

PLASTRADE TECHNOLOGY BERHAD

Company No. 591077-X
(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

Notes to the Interim Financial Statements

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and had been prepared in accordance with the MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and the requirements of the Appendix 9B of the Listing Requirements for the ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2011. The Group’s financial statements for the annual period beginning on 1 January 2012 is prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by the MASB that will also comply with International Financial Reporting Standards (“IFRS”).

This set of condensed interim financial statements is the Group's first MFRS compliant condensed financial statements and hence MFRS1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The Group have not early adopted the following MFRSs, Amendments to MFRS and IC Interpretation, which have been issued and will be effective for the financial periods as stated below:-

| | <i>Effective date for financial periods beginning on or after</i> |
|--|--|
| MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010) | 1 January 2015 |
| MFRS 10 : Consolidated Financial Statements | 1 January 2013 |
| MFRS 11 : Joint Arrangements | 1 January 2013 |
| MFRS 12 : Disclosure of Interests in Other Entities | 1 January 2013 |
| MFRS 13 : Fair Value Measurement | 1 January 2013 |
| MFRS 119 : Employee Benefits | 1 January 2013 |
| MFRS 127 : Separate Financial Statements | 1 January 2013 |
| MFRS 128 : Investments in Associates and Joint Ventures | 1 January 2013 |
| Amendments to MFRS 1 : Government Loans | 1 January 2013 |
| Amendments to MFRS 7 : Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to MFRS 101 : Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities | 1 July 2014 |
| IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |

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The possible change of the accounting policies is expected to have no material impact on the financial statements of the Group upon their initial application.

3. Audit Report of Preceding Annual Financial Statements

The auditors' report of the preceding annual financial statements was not subject to any qualification.

4. Seasonal or Cyclical Factors

There were no seasonal or cyclical factors affecting the results of the Group for the current financial quarter under review.

5. Unusual Items

There were no other items which were unusual because of their nature, size, or incidence that has affected the assets, liabilities, equity, net income or cashflow of the Group for the financial quarter under review.

6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods that have a material effect on the current financial quarter.

7. Issuances and Repayment of Debt and Securities

There were no issuance and repayment of debt and equity securities for the current financial quarter under review.

8. Dividend Paid

The Board of Directors do not recommend any dividend payment in respect of the financial period ended 30 June 2012.

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Segmental reporting of the Group's result for the financial year-to-date is as follows:

| | Investment Holding | Resin compound for wire and cable insulation & jacketing | Resin compound for other industries | Total |
|------------------------------|---------------------------|---|--|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | |
| - External | - | 18,557 | 9,343 | 27,900 |
| Segment Result | (13) | 1,051 | 343 | 1,381 |
| Finance Cost | - | (350) | (211) | (561) |
| Share of profit of associate | | | | 113 |
| Profit before Tax | | | | 933 |
| Taxation | | | | (258) |
| Net Profit after Tax | | | | 675 |
| Segment assets | 6,806 | 24,637 | 18,511 | 49,954 |
| Segment liabilities | 70 | 15,420 | 5,642 | 21,132 |

Geographical reporting of the Group's revenue and assets for the financial year-to-date is as follows:

| | SEGMENT REVENUE | SEGMENT ASSETS |
|-----------------------|------------------------|-----------------------|
| | RM'000 | RM'000 |
| Malaysia | 20,325 | 49,954 |
| Other ASEAN countries | 1,055 | - |
| Other Asian countries | 2,805 | - |
| Europe | 2,608 | - |
| Others | 1,107 | - |
| Total | 27,900 | 49,954 |

10. Material Events subsequent to the End of the Current Quarter

There were no other events materially affecting the results of the Group for the current financial quarter and financial year-to-date, which might have occurred between 30 June 2012 and the date of this announcement.

11. Changes in the Composition of the Group

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

12. Changes in Contingent Liabilities and Contingent Assets

There were no changes in the material contingent liabilities or assets of the Group as at the date of this announcement.

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There were no material capital commitments as at the date of this announcement.

14. Significant Related Party Transactions

The related party transactions are taken under normal course of business and on terms that are not more favourable than those available to other third parties.

| <i>Companies in which certain directors have Interest:-</i> | Current Quarter RM'000 | Financial Year-to-date RM'000 |
|--|-----------------------------------|--|
| Sales of goods | 1,914 | 3,622 |
| Purchase of goods | 2,380 | 3,886 |
| Rental | 24 | 48 |
| <i>Associate Company:-</i> | | |
| Sales of goods | 601 | 837 |

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Additional information required by the Listing Requirements for the ACE Market of the Bursa Malaysia Securities Berhad

1. Review of Performance for the Individual Quarter and Year-to-date

PTB Group recorded a revenue of RM12.084 million for the current quarter ended 30 June 2012 (2Q2012), representing an decrease of approximately 17.2% as compared to the preceding year corresponding quarter ended 30 June 2011 (2Q2011) of RM14.594 million. The Group recorded a profit after taxation of RM0.290 million for 2Q2012 as compared to a profit after taxation of RM0.024 million for 2Q2011.

PTB Group recorded a revenue of RM27.900 million for the current financial year to date ended 30 June 2012 (YTD 2Q2012), representing a decrease of approximately 8.2% as compared to the preceding year corresponding period ended 30 June 2011 (YTD 2Q2011) of RM30.406 million. The Group recorded a profit after taxation of RM0.675 million for YTD 2Q2012 compared with a loss after taxation of RM0.121 million for YTD 2Q2011. The increase in profit was mainly due to a better margin for the Group's products and lower operating expenses of the Group for the period under review.

| Segment: | Revenue | | | |
|--|--------------------|---------------|------------------------|---------------|
| | Individual Quarter | | Financial Year-to-Date | |
| | 30/06/2012 | 30/06/2011 | 30/06/2012 | 30/06/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Resin compound for wire and cable insulation & jacketing | 8,308 | 8,967 | 18,557 | 19,300 |
| Resin compound for other industries | 3,776 | 5,627 | 9,343 | 11,106 |
| Total | 12,084 | 14,594 | 27,900 | 30,406 |

| Segment: | Profit after Taxation | | | |
|--|-----------------------|------------|------------------------|--------------|
| | Individual Quarter | | Financial-Year-to-Date | |
| | 30/06/2012 | 30/06/2011 | 30/06/2012 | 30/06/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Resin compound for wire and cable insulation & jacketing | 206 | (56) | 506 | (17) |
| Resin compound for other industries | 29 | 35 | 72 | (188) |
| Investment Holding | (11) | (4) | (16) | 27 |
| Associate company | 66 | 49 | 113 | 57 |
| Total | 290 | 24 | 675 | (121) |

Resin compound for wire and cable insulation & jacketing:

Revenue decreased by 7.3% to RM8.308 million in 2Q2012 compared to 2Q2011. However, segment recorded a profit after taxation of RM0.206 million for 2Q2012 compared with a loss after taxation of RM0.056 million for 2Q2011. The increase in profit was mainly due to lower materials cost and lower operating expenses incurred for the financial quarter under review.

For YTD 2Q2012, revenue decreased by 3.8% to RM18.557 million as compared to YTD 2Q2011. However segment recorded a profit after taxation of RM0.506 million for YTD 2Q2012 compared with a loss after taxation of RM0.017 million for YTD 2Q2011. The increase

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in profit was mainly due to lower materials cost and lower operating expenses incurred for the period under review.

Resin compound for other industries:

Revenue decreased by 32.9% to RM3,776 million in 2Q2012 compared to 2Q2011. Profit after taxation decreased by 17.1% in 2Q2012 as compared to 2Q2011. The decrease in profit was mainly due to lower demand of the product for the financial quarter under review.

For YTD 2Q2012, revenue decreased by 15.9% to RM9.343 million as compared to YTD 2Q2011. Nevertheless, segment recorded a profit after taxation of RM0.072 million for YTD 2Q2012 compared with a loss after taxation of RM0.188 million for YTD 2Q2011. The increase in profit was mainly due to a better margin and lower operating expenses incurred for the period under review.

2. Comparison with previous quarter's results

For 2Q2012, the Group recorded a revenue of RM12.084 million, representing an decrease of approximately 23.6% as compared to the previous quarter ended 30 March 2012 (1Q2012) of RM15.816 million. The Group recorded a profit after taxation of RM0.290 million in 2Q2012 compared to 1Q2012 of profit after taxation of RM0.385 million. The decrease in profit after taxation was mainly due to a lower demand of the Group's products for the financial quarter under review.

3. Prospect

The Board of Directors of PTB is of the view that the Group's financial performance for the financial year ending 2012 will still be challenging in the light of the current level of operations and prevailing market conditions. The Group will still maintain its best effort to ensure the business of the Group remains competitive by adopting costs saving measures and market the products to other territories.

4. Variance of Profit Forecast

Not applicable as no profit forecast has been issued.

5. Taxation

The taxation charge for the quarter under review includes the following:

| | Current Quarter | Financial Year-to-date |
|-------------------------------------|------------------------|-------------------------------|
| | 30/06/2012 | 30/06/2012 |
| | RM'000 | RM'000 |
| Estimated current tax payable | (95) | (155) |
| (Under)/Overprovision in prior year | - | - |
| Deferred tax | (30) | (103) |
| | <u>(125)</u> | <u>(258)</u> |

The Group's effective tax rate is lower than statutory tax rate of 25% mainly due to the utilisation of brought forward unutilised capital allowance by the subsidiaries not recognised as tax credit in previous financial years.

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There were no corporate proposals announced but not completed as at the date of this announcement.

9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2012 are shown below: -

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------|---------------------------|-----------------------------|-------------------------|
| Short Term Borrowings | | | |
| Term Loan | 90 | - | 90 |
| Trade Line | 13,817 | - | 13,817 |
| | 13,907 | - | 13,907 |
| Long Term Borrowings | | | |
| Term Loan | 97 | - | 97 |
| | 97 | - | 97 |
| Total | 14,004 | - | 14,004 |

10. Realised and Unrealised Profits or Losses of the Group

| | As At 30/06/2012 RM'000 | As At 31/12/2011 RM'000 |
|---|------------------------------------|------------------------------------|
| Total retained profits: | | |
| - realised | 12,559 | 11,915 |
| - unrealised | (1,409) | (1,306) |
| | 11,150 | 10,609 |
| Total share of retained profits of associate: | | |
| - realised | 2,353 | 2,240 |
| - unrealised | (32) | (53) |
| Less: Consolidation adjustments | (5,739) | (5,739) |
| Total Retained Profits | 7,732 | 7,057 |

12. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at 30 July 2012 being a date not earlier than 7 days from the date of this quarterly report.

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The basic earnings/(loss) per share of the Group is calculated by dividing the profit after taxation of RM0.675 million by the weighted average number of ordinary shares in issue for the current financial year-to-date ended 30 June 2012.

| | Current Year To Date 30/06/2012 RM'000 | Preceding Year Corresponding Period 30/06/2011 RM'000 |
|---|---|--|
| Net Profit/(Loss) attributable to equity holders of the Company | 675 | (121) |
| Weighted average number of ordinary shares ('000) | 150,400 | 150,400 |
| Basic earnings/(loss) per share (sen) | 0.45 | (0.08) |

Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no potential ordinary shares outstanding in both the previous and current period under review.

By Order of the Board

Pua Kong Hoi

Managing Director