

POLY GLASS FIBRE (M) BHD (Company No. 42138-X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2006

1. Accounting Policies

The condensed financial statement is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and should be read in conjunction with the audited financial statements of the Group for the year ended 28 February 2005.

The Group's accounting policies and methods of computation used in this quarterly report are consistent with those adopted in the most recent Annual Audited Financial Statements for the year ended 28 February 2005.

2. Audit Report For Preceding Financial Year

- i) The audit report on the financial statements of the Group for the year ended 28 February 2005 was with the qualification that the auditors were unable to form an opinion as to whether the financial statements have been prepared so as to give a true and fair view due to the following: -
 - a) Non-provision for write-down of the Company's investment in GASB and/or the properties held for development by GASB with a carrying value of RM172.96 million as at 28 February 2005.
 - b) Non-provision for liquidated damages of RM1.35 million for development project undertaken by GASB after June 2003 to February 2005.
 - c) Non-provision for write-down of the property acquired by the subsidiary Clover Sdn. Bhd. with a carrying value of RM3.75 million.

The above summary of the audit report qualification should be read in conjunction with the report of the auditor for the financial year ended 28 February 2005.

- ii) Current status of matters giving rise to the qualification

On 24 February 2006, the Company announced that the Board has on 14 February 2006 resolved to recognise impairment losses in respect of the development properties of the subsidiary, GASB and the investment property held by the subsidiary, Clover Sdn. Bhd. for the financial year ending 28 February 2006. As a result of the write-down, the auditors' qualification in respect of these matters are expected to be removed for this financial year.

3. Seasonal or Cyclical Factors

During the Festive Season of Hari Raya Puasa and Chinese New Year, the glasswool business is expected to fall by 20%.

POLY GLASS FIBRE (M) BHD (Company No. 42138-X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2006 (Cont'd)

4. Unusual Items

There were no unusual items for the current quarter and financial period to-date except as disclosed in Note 5 below.

5. Exceptional Items

The Group's exceptional items for the current quarter and financial period-to-date are in respect of the following write-down/write-off made by subsidiaries of the Group:-

	RM'000
Impairment loss in value of property in a wholly-owned Subsidiary Clover Sdn. Bhd.	1,100
Impairment loss in value of development properties in a wholly-owned subsidiary Golden Approach Sdn. Bhd.	102,133
Negative goodwill written-off	(3,976)
	<hr/> <hr/> 99,257

6. Changes in Estimates

There were no changes in estimates in the prior interim periods and the prior years that have a material effect in the current quarter and financial period to-date other than the impairment losses disclosed under Note 5 above.

7. Equity Structure

Save for Warrants 2000/2005 which expired on 4 January 2006, there were no issuance and repayment of debt and equity shares, shares buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period to-date.

8. Dividends Paid

There was no dividend paid for the current quarter and financial period to-date.

POLY GLASS FIBRE (M) BHD (Company No. 42138-X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2006 (Cont'd)

9. Segmental Reporting

Financial data by business segment for the Group

	← Current Period To-date 28 February 2006 →			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding and others RM'000	Consolidated RM'000
Revenue from external customers	29,582	-	1,780	31,362
Segment results	5,147	(98,853)	(1,875)	(95,581)
Interest expense				(2,241)
Net loss before tax				(97,822)
Taxation				30,643
Net loss after taxation				(67,179)

10. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The Group did not revalue any of its property, plant and equipment for the current quarter and financial period to-date except as disclosed in Note 2 (ii) above.

11. Material events subsequent to the end of the period reported on not reflected in the financial statements for the said period

There were no material events subsequent to the end of the period reported on which have not been reflected in the financial statements as at 24 April 2006.

12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period-to-date.

POLY GLASS FIBRE (M) BHD (Company No. 42138-X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2006 (Cont'd)

13. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period-to-date.

13. Contingent Liabilities

There were no changes in the contingent liabilities (other than material litigations disclosed in Note 11 of the Additional Information Required by the Bursa Malaysia's Listing Requirements) since the last annual balance sheet date.

14. Related Party Transactions

Transaction with a substantial shareholder, Equaplus Sdn Bhd: -

	RM'000
Interest payable	<u>1,027</u>

15. Capital Commitments

Contractual but not provided for in the financial statements.

	RM'000
Capital commitment	
- Property	195
- Plant & Machinery	<u>381</u>
	<u>576</u>