

PLASTRADE TECHNOLOGY BERHAD

Company No. 591077-X
(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

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 2013. 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 2013.

2. Changes in Accounting Policies

The Group’s financial statements 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”). The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following MFRSs, Amendments to MFRSs and IC interpretation during the current financial period:-

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011) : Investment Entities
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21: Levies

The adoption of the MFRSs, IC interpretation and Amendments did not have financial impact to the Group.

The Group have not early adopted the following MFRSs and Amendments to MFRS, 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 (2009) Financial Instruments)
MFRS 9 (2010) Financial Instruments) To be
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)) announced
Amendments to MFRS 9 and MFRS 7 : Mandatory Effective Date of MFRS 9 and Transition Disclosures) by MASB
MFRS 14 Regulatory Deferral Accounts)
MFRS 15 Revenue from Contracts with Customers	1 January 2016
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2017
	1 January 2016

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Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 : Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 119 (2011) : Defined Benefits Plans - Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

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 September 2014.

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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	Resin compound for other industries	Total
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
- External	-	31,847	8,870	40,717
Segment Result	(166)	977	(346)	465
Finance Cost	-	(327)	(138)	(465)
Share of profit of associate				86
Profit before Tax				86
Taxation				(112)
Net Profit after Tax				(26)
Segment assets	7,511	24,979	17,412	49,902
Segment liabilities	72	13,059	5,770	18,901

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	28,235	49,902
Other ASEAN countries	3,641	-
Other Asian countries	4,425	-
Europe	3,375	-
Others	1,041	-
Total	40,717	49,902

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 September 2014 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.

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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.

13. Capital Commitments

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	1,108	3,614
Purchase of goods	1,206	5,560
<i>Associate Company:-</i>		
Sales of goods	1,053	2,181

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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 RM11.321 million for the current quarter ended 30 September 2014 (3Q2014), representing a decrease of approximately 16.4% as compared to the preceding year corresponding quarter ended 30 September 2013 (3Q2013) of RM13.538 million. The Group recorded a loss after taxation of RM0.228 million for 3Q2014 as compared to a profit after taxation of RM0.195 million for 3Q2013.

PTB Group recorded a revenue of RM40.717 million for the current financial year to date ended 30 September 2014 (YTD 3Q2014), representing an decrease of approximately 19.5% as compared to the preceding year corresponding period ended 30 September 2013 (YTD 3Q2013) of 50.600 million. The Group recorded a loss after taxation of RM0.026 million for YTD 3Q2014 compared with a profit after taxation of RM1.763 million for YTD 3Q2013. The decrease in profit was mainly due to lower demand of the Group's products and higher cost of sales for the financial period under review.

Segment:	Revenue			
	Individual Quarter		Financial Year-to-Date	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Resin compound for wire and cable	7,646	8,939	31,847	36,396
Resin compound for other industries	3,675	4,599	8,870	14,204
Total	11,321	13,538	40,717	50,600

Segment:	Profit/(Loss) after Taxation			
	Individual Quarter		Financial-Year-to-Date	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Resin compound for wire and cable	(174)	57	472	1,270
Resin compound for other industries	(79)	138	(412)	708
Investment Holding	(36)	(26)	(172)	(164)
Associate company	61	26	86	(51)
Total	(228)	195	(26)	1,763

Resin compound for wire and cable:

Revenue decreased by 14.5% to RM7.646 million in 3Q2014 compared to 3Q2013. This segment recorded a loss after taxation of RM0.174 million for 3Q2014 compared with a profit after taxation of RM0.057 million for 3Q2013. The decrease in profit was mainly due to lower demand of the products and higher cost of sales for the financial quarter under review.

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For YTD 3Q2014, revenue decreased by 12.5% to RM31.847 million as compared to YTD 3Q2013. This segment recorded a profit after taxation of RM0.472 million for YTD 3Q2014 compared with a profit after taxation of RM1.270 million for YTD 3Q2013. The decrease in profit was mainly due to lower demand of the products and higher cost of sales for the period under review.

Resin compound for other industries:

Revenue decreased by 20.1% to RM3.675 million in 3Q2014 compared to 3Q2013. This segment recorded a loss after taxation of RM0.079 million for 3Q2014 compared with a profit after taxation of RM0.138 million for 3Q2013. The decrease in profit was mainly due to lower demand of the products and higher cost of sales for the financial quarter under review.

For YTD 3Q2014, revenue decreased by 37.6% to RM8.870 million as compared to YTD 3Q2013. This segment recorded a loss after taxation of RM0.412 million for YTD 3Q2014 compared with a profit after taxation of RM0.708 million for YTD 3Q2013. The decrease in profit was mainly due to lower demand of the products and higher cost of sales for the period under review.

2. Comparison with previous quarter's results

For 3Q2014, the Group recorded a revenue of RM11.321 million, representing an decrease of approximately 10.7% as compared to the previous quarter ended 30 June 2014 (2Q2014) of RM12.676 million. The Group recorded a loss after taxation of RM0.228 million in 3Q2014 compared to 2Q2014 of profit after taxation of RM0.003 million. The decrease in profit was mainly due to lower demand of the Group's products and higher cost of sales 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 2014 will be challenging due to rising costs of doing business and prevailing market conditions. The Group will still continue to adopt costs saving measures and market the products to new markets to ensure that the business of the Group remains viable.

4. Variance of Profit Forecast

Not applicable as no profit forecast has been issued.

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

	Current Quarter 30/09/2014 RM'000	Financial Year-to-date 30/09/2014 RM'000
Estimated current tax payable	(2)	(316)
Overprovision in prior year	2	2
Deferred tax	52	202
	<u>52</u>	<u>(112)</u>

The Group's effective tax rate is higher than statutory tax rate of 25% mainly due to certain expenses which were not deductible for tax purposes.

6. Status of Corporate Proposals

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

7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2014 are shown below: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Trade Line	13,149	-	13,149
	<u>13,149</u>	<u>-</u>	<u>13,149</u>
Long Term Borrowings			
	-	-	-
Total	<u>13,149</u>	<u>-</u>	<u>13,149</u>

8. Realised and Unrealised Profits or Losses of the Group

	As At 30/09/2014 RM'000	As At 31/12/2013 RM'000
Total retained profits:		
- realised	13,412	13,657
- unrealised	(980)	(1,182)
	<u>12,432</u>	<u>12,475</u>
Total share of retained profits of associate:		
- realised	2,387	2,301
- unrealised	400	469
Less: Consolidation adjustments	(5,740)	(5,740)
Total Retained Profits	<u>9,479</u>	<u>9,505</u>

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9. 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 13 November 2014 being a date not earlier than 7 days from the date of this quarterly report.

10. (Loss)/Earnings Per Share

▪ **Basic (loss)/earnings per share**

The basic loss per share of the Group is calculated by dividing the loss after taxation of RM0.026 million by the weighted average number of ordinary shares in issue for the current financial year-to-date ended 30 September 2014.

	Current Year To Date 30/09/2014 RM'000	Preceding Year Corresponding Period 30/09/2013 RM'000
Net (Loss)/Profit attributable to equity holders of the Company	(26)	1,763
Weighted average number of ordinary shares ('000)	150,400	150,400
Basic (loss)/earnings per share (sen)	(0.02)	1.17

Diluted (loss)/earnings per share is equal to the basic earnings 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