197801005142 (42138-X)

POLY GLASS FIBRE (M) BHD.

www.polyglass.my

PROTECTING

People, Building & Environment

Annual Report 2020

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
(SSM PC No: 201908000494)
(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

SHARE REGISTRAR

Boardroom Share Registrar Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor, Malaysia.
Tel: 603-7880 4700
Fax: 603-7890 4670

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
Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE

POLY GLASS FIBRE™

197801005142 (42138-X)

POLY GLASS FIBRE (M) BHD.

100%
Clover Sdn. Bhd.
198901001846 (179152-D)

100%
PGF Insulation Sdn. Bhd.
199101018594 (228905-M)

100%
Concrete Energy Sdn. Bhd.
200801012631 (813919-M)

100%
Golden Approach Sdn. Bhd.
199301013005 (267743-W)

100%
SK Insulation Solutions Sdn. Bhd.
199001016980 (208649-A)

20%
Ecowool Insulation Pty. Ltd.
(624 672 475)

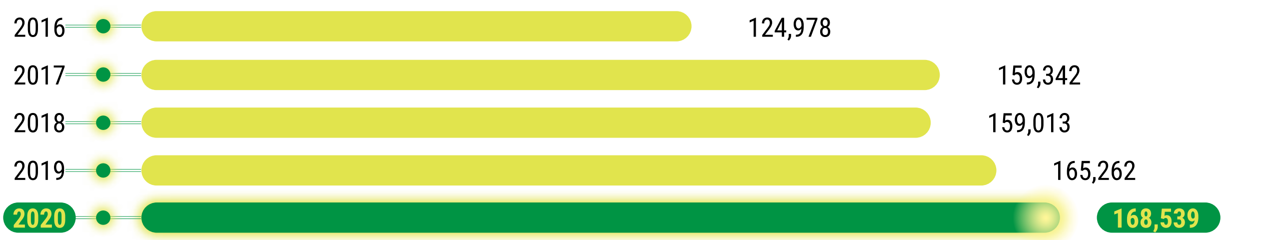
FINANCIAL HIGHLIGHTS

Year Ended 29 February	2016[2] RM '000	2017[2] RM '000	2018[1] RM '000	2019 RM '000	**2020 RM '000**
Turnover	41,807	47,889	54,116	72,335	**60,593**
Profit Before Taxation	4,962	43,271	2,741	7,700	**5,120**
Profit After Taxation	4,362	34,364	1,812	6,249	**3,277**
Profit Attributable to Shareholders	4,362	34,364	1,812	6,249	**3,277**
As at 29 February					
Total Assets	182,089	231,492	233,635	234,790	**232,315**
Shareholders' Funds	124,978	159,342	159,013	165,262	**168,539**
Net Earnings Per Share (Sen)	2.73	21.48	1.13	3.91	**2.05**
Net Assets Per Share (RM)	0.78	1.00	0.99	1.03	**1.05**

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 during the financial year 2019.
[2] The comparatives have not been restated for the first-time adoption of MFRS framework and reclassifications made in financial year 2019.

Business Overview

The Group's core business remains in manufacturing and selling of glass mineral wool ("GW") which contributed 97.51% of our Group revenue in FY2020. The entity that conducts the GW business is PGF Insulation Sdn Bhd ("PGFI"). PGFI has a production facility located in Perai, Penang that has a capacity of 20,000MT per annum.

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.

ecowool

Business Overview (cont'd)

Classic
Glass Mineral Wool

Ecowool Classic products are the conventional GW produced using thermosetting resin. Ecowool Classic covers the full range of products that the plant can produce.

Brownie
formaldehyde free

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 no added formaldehyde. Ecowool Brownie currently covers limited range of products and is mainly sold in Malaysia, Australia and New Zealand.

PGFI have obtained the following certifications:

- ISO 9001:2015 Quality Management Systems
- MS 1020:2010 Thermal Insulation Products For Buildings - Factory Made Mineral Wool (Mw) Products - Specification
- AS/NZS 4859.1:2018 Thermal Insulation Material for Buildings
- New Zealand Codemark Product Certification
- Singapore Green Building Product Certification

FY2020, around 39% of our revenue is generated from Malaysian market, while 61% is from export market. A breakdown of the GW sales revenue by region is as follows:

Regions	Revenue (RM'000)	Percentage
Local	23,162	39
Export	35,925	61

Majority of GW sales go to building application. Building insulation is a necessity for developed countries like Australia and New Zealand, where building passive energy efficiency 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 go 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 237 employees in the Group with a workforce ratio of 46% local and 54% 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.

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.

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.

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%.

Figure 2: Our no added formaldehyde range of products installed on a New Zealand house

New product development is also important in winning in the market. In Malaysia, more emphasis is being placed on productivity and less reliance on foreign labour in construction activities. In this financial year, two products were launched in Malaysia, namely Roofwhite and Ductguard. Traditionally, installers install glass mineral wool and a layer of facing to act as a vapour retarder to protect the insulation separately.

Roofwhite is a glass mineral wool blanket pre-laminated with fire retardant FM Approved facing by factory that is able to save installers time by having to install insulation faster and more efficiently. This product is to be used mainly on the roof.

Ductguard is a glass mineral wool blanket pre-laminated with fire retardant facing by factory for the use by HVAC ducting contractors to save time. Both products are certified to MS1020:2010 Thermal Insulation Products For Buildings – Factory Made Mineral Products.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Business strategy and objectives (cont'd)

Figure 3: Roofwhite

Figure 4: Ductguard

Financial Results

For the current financial year to-date 29 February 2020, the Group achieved a revenue of RM60.59 million which was 16% or RM11.74 million lower than the preceding financial year. The decrease in revenue was mainly contributed by lower demand of GW by its fibre glasswool segment. The drop in sales is mainly due to drop in demand from the Asia Pacific market. As our GW is mainly supplied to new residential properties, PGFI's sales is affected by the drop in new home sales across Asia Pacific.

The Group has registered a profit before tax ("PBT") of RM5.12 million for the current financial year as compared to the preceding year's PBT of RM7.70 million. The lower PBT is mainly due to lower sales volume and selling price, as well as higher manufacturing cost.

Operational Review

Production volume dropped 13%, in tandem with the drop of sales by 16%. The drop of sales mainly originated from drop of export sales, where the sales volume dropped by around 20% comparing FY2020 to FY2019. Export sales was largely impacted by the drop in housing demand, as shown in Figure 5.

Outlook

The Group expects COVID19 pandemic to have a significant impact on the performance of the Group. During the Movement Control Order ("MCO") in Malaysia, PGFI had to shutdown its plant from 18 March 2020 to 16 April 2020. The plant restarted on 17 April 2020 after obtaining approval from the relevant authority. The loss of production uptime and inability to deliver goods have cost the Company an estimated RM 6 million in revenue due to the loss in sales orders.

Looking at the longer term horizon, PGFI expects a further slowdown in the major property markets that it sells to, namely Malaysia, Australia, Singapore, New Zealand and Indonesia. In view of that, a few cost cutting measures are put in place to maintain the financial sustainability of the Company. These measures include freezing headcount recruitment, pay cut from 5% - 25%, scaling down of production operation which leads to retrenchment, and cutting other sales and general expenses. The Company will continue to embark on cost saving projects and cost cutting measures in order to weather through this global pandemic and economic crisis. One of the projects that we will be embarking on is installation of solar panels on the roof of the warehouse buildings. Total capacity size is 573.65 kilowatt peak costing around RM 1.6 million. The project qualifies for the Green Investment Tax Allowance and is going to contribute to the bottom line through cost savings.

Outlook (cont'd)

In response to the increased demand for face mask material brought on by the COVID-19 pandemic, it was announced on 21 May 2020 that Concrete Energy Sdn. Bhd., a wholly-owned subsidiary of Poly Glass Fibre (M) Bhd, is venturing into the manufacturing of Melt-blown Non-Woven Fabric. The high efficiency filtration media is a non-woven sheet made of special ultra-fine polypropylene fibers and is the key material used to produce N95 (FFP2), N99 (FFP3), KN95, 3-Ply Surgical Face Mask. The supply of upstream polypropylene raw materials is quite adequate, but the existing production capacity of melt-blown is finding it difficult to meet the soaring demand caused by the pandemic.

The production line will be installed at our existing facility in Penang, Malaysia and has commenced its production of the Melt-blown Non-Woven Fabric on 26 June 2020. The product range with high bacteria (BFE) and particle (PFE) filtration efficiency will be able to achieve the stringent requirements of high end face mask and filtration applications.

The Melt-blown Business is expected to have a positive impact on the earnings and net asset per share of the Company for the financial year ending 28 February 2021 as large volume of mask will continue to be an essential item for the mass population until everyone is vaccinated. The Meltblown Business will be funded through internally generated funds. The Company has an existing clean room facility to house the melt-blown manufacturing line.

The Group will continue to seek out new business opportunities that adds value to the shareholders. There are few projects in the pipeline, which includes better utilization and unlocking the value of the land held by Golden Approach Sdn Bhd ("GASB"). Announcement will be made when plans are firmed up.

Figure 5: Melt-blown Non-Woven Technical Fabric Carton Box

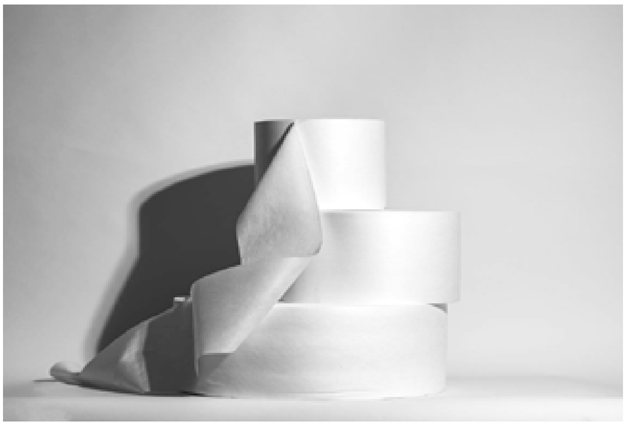


Figure 6: Melt-blown Non-Woven Technical Fabric

SUSTAINABILITY STATEMENT

The Group is aware of the importance of the sustainability of its actions on social, environment and people. Through sustainable manufacturing practices, the Group 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 Group 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 are 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 Group 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 Group, 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 non-profit organization to improve occupants comfort and raise awareness of energy efficiency.

Safety is crucial in any manufacturing plant. The same applies to the Group. All personnel on 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 FY20, a total of 28 safety trainings were conducted relating to fire fighting, ergonomics and noise exposure, chemical handling and forklift driving. However, despite the effort, two safety incidents in the glass wool manufacturing plant were reported in FY20. The Group will continue to put the necessary measures in place to achieve our target of zero safety 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 Group acknowledges the cost and environmental impact in consuming energy and makes conscious effort to reduce energy consumption.

Since 2017, the Group 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 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 Group monitors in relation to environmental sustainability:

Metrics	FY18 Index	FY19 Index	FY20 Index
Quantity of waste products send to landfill per MT of Good Product Output (MT/MT)	100	71	67
Unit Consumption of Energy per kg Good Product Output (kWH/kg)	100	84	89
Unit Consumption of potable water in Liter per kg of Good Product Output (L/kg)	100	111	104

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 Process Water Recycling project was tested and commissioned in January 2020. During normal operation, the process water was used 100% in the binder mix as make-up water where previously city water supply was used. This project has contributed to a drop in potable water unit consumption. We are also reducing the load to our Waste Water Treatment Plant (WWTP) with the implementation of this project. In turn, this has reduced our chemical consumption used to treat the process water. Once the project is fully operational, the WWTP will be decommissioned with the approval from DOE.

Environmental Sustainability (CONT'D)

The Group has decided to embark on solar power project to be installed on the buildings in Perai to reduce electricity usage from the grid. Agreement is being finalized at the time when this report is written. The solar power project is expected to come online in the second half of FY2021.

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

Emission	Limit set by DOE	FY18 Results	FY19 Results	FY20 Results
Sulphur Oxides (SOX)	< 800 mg/m^3	Met	Met	Met
Nitrous Oxides (NOX)	< 800 mg/m^3	Met	Met	Met
Total Particulate Matters	< 50 mg/m^3	Met	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 material. 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 like the Employee Provident Fund building fire 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

Age 39 | 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 29 February 2020.

TAN MING CHONG

Age 40 | 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 29 February 2020.

FONG WAH KAI

Age 73 | 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 three (3) out of the five (5) Board Meetings held during the financial year ended 29 February 2020.

SIA TAIK HIAN

Age 56 | 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 Australia 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 29 February 2020.

OMAR BIN MOHAMED SAID

Age 38 | 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 29 February 2020.

KHOO KAH HOCK

Age 52 | 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.

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 29 February 2020.

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 116 of this Annual Report.

PROFILE OF
KEY SENIOR MANAGEMENT

FONG WERN SHENG
EXECUTIVE CHAIRMAN

Age 39 | MALE | A MALAYSIAN

The profile of Mr. Fong Wern Sheng is listed in the Profile of Directors on page 12.

TAN MING CHONG
CHIEF OPERATING OFFICER

Age 40 | MALE | A MALAYSIAN

The profile of Mr. Tan Ming Chong is listed in the Profile of Directors on page 12.

LOO CHEE HIN
CHIEF FINANCIAL OFFICER

Age 51 | MALE | A MALAYSIAN

Mr. Loo graduated with Bachelor's Degree in Accounting from University of Malaya. He is a member of the Malaysian Institute of Accountants since 1997 and a member of the Australian Society of Certified Practising Accountants since 2008.

He is an Accountant by profession and has garnered more than twenty six (26) years of experience from local and international commercial companies in the area of accounting and financial management.

Mr. Loo joined our Group as the Chief Financial Officer on 18 May 2020. He has the overall responsibility for overseeing the Group's financial matters, including financial planning, financial reporting and administration.

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.
4. The Director's & key senior managements' shareholding are as disclosed in page 116 of this Annual Report.

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.

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.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Board Committees (cont'd)

(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.

At 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 29 February 2020, 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.

(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.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Board Committees (cont'd)

(c) Remuneration Committee (cont'd)

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	401,357.74	-	-	21,257.03
Tan Ming Chong	352,982.32	-	-	7,130.62
Fong Wah Kai	272,458.23	-	-	1,407.32
Sia Taik Hian	-	8,400	2,200	-
Omar Bin Mohamed Said	-	8,400	2,200	-
Khoo Kah Hock	-	8,400	2,200	-

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

Range of remuneration (RM)	No. of Senior Management
200,000 – 300,000	1
350,001 – 450,000	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.

PRINCIPLE 3: REINFORCE INDEPENDENCE OF THE BOARD (CONT'D)

Re-election of Directors

The Constitution provides 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 29 February 2020.

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 29 February 2020 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	3/5
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 relation 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 (CONT'D)

Directors' training (cont'd)

In FY 2020, training programmes attended by directors of the Company are as follows:-

	Training Programmes	Attended by
1.	Shanghai Thermal Insulation Material and Energy-Saving Technology Exhibition	Fong Wern Sheng
2.	Shanghai International Forum on Technology and Application of Thermal Insulation and Finishing System.	Fong Wern Sheng
3.	Mastering Negotiation Skills	Tan Ming Chong
4.	Growth And Marketing Strategy For SME	Tan Ming Chong
5.	Corruption & Bribery	Tan Ming Chong
6.	Growing Durian Without Pains	Tan Ming Chong
7.	Unclaimed Money Act 1965 by Jabatan Akauntan Negara Malaysia	Sia Taik Hian
8.	Cryptocurrency 101 and the New Regulation by CPA Australia	Sia Taik Hian
9.	Improving Internal Audit Skills Through Better Practices by MIA Malaysia	Sia Taik Hian
10.	National Tax Seminar 2019- Update 2020 Budget Proposals and Latest Tax Updates by LHDNM	Sia Taik Hian

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 24 to 25.

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

INTRODUCTION

In our commitment to safeguard shareholders' investments and the group's assets, the Board of Directors ("Board") of Poly Glass Fibre (M) Bhd ("PGF") places emphasis in maintaining a sound system of risk management and internal control. Furthermore, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of public listed companies to produce a statement on the state of the group's risk management and internal controls in its Annual Report.

Accordingly, the Board of PGF is pleased to present this Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal controls of the Group during the financial year in review.

Board Responsibility

The Board recognises the immense importance of, and acknowledges its responsibility in embedding a sound and robust risk management and internal control system into the culture, processes and structures of the Group. The Board, with the assistance of the Audit and Risk Management Committee ("ARMC"), ensures an Enterprise Risk Management ("ERM") Framework is in place to identify, analyse, evaluate, manage and monitor key risks that may impact PGF's business as a group. This includes setting of risk appetite articulated through the metrics used in quantifying the impact and likelihood of risks.

The Board of PGF is committed to embed risk management to form an integral part of the Group's business management and to have comprehensive internal control and assurance processes in managing key and critical risks, which are updated to the Board regularly.

The Group's risk management and internal control system is designed to safeguard the assets of the Group, ensure the maintenance of proper accounting records, and to provide reliable financial information. Due to the limitations inherent in any risk management and internal control system, the Board is aware that the system is meant to manage, rather than to eliminate risks, and therefore can only provide reasonable but not absolute assurance against material misstatement, financial loss or fraud.

RISK MANAGEMENT GOVERNANCE STRUCTURE

The Board is assisted by the ARMC, to oversee and monitor the effectiveness of the Group's risk management system. Nevertheless, the Board retains the overall risk oversight responsibility and performed the following:

- 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.

The ARMC, a Board Committee consisting exclusively of Independent Directors, assist the Board in amongst others, monitors Management in performing risk management processes by:

- reviews and endorses policies and frameworks and other key components of risk management for implementation within the Group;
- 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 organisation; and
- reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and update the Board accordingly.

RISK MANAGEMENT GOVERNANCE STRUCTURE (CONT'D)

The duties to continuously identify, analyse, evaluate and manage key business risks are delegated to the Management (i.e. Heads of Departments), led by the Executive Chairman. The Management, assisted by all employees, are responsible to perform the following:

- identifies, assesses and implements action plans to address risks arising from operations;
- assigns ERM responsibilities and accountabilities within respective business units and departments;
- reports to the ARMC all risks with significant impact and progress of action plans taken to manage the risks;
- takes immediate actions on all unacceptable risks (i.e. risk rating beyond risk appetite);
- reviews the effectiveness of existing controls and risk-mitigating strategies; and
- submits periodic reports on risks faced by respective business units and departments to the ARMC.

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, ARMC, the Management and employees in the Group. The Group believes that the enterprise risk management framework adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

Enterprise Risk Management Framework

The Group's ERM Framework guides the identification, analysis, evaluation, management/ mitigation and monitoring of key risks to safeguard shareholders' investments and the Group's assets. The Framework is guided by *ISO31000:2018 Risk Management – Guidelines* and is designed to embed ERM into key activities, initiatives and process of the Group. The ERM processes include:

1. **Risk Identification**

   This process, which is done on an ongoing basis entails examining all key factors within PGF's business context from an 'outside-in' perspective, i.e. from macro-environment (external) to industry and internal risks. During this process, risks are generally considered in four (4) main categories, i.e. strategic, operational, financial and compliance. Risks identified and relevant risk information (including Key Risk Indicator) is then captured and updated into the Group's risk register;

2. **Risk Analysis**

   Risks identified are assessed and ranked based on the severity of impact, likelihood of occurrence and effectiveness of existing controls. This process is guided by established risk parameters to ensure consistent criteria are used during the rating process. The results provide insight for the Management on whether the current risk levels are within the Board's risk appetite;

3. **Risk Treatment**

   Risk treatment process aims to bring the risks down to an acceptable level. The Group has four (4) response strategies for risk treatments, i.e.:

Terminate	terminating the risk by eliminating the business or by significantly altering it;
Reduce	reducing the risk level by taking specific actions or controls to reduce the likelihood of occurrence or severity of impact;
Accept	consciously accept certain risks which are significantly low in likelihood or impact; and
Pass on	transferring all or part of a risk to other parties.

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

Enterprise Risk Management Framework (cont'd)

The treatment plans are outlined in the risk registers and highlighted to the ARMC. However, the implementation of risk treatment plans is generally the responsibility of the risk owners and risk delegate; and

4. **Risk Monitoring**

   Key risks identified are monitored by risk owners and risk delegates to ensure the risk ratings remain relevant and that controls in place remain effective and adequate amidst changing circumstances. Any changes are reported, and appropriate action plans devised with a view to realigning the risk rating to an acceptable level.

INTERNAL CONTROL

Internal controls are regarded as an integral part of the Group's business management processes. Some of the key elements of the Group's internal control system are as follows:

- **Board Oversight**

  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;

- **Organisation Structure**

  The Group has established an organisation structure which defines clear lines of responsibility and delegation of authority, established through relevant terms of references and authority limits. The organisation structure enables each department/ function to focus on the respective roles and responsibilities assigned to them and enhances operational efficiency and effectiveness;

- **Integrity and Ethical Values**

  The Group has formalised a Code of Conduct to provide a behavioural framework which sets out the Group's standards of integrity, acceptable conduct and behaviour. The Code of Conduct is made available in PGF's website;

- **Policies and Procedures**

  The Group has established policies and procedures for the Group's core business units, which are clearly communicated to all relevant parties. These policies and procedures are reviewed and updated from time to time to adapt to the changing business environment and to ensure compliance with the relevant International Organisation for Standardisation ("ISO") certification; and

- **Internal Audit and Audit Committee**

  The internal audit function of the Group is outsourced to an independent consulting firm, namely Galton Advisory PLT. The outsourced internal audit function is responsible for reviewing and assessing the adequacy of the Group's internal control system. The internal audit function reports directly to the ARMC and provides reasonable assurance through its internal audit works, which include the audit activities, presenting findings and recommendation, and follow-ups on action plans devised to address any weaknesses in the internal control system, as agreed by Management. In carrying out its audit activities, the internal audit function has unrestricted access to relevant records, personnel and physical properties.

INTERNAL CONTROL (CONT'D)

- **Internal Audit and Audit Committee (cont'd)**

  The outsourced internal audit function conducts its audit work based on a risk-based internal audit plan approved by the ARMC. The outsourced internal audit function, including the professionals conducting the audit works, is independent and objective and free from any relationships or conflicts of interest. All internal audit work is guided by the International Professional Practice Framework promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors.

  For the financial year ended 29 February 2020, the internal audit function has conducted reviews on the Group's production monitoring, fixed asset management and safety, health and environment management.

  Following the completion of its work, the internal audit function reported directly to the ARMC on findings from the audit works, including recommendations for improvement measures and Management's responses. The internal audit function also reported to the ARMC, the follow-up status of the implementation of action plans arising from recommendations from previous cycles of internal audit. The ARMC Chairman thereafter reported the outcome of work conducted by the internal audit function to the Board.

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement 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 for inclusion in the Annual Report of the Group for the financial year ended 29 February 2020, and reported to the Board that nothing has come to their attention that causes 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 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 views by the Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Conclusion

Based on the findings and procedures performed by the relevant parties, and assurance from the Chief Executive Officer, Chief Operating Officer and Senior Group Finance Manager, the Board is of the view that the risk management and internal control system in place for the financial period under review and up to the date of the approval of this Statement has operated satisfactorily and is sufficient to safeguard shareholders' investment and the Group's assets.

There were no material internal control weaknesses which had resulted in any material losses, uncertainties or contingencies that would require disclosure in this Annual Report. Nevertheless, the Board and Management will continue to take appropriate measures to improve and strengthen the enterprise risk management and internal control framework of the Group.

This Statement on Risk Management and Internal Control is approved by the Board of Directors on 13 July 2020.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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 29 February 2020.

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 29 February 2020 in 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 29 February 2020 was RM43,500.

This report is made in accordance with a resolution of the Board of Directors dated 13 July 2020.

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 29 February 2020 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 29 February 2020, the total balance due and payable for the advances was recorded at RM3 million and shall be repaid not later than 31 August 2021.

The advances are secured by way of a corporate guarantee from the Company with interest rate more specifically disclosed in Note 16 of the Notes to the Financial Statements for the financial year ended 29 February 2020.

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	10,000	41,500

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 RM43,500.

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 20 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 29 February 2020.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020

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 29 February 2020.

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 6 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 6 to the financial statements.

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	3,276,949	1,035,220

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

Director of the subsidiaries

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

Koh Joo Ling (Resigned on 3 June 2020)

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 1.3.2019	**Bought**	**(Sold)**	**Balance at 29.2.2020**
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 29 February 2020 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.

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 29 February 2020 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.

Subsequent events

The details of such events are disclosed in Note 31 to the financial statements.

Auditors

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

The auditors' remuneration is disclosed in Note 20 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 : 13 July 2020

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT 29 FEBRUARY 2020

	Note	2020 RM	2019 RM
Assets			
Property, plant and equipment	3	52,995,924	58,902,709
Right-of-use assets	4	4,471,614	-
Investment property	5	5,607,968	5,736,356
Investment in an associate	7	177,301	-
Inventories	8	136,193,162	136,347,250
Deferred tax assets	9	-	827,000
Total non-current assets		199,445,969	201,813,315
Inventories	8	13,218,376	12,313,840
Trade and other receivables	10	14,215,646	13,999,260
Current tax assets		93,905	50,840
Cash and cash equivalents	11	5,341,124	6,612,429
Total current assets		32,869,051	32,976,369
Total assets		232,315,020	234,789,684
Equity			
Share capital	12	202,761,930	202,761,930
Reserves	13	(34,222,907)	(37,499,856)
Equity attributable to owners of the Company		168,539,023	165,262,074
Liabilities			
Deferred tax liabilities	9	23,302,502	23,088,502
Contract liabilities	14	7,413,674	7,647,864
Loans and borrowings	15	11,045,354	16,719,988
Advances from a shareholder	16	3,000,000	8,817,000
Total non-current liabilities		44,761,530	56,273,354
Loans and borrowings	15	9,658,101	4,207,851
Trade and other payables	17	9,305,465	9,004,576
Current tax liabilities		50,901	41,829
Total current liabilities		19,014,467	13,254,256
Total liabilities		63,775,997	69,527,610
Total equity and liabilities		232,315,020	234,789,684

The notes on pages 46 to 108 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	2020 RM	2019 RM
Revenue	18	60,592,577	72,334,905
Other operating income		2,607,155	164,136
Changes in manufactured inventories		(209,474)	(2,866,616)
Raw materials consumed		(25,851,108)	(27,538,852)
Property development costs		(237,602)	(467,111)
Staff costs	19	(10,663,300)	(11,370,524)
Depreciation and amortisation		(5,584,490)	(5,372,257)
Other operating expenses		(14,751,378)	(15,447,793)
Results from operating activities	20	5,902,380	9,435,888
Share of profit/(loss) after tax of equity accounted associate		177,301	(60)
Interest income		214,612	79,527
Interest expense	21	(1,174,213)	(1,815,242)
Profit before tax		5,120,080	7,700,113
Tax expense	23	(1,843,131)	(1,450,668)
Profit for the year representing total comprehensive income for the year attributable to owners of the Company		3,276,949	6,249,445
Basic earnings per ordinary share (sen)	24	2.05	3.91

The notes on pages 46 to 108 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Share capital RM	Accumulated losses RM	Capital reserve RM	Total equity RM
At 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 2019/1 March 2019	202,761,930	(38,170,259)	670,403	165,262,074
Profit for the year representing total comprehensive income for the year	-	3,276,949	-	3,276,949
At 29 February 2020	202,761,930	(34,893,310)	670,403	168,539,023

The notes on pages 46 to 108 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	2020 RM	2019 RM
Cash flows from operating activities			
Profit before tax		5,120,080	7,700,113
Adjustments for :			
Depreciation of :			
- Property, plant and equipment	3	5,243,117	5,243,865
- Right-of-use assets	4	212,985	-
- Investment property	5	128,388	128,392
Plant and equipment written off	20	6,792	18,609
Interest income		(214,612)	(79,527)
Interest expense	21	1,174,213	1,815,242
Gain on disposal of property, plant and equipment	20	(41,997)	(29,001)
Share of (profit)/loss of equity accounted associate		(177,301)	60
Unrealised foreign exchange loss on borrowings		256,398	349,270
Reversal of impairment loss on land held for property development		(200,000)	-
Operating profit before changes in working capital		11,508,063	15,147,023
Changes in working capital :			
Inventories		(550,448)	4,048,326
Trade and other receivables		(216,386)	(2,417,808)
Contract liabilities		(234,190)	-
Trade and other payables		300,889	2,209,056
Cash generated from operations		10,807,928	18,986,597
Tax paid		(836,124)	(921,618)
Net cash from operating activities		9,971,804	18,064,979
Cash flows from investing activities			
Interest received		214,612	79,527
Proceeds from disposal of property, plant and equipment		42,000	41,900
Purchase of plant and equipment		(4,027,726)	(2,794,289)
Net cash used in investing activities		(3,771,114)	(2,672,862)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONT'D)

	Note	2020 RM	2019 RM
Cash flows from financing activities			
Decrease in advances from a shareholder		(5,817,000)	(2,349,969)
Interest paid		(1,174,213)	(1,815,242)
Lease liabilities refinanced		-	92,000
Repayment of finance lease liabilities		-	(55,675)
Drawdown/(Repayment) of short term borrowings, net		5,550,352	(2,965,000)
Repayment of term loans, net		(5,725,697)	(1,547,145)
Repayment of hire purchase creditors		(47,811)	-
Net cash used in financing activities		(7,214,369)	(8,641,031)
Net (decrease)/increase in cash and cash equivalents		(1,013,679)	6,751,086
Cash and cash equivalents at 1 March 2019/2018		5,974,488	(776,598)
Cash and cash equivalents at 29 February 2020/28 February 2019	A	4,960,809	5,974,488

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	2020 RM	2019 RM
Cash and bank balances	11	1,712,392	2,092,085
Fixed deposits with a licensed bank	11	-	4,520,344
Short-term deposits	11	3,628,732	-
Bank overdrafts	15	(380,315)	(637,941)
		4,960,809	5,974,488

B. *Cash outflows for leases as a lessee*

	Note	2020 RM
Included in net cash from operating activities		
Payment relating to short-term leases	20	172,299
Payment relating to leases of low-value assets	20	10,570
Total cash outflows for leases		182,869

NOTES (cont'd)

C. *Reconciliation of movements of liabilities to cash flows arising from financing activities*

	At 1.3.2018 RM	Lease liabilities refinanced RM	Unrealised foreign exchange loss RM	Net changes from financing cash flows RM	At 28.2.2019, as previously reported RM	Adjustment on initial application of MFRS 16 RM	At 1.3.2019, restated RM	Unrealised foreign exchange loss RM	Net changes from financing cash flows RM	At 29.2.2020 RM
Bankers' acceptances	2,834,000	-	-	(2,834,000)	-	-	-	-	2,937,000	2,937,000
Export credit refinancing	131,000	-	-	(131,000)	-	-	-	-	149,000	149,000
Onshore foreign currency loan	-	-	-	-	-	-	-	16,913	488,385	505,298
Revolving credit	-	-	-	-	-	-	-	9,675	1,835,525	1,845,200
Other borrowings	-	-	-	-	-	-	-	-	140,442	140,442
Short term borrowings	2,965,000	-	-	(2,965,000)	-	-	-	26,588	5,550,352	5,576,940
Term loans	21,375,567	-	349,270	(1,547,145)	20,177,692	-	20,177,692	229,810	(5,725,697)	14,681,805
Hire purchase creditor	-	-	-	-	-	112,206	112,206	-	(47,811)	64,395
Finance lease liabilities	75,881	92,000	-	(55,675)	112,206	(112,206)	-	-	-	-
	24,416,448	92,000	349,270	(4,567,820)	20,289,898	-	20,289,898	256,398	(223,156)	20,323,140

The notes on pages 46 to 108 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2020

	Note	2020 RM	2019 RM
Assets			
Property, plant and equipment	3	134,447	168,866
Investments in subsidiaries	6	202,673,270	198,645,042
Investment in an associate	7	60	60
Total non-current assets		202,807,777	198,813,968
Inventories	8	-	101,002
Trade and other receivables	10	2,898,679	6,499,777
Current tax assets		26,156	395
Cash and cash equivalents	11	517,572	248,189
Total current assets		3,442,407	6,849,363
Total assets		206,250,184	205,663,331
Equity			
Share capital	12	202,761,930	202,761,930
Reserves	13	1,765,365	730,145
Equity attributable to owners of the Company		204,527,295	203,492,075
Liabilities			
Loans and borrowings	15	45,992	64,395
Total non-current liability		45,992	64,395
Loans and borrowings	15	575,403	18,403
Trade and other payables	17	1,101,494	2,088,458
Total current liabilities		1,676,897	2,106,861
Total liabilities		1,722,889	2,171,256
Total equity and liabilities		206,250,184	205,663,331

The notes on pages 46 to 108 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	2020 RM	2019 RM
Revenue	18	3,116,261	3,600,275
Other operating income		27,998	16,999
Staff costs	19	(499,963)	(573,596)
Depreciation	3	(106,760)	(123,210)
Other operating expenses		(1,458,472)	(1,374,841)
Results from operating activities	20	1,079,064	1,545,627
Interest income		6,252	12,373
Interest expense	21	(46,826)	(20,041)
Profit before tax		1,038,490	1,537,959
Tax expense	23	(3,270)	(83,033)
Profit for the year representing total comprehensive income for the year attributable to owners of the Company		1,035,220	1,454,926

The notes on pages 46 to 108 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Share capital RM	(Accumulated losses)/ Retained profits RM	Capital reserve RM	Total equity RM
At 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 2019/1 March 2019	202,761,930	(505,603)	1,235,748	203,492,075
Profit for the year representing total comprehensive income for the year	-	1,035,220	-	1,035,220
At 29 February 2020	202,761,930	529,617	1,235,748	204,527,295

The notes on pages 46 to 108 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	2020 RM	2019 RM
Cash flows from operating activities			
Profit before tax		1,038,490	1,537,959
Adjustments for :			
Depreciation of plant and equipment	3	106,760	123,210
Plant and equipment written off	20	152	3
Dividend income	18	(1,500,000)	(1,500,000)
Interest income		(6,252)	(12,373)
Interest expense	21	46,826	20,041
Gain on disposal of property, plant and equipment	20	(27,998)	(16,999)
Operating (loss)/profit before changes in working capital		(342,022)	151,841
Changes in working capital :			
Inventories		101,002	(101,002)
Trade and other receivables		3,601,098	(310,595)
Trade and other payables		(986,964)	796,020
Cash generated from operations		2,373,114	536,264
Tax paid		(29,031)	(73,849)
Net cash from operating activities		2,344,083	462,415
Cash flows from investing activities			
Purchase of plant and equipment	3	(72,495)	(1,169)
Proceeds from disposal of plant and equipment		28,000	17,000
Increase of investments in subsidiaries		(4,028,228)	(303,152)
Interest received		6,252	12,373
Dividend received		1,500,000	1,500,000
Net cash (used in)/from investing activities		(2,566,471)	1,225,052

STATEMENT OF
CASH FLOWS
FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONT'D)

	Note	2020 RM	2019 RM
Cash flows from financing activities			
Interest paid		(46,826)	(20,041)
Drawdown/(Repayment) of short term borrowings, net		557,000	(1,414,000)
Repayment of hire purchase creditor		(18,403)	-
Repayment of finance lease liabilities		-	(23,631)
Lease liabilities refinanced		-	92,000
Net cash from/(used in) financing activities		491,771	(1,365,672)
Net increase in cash and cash equivalents		269,383	321,795
Cash and cash equivalents at 1 March 2019/2018		248,189	(73,606)
Cash and cash equivalents at 29 February 2020/ 28 February 2019	A	517,572	248,189

NOTES

A. *Cash and cash equivalents*

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

	Note	2020 RM	2019 RM
Cash and bank balances	11	208,676	248,189
Short term deposits	11	308,896	-
		517,572	248,189

B. *Included in net cash from operating activities*

	Note	2020 RM
Payment relating to short-term leases	20	24,200

NOTES (cont'd)

C. Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.3.2018 RM	Lease liabilities refinanced RM	Net changes from financing cash flow RM	At 28.2.2019, as previously reported RM	Adjustment on initial application of MFRS 16 RM	At 1.3.2019, restated RM	Net changes from financing cash flows RM	At 29.2.2020 RM
Bankers' acceptances	1,414,000	-	(1,414,000)	-	-	-	557,000	557,000
Hire purchase creditor	-	-	-	-	82,798	82,798	(18,403)	64,395
Finance lease liabilities	14,429	92,000	(23,631)	82,798	(82,798)	-	-	-
	1,428,429	92,000	(1,437,631)	82,798	-	82,798	538,597	621,395

The notes on pages 46 to 108 are an integral part of these 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 29 February 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 29 February 2020 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 and associates are disclosed in Note 6 and Note 7 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 13 July 2020.

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.

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 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*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020
- Amendment to MFRS 16*, Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- MFRS 17, *Insurance Contracts*

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 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

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.

(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 currencies

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 6, Investment in subsidiaries and Note 8, Net realisable value of land held for property development.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in the previous financial statements. The impact arising from the changes are disclosed in Note 30 to the financial statements.

(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 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 the 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.

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.

2. Significant accounting policies (cont'd)

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

(i) Recognition and measurement (cont'd)

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 or the Company 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 similar 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) Leases

The Group and the Company has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application, if any, is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, Leases and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

2. Significant accounting policies (cont'd)

(f) Leases (cont'd)

Current financial year (cont'd)

(i) Definition of a lease (cont'd)

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, they have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group or the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group or the Company is reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (cont'd)

(f) Leases (cont'd)

Current financial year (cont'd)

(ii) Recognition and initial measurement (cont'd)

(b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

When the Group or the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group or the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's or the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group or the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Significant accounting policies (cont'd)

(f) Leases (cont'd)

Current financial year (cont'd)

(iii) Subsequent measurement (cont'd)

(b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group and the Company recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's or the Company's net investment in the lease. The Group and the Company aim to allocate finance income over the lease term on a systematic and rational basis. The Group and the Company apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see note 2(k)(i)).

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were 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 was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was 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 were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

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

(ii) Operating lease

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

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

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

2. Significant accounting policies (cont'd)

(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.

(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.

2. Significant accounting policies (cont'd)

(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.

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.

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

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

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.

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.

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

***(ii) Other assets* (cont'd)**

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.

(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.

2. Significant accounting policies (cont'd)

(m) Employee benefits (cont'd)

(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.

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.

2. Significant accounting policies (cont'd)

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

(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.

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.

2. Significant accounting policies (cont'd)

(r) Income tax (cont'd)

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.

(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.

2. Significant accounting policies (cont'd)

(u) Fair value measurements (cont'd)

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 2019	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, as previously reported	7,419,560	22,240,062	70,921,552	2,070,747	1,651,735	4,729,724	109,033,380
Adjustment on initial application of MFRS 16	(7,419,560)	-	-	-	-	-	(7,419,560)
At 1 March 2019, as restated	-	22,240,062	70,921,552	2,070,747	1,651,735	4,729,724	101,613,820
Additions	-	-	18,510	77,316	180,332	3,751,568	4,027,726
Disposals	-	-	-	-	(296,595)	-	(296,595)
Write-off	-	-	-	(38,957)	-	-	(38,957)
Reclassification	-	-	4,206,734	522,990	-	(4,729,724)	-
At 29 February 2020	-	22,240,062	75,146,796	2,632,096	1,535,472	3,751,568	105,305,994

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 2018	2,521,976	4,661,265	49,454,422	1,665,578	1,404,769	-	59,708,010
Depreciation for the year	212,985	764,718	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, as previously reported	2,734,961	5,425,983	38,845,867	1,609,979	1,513,881	-	50,130,671
Adjustment on initial application of MFRS 16	(2,734,961)	-	-	-	-	-	(2,734,961)
At 1 March 2019, as restated	-	5,425,983	38,845,867	1,609,979	1,513,881	-	47,395,710
Depreciation for the year	-	760,600	4,143,132	228,422	110,963	-	5,243,117
Disposals	-	-	-	-	(296,592)	-	(296,592)
Write-off	-	-	-	(32,165)	-	-	(32,165)
At 29 February 2020	-	6,186,583	42,988,999	1,806,236	1,328,252	-	52,310,070
Carrying amounts							
At 1 March 2018	4,897,584	17,590,997	35,691,934	476,893	254,246	2,472,139	61,383,793
At 28 February 2019	4,684,599	16,814,079	32,075,685	460,768	137,854	4,729,724	58,902,709
At 29 February 2020	-	16,053,479	32,157,797	825,860	207,220	3,751,568	52,995,924

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

	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Company			
Cost			
At 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 2019/1 March 2019	494,758	774,923	1,269,681
Additions	4,399	68,096	72,495
Write-off	(13,160)	-	(13,160)
Disposals	-	(197,730)	(197,730)
At 29 February 2020	485,997	645,289	1,131,286
Depreciation			
At 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 2019/1 March 2019	405,294	695,521	1,100,815
Depreciation for the year	27,794	78,966	106,760
Write-off	(13,008)	-	(13,008)
Disposals	-	(197,728)	(197,728)
At 29 February 2020	420,080	576,759	996,839
Carrying amounts			
At 1 March 2018	116,070	174,841	290,911
At 28 February 2019/1 March 2019	89,464	79,402	168,866
At 29 February 2020	65,917	68,530	134,447

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

3.1 Security

Furniture, fittings and equipment of the Group and the Company with carrying amount of RM59,496 secures hire purchase creditors (see Note 15).

The carrying amounts of property, plant and equipment of the Group charged to financial institutions for banking facilities granted to the Group (see Note 15) are as follows :

	Group	
	2020	**2019**
	RM	**RM**
Leasehold land	-	3,842,579
Buildings	8,160,850	8,638,490
Plant, machinery and equipment	15,775,377	17,797,598

3.2 Assets under finance leases

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

	2019
	RM
Group	
Under finance leases	
Furniture, fittings and equipment	80,500
Motor vehicles	58,449
Company	
Under finance leases	
Furniture, fittings and equipment	80,500

4. Right-of-use assets - Group

	Land
	RM
Group	
At 1 March 2019	4,684,599
Depreciation	(212,985)
At 29 February 2020	4,471,614

The Group leases certain land for a period of 60 years. The leasehold land classified as right-of-use assets of the Group with carrying amount of RM3,666,922 is charged to financial institutions for banking facilities granted to the Group (see Note 15).

5. Investment property - Group

	RM
Cost	
At 1 March 2018	6,389,018
Additions during the year	-
At 28 February 2019/1 March 2019/29 February 2020	6,389,018
Accumulated depreciation	
At 1 March 2018	524,270
Depreciation for the year	128,392
At 28 February 2019/1 March 2019	652,662
Depreciation for the year	128,388
At 29 February 2020	781,050
Carrying amount	
At 1 March 2018	5,864,748
At 28 February 2019/1 March 2019	5,736,356
At 29 February 2020	5,607,968

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

	2020 RM	2019 RM
Rental income	364,000	360,000
Direct operating expenses :		
- income generating investment property	252,702	246,224

5.1 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 29 February 2020 is classified as level 3 of fair value hierarchy and determined to be approximately RM6,723,000 (2019 : RM6,720,000).

6. Investments in subsidiaries - Company

	Note	2020 RM	2019 RM
Unquoted shares, at cost		196,120,309	196,120,309
Amount due from subsidiaries	6.1	6,733,702	2,705,474
Less : Accumulated impairment loss		(180,741)	(180,741)
		202,673,270	198,645,042

6.1 Amount due from subsidiaries

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

6.2 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 2020 %	Effective ownership interest 2019 %	Principal activities
PGF Insulation Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of fibre glasswool and its related products
Golden Approach Sdn. Bhd.	Malaysia	100	100	Property development
Concrete Energy Sdn. Bhd.	Malaysia	100	100	Property holding
Clover Sdn. Bhd.	Malaysia	100	100	Property holding, trading in fibre glasswool and its related products
SK Insulation Solutions Sdn. Bhd.	Malaysia	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.

7. Investments in associate

	2020 RM	2019 RM
Group		
Unquoted shares, at cost	60	60
Share of post acquisition reserves	177,241	(60)
	177,301	-
Company		
Unquoted shares, at cost	60	60

Details of the associate are as follows :

Name of associate	Country of incorporation	Effective ownership interest 2020 %	Effective ownership interest 2019 %	Principal activity
Ecowool Insulation Pty. Ltd.	Australia	20	20	Sale and distribution of fibre glasswool and related products

The following table summarises the information of the Group's associate and reconcile the information to the carrying amount of the Group's interest in associate.

	Ecowool Insulation Pty. Ltd. RM
Summarised financial information	
As at 29 February 2020	
Non-current assets	2,005
Current assets	7,323,875
Current liabilities	(6,439,374)
Net assets	886,506
Year ended 29 February 2020	
Profit representing total comprehensive income from continuing operations	1,340,141
Included in the total comprehensive income is :	
Revenue	16,870,181
Reconciliation of net assets to carrying amount	
As at 29 February 2020	
Group's share of net assets	177,301

8. Inventories

	Note	2020 RM	2019 RM
Group			
Non-current			
Land held for property development	8.1	136,193,162	136,347,250
Current			
Completed properties held for sale		702,984	-
Manufactured inventories		5,342,287	5,551,761
Raw materials		4,170,936	3,690,625
Consumables		3,002,169	3,071,454
		13,218,376	12,313,840
Company			
Current			
Trading inventories		-	101,002

8.1 Land held for property development - Group

	2020 RM	2019 RM
At 1 March 2019/2018	136,347,250	136,814,361
Additions	586,498	-
Development costs recognised in profit or loss	(237,602)	(467,111)
Transfer to properties held for sale	(702,984)	-
Reversal of impairment loss	200,000	-
At 29 February 2020/28 February 2019	136,193,162	136,347,250

8. Inventories (cont'd)

8.1 Land held for property development - Group (cont'd)

Balance at end of financial year comprises :

	2020 RM	2019 RM
Leasehold land	173,758,200	173,758,200
Less : Write-down to net realisable value	(43,986,259)	(44,186,259)
	129,771,941	129,571,941
Development costs	6,658,823	6,775,309
Accumulated costs charged to profit or loss	(237,602)	-
	136,193,162	136,347,250

8.2 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 February 2020.

9. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Property, plant and equipment						
- capital allowance	-	-	(6,651,394)	(6,654,394)	(6,651,394)	(6,654,394)
- revaluation	-	-	(288,606)	(288,606)	(288,606)	(288,606)
Land held for property development	-	-	(23,088,502)	(23,088,502)	(23,088,502)	(23,088,502)
Provisions	87,000	73,000	-	-	87,000	73,000
Unutilised reinvestment allowance	266,000	781,000	-	-	266,000	781,000
Unutilised investment tax allowance	5,979,000	5,979,000	-	-	5,979,000	5,979,000
Unutilised increased export allowance	394,000	937,000	-	-	394,000	937,000
Deferred tax assets/ (liabilities)	6,726,000	7,770,000	(30,028,502)	(30,031,502)	(23,302,502)	(22,261,502)
Set-off tax	(6,726,000)	(6,943,000)	6,726,000	6,943,000	-	-
Net deferred tax assets/ (liabilities)	-	827,000	(23,302,502)	(23,088,502)	(23,302,502)	(22,261,502)

Movements in temporary differences during the year :

	At 1.3.2018 RM	Recognised in profit or loss (Note 23) RM	At 28.2.2019/ 1.3.2019 RM	Recognised in profit or loss (Note 23) RM	At 29.2.2020 RM
Property, plant and equipment					
- capital allowance	(6,927,394)	273,000	(6,654,394)	3,000	(6,651,394)
- revaluation	(288,606)	-	(288,606)	-	(288,606)
Land held for property development					
- revaluation	(23,088,502)	-	(23,088,502)	-	(23,088,502)
Provisions	216,000	(143,000)	73,000	14,000	87,000
Unutilised reinvestment allowance	2,020,000	(1,239,000)	781,000	(515,000)	266,000
Unutilised investment tax allowance	5,979,000	-	5,979,000	-	5,979,000
Unutilised increased export allowance	388,000	549,000	937,000	(543,000)	394,000
Net tax liabilities	(21,701,502)	(560,000)	(22,261,502)	(1,041,000)	(23,302,502)

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

Unrecognised deferred tax assets

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

	2020 RM	2019 RM
Group		
Deductible temporary differences	398,800	372,800
Tax loss carry-forwards	25,811,000	25,561,000
Unutilised reinvestment allowance	427,000	427,000
Unutilised increased export allowance	177,000	177,000
Provisions	136,000	186,000
	26,949,800	26,723,800
Company		
Provisions	136,000	186,000
Unabsorbed capital allowance	230,000	209,000
Unutilised reinvestment allowance	427,000	427,000
Unutilised increased export allowance	177,000	177,000
Tax loss carry-forwards	247,000	-
	1,217,000	999,000

Tax legislation in Malaysia places a 7-year time limit on carry forward tax losses and unutilised reinvestment allowances :

(i) the tax loss carry-forwards of the Group and the Company amounting RM25,811,000 (2019 : RM25,561,000) and RM247,000 (2019 : Nil) respectively is subject to a 7-year time limit.
(ii) the unutilised reinvestment allowance of the Group and the Company amounting to RM427,000 (2019 : 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.

10. Trade and other receivables

	Note	2020 RM	2019 RM
Group			
Trade			
Trade receivables		10,501,131	11,832,705
Associate	10.1	2,556,894	511,530
		13,058,025	12,344,235
Non-trade			
Other receivables		325,592	216,052
Deposits		111,237	156,220
Prepayments	10.2	574,941	817,813
Indirect tax refundable		145,851	464,940
		1,157,621	1,655,025
		14,215,646	13,999,260
Company			
Trade			
Trade receivables		1,375,131	5,712,048
Non-trade			
Amount due from subsidiaries	10.3	1,357,502	306,004
Deposits		9,440	9,520
Prepayments		10,755	7,265
Indirect tax refundable		145,851	464,940
		1,523,548	787,729
		2,898,679	6,499,777

10.1 Amount due from an associate

The trade amount due from associate is unsecured with credit term of 60 days (2019 : 15 days).

10.2 Prepayments

Included in the prepayments of the Group is an amount of RM341,646 (2019 : RM600,469) representing advance payments made to suppliers.

10. Trade and other receivables (cont'd)

10.3 Amount due from subsidiaries

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

11. Cash and cash equivalents

	2020 RM	2019 RM
Group		
Cash and bank balances	1,712,392	2,092,085
Fixed deposits with a licensed bank	-	4,520,344
Short term deposits	3,628,732	-
	5,341,124	6,612,429
Company		
Cash and bank balances	208,676	248,189
Short term deposits	308,896	-
	517,572	248,189

Included in the cash and bank balances of the Group is an amount of RM1,249 (2019 : RM1,225) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and is restricted from use in other operations.

12. Share capital - Group/Company

	2020		2019	
	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

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.

13. Reserves

	Note	2020 RM	2019 RM
Group			
Accumulated losses		(34,893,310)	(38,170,259)
Capital reserve	13.1	670,403	670,403
		(34,222,907)	(37,499,856)
Company			
Retained profits/(Accumulated losses)		529,617	(505,603)
Capital reserve	13.1	1,235,748	1,235,748
		1,765,365	730,145

13.1 Capital reserve

The capital reserve represents gain on disposal of a subsidiary.

14. Contract liabilities - Group

	2020 RM	2019 RM
Non-current	7,413,674	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.

15. Loans and borrowings

	Note	2020 RM	2019 RM
Group			
Non-current			
Secured			
Term loans		10,134,999	15,482,823
Hire purchase creditors		45,992	-
Finance lease liabilities	15.2	-	64,395
		10,180,991	15,547,218
Unsecured			
Term loan		864,363	1,172,770
		11,045,354	16,719,988

15. Loans and borrowings (cont'd)

	Note	2020 RM	2019 RM
Group			
Current			
Secured			
Term loans		3,329,234	3,181,886
Hire purchase creditors		18,403	-
Finance lease liabilities	15.2	-	47,811
		3,347,637	3,229,697
Unsecured			
Bank overdrafts		380,315	637,941
Bankers' acceptances		2,937,000	-
Export credit refinancing		149,000	-
Onshore foreign currency loan		505,298	-
Revolving credit		1,845,200	-
Term loan		353,209	340,213
Other borrowings		140,442	-
		6,310,464	978,154
		9,658,101	4,207,851
Company			
Non-current			
Secured			
Hire purchase creditor		45,992	-
Finance lease liabilities	15.2	-	64,395
		45,992	64,395
Company			
Current			
Secured			
Hire purchase creditor		18,403	-
Finance lease liabilities	15.2	-	18,403
Unsecured			
Bankers' acceptances		557,000	-
		575,403	18,403

15. Loans and borrowings (cont'd)

15.1 Security

The hire purchase creditor/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 by fixed and floating charges over certain property, plant and equipment of the Group (see Note 3) and right-of-use assets (see Note 4).

15.2 Finance lease liabilities

Finance lease liabilities were payable as follows :

	2019		
	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
Between 1 and 5 years	75,794	11,399	64,395
	129,128	16,922	112,206
Company			
Less than 1 year	21,660	3,257	18,403
Between 1 and 5 years	75,794	11,399	64,395
	97,454	14,656	82,798

16. Advances from a shareholder, unsecured - Group

	2020 RM	**2019 RM**
Non-current		
Advances from a shareholder	3,000,000	8,817,000

The advances from a shareholder are unsecured and carry interests at 6.4% (2019 : 6.9%) 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 2021 based on the extended repayment period granted by the shareholder during the financial year.

17. Trade and other payables

	2020 RM	2019 RM
Group		
Trade		
Trade payables	956,243	1,297,069
Non-trade		
Indirect tax payable	253,594	283,317
Other payables	3,216,247	3,045,674
Accrued expenses	4,879,381	4,307,142
Deposits received	-	71,374
	8,349,222	7,707,507
	9,305,465	9,004,576
Company		
Trade		
Subsidiary	566,249	1,471,886
Non-trade		
Subsidiary	43,208	-
Other payables	99,677	281,332
Accrued expenses	392,360	335,240
	535,245	616,572
	1,101,494	2,088,458

18. Revenue

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers				
Sale of fibre glasswool and its related products	59,086,973	71,332,785	-	-
Property development revenue	1,050,088	516,030	-	-
Commission income	-	-	1,261,900	1,744,187
Management fees	-	-	354,361	356,088
	60,137,061	71,848,815	1,616,261	2,100,275
Other revenue				
Rental income	455,516	486,090	-	-
Dividend income	-	-	1,500,000	1,500,000
Total revenue	60,592,577	72,334,905	3,116,261	3,600,275

Commission income of the Company arises from its sale of fibre glasswool sourced from a subsidiary for which the Company is acting as an agent for the subsidiary and is recognised at a point in time management fees are in relation to the management services provided to subsidiaries and are recognised over time.

18. Revenue (cont'd)

18.1 Disaggregation of revenue

Group	Reportable segments: Fibre glasswool and related products 2020 RM'000	Fibre glasswool and related products 2019 RM'000	Property development 2020 RM'000	Property development 2019 RM'000	Investment holding 2020 RM'000	Investment holding 2019 RM'000	Total 2020 RM'000	Total 2019 RM'000
Primary geographical markets								
Malaysia	23,162	23,413	1,050	516	-	-	24,212	23,929
Asia (excluding Malaysia)	9,614	9,394	-	-	-	-	9,614	9,394
Oceania	25,496	37,660	-	-	-	-	25,496	37,660
Other countries	815	866	-	-	-	-	815	866
	59,087	71,333	1,050	516	-	-	60,137	71,849
Timing and recognition								
At a point in time	59,087	71,333	-	-	-	-	59,087	71,333
Over time	-	-	1,050	516	-	-	1,050	516
	59,087	71,333	1,050	516	-	-	60,137	71,849
Revenue from contracts with customers	59,087	71,333	1,050	516	-	-	60,137	71,849
Other revenue	-	-	-	-	456	486	456	486
Total revenue	59,087	71,333	1,050	516	456	486	60,593	72,335

18. Revenue (cont'd)

18.2 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
Group					
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 customer.
Company					
Commission income	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises. Revenue is recognised as commission income since the Company acted as an agent to its subsidiary in the sale of fibre glasswool and its related products.	Credit period of 14 to 60 days from invoice date for its sales to customers.	Not applicable.	Principal shall be liable to fulfill the obligation for returns or refunds.	Product warranty of 70 years are given to customers by the principal.
Management fees	Management fees are in relation to the management services rendered to its subsidiaries and are recognised over the period of services rendered.	Credit period of 90 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

19. Staff costs

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Wages, salaries and others (excluding Directors' remuneration)	9,857,710	10,578,598	434,187	507,041
Contribution to state plan	805,590	791,926	65,776	66,555
Staff costs	10,663,300	11,370,524	499,963	573,596

20. Results from operating activities

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Results from operating activities are arrived at after charging/(crediting) :					
Auditors' remuneration					
Audit fees					
- current year		95,000	95,000	20,000	20,000
- prior year		-	4,538	-	-
Other services					
- KPMG PLT		4,500	4,500	2,000	2,000
- Affiliates of KPMG PLT		37,000	22,800	8,000	8,500
Directors' emoluments					
- fees		25,200	25,200	25,200	25,200
- remuneration	20.1	1,033,398	1,003,760	1,033,398	1,003,760
Material expenses/(income)					
Property, plant and equipment					
- write off		6,792	18,609	152	3
- gain on disposal		(41,997)	(29,001)	(27,998)	(16,999)
Inventories written-off		-	139,076	-	-
Losses/(Gain) on foreign exchange					
- realised		57,989	(265,898)	-	-
- unrealised		191,201	262,341	-	-
Losses from fire incidents	20.2	1,614,786	2,628,236	-	-
Reversal of inventories written-off		(8,434)	-	-	-
Reversal of impairment loss of land held for property development		(200,000)	-	-	-

20. Results from operating activities (cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Expenses arising from leases					
Expenses relating to short term leases		172,299	-	24,200	-
Expenses relating to leases of low-value assets		10,570	-	-	-
Rental of premises		-	46,460	-	24,200
Rental of equipment		-	116,610	-	-

20.1 Included in Directors' remuneration of the Group and of the Company is an amount of RM126,429 (2019 : RM117,108), 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 RM29,795 (2019 : RM29,755).

20.2 A wholly-owned subsidiary incurred losses amounting to RM1,614,786 (2019 : RM2,628,236) from fire incidents. The expenses relate to the cost of damaged inventories and warehouse building repair costs.

21. Interest expense

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Bank overdrafts	1,009	1,352	209	765
Banker's acceptances	79,800	28,649	43,360	16,599
Advances from a shareholder	276,326	710,075	-	-
Finance lease liabilities	-	5,149	-	2,677
Term loans	790,841	1,069,324	-	-
Export credit refinancing	137	693	-	-
Onshore foreign currency loan and other borrowings	20,577	-	-	-
Hire purchase creditor	5,523	-	3,257	-
	1,174,213	1,815,242	46,826	20,041

22. Key management personnel compensations

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Executive Directors				
- Remuneration	1,033,398	1,003,760	1,033,398	1,003,760
- Estimated monetary value of benefits-in-kind	29,795	29,755	29,795	29,755
	1,063,193	1,033,515	1,063,193	1,033,515
Other key management personnel				
- Short term employee benefits	420,317	473,690	167,920	238,485
	1,483,510	1,507,205	1,231,113	1,272,000

22. Key management personnel compensations (cont'd)

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.

23. Tax expense

Recognised in profit or loss

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Current tax expense				
- current year	677,516	887,909	-	82,080
- prior years	124,615	2,759	3,270	953
	802,131	890,668	3,270	83,033
Deferred tax expense				
- current year	840,000	960,000	-	-
- prior years	201,000	(400,000)	-	-
	1,041,000	560,000	-	-
Total tax expense	1,843,131	1,450,668	3,270	83,033

Reconciliation of tax expense

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Profit before tax	5,120,080	7,700,113	1,038,490	1,537,959

23. Tax expense (cont'd)

Reconciliation of tax expense (cont'd)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Tax at Malaysian tax rate of 24%	1,228,820	1,848,027	249,238	369,110
Non-deductible expenses	283,023	334,378	58,658	53,089
Income not subject to tax	(48,000)	-	(360,000)	(360,000)
Reinvestment allowance and increased export allowance claimed	-	(542,490)	-	-
Deferred tax assets not recognised	54,240	213,360	52,320	26,160
Other items	(567)	(5,366)	(216)	(6,279)
	1,517,516	1,847,909	-	82,080
Under/(Over) provision in prior years	325,615	(397,241)	3,270	953
Tax expense	1,843,131	1,450,668	3,270	83,033

24. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 29 February 2020 was based on the Group's profit attributable to the owners of the Company of RM3,276,949 (2019 : RM6,249,445) and on the weighted average number of ordinary shares outstanding during the year of 159,974,948 (2019 : 159,974,948).

25. 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

25. Operating segments (cont'd)

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 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.

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
2020				
Segment profit	4,936	313	653	5,902
Included in the measure of segment profit are :				
Revenue from external customers	59,087	1,050	456	60,593
Depreciation and amortisation	4,798	4	782	5,584
Not included in the measure of segment profit but provided to Executive Chairman :				
Finance costs	731	-	443	1,174
Tax expense	1,540	29	274	1,843
Interest income	211	4	-	215
Segment assets	76,064	137,992	18,259	232,315
Included in the measure of segment assets are :				
Additions to non-current assets other than financial instruments	3,985	43	-	4,028

25. Operating segments (cont'd)

Segment capital expenditure (cont'd)

2019	Fibre glasswool and related products RM'000	Property development RM'000	Investment holding RM'000	Total RM'000
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

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. Geographical information for revenue is as disclosed in Note 18.1.

	2020 Non-current assets RM'000	2019 Non-current assets RM'000
Geographical information		
Malaysia	199,269	200,986

25. Operating segments (cont'd)

Major customers

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

	Segment	**2020 RM**
Customer C	Fibre glasswool and related products	11,121,527
		2019 RM
Customer A	Fibre glasswool and related products	20,651,410
Customer B	Fibre glasswool and related products	7,415,886

26. Related parties

26.1 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.

26.2 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 6, 10, 16 and 17.

i) Transactions with subsidiaries

	Company	
	2020 RM	**2019 RM**
Commission income	1,261,900	1,744,187
Management fees received	354,361	356,088
Dividend income	1,500,000	1,500,000

ii) Transactions with an associate

	Group	
	2020 RM	**2019 RM**
Sale of fibre glasswool	11,121,527	6,893,351

26. Related parties (cont'd)

26.2 Significant related party transactions (cont'd)

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

	Group 2020 RM	Group 2019 RM
Interest payable and paid	276,326	710,075

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 22.

27. Capital commitment - Group

	2020 RM'000	2019 RM'000
Property, plant and equipment		
- Contracted but not provided for	3,362	3

28. Financial instruments

28.1 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		
2020		
Group		
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	13,383,617	13,383,617
Cash and cash equivalents	5,341,124	5,341,124
	18,724,741	18,724,741

28. Financial instruments (cont'd)

28.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM
Financial assets		
2020		
Company		
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	2,732,633	2,732,633
Cash and cash equivalents	517,572	517,572
	3,250,205	3,250,205
Financial liabilities		
2020		
Group		
Loans and borrowings	20,703,455	20,703,455
Trade and other payables (excluding indirect tax payable)	9,051,871	9,051,871
Advances from a shareholder	3,000,000	3,000,000
	32,755,326	32,755,326
Company		
Loans and borrowings	621,395	621,395
Trade and other payables	1,101,494	1,101,494
	1,722,889	1,722,889
Financial assets		
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

28. Financial instruments (cont'd)

28.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM
Financial liabilities		
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

28.2 Net gains and losses arising from financial instruments

	2020 RM	2019 RM
Group		
Net (losses)/gains arising on :		
Financial assets measured at amortised cost	(30,790)	(36,959)
Financial liabilities measured at amortised cost	(1,178,001)	(1,695,199)
	(1,208,791)	(1,732,158)
Company		
Net (losses)/gains arising on :		
Financial assets measured at amortised cost	6,252	12,373
Financial liabilities measured at amortised cost	(46,826)	(20,041)
	(40,574)	(7,668)

28. Financial instruments (cont'd)

28.3 Financial risk management

The Group and the Company have exposures to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 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.

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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Limit	2,450,000	5,430,000	2,350,000	5,430,000
Outstanding balance of trade receivables	549,606	3,520,762	542,939	3,520,762

28. Financial instruments (cont'd)

28.4 Credit risk (cont'd)

Receivables (cont'd)

Exposure to credit risk, credit quality and collateral (cont'd)

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

	2020 RM	2019 RM
Group		
Malaysia	6,808,183	7,281,221
Asia (excluding Malaysia)	1,242,336	1,050,102
Oceania	5,007,506	4,012,912
	13,058,025	12,344,235
Company		
Malaysia	1,375,131	5,712,048

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			
2020			
Not past due	7,589,338	-	7,589,338
Past due 1 - 30 days	3,295,700	-	3,295,700
Past due 31 - 60 days	759,381	-	759,381
Past due 61 - 90 days	94,113	-	94,113
Past due more than 90 days	1,319,493	-	1,319,493
	13,058,025	-	13,058,025

28. Financial instruments (cont'd)

28.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

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
Company			
2020			
Not past due	348,453	-	348,453
Past due 1 - 30 days	649,297	-	649,297
Past due 31 - 60 days	290,730	-	290,730
Past due 61 - 90 days	53,113	-	53,113
Past due more than 90 days	33,538	-	33,538
	1,375,131	-	1,375,131
Group			
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			
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

28. Financial instruments (cont'd)

28.4 Credit risk (cont'd)

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 RM14,682,000 (2019 : RM20,178,000) and RM3,000,000 (2019 : RM8,817,000) 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.

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.

28.5 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.

28. Financial instruments (cont'd)

28.5 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							
2020							
Secured term loans	13,464,233	3.55 - 5.22	14,998,986	3,864,628	3,799,375	5,726,251	1,608,732
Unsecured term loan	1,217,572	3.80	1,290,873	389,208	377,163	524,502	-
Hire Purchase creditors	64,395	3.54	75,794	21,660	21,660	32,474	-
Bankers' acceptances	2,937,000	4.06 - 4.26	2,937,000	2,937,000	-	-	-
Export credit refinancing	149,000	4.40	149,000	149,000	-	-	-
Onshore foreign currency loan	505,298	4.03 - 4.13	505,298	505,298	-	-	-
Revolving credit	1,845,200	2.50 - 4.68	1,845,200	1,845,200	-	-	-
Unsecured bank overdrafts	380,315	7.64	380,315	380,315	-	-	-
Other borrowings	140,442	1.75 - 2.45	140,442	140,442	-	-	-
Advances from a shareholder	3,000,000	6.40	3,276,326	276,326	3,000,000	-	-
Trade and other payables	9,051,871	-	9,051,871	9,051,871	-	-	-
	32,755,326		34,651,105	19,560,948	7,198,198	6,283,227	1,608,732

28. Financial instruments (cont'd)

28.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	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							
Company							
2020							
Hire purchase creditor	64,395	3.54	75,794	21,660	21,660	32,474	-
Trade and other payables	1,101,494	-	1,101,494	1,101,494	-	-	-
Bankers' acceptances	557,000	4.21 - 4.26	557,000	557,000	-	-	-
Financial guarantees	-	-	17,682,000	17,682,000	-	-	-
	1,722,889		19,416,288	19,362,154	21,660	32,474	-
Non-derivative financial liabilities							
Group							
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

28. Financial instruments (cont'd)

28.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	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
Company							
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	-

28.6 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.

28.6.1 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.

28. Financial instruments (cont'd)

28.6 Market risk (cont'd)

28.6.1 Currency risk (cont'd)

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	Denominated in Singapore Dollar RM
Group		
2020		
Balances recognised in the statement of financial position		
Trade receivables	3,486,455	481,570
Trade payables	(214,829)	-
Cash and cash equivalents	1,058,073	-
Loans and borrowings	(8,321,481)	-
	(3,991,782)	481,570
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	-
Loans and borrowings	(10,595,892)	-
	(5,861,173)	521,961

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.

28. Financial instruments (cont'd)

28.6 Market risk (cont'd)

28.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis (cont'd)

	Profit or loss	
	2020	**2019**
	RM	**RM**
Group		
US Dollar	151,688	222,725
Singapore Dollar	(18,300)	(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.

28.6.2 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 hire purchase 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.

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 :

	2020	**2019**
	RM	**RM**
Group		
Fixed rate instruments		
Financial assets	3,628,732	4,520,344
Financial liabilities	(3,001,395)	(428,841)
	627,337	4,091,503
Floating rate instruments		
Financial liabilities	(20,702,060)	(29,315,998)

28. Financial instruments (cont'd)

28.6 Market risk (cont'd)

28.6.2 Interest rate risk (cont'd)

Exposure to interest rate risk (cont'd)

	2020 RM	2019 RM
Company		
Fixed rate instruments		
Financial assets	308,896	-
Financial liabilities	(621,395)	(82,798)
	(312,499)	(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
2020				
Floating rate instruments	(78,668)	78,668	-	-
2019				
Floating rate instruments	(111,401)	111,401	-	-

28. Financial instruments (cont'd)

28.7 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 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2020										
Group										
Financial liabilities										
Advances from a shareholder	-	-	-	-	-	-	3,000,000	3,000,000	3,000,000	3,000,000
Term loans	-	-	-	-	-	-	14,681,805	14,681,805	14,681,805	14,681,805
Hire purchase creditors	-	-	-	-	-	-	64,395	64,395	64,395	64,395
	-	-	-	-	-	-	17,746,200	17,746,200	17,746,200	17,746,200
Company										
Financial liabilities										
Hire purchase creditors	-	-	-	-	-	-	64,395	64,395	64,395	64,395

28. Financial instruments (cont'd)

28.7 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
2019										
Group										
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										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	82,798	82,798	82,798	82,798

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.

29. 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 the financial year, the Group's strategy which was unchanged from the previous financial year, was to maintain the debt-to-equity ratio at below 1.5 : 1. The debt-to-equity ratios at 29 February 2020 and 28 February 2019 were as follows:

	Group	
	2020 RM'000	2019 RM'000
Total borrowings	23,703	29,745
Less : Cash and cash equivalents (Note 11)	(5,341)	(6,612)
Net debt	18,362	23,133
Total equity	168,539	165,262
Debt-to-equity ratio	0.11	0.14

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

30. Significant changes in accounting policies

During the financial year, the Group and the Company adopted MFRS 16.

As a lessee

Where the Group and the Company are lessees, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application, if any, as an adjustment to the opening balance of retained earnings at 1 March 2019.

The Group and the Company used the practical expedient not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and leases for low-value assets as at 1 March 2019 when applying MFRS 16 to leases previously classified as operating lease under MFRS 117.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 March 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

Impacts on financial statements

There is no impact to the financial statements on the initial application of MFRS 16 save for the reclassification of leasehold land from property, plant and equipment to right-of-use assets and reclassification of finance lease liabilities to hire purchase creditors under loan and borrowings.

31. Subsequent events

31.1 Covid-19 pandemic

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic, which has caused severe global social and economic disruptions and uncertainties, including markets where the Company operates.

The Group and the Company consider this outbreak as a non-adjusting post balance sheet event. The consequences brought about by Covid-19 continue to evolve and whilst the Group and the Company are actively monitoring and managing their operations to respond to these changes, the Group and the Company do not consider it practicable to provide any quantitative estimate on the potential impact it may have on the Group and the Company.

31.2 Joint venture in hatchery of freshwater aquaculture and related activities

On 2 July 2020, the Company entered into a Joint-Venture Agreement ("JV Agreement") with Hong Len Aquatic Sdn Bhd ("HLA") to set-up a company ("JV Co") to execute and manage hatchery of freshwater aquaculture and related activities ("the Business").

The Company will invest in 30 Class A shares and 20 Ordinary shares, representing 50% voting interest in the JV Co. The Company shall provide the use of land via its wholly-owned subsidiary, Golden Approach Sdn Bhd, and to provide its best advice on management matters in the interest of the Business while HLA shall equip the JV Co with necessary aquaculture hatchery technology/know-how, operation model and market distribution network.

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 34 to 108 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 29 February 2020 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 : 13 July 2020

STATUTORY DECLARATION

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

I, **Fong Wern Sheng**, the Director 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 34 to 108 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 **Fong Wern Sheng**, NRIC: 810403-07-5627, at George Town in the State of Penang on 13 July 2020.

....

Fong Wern Sheng

Before me :

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

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 29 February 2020 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 34 to 108.

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 29 February 2020 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 8.2 Net realisable value of land held for property development.

The Group has land held for property development amounting to RM136.2 million as at 29 February 2020. 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 2020 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.

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.
- 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 6 *Investments in subsidiaries*.

The Company's carrying amount of investment in subsidiaries as at 29 February 2020 was RM202.7 million. The conclusion of all litigation cases with the contractors of the subsidiary, Golden Approach Sdn. Bhd. ("GASB") in the financial year 2017 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 financial year 2017. 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 during the financial year. 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;
- 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.

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.

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.

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

- 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.

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

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

Penang

Date : 13 July 2020

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	)))	34	8,697	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		12	11,348	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		4	480	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		7	5,608	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 and completed properties held for sale		23	136,896*	21-02-1997

* For additional details please refer to Note 8 of the financial statements

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2020

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.*

CHIEF FINANCIAL OFFICER'S SHAREHOLDINGS IN THE COMPANY

Name	Direct	%	Deemed	%
Loo Chee Hin	1,118,800	0.70	-	-

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	%
77	Less than 100	1,215	0.00
1,580	100 to 1,000 shares	1,507,543	0.94
2,108	1,001 to 10,000 shares	8,237,491	5.15
325	10,001 to 100,000 shares	8,880,700	5.55
37	100,001 to less than 5% of issued shares	38,968,046	24.36
2	5% and above of issued shares	102,379,953	64.00
4,129	**TOTAL**	**159,974,948**	**100.00**

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.	Maybank Nominees (Tempatan) Sdn. Bhd. Fong Wern Sheng	6,510,600	4.07
5.	Maybank Nominees (Tempatan) Sdn. Bhd. Fong Wah Kai	4,440,600	2.78
6.	Maybank 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	1,000,000	0.63
11.	Teh Bee Gaik	843,800	0.53
12.	Tan Kok Hooy	726,000	0.45
13.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Hong Lim (E-TJJ/TMB)	718,200	0.45
14.	George Lee Sang Kian	675,900	0.42
15.	George Lee Sang Kian	529,000	0.33
16.	Leong Ngak Keong	500,000	0.31
17.	Ooi Say Hup	459,000	0.29
18.	Ooi Say Hup	449,900	0.28
19.	Foh Chong & Sons Sdn. Bhd.	338,000	0.21
20.	Chang Ah Boon	297,000	0.19
21.	Yeong Tuck Wai	285,450	0.18
22.	Young N Successful Sdn. Bhd.	282,800	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)	198,600	0.12
27.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Gaik Suan	193,400	0.12
28.	Sam Ah Tak	186,000	0.12
29.	Tan Say Fung	180,000	0.11
30.	Ng Hup Soo	151,000	0.09

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 30th 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 28 August 2020 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 29 February 2020 together with the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors who retire in accordance with Article 88 of the Company's Constitution, and being eligible have offered themselves for re-election: -
   (a) Mr. Fong Wern Sheng (Resolution 1)
   (b) En Omar Bin Mohamed Said (Resolution 2)
3. To approve the Directors' Fees and Other Benefits of RM31,800 for the financial year ended 29 February 2020. (Resolution 3)
4. To approve the Directors' Other Benefits Payables up to an amount of RM8,250 from 29 August 2020 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 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 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 Mr. Sia Taik Hian, who has served for more than nine (9) years as the Independent Non-Executive Director of the Company, pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance (the "Code"). (Resolution 7)
   (b) Subject to the passing of Resolution 2, to retain En Omar Bin Mohamed Said, who have served for more than nine (9) years as the Independent Non-Executive Director of the Company, pursuant to Practice 4.2 of the Code. (Resolution 8)
8. 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 30th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 19 August 2020. Only a depositor whose name appears on the Record of Depositors as at 19 August 2020 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
(SSM PC No: 201908000494)
(MAICSA 0818580)

Company Secretary

Penang

29 July 2020

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 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 29th AGM held on 29 July 2019 and which will lapse at the conclusion of the 30th 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.

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.

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 30th 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 29 July 2019.

POLY GLASS FIBRE

PROXY FORM

POLY GLASS FIBRE (M) BHD. 197801005142 (42138-X)
(Incorporated in Malaysia)

CDS ACCOUNT NO.	NO. OF SHARES HELD

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 30th 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 28 August 2020 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. Fong Wern Sheng as Director		
2.	Re-election of En Omar Bin Mohamed Said as Director		
3.	Approval of Directors' Fees & Other Benefits Payable for the financial year ended 29 February 2020		
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 76 of the Companies Act 2016		
7.	Continuing in Office as the Independent Non Executive Director for Mr. Sia Taik Hian		
8.	Continuing in Office as the Independent Non Executive Director for En Omar Bin Mohamed Said		

(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 __________ 2020

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 30th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 19 August 2020. Only a depositor whose name appears on the Record of Depositors as at 19 August 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

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The Company Secretary

POLY GLASS FIBRE (M) BHD.

197801005142 (42138-X)

Suite 12-A, Level 12

Menara Northam

No. 55 Jalan Sultan Ahmad Shah

10050 Georgetown Penang

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POLY GLASS FIBRE™

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