511,960

19. Results from operating activities

Results from operating activities are arrived at :

		Group		Company	
	Note	2019	2018	2019	2018
		RM	RM	RM	RM
After charging :					
Auditors' remuneration					
Audit fees					
- current year		95,000	85,000	20,000	20,000
- prior year		4,538	-	-	-
Other services					
- KPMG PLT		4,500	4,500	2,000	2,000
- Affiliates of KPMG PLT		22,800	22,624	8,500	7,986
Directors' emoluments					
- fees		25,200	25,200	25,200	25,200
- remuneration	19.1	1,003,760	916,321	1,003,760	916,321
Property, plant and equipment					
- write off		18,609	2,401	3	1
- loss on disposal		-	-	-	2
Rental of premises		24,200	27,600	24,200	27,600
Unrealised loss on foreign exchange		262,341	-	-	-
Inventories write-off		139,076	-	-	-
Loss from fire incident	19.2	2,628,236	-	-	-
and crediting :					
Gain on disposal of plant and equipment		29,001	150,359	16,999	-
Gain on foreign exchange					
- realised		265,898	82,700	-	-
- unrealised		-	1,267,752	-	-
Reversal of impairment loss on investments in subsidiaries		-	-	-	57,259

19. Results from operating activities (cont'd)

19.1 Included in Directors' remuneration of the Group and of the Company is an amount of RM117,108 (2018 : RM112,803), representing contributions made to the state plans. The estimated monetary value of Directors' benefits-in-kind of the Group and of the Company otherwise than in cash is RM29,755 (2018 : RM30,719).

19.2 A wholly-owned subsidiary incurred losses amounting to RM2,628,236 from a fire incident. The expenses relate to the cost of damaged inventories and warehouse building repair costs.

20. Interest expense

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bank overdrafts	1,352	1,887	765	770
Banker's acceptances	28,649	103,218	16,599	56,864
Advances from a shareholder	710,075	738,088	-	-
Finance lease obligations	5,149	11,825	2,677	9,353
Term loans	1,069,324	1,059,317	-	-
Export credit refinancing	693	2,625	-	-
	1,815,242	1,916,960	20,041	66,987

21. Key management personnel compensations

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors				
- Remuneration	1,003,760	916,321	1,003,760	916,321
- Estimated monetary value of benefits-in-kind)	29,755	30,719	29,755	30,719
	1,033,515	947,040	1,033,515	947,040
Other key management personnel				
- Short term employee benefits	473,690	501,074	238,485	232,971
	1,507,205	1,448,114	1,272,000	1,180,011

Other key management personnel comprises persons other than the Directors of the Group and of the Company having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

22. Tax expense

Recognised in profit or loss

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Current tax expense				
- current year	887,909	384,385	82,080	127,000
- prior years	2,759	15,644	953	(858)
	890,668	400,029	83,033	126,142
Deferred tax expense				
- current year	960,000	578,000	-	-
- prior years	(400,000)	(49,000)	-	-
	560,000	529,000	-	-
Total tax expense	1,450,668	929,029	83,033	126,142

Reconciliation of tax expense

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit before tax	7,700,113	2,741,091	1,537,959	868,700
Tax at Malaysian tax rate of 24%	1,848,027	657,862	369,110	208,488
Non-deductible expenses	334,378	433,733	53,089	40,695
Income not subject to tax	-	-	(360,000)	(133,742)
Reinvestment allowance and increased export allowance claimed	(542,490)	(257,414)	-	-
Effect of deferred tax assets previously not recognised	213,360	128,880	26,160	12,240
Other items	(5,366)	(676)	(6,279)	(681)
	1,847,909	962,385	82,080	127,000
(Over)/Under provision in prior years	(397,241)	(33,356)	953	(858)
Tax expense	1,450,668	929,029	83,033	126,142

23. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 28 February 2019 was based on the Group's profit attributable to the owners of the Company of RM6,249,445 (2018 : RM1,812,062) and on the weighted average number of ordinary shares outstanding during the year of 159,974,948 (2018 : 159,974,948).

24. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Chairman (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

Fibre glasswool and related products	Manufacturer and distributor of fibre glasswool and other related products
Property development	Development of a country retreat comprising bungalow lots and orchard lots
Investment holding	Investment in shares and letting of properties

Performance is measured based on segment profit before tax and interest ("segment profit") as included in the internal management reports that are reviewed by the Group's Executive Chairman (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Executive Chairman. Hence, no disclosure is made on segment liability.

24. Operating segments (cont'd)

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

	Fibre glasswool and related products RM'000	Property development RM'000	Investment holding RM'000	Total RM'000
2019				
Segment profit	9,428	(790)	798	9,436
Included in the measure of segment profit are:				
Revenue from external customers	71,333	516	486	72,335
Depreciation and amortisation	4,587	2	783	5,372
Not included in the measure of segment profit but provided to Executive Chairman :				
Finance costs	1,291	-	524	1,815
Tax expense	1,199	-	252	1,451
Interest income	71	9	-	80
Segment assets	78,807	137,464	18,519	234,790
Included in the measure of segment assets are :				
Additions to non-current assets other than financial instruments	2,793	1	-	2,794
Deferred tax assets	827	-	-	827
2018				
Segment profit	4,520	(738)	815	4,597
Included in the measure of segment profit are:				
Revenue from external customers	54,019	(263)	360	54,116
Depreciation and amortisation	4,784	1	769	5,554
Not included in the measure of segment profit but provided to Executive Chairman:				
Finance costs	1,397	-	520	1,917
Tax expense	663	-	266	929
Interest income	23	38	-	61
Segment assets	76,648	137,714	19,273	233,635
Included in the measure of segment assets are :				
Additions to non-current assets other than financial instruments	3,995	8	1,060	5,063
Deferred tax assets	1,387	-	-	1,387

24. Operating segments (cont'd)

Geographical information

Revenue and non-current assets are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include interests in an associate and deferred tax assets.

	2019		2018	
	Revenue RM'000	Non-current assets RM'000	Revenue RM'000	Non-current assets RM'000
Geographical information				
Malaysia	24,415	200,986	20,796	204,063
Asia (excluding Malaysia)	9,394	-	10,263	-
Oceania	37,660	-	22,449	-
Others	866	-	608	-
	72,335	200,986	54,116	204,063

Major customers

Major customers contributing more than 10% of the Group's total revenue for the financial year are as follows :

	Segment	2019 RM	2018 RM
Customer A	Fibre glasswool and related products	20,651,410	12,919,357
Customer B	Fibre glasswool and related products	7,415,886	6,584,632

25. Related parties

25.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes the Executive Directors of the Group and certain members of senior management of the Group.

The Group has a related party relationship with its subsidiaries, an associate, a corporate shareholder, Directors and key management personnel.

25. Related parties (cont'd)

25.2 Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the transactions below are shown in Notes 5, 9, 15 and 16.

i) Transactions with subsidiaries

	Company	
	2019	**2018**
	RM	**RM**
Commission income	1,744,187	1,612,301
Management fees received	356,088	672,808
Dividend income	1,500,000	500,000

ii) Transactions with an associate

	Group	
	2019	**2018**
	RM	**RM**
Sale of fibre glasswool	6,893,351	-

iii) Transactions with Equaplus Sdn. Bhd., a corporate shareholder of the Company

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Interest payable and paid	710,075	738,088	-	-

iv) Transactions with key management personnel

There were no transactions with key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 21.

26. Capital commitment - Group

	2019	**2018**
	RM'000	**RM'000**
Property, plant and equipment		
- Contracted but not provided for	3	977

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as at amortised cost ("AC").

	Carrying amount RM	AC RM
Financial assets		
28.2.2019		
Group		
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	12,560,287	12,560,287
Cash and cash equivalents	6,612,429	6,612,429
	19,172,716	19,172,716
Company		
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	6,018,052	6,018,052
Cash and cash equivalents	248,189	248,189
	6,266,241	6,266,241
Financial liabilities		
28.2.2019		
Group		
Loans and borrowings	20,927,839	20,927,839
Trade and other payables (excluding indirect tax payable)	8,721,259	8,721,259
Advances from a shareholder	8,817,000	8,817,000
	38,466,098	38,466,098
Company		
Loans and borrowings	82,798	82,798
Trade and other payables	2,088,458	2,088,458
	2,171,256	2,171,256

27. Financial instruments (cont'd)

27.2 Net gains and losses arising from financial instruments

	28.2.2019 RM
Group	
Net (losses)/gains arising on :	
Financial assets measured at amortised cost	(36,959)
Financial liabilities measured at amortised cost	(1,695,199)
	(1,732,158)
Company	
Net (losses)/gains arising on :	
Financial assets measured at amortised cost	12,373
Financial liabilities measured at amortised cost	(20,041)
	(7,668)

27.3 Financial risk management

The Group has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its receivables from customers and advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees by directors of the customers and security bond by the customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

27. Financial instruments (cont'd)

27.4 Credit risk (cont'd)

Receivables (cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables from debtors with financial difficulties, which are deemed to have higher credit risk, are monitored individually.

The Group and the Company received financial guarantees given by directors of customers in managing exposure to credit risks. At the end of the reporting period, financial guarantees received by the Group and the Company are as follows :

	Group/ Company 28.2.2019 RM
Limit	5,430,000
Outstanding balance of trade receivables	3,520,762

The exposure to credit risk for trade receivables as at the end of the reporting period by geographic region was :

	28.2.2019 RM
Group	
Malaysia	7,281,221
Asia (excluding Malaysia)	1,050,102
Oceania	4,012,912
	12,344,235
Company	
Malaysia	5,712,048

27. Financial instruments (cont'd)

27.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The Group and the Company maintain an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was :

	Gross RM	Loss allowance RM	Net RM
Group			
28.2.2019			
Not past due	3,542,180	-	3,542,180
Past due 1 - 30 days	4,299,548	-	4,299,548
Past due 31 - 60 days	1,466,476	-	1,466,476
Past due 61 - 90 days	1,488,335	-	1,488,335
Past due more than 90 days	1,547,696	-	1,547,696
	12,344,235	-	12,344,235
Company			
28.2.2019			
Not past due	2,543,552	-	2,543,552
Past due 1 - 30 days	1,583,597	-	1,583,597
Past due 31 - 60 days	919,853	-	919,853
Past due 61 - 90 days	365,624	-	365,624
Past due more than 90 days	299,422	-	299,422
	5,712,048	-	5,712,048

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and to a shareholder, Equaplus Sdn. Bhd. in respect of advances given to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM20,178,000 (28.2.2018 : RM20,175,000; 1.3.2017 : 24,360,000) and RM8,817,000 (28.2.2018 : RM11,167,000; 1.3.2017 : RM9,817,000) representing the outstanding banking facilities of the subsidiaries and amount owing to a corporate shareholder, Equaplus Sdn. Bhd. by the subsidiary respectively as at the end of the reporting period.

27. Financial instruments (cont'd)

27.4 Credit risk (cont'd)

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

27. Financial instruments (cont'd)

27.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
Group							
28.2.2019							
Secured term loans	18,664,709	3.50 - 6.95	21,224,254	3,890,413	3,869,131	10,226,217	3,238,493
Unsecured term loan	1,512,983	3.35 - 3.77	1,629,862	386,488	374,887	868,487	-
Finance lease liabilities	112,206	2.57 - 3.54	129,096	53,302	21,660	54,134	-
Unsecured bank overdrafts	637,941	8.29	637,941	637,941	-	-	-
Advances from a shareholder	8,817,000	6.90	9,527,075	710,075	8,817,000	-	-
Trade and other payables	8,721,259	-	8,721,259	8,721,259	-	-	-
	38,466,098		41,869,487	14,399,478	13,082,678	11,148,838	3,238,493
Company							
28.2.2019							
Finance lease liabilities	82,798	3.54	97,454	21,660	21,660	54,134	-
Trade and other payables	2,088,458	-	2,088,458	2,088,458	-	-	-
Financial guarantees	-	-	28,995,000	28,995,000	-	-	-
	2,171,256		31,180,912	31,105,118	21,660	54,134	-

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(CONT'D)

27. Financial instruments (cont'd)

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollar and Singapore Dollar.

Risk management objectives, policies and processes for managing the risk

The Group does not specifically hedge its exposure to foreign currency risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was :

	Denominated in	
	US Dollar RM	**Singapore Dollar RM**
Group		
28.2.2019		
Balances recognised in the statement of financial position		
Trade receivables	3,875,407	521,961
Trade payables	(359,256)	-
Cash and cash equivalents	1,218,568	-
Term loans	(10,595,892)	-
	(5,861,173)	521,961

27. Financial instruments (cont'd)

27.6 Market risk (cont'd)

27.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a Ringgit Malaysia (RM) functional currency.

A 5% strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss 28.2.2019 RM
Group	
US Dollar	222,725
Singapore Dollar	(19,835)

A 5% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's and the Company's exposures to interest rate risk is confined to the fluctuations in interest rates on borrowings which vary with reference to the prime lending rate of the banks.

Risk management objectives, policies and processes for managing the risk

The Group and the Company borrow for operations at variable rates using their banking facilities, and use fixed rate finance lease facility as well as the floating rate term loan to finance their capital expenditure. The Group and the Company also obtained advances from a major shareholder for which the financing cost is also essentially pegged against the bank's borrowing costs that varies according to the prime lending rate of an anchor bank.

27. Financial instruments (cont'd)

27.6.2 Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	28.2.2019 RM
Group	
Fixed rate instruments	
Financial assets	4,520,344
Financial liabilities	(428,841)
	4,091,503
Floating rate instruments	
Financial liabilities	(29,315,998)
Company	
Fixed rate instruments	
Financial liabilities	(82,798)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for floating rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	Group		Company	
	50 bp increase RM	50 bp decrease RM	50 bp increase RM	50 bp decrease RM
28.2.2019				
Floating rate instruments	(111,401)	111,401	-	-

27. Financial instruments (cont'd)

27.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
28.2.2019										
Financial liabilities										
Advances from a shareholder	-	-	-	-	-	-	8,817,000	8,817,000	8,817,000	8,817,000
Term loans	-	-	-	-	-	-	20,177,692	20,177,692	20,177,692	20,177,692
Finance lease liabilities	-	-	-	-	-	-	112,206	112,206	112,206	112,206
	-	-	-	-	-	-	29,106,898	29,106,898	29,106,898	29,106,898
Company										
28.2.2019										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	82,798	82,798	82,798	82,798

27. Financial instruments (cont'd)

27.7 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
Group										
28.2.2018										
Financial liabilities										
Advances from a shareholder	-	-	-	-	-	-	11,166,969	11,166,969	11,166,969	11,166,969
Term loans	-	-	-	-	-	-	21,375,567	21,375,567	21,375,567	21,375,567
Finance lease liabilities	-	-	-	-	-	-	75,881	75,881	75,881	75,881
	-	-	-	-	-	-	32,618,417	32,618,417	32,618,417	32,618,417
Company										
28.2.2018										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	14,429	14,429	14,429	14,429

27. Financial instruments (cont'd)

27.7 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
Group										
1.3.2017										
Financial liabilities										
Advances from a shareholder	-	-	-	-	-	-	9,816,969	9,816,969	9,816,969	9,816,969
Term loans	-	-	-	-	-	-	24,359,863	24,359,863	24,359,863	24,359,863
Finance lease liabilities	-	-	-	-	-	-	216,441	216,441	216,441	216,441
	-	-	-	-	-	-	34,393,273	34,393,273	34,393,273	34,393,273
Company										
1.3.2017										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	122,914	122,914	122,914	122,914

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair values of advances from a shareholder, term loans and finance lease liabilities are calculated using discounted cash flows based on the current market rate of borrowings.

28. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

During 2019, the Group's strategy which was unchanged from 2018, was to maintain the debt-to-equity ratio at below 1.5 : 1. The debt-to-equity ratios at 28 February 2019 and 28 February 2018 were as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Total borrowings	29,745	37,059
Less : Cash and cash equivalents (Note 10)	(6,612)	(699)
Net debt	23,133	36,360
Total equity	165,262	159,013
Debt-to-equity ratio	0.14	0.23

There were no changes in the Group's approach to capital management during the financial year.

29. Explanation of transition to MFRSs

As stated in note 1(a), these are the first set of financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 28 February 2019, the comparative information presented in these financial statements for the year ended 28 February 2018 and in the preparation of the opening MFRS statement of financial position at 1 March 2017 (the Group's date of transition to MFRSs).

The transition to MFRS do not have any impact on the financial statements of the Company.

In preparing the opening statement of financial position at 1 March 2017, the Group had adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows is set out below:

29. Explanation of transition to MFRSs (cont'd)

29.1 Impacts on financial statements

The following tables summarise the impacts arising from the transition to MFRSs on the Group's and the Company's financial statements.

a. Statement of financial position

	1.3.2017			28.2.2018		
	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Group						
Assets						
Property, plant and equipment	63,413,145	-	63,413,145	61,383,793	-	61,383,793
Investment property	5,855,717	-	5,855,717	5,864,748	-	5,864,748
Investment in an associate	-	-	-	60	-	60
Land held for property development	133,398,458	(133,398,458)	-	133,785,003	(133,785,003)	-
Deferred tax assets	1,916,000	-	1,916,000	1,387,000	-	1,387,000
Inventories	-	136,427,816	136,427,816	-	136,814,361	136,814,361
Total non-current assets	204,583,320	3,029,358	207,612,678	202,420,604	3,029,358	205,449,962
Inventories	14,733,193	-	14,733,193	15,895,055	-	15,895,055
Trade and other receivables	10,304,448	-	10,304,448	11,581,452	-	11,581,452
Current tax assets	-	-	-	9,578	-	9,578
Cash and cash equivalents	1,870,745	-	1,870,745	698,840	-	698,840
Total current assets	26,908,386	-	26,908,386	28,184,925	-	28,184,925
Total assets	231,491,706	3,029,358	234,521,064	230,605,529	3,029,358	233,634,887

29. Explanation of transition to MFRSs (cont'd)

29.1 Impacts on financial statements (cont'd)

a. Statement of financial position (cont'd)

	1.3.2017			28.2.2018		
Group	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**
Equity						
Share capital	202,761,930	-	202,761,930	202,761,930	-	202,761,930
Reserves	(43,419,852)	(2,141,511)	(45,561,363)	(41,607,790)	(2,141,511)	(43,749,301)
Equity attributable to owners of the Company	159,342,078	(2,141,511)	157,200,567	161,154,140	(2,141,511)	159,012,629
Liabilities						
Contract liabilities	-	7,647,864	7,647,864	-	7,647,864	7,647,864
Loans and borrowings	19,102,107	-	19,102,107	17,926,984	-	17,926,984
Advances from a shareholder	9,816,969	-	9,816,969	11,166,969	-	11,166,969
Deferred tax liabilities	23,088,502	-	23,088,502	23,088,502	-	23,088,502
Total non-current liabilities	52,007,578	7,647,864	59,655,442	52,182,455	7,647,864	59,830,319
Loans and borrowings	9,981,357	-	9,981,357	7,964,902	-	7,964,902
Trade and other payables	10,057,239	(2,476,995)	7,580,244	9,272,515	(2,476,995)	6,795,520
Current tax liabilities	103,454	-	103,454	31,517	-	31,517
Total current liabilities	20,142,050	(2,476,995)	17,665,055	17,268,934	(2,476,995)	14,791,939
Total liabilities	72,149,628	5,170,869	77,320,497	69,451,389	5,170,909	74,622,258
Total equity and liabilities	231,491,706	3,029,358	234,521,064	230,605,529	3,029,358	233,634,887

29. Explanation of transition to MFRSs (cont'd)

29.1 Impacts on financial statements (cont'd)

b. Statement of profit or loss and other comprehensive income

	28.2.2018		
Group	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**
Revenue	54,116,495	-	54,116,495
Other operating income	1,614,035	-	1,614,035
Changes in manufactured inventories	(451,813)	-	(451,813)
Raw materials consumed	(20,865,121)	-	(20,865,121)
Property development costs	386,545	-	386,545
Staff costs	(10,675,004)	-	(10,675,004)
Depreciation and amortisation	(5,553,617)	-	(5,553,617)
Other operating expenses	(13,974,184)	-	(13,974,184)
Results from operating activities	4,597,336	-	4,597,336
Interest income	60,715	-	60,715
Interest expense	(1,916,960)	-	(1,916,960)
Profit before tax	2,741,091	-	2,741,091
Tax expense	(929,029)	-	(929,029)
Profit for the year representing total comprehensive income for the year attributable to owners of the Company	1,812,062	-	1,812,062
Basic earnings per ordinary share (sen)	1.13	-	1.13

29. Explanation of transition to MFRSs (cont'd)

29.1 Impacts on financial statements (cont'd)

c. Statement of cash flows

Group	28.2.2018 FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Cash flows from operating activities			
Profit before tax	2,741,091	-	2,741,091
Adjustments for :			
Depreciation of :			
- Property, plant and equipment	5,427,046	-	5,427,046
- Investment property	126,571	-	126,571
Plant and equipment written off	2,401	-	2,401
Interest income	(60,715)	-	(60,715)
Interest expense	1,916,960	-	1,916,960
(Gain)/Loss on disposal of property, plant and equipment	(150,359)	-	(150,359)
Operating profit before changes in working capital	10,002,995	-	10,002,995
Changes in working capital :			
Inventories	(1,161,862)	(386,545)	(1,548,407)
Land held for property development	(386,545)	386,545	-
Trade and other receivables	(1,277,004)	-	(1,277,004)
Trade and other payables	(784,724)	-	(784,724)
Cash generated from/(used in) operations	6,392,860	-	6,392,860
Tax paid	(481,544)	-	(481,544)
Net cash from/(used in) operating activities	5,911,316	-	5,911,316

29. Explanation of transition to MFRSs (cont'd)

29.1 Impacts on financial statements (cont'd)

c. Statement of cash flows (cont'd)

Group	28.2.2018 FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Cash flows from investing activities			
Interest received	60,715	-	60,715
Proceeds from disposal of property, plant and equipment	1,677,349	-	1,677,349
Purchase of plant and equipment	(4,927,085)	-	(4,927,085)
Purchase of investment property	(135,602)	-	(135,602)
Acquisition of an associate	(60)	-	(60)
Net cash used in investing activities	(3,324,683)	-	(3,324,683)
Cash flows from financing activities			
Advances from a shareholder	1,350,000	-	1,350,000
Interest paid	(1,916,960)	-	(1,916,960)
Repayment of finance lease liabilities	(140,560)	-	(140,560)
Short term borrowings, net	(1,128,351)	-	(1,128,351)
(Repayment)/Drawdown of term loans, net	(2,984,296)	-	(2,984,296)
Net cash (used in)/from financing activities	(4,820,167)	-	(4,820,167)
Net decrease in cash and cash equivalents	(2,233,534)	-	(2,233,534)
Cash and cash equivalents at 1 March 2018/2017	1,456,936	-	1,456,936
Cash and cash equivalents at 28 February	(776,598)	-	(776,598)

29.2 Notes to reconciliation

(a) Property, plant and equipment – Deemed cost exemption – previous revaluation

Under FRSs, the Group has availed itself to the transitional provision when MASB first adopted IAS 16, Property, Plant and equipment in 1998. Certain properties were revalued in 1992 and no later valuation has been recorded for these property, plant and equipment.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM181,394 at 1 March 2017 and 28 February 2018 was reclassified to retained earnings.

29. Explanation of transition to MFRSs (cont'd)

29.2 Notes to reconciliation (cont'd)

(b) Revenue recognition

Upon transition to MFRSs, the Group adopted MFRS 15, Revenue from contract with customers. In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:

(a) for completed contracts, the Group does not restate contracts that:

(i) begin and end within the same annual reporting period; or
(ii) are completed contracts at the beginning of the earliest period presented.

(b) for comparatives, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group expects to recognise revenue.

The application of these practical expedients is not expected to have material impact to the Group.

(c) Financial Instruments

Upon transition to MFRSs, the Group and the Company adopted MFRS 9 financial instruments. The Group elected to apply the optional exemption not to present the comparative information under the requirements of MFRS 7, *Financial Instruments : Disclosure*

The following table shows the measurement categories under FRSs and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 March 2017 and 28 February 2018:

	At 1 March 2017		
Category under FRSs	**At 1 March 2017 RM**	**Transition adjustment RM**	**Reclassification to new MFRS 9 category Amortised cost ("AC") RM**
Group			
Financial assets			
Loans and receivables			
Trade and other receivables (excluding deposits prepayments and indirect tax refundable)	9,179,776	-	9,179,776
Cash and cash equivalents	1,870,745	-	1,870,745
	11,050,521	-	11,050,521
Financial liabilities measured at amortised cost			
Loans and borrowings	29,083,464	-	29,083,464
Trade and other payables (excluding indirect tax payable)	7,550,053	-	7,550,053
Advances from a shareholder	9,816,969	-	9,816,969
	46,450,486	-	46,450,486

29. Explanation of transition to MFRSs (cont'd)

29.2 Notes to reconciliation (cont'd)

(c) Financial Instruments (cont'd)

	At 1 March 2017		
Category under FRSs	**At 1 March 2017 RM**	**Transition adjustment RM**	**Reclassification to new MFRS 9 category Amortised cost ("AC") RM**
Company			
Financial assets			
Loans and receivables			
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	4,927,094	-	4,927,094
Cash and cash equivalents	1,537,065	-	1,537,065
	6,464,159	-	6,464,159
Financial liabilities measured at amortised cost			
Loans and borrowings	1,161,907	-	1,161,907
Trade and other payables	2,069,799	-	2,069,799
	3,231,706	-	3,231,706

29. Explanation of transition to MFRSs (cont'd)

29.2 Notes to reconciliation (cont'd)

(c) Financial Instruments (cont'd)

Category under FRSs	At 28 February 2018 RM	Transition adjustment RM	Reclassification to new MFRS 9 category Amortised cost ("AC") RM
	← At 28 February 2018 →		
Group			
Financial assets			
Loans and receivables			
Trade and other receivables (excluding deposits and prepayments and indirect tax refundable)	10,319,793	-	10,319,793
Cash and cash equivalents	698,840	-	698,840
	11,018,633	-	11,018,633
Financial liabilities measured at amortised cost			
Loans and borrowings	25,891,886	-	25,891,886
Trade and other payables (excluding indirect tax payable)	6,795,520	-	6,795,520
Advances from a shareholder	11,166,969	-	11,166,969
	43,854,375	-	43,854,375
Company			
Financial assets			
Loans and receivables			
Trade and other receivables (excluding deposits prepayments and indirect tax refundable)	6,063,715	-	6,063,715
Cash and cash equivalents	130,752	-	130,752
	6,194,467	-	6,194,467
Financial liabilities measured at amortised cost			
Borrowings	1,632,787	-	1,632,787
Trade and other payables	1,292,438	-	1,292,438
	2,925,225	-	2,925,225

29. Explanation of transition to MFRSs (cont'd)

29.2 Notes to reconciliation (cont'd)

(c) Financial Instruments (cont'd)

(i) Reclassification from loan and receivables to amortised cost

Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under FRSs are now reclassified at amortised cost.

(d) Inventories

Upon transition to MFRSs, the Group adopted *MFRS 102 Inventories* on the measurement of land held for property development. Certain costs capitalised in land held for property development previously in accordance with FRSs, which do not fulfil the requirement of MFRS 102, were reversed upon transition to MFRSs. Meanwhile, land held for property development is reclassified as inventories.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 32 to 109 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 28 February 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

....

Fong Wern Sheng
Director

....

Tan Ming Chong
Director

Penang,

Date : 10 June 2019

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Koh Joo Ling**, the officer primarily responsible for the financial management of Poly Glass Fibre (M) Bhd., do solemnly and sincerely declare that the financial statements set out on pages 32 to 109 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Koh Joo Ling**, NRIC: 641029-07-5146, at George Town in the State of Penang on 10 June 2019.

....

Koh Joo Ling

Before me :

Goh Suan Bee
(No. P125)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF POLY GLASS FIBRE (M) BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Poly Glass Fibre (M) Bhd., which comprise the statements of financial position as at 28 February 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 109.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 28 February 2019 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of land held for property development

Refer to Note 1(d) (*basis of preparation - use of estimates and judgements*), Note 2(g) *(significant accounting policies - Inventories)* and Note 7.2 Net realisable value of land held for property development.

The Group has land held for property development amounting to RM136.3 million as at 28 February 2019. This is one of the major assets of the Group and for which the development was suspended since April 1999. The conclusion of all litigation cases with the contractors of the Group in financial year 2017 and the potential revival of development activities have brought about the reassessment of the net realisable value of the land held for property development by the Directors. The Group estimated the net realisable value based upon the valuation performed by the valuer in financial year 2017 to ascertain that the value remains relevant.

We have determined the net realisable value of the land held for property development as a key audit matter because there are inherent uncertainties and significant judgement by the Directors involved in the valuation of this property to arrive at the net realisable value based on the valuation performed by a firm of professional valuers. The inherent uncertainties include among others, the appropriateness of the valuation method used by the professional valuer and the extent of adjustments by the valuer, including the size of the property, the infrastructure available and the lay of the land for these to remain relevant this financial year.

Key Audit Matters (cont'd)

1. Valuation of land held for property development (cont'd)

How our audit addressed the key audit matter

Our audit procedures included, amongst others:

- Assessed the net realisable value of the land as at the end of the reporting period based on the valuation carried out by a firm of professional valuers engaged by the Group.
- Read the valuation report by the valuer engaged by the Group in estimating the net realisable value of the land held for property development for their basis in arriving at the estimated market value on Comparison method.
- Assessed the reasonableness of market value assumptions made by the firm of professional valuers on Comparison method, taking into consideration factors of adjustments by the valuer, including the size of the property, the infrastructure available and the lay of the land.
- Compared the estimated market value determined by the valuer against recent asking price for comparable properties around the vicinity.
- Considered the adequacy of the disclosures on the net realisable value assessment.

2. Impairment of investment in subsidiaries

Refer to Note 1(d) (*basis of preparation - use of estimates and judgements*), Note 2(a)(i) *(significant accounting policies – basis of consolidation: subsidiaries)* and Note 5 *Investments in subsidiaries*.

The Company's carrying amount of investment in subsidiaries as at 28 February 2019 was RM198.6 million. The conclusion of all litigation cases with the contractors of the subsidiary, Golden Approach Sdn. Bhd. ("GASB") in the previous financial year and the potential revival of development activities have brought about the reassessment of the recoverable value of the Company's investment in GASB by the Directors during the previous financial year. Nevertheless, the Company continued to monitor the recoverable amount of its investment in GASB at the end of this reporting period.

We have determined the impairment loss of its investment in GASB as a key audit matter because there are inherent uncertainties and significant judgement by the Directors involved in arriving at the recoverable amount based on the fair value of net assets of the affected subsidiary. Fair value of the major asset of the subsidiary, land held for property development, is based on the valuation performed by a firm of professional valuers. The inherent uncertainties include among others, the appropriateness of the valuation method used by the professional valuer and the extent of adjustments by the valuer, including the size of the property, the infrastructure available and the lay of the land.

How our audit addressed the key audit matter

Our audit procedures included, amongst others:

- Assessed the appropriateness of recoverable amount of the subsidiary determined using the fair value less costs to sell method derived mainly from the fair value of the land held for property development in the subsidiary;
- Read the valuation report by the valuer engaged by the Group in estimating the recoverable amount of the land held for property development for their basis in arriving at the estimated market value on Comparison method.
- Assessed the reasonableness of market value assumptions made by the firm of professional valuers on Comparison method, taking into consideration factors of adjustments by the valuer, including the size of the property, the infrastructure available and the lay of the land.
- Compared the estimated market value determined by the valuer against recent asking price for comparable properties around the vicinity.
- Considered the adequacy of the disclosures on the impairment assessment.

Key Audit Matters (cont'd)

3. Adoption of MFRS 15 *Revenue from Contracts with Customers*

Refer to Note 2(p)(i) *(significant accounting policies – Revenue)* and Note 17.1 Adoption of MFRS 15 : Revenue from Contracts with Customers.

MFRS 15 *Revenue from Contracts with Customers* became effective upon adoption of MFRSs on 1 March 2017. Arising from the adoption of MFRS 15, the Group and the Company were required to change accounting policies on revenue recognition. Consequently, new judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements.

The accounting policy changes arising from adoption of MFRS 15 is a key audit matter because it :

- required involvement of our more senior personnel to assess the evaluation of the contracts with the customers performed by the Group and the Company; and
- required us to exercise significant judgements to assess the appropriateness of application of the new requirements of MFRS 15 by the Group and the Company.

How our audit addressed the key audit matter

We performed the following audit procedures, among others:
- Assessed the accounting policies adopted with the requirements of MFRS 15;
- Reviewed and gained an understanding of the Group's new or revised processes, systems and controls implemented;
- Obtained an understanding of the basis of the key judgements made for the revenue recognition and compared them with the requirements of the accounting standard;
- Evaluated the estimates made for the revenue recognition by determining that inputs applied were not biased and these were reasonable and supportable; and
- Assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF POLY GLASS FIBRE (M) BHD. (CONT'D)

Responsibilities of the Directors for the Financial Statements (cont'd)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

As stated in Note 1(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 March 2018 with a transition date of 1 March 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 28 February 2018 and 1 March 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 28 February 2018 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 28 February 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 March 2018 do not contain misstatements that materially affect the financial position as at 28 February 2019, and the financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Lee Phaik Im
Approval Number : 03177/05/2021 J
Chartered Accountant

Date : 10 June 2019

Penang

LIST OF PROPERTIES

	Location/Address	Tenure	Area	Description		Age of Assets (Years)	Net Book Value RM'000	Date of Acquisition
1.	Plot 255, Mukim 1 Prai Industrial Estate Seberang Perai Tengah Pulau Pinang	Leasehold (60 years expiring 25.10.2044)	6,142 sq. metres	Office and Factory Building	)))			
2.	Plot 254, Mukim 1 Prai Industrial Estate Seberang Perai Tengah Pulau Pinang	Leasehold (60 years expiring 14.05.2039)	10,117 sq. metres	Office and Factory Building	)))	33	9,020	01-03-1992
3.	Plot 4710, Mukim 1 Prai Industrial Estate Seberang Perai Tengah Pulau Pinang	Leasehold (60 years expiring 06.03.2041)	19,806 sq. metres	Office and Factory Building		11	11,975	12-08-2008
4.	Plot 254(a) Prai Industrial Park Seberang Perai Tengah Pulau Pinang	Leasehold (60 years title deed in process)	2,549 sq. metres	Office and Factory Building		3	504	20-04-2016
5.	Unit No. A12A.01 Lot No. 491, Section 10 Town of Georgetown North East District of Penang	Freehold	1,908 sq. metres	Light Industrial Lot		6	5,736	28-03-1996
6.	Diamond Creeks Country Retreat Mukim Ulu Bernam Timur, Daerah Batang Padang, Perak	Leasehold (99 years expiring 04.07.2095)	5,306,034 sq. metres	Land held for future Development		22	136,347*	21-02-1997

* For additional details please refer to Note 7.1 of the financial statements

ANALYSIS OF SHAREHOLDINGS
AS AT 4 JUNE 2019

Class of Securities	:	Ordinary shares
Total number of issued shares	:	159,974,948 ordinary shares
Voting Rights	:	One vote per share

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct	%	Deemed	%
Fong Wern Sheng	10,797,400	6.75	24,323,053(i)	15.20
Tan Ming Chong	-	-	-	-
Fong Wah Kai	6,798,800	4.25	78,056,900(ii)	48.79
Sia Taik Hian	-	-	-	-
Omar Bin Mohamed Said	-	-	-	-
Khoo Kah Hock	-	-	-	-

Notes: -
(i) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 and held through Green Cluster Sdn. Bhd.
(ii) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 and held through Equaplus Sdn. Bhd.

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name of Shareholders	Direct	% of Shares	Deemed	% of Shares
Equaplus Sdn. Bhd.	78,056,900	48.79	-	-
Fong Wah Kai	6,798,800	4.25	78,056,900(i)	48.79
Green Cluster Sdn. Bhd.	24,323,053	15.20	-	-
Fong Wern Sheng	10,797,400	6.75	24,323,053(ii)	15.20

Notes: -
(i) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 and held through Equaplus Sdn. Bhd.
(ii) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 and held through Green Cluster Sdn. Bhd.

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
91	Less than 100	1,317	0.00
1,597	100 to 1,000 shares	1,527,941	0.96
2,160	1,001 to 10,000 shares	8,370,491	5.23
346	10,001 to 100,000 shares	9,392,000	5.87
38	100,001 to less than 5% of issued shares	38,303,246	23.94
2	5% and above of issued shares	102,379,953	64.00
4,234	**TOTAL**	**159,974,948**	**100.00**

ANALYSIS OF SHAREHOLDINGS
AS AT 4 JUNE 2019 (CONT'D)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Shareholder's Name	Shareholdings	%
1.	Equaplus Sdn. Bhd.	78,056,900	48.79
2.	Green Cluster Sdn. Bhd.	24,323,053	15.20
3.	Tan Seok Leng	7,204,600	4.50
4.	Mayban Nominees (Tempatan) Sdn. Bhd. Fong Wern Sheng	6,510,600	4.07
5.	Mayban Nominees (Tempatan) Sdn. Bhd. Fong Wah Kai	4,440,600	2.78
6.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Wern Sheng	4,257,000	2.66
7.	Koh Chye Khim	3,056,496	1.91
8.	Fong Wah Kai	2,341,600	1.46
9.	Loo Chee Hin	1,118,800	0.70
10.	Tan Chong Kheng	867,500	0.54
11.	George Lee Sang Kian	747,700	0.47
12.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Hong Lim (E-TJJ/TMB)	731,700	0.46
13.	Tan Kok Hooy	726,000	0.45
14.	Teh Bee Gaik	504,100	0.32
15.	Ooi Say Hup	459,000	0.29
16.	Ooi Say Hup	449,900	0.28
17.	George Lee Sang Kian	371,100	0.23
18.	Foh Chong & Sons Sdn. Bhd.	338,000	0.21
19.	Kong Jit Chong	319,300	0.20
20.	Yeong Tuck Wai	285,450	0.18
21.	Young N Successful Sdn. Bhd.	282,800	0.18
22.	Chang Ah Boon	282,000	0.18
23.	Lim Jin Chow	281,000	0.18
24.	Lim Tye Leng	281,000	0.18
25.	Ng Hong Ming	242,300	0.15
26.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Shiann Gwo (E-TSA)	200,600	0.13
27.	Sam Ah Tak	186,000	0.12
28.	Tan Say Fung	180,000	0.11
29.	Wong Ah Yew & Ah Yew	151,000	0.09
30.	Lau Sai Im	150,000	0.09

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting ("AGM") of the Company will be held at Kelawai Room, Lobby Level, Evergreen Laurel Hotel Penang, No. 53, Persiaran Gurney, 10250 Penang on 29 July 2019 at 10.30 a.m. for the following purposes: -

AGENDA

ORDINARY BUSINESS

1. To receive the Company's Audited Financial Statements for the year ended 28 February 2019 together with the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors who retire in accordance with the Company's Constitution (Article 84 of the Articles of Association), and being eligible have offered themselves for re-election:
   (a) Mr. Tan Ming Chong (Resolution 1)
   (b) Mr. Khoo Kah Hock (Resolution 2)
3. To approve the Directors' Fees and Other Benefits of RM33,450 for the financial year ended 28 February 2019. (Resolution 3)
4. To approve the Directors' Other Benefits Payables up to an amount of RM8,250 from 30 July 2019 to the next AGM of the Company. (Resolution 4)
5. To re-appoint Messrs KPMG PLT as Auditors to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Resolution 5)

SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions with or without modifications: -

6. **Authority to Issue Shares Pursuant to the Companies Act 2016**
   "That, subject always to the Companies Act 2016 ("the Act") and the Constitution of the Company (Articles of Association) and approvals of the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant Governmental or regulatory authorities, where such approvals are necessary, the Directors be and are hereby given full authority, pursuant to Section 75 and 76 of the Act to issue and allot shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit, provided that the aggregate number of the shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next AGM of the Company." (Resolution 6)
7. **Continuing in Office as Independent Non-Executive Directors**
   (a) To retain the Mr. Sia Taik Hian, who has served for more than nine (9) years as Independent Non-Executive Director of the Company, pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance (the "Code"). (Resolution 7)
   (b) To retain the En Omar Bin Mohamed Said, who have served for more than nine (9) years as Independent Non-Executive Director of the Company, pursuant to Practice 4.2 of the Code. (Resolution 8)

To consider and if thought fit, to pass the following as a **Special Resolution** with or without modifications: -

8. **Proposed Adoption of New Constitution of the Company**
   "THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out the Circular to Shareholders dated 28 June 2019 be and is hereby adopted as the Company's Constitution AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effects to the foregoing." (Resolution 9)
9. To transact any other ordinary business for which due notice has been given in accordance with the Act.

NOTICE IS HEREBY GIVEN that for purpose of determining a member who shall be entitled to attend this 29th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with the Article 62(3) of the Company's Constitution (Articles of Association) and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 23 July 2019. Only a depositor whose name appears on the Record of Depositors as at 23 July 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Penang
28 June 2019

NOTES:

i) A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend and vote in his place.

ii) Where a member appoints more than one (1) proxy [but not more than two (2)], the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.

iv) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

v) All forms of proxy must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.

Explanatory Note On Special Business

Ordinary Resolution 6
The proposed resolution is in relation to authority to allot shares pursuant to Section 75 and 76 of the Act, and if passed, will give a renewed mandate to the Directors of the Company, from the date of above AGM, authority to issue and allot shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company ("General Mandate"). This General Mandate, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at the 28th AGM held on 27 July 2018 and which will lapse at the conclusion of the 29th AGM.

At this juncture, there is no decision to issue new shares. However, should the need arise to issue new shares the General Mandate would avoid any delay and costs in convening a general meeting of the Company to specifically approve such issue of share. If there should be a decision to issue new shares after the General Mandate is obtained, the Company would make an announcement in respect of the purpose and utilization of the proceeds arising from such issue.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Ordinary Resolution 7 & 8
The Board of Directors via the Nominating Committee assessed the independence of Mr. Sia Taik Hian and En Omar Bin Mohammed Said, who has served on the Board as Independent Non-Executive Directors of the Company for a cumulative of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Mr. Sia Taik Hian and En Omar Bin Mohammed Said, based on the following justifications: -

(a) They have met the criteria the independence guidelines set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and therefore able to give independent opinion to the Board;
(b) Being Directors for more than nine (9) years have enabled them to contribute positively during deliberations/ discussions at meetings as they are familiar with the operations of the Company and possess tremendous knowledge of the Company's operations;
(c) They have the caliber, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner; and
(d) They have contributed sufficient time and exercised due care during their tenure as Independent Non-Executive Directors and carried out their fiduciary duties in the interest of the Company and minority shareholders.

Special Resolution 9: Proposed Adoption of New Constitution of the Company
The proposed adoption of new Constitution of the Company are mainly for the following purposes: -
(a) To provide clarity and consistency with the amendments that arise from the Act effective 31 January 2017; and
(b) To ensure compliance with the amended Bursa Securities' Main Market Listing Requirements which was issued on 29 November 2017.

In view of the substantial amount of proposed amendments to the Constitution, the Board proposed that the existing Constitution be revoked in its entirety by the replacement thereof with the Proposed New Constitution as set out in Appendix I of the Circular to Shareholders dated 28 June 2019. Thus, the shareholders' approval is sought by the Company to revoke the existing Constitution by the replacement thereof with the proposed new Constitution as per Appendix I of the Circular to Shareholders dated 28 June 2019 in accordance with Section 36(1) of the Act. The Appendix I on the Proposed New Constitution of the Company, which is circulated together with the Notice of 29th AGM dated 28 June 2019, shall take effect once the proposed Special Resolution 10 has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or proxy at the 29th AGM.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

1) Save for re-election of the retiring Directors, there were no directors standing for election at the 29th AGM.
2) The proposed Ordinary Resolution 6 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at last AGM held on 27 July 2018.

POLY GLASS FIBRE (M) BHD. (42138-X)
(Incorporated in Malaysia)

CDS ACCOUNT NO.	NO. OF SHARES HELD

PROXY FORM

I/We, ____
(Full name of a member in BLOCK LETTERS as per Identity Card("MYKAD")/Passport/Certificate of Incorporation)

MYKAD/Passport No./Company No. ______________________ of ______________________

____
(Address in full)

telephone no. ______________________, being a member of POLY GLASS FIBRE (M) BHD.
("the Company") hereby appoint ____
(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. ______________________ of ______________________

____
(Address in full)

And/or failing him ____
(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. ______________________ of ______________________

____
(Address in full)

or failing the abovenamed proxies, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company, to be held at **Kelawai Room, Lobby Level, Evergreen Laurel Hotel Penang, No. 53, Persiaran Gurney, 10250 Penang on 29 July 2019 at 10.30 a.m.** and any adjournment thereof. My/our proxy/proxies is to be vote as indicated below:

	Resolution	**For**	**Against**
1.	Re-election of Mr. Tan Ming Chong as Director		
2.	Re-election of Mr. Khoo Kah Hock as Director		
3.	Approval of Directors' Fees & Other Benefits Payable for the financial year ended 28 February 2019		
4.	Approval of Directors Other Benefits Payable up to RM8,250.00		
5.	Re-appointment of Auditors		
6.	Approval for Directors to issue shares pursuant to Section 75 and 76 of the Companies Act 2016		
7.	Continuing in Office as Independent Non Executive Director for Mr. Sia Taik Hian		
8.	Continuing in Office as Independent Non Executive Director for En Omar Bin Mohamed Said		
9.	Adoption of a new Constitution		

(Please indicate with "X" in the spaces on how you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.)

Dated this ______ day of ___________ 2019

The proportions of my/or holding to be represented by my/our proxies are as follows: -		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
Total		**100%**

____
Signature(s)/Common Seal of Member(s)

NOTES:

1. *A member entitled to attend and vote at this meeting may appoint more than one (1) proxy, who need not be a member, to attend and vote in his stead. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
2. *If the appointer is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.*
3. *Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.*
4. *To be valid, the duly completed form of proxy must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.*
5. *For the purpose of determining a member who shall be entitled to attend this 29th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with the Company's Constitution (Article 62(3) of the Company's Articles of Association) and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 23 July 2019. Only a depositor whose name appears on the Record of Depositors as at 23 July 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

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Stamp

The Company Secretary
POLY GLASS FIBRE (M) BHD. (42138-X)
Suite 12-A, Level 12
Menara Northam
No. 55 Jalan Sultan Ahmad Shah
10050 Georgetown Penang

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