

PLASTRADE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

Company No.: 591077-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Income Taxes (Cont'd)

(b) *Deferred Tax (Cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(c) *Goods and Services Tax ("GST")*

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.13 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 operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.14 Employee Benefits

(a) *Short-term Benefits*

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) *Defined Contribution Plans*

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.17 Earnings Per Ordinary Share

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary share, which comprise share options granted to employees.

4.18 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.

4.19 Fair Value Measurement

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Fair Value Measurement (Cont'd)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 Revenue and Other Income

(i) Sales of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, cash, and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Management Fees

Management fee is recognised on an accrual basis.

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5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2016 RM	2015 RM
Unquoted shares, at cost	9,749,998	9,749,998
Add: Capitalisation of quasi loans (Note 9)	2,270,000	-
	<u>12,019,998</u>	<u>9,749,998</u>

Details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2016	2015	
		%	%	
MHT Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing of polyethylene compound for wire and cable insulation and jacketing.
Plascable Polymer Sdn. Bhd.	Malaysia	100	100	Compounding of plastic master batches, polymer additives, plastic compounds and composites.

6. INVESTMENT IN AN ASSOCIATE

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Unquoted shares, at cost	4,215,390	4,215,390	4,215,390	4,215,390
Share of post acquisition profits	2,174,024	2,144,887	-	-
Share of post acquisition other comprehensive income	1,618,709	1,785,254	-	-
	<u>8,008,123</u>	<u>8,145,531</u>	<u>4,215,390</u>	<u>4,215,390</u>

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6. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate is as follows:

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Shanghai Quasar Polymer Technology Co. Ltd.*	The People's Republic of China	25	25	Manufacturing and trading of cross linkable polyethylene compounds, polyethylene compounds and related products.

* Audited by a firm other than Crowe Horwath

The summarised audited financial information that is material to the Group is as follows :-

	2016 RM	2015 RM
<u>At 31 December</u>		
Non-current assets	994,730	1,162,158
Current assets	29,751,308	30,868,887
Current liabilities	(2,701,032)	(3,436,407)
Net assets	<u>28,045,006</u>	<u>28,594,638</u>
<u>Financial Year Ended 31 December</u>		
Revenue	36,170,030	48,722,341
Profit/(Loss) for the financial year	116,549	(899,452)
Total comprehensive (expenses)/income	<u>(549,632)</u>	<u>3,398,838</u>
Group's share of profit/(loss) for the financial year	29,137	(224,863)
Group's share of other comprehensive (expenses)/income	<u>(166,545)</u>	<u>1,074,573</u>
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets above	7,011,252	7,148,660
Goodwill	996,871	996,871
Carrying amount of the Group's interests in the associate	<u>8,008,123</u>	<u>8,145,531</u>

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7. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2016 RM	Additions RM	Adjustment RM	Depreciation Charge RM	At 31.12.2016 RM
THE GROUP 2016 Net book value					
Freehold land	700,000	-	-	-	700,000
Short-term leasehold land	1,683,416	-	-	(64,782)	1,618,634
Buildings	5,728,915	68,857	-	(209,058)	5,588,714
Plant and machinery	2,755,872	250,917	-	(987,444)	2,019,345
Furniture, fittings and office equipment	105,848	22,164	(23)	(40,160)	87,829
Renovation and electrical installation	212,981	13,895	-	(35,471)	191,405
	11,187,032	355,833	(23)	(1,336,915)	10,205,927

	At 1.1.2015 RM	Additions RM	Written Off RM	Depreciation Charge RM	At 31.12.2015 RM
THE GROUP 2015 Net book value					
Freehold land	700,000	-	-	-	700,000
Short-term leasehold land	1,748,199	-	-	(64,783)	1,683,416
Buildings	5,808,976	121,347	-	(201,408)	5,728,915
Plant and machinery	2,996,870	924,900	(8,193)	(1,157,705)	2,755,872
Furniture, fittings and office equipment	74,914	66,846	(5,270)	(30,642)	105,848
Renovation and electrical installation	158,024	70,198	-	(15,241)	212,981
	11,486,983	1,183,291	(13,463)	(1,469,779)	11,187,032

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2016	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
Freehold land	700,000	-	700,000
Short-term leasehold land	2,575,000	(956,366)	1,618,634
Buildings	8,218,152	(2,629,438)	5,588,714
Plant and machinery	26,055,977	(24,036,632)	2,019,345
Furniture, fittings and office equipment	470,471	(382,642)	87,829
Renovation and electrical installation	414,724	(223,319)	191,405
	<u>38,434,324</u>	<u>(28,228,397)</u>	<u>10,205,927</u>

The Group 2015	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
Freehold land	700,000	-	700,000
Short-term leasehold land	2,575,000	(891,584)	1,683,416
Buildings	8,149,295	(2,420,380)	5,728,915
Plant and machinery	25,880,060	(23,124,188)	2,755,872
Furniture, fittings and office equipment	448,330	(342,482)	105,848
Renovation and electrical installation	400,829	(187,848)	212,981
	<u>38,153,514</u>	<u>(26,966,482)</u>	<u>11,187,032</u>

The following property, plant and equipment at net book value pledged as securities for banking facilities granted to the Group as disclosed in Notes 20 and 21 to the financial statements:-

	THE GROUP	
	2016 RM	2015 RM
Freehold land	700,000	700,000
Short-term leasehold land	1,618,634	1,683,416
Buildings	5,588,714	5,728,915
	<u>7,907,348</u>	<u>8,112,331</u>

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8. GOODWILL

	THE GROUP	
	2016	2015
	RM	RM
At cost:-		
At 1 January/31 December	<u>1,792,432</u>	<u>1,792,432</u>

(a) The carrying amount of goodwill allocated to the cash-generating unit is as follows:-

	THE GROUP	
	2016	2015
	RM	RM
Resin compound for wires and cables	<u>1,792,432</u>	<u>1,792,432</u>

(b) The Group has assessed the recoverable amount of goodwill allocated and determined that no impairment is required. The recoverable amount of the cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows from the cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount is as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2016	2015	2016	2015	2016	2015
	%	%	%	%	%	%
Resin compound for wires and cables	<u>8.5</u>	<u>7.9-8.3</u>	<u>4.0</u>	<u>4.5</u>	<u>8.3</u>	<u>11.2</u>

- (i) Budgeted gross margin Average gross margin achieved in 2 financial years immediately before the forecast period.
- (ii) Growth rate Based on the estimated GDP growth for Malaysia forecast by World Bank.
- (iii) Discount rate (pre-tax) Reflects specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trend in the cash-generating unit and are based on both external sources and internal historical data.

(c) The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit carrying amount to be exceeded its recoverable amount.

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9. AMOUNT OWING BY RELATED COMPANIES

	THE COMPANY	
	2016 RM	2015 RM
<i>Non-current:-</i>		
<i>Quasi loans</i>		
Subsidiaries	-	2,270,000
<i>Non-trade related balances</i>		
Subsidiaries	2,198,406	2,473,674
	<u>2,198,406</u>	<u>4,743,674</u>
<i>Current:-</i>		
<i>Non-trade related balances</i>		
Subsidiaries	375,000	375,000
	<u>375,000</u>	<u>375,000</u>
	<u>2,573,406</u>	<u>5,118,674</u>

Quasi loans

Quasi loans represent payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any. During the financial year, quasi loans of RM2,270,000 had been capitalised by the subsidiaries by way of 2,270,000 shares of RM1.00 each issued to the Company.

Non-trade balances

The current and non-current portions are unsecured and bear interest rates ranging from 3.25% to 3.81% (2015: 3.25% and 3.81%) per annum.

Non-current portion represents amount not to be repayable within the next twelve months.

Current portion represents amount to be repayable on demand.

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10. INVENTORIES

	THE GROUP	
	2016 RM	2015 RM
Raw materials	6,504,143	6,501,260
Finished goods	3,611,641	3,966,425
	<u>10,115,784</u>	<u>10,467,685</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	52,695,421	51,656,224
Amount written down to net realisable value	467,758	88,040
Reversal of inventories previously written down	<u>(169,589)</u>	<u>(107,529)</u>

11. TRADE RECEIVABLES

	THE GROUP	
	2016 RM	2015 RM
Trade receivables	10,065,291	7,673,236
Less: Allowance for impairment losses	<u>(378,536)</u>	<u>(178,835)</u>
	<u>9,686,755</u>	<u>7,494,401</u>
Allowance for impairment losses on trade receivable:-		
At 1 January	178,835	178,835
Addition during the year	199,701	-
At 31 December	<u>378,536</u>	<u>178,835</u>

The Group's normal trade credit terms ranging from 30 to 60 days (2015: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	18,593	112,416	-	-
Deposits	282,135	18,750	-	-
Prepayments	50,567	59,065	-	-
Goods and services tax recoverable	158,118	141,534	1,405	1,763
	<u>509,413</u>	<u>331,765</u>	<u>1,405</u>	<u>1,763</u>

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13. AMOUNT OWING BY AN ASSOCIATE

	THE GROUP	
	2016	2015
	RM	RM
<i>Current:-</i>		
<i>Trade related balances</i>		
Associate	1,088,979	1,672,559

The Group's normal trade credit terms granted to the above related party is 60 days (2015: 60 days). The amount owing is to be settled in cash.

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of RM1,844,254 (2015: RM2,289,596) have been pledged with licensed banks as securities for banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

The effective interest rate of fixed deposits at the end of the reporting period is at 2.94% (2015: 2.93%) per annum. The fixed deposits have maturity periods ranging from 7 days to 365 days (2015: 7 days to 365 days).

15. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2016	2015	2016	2015
	Number of shares		RM	RM
ORDINARY SHARES OF RM0.10 EACH				
AUTHORISED	<u>250,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
ISSUED AND FULLY PAID- UP	<u>150,400,000</u>	<u>150,400,000</u>	<u>15,040,000</u>	<u>15,040,000</u>

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16. RESERVES

16.1 Share Premium

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

16.2 Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the Group's share of an associate's foreign currency translation differences.

16.3 Retained Profits

Under the single tier tax system, tax on the Company's profit is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

17. DEFERRED TAX LIABILITIES

	At 1.1.2016 RM	Recognised in Profit or Loss (Note 24) RM	At 31.12.2016 RM
The Group			
2016			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	1,037,000	(298,000)	739,000
<i>Deferred Tax Assets</i>			
Unutilised capital allowances	(41,000)	(30,000)	(71,000)
Unabsorbed business losses	(101,000)	4,000	(97,000)
Unutilised reinvestment allowances	(360,000)	27,000	(333,000)
	(502,000)	1,000	(501,000)
	535,000	(297,000)	238,000

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17. DEFERRED TAX LIABILITIES (CONT'D)

The Group 2015	At	Recognised in	At
	1.1.2015	Profit or Loss (Note 24)	31.12.2015
	RM	RM	RM
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	973,000	64,000	1,037,000
<i>Deferred Tax Assets</i>			
Unutilised capital allowances	(91,000)	50,000	(41,000)
Unabsorbed business losses	(101,000)	-	(101,000)
Unutilised reinvestment allowances	-	(360,000)	(360,000)
	(192,000)	(310,000)	(502,000)
	781,000	(246,000)	535,000

18. TRADE PAYABLES

The normal trade credit terms granted to the Group ranging from 30 to 60 days (2015: 30 to 60 days). Other credit terms are granted on a case-by-case basis.

19. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other payables	473,225	954,097	16,278	-
Accrued expenses	290,354	253,140	83,700	88,250
Payroll liabilities	160,981	144,962	-	-
	<u>924,560</u>	<u>1,352,199</u>	<u>99,978</u>	<u>88,250</u>

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20. BANKERS' ACCEPTANCE

Bankers' acceptance is drawn for a period of up to 150 days (2015: 150 days). Interest is charged at rates ranging from 3.15% to 5.32% (2015: 3.76% to 5.36%) per annum.

Bankers' acceptance is secured as follows:-

- (i) by legal charges over the Group's and a related party's landed properties;
- (ii) by a pledge of the fixed deposits of the Group; and
- (iii) by corporate guarantee from the Company.

21. BANK OVERDRAFTS

In the previous financial year, bank overdrafts of the Group bore floating interest rate of 8.10% per annum and are secured in the same manner as the bankers' acceptance as disclosed in Note 20 to the financial statements.

22. REVENUE

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	57,639,114	56,225,679	-	-
Management fees	-	-	120,000	120,000
	<u>57,639,114</u>	<u>56,225,679</u>	<u>120,000</u>	<u>120,000</u>

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23. PROFIT BEFORE TAX

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit before tax is arrived at after charging/(crediting):-				
Auditors' remuneration				
- audit fees	65,000	60,000	25,000	21,000
- non-audit fees	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment (Note 7)	1,336,915	1,469,779	-	-
Directors' remuneration (Note 27)	536,330	501,080	60,000	71,650
Equipment written off	-	13,463	-	-
Allowance for impairment losses on trade receivables	199,701	-	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- bankers' acceptance	512,727	410,389	-	-
- bank overdrafts	10,161	23,277	-	-
Loss on foreign exchange - realised	23,423	-	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	3,895,804	3,435,994	-	-
- defined contribution plan	380,052	320,470	-	-
Gain on disposal of plant and equipment	(10,000)	-	-	-
Gain on foreign exchange - realised	-	(865,586)	-	-
Interest income on financial assets not at fair value through profit or loss:				
- fixed deposits with licensed banks	(271,699)	(129,369)	-	-
- imputed interest income recognised under MFRS 139	-	-	(99,731)	(108,795)
- others	(321)	(537)	(117)	(185)

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24. TAX EXPENSE

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Income tax				
- Current year	558,400	678,000	3,400	2,000
- (Over)/Under provision in prior year	(7,626)	4,472	(118)	795
	<u>550,774</u>	<u>682,472</u>	<u>3,282</u>	<u>2,795</u>
Deferred taxation (Note 17)				
- Origination and recognition of temporary differences	(114,000)	(72,000)	-	-
- (Over)/Under provision in prior year	(183,000)	177,000	-	-
- Recognition of deferred tax assets previously not recognised	-	(351,000)	-	-
	<u>(297,000)</u>	<u>(246,000)</u>	<u>-</u>	<u>-</u>
	<u>253,774</u>	<u>436,472</u>	<u>3,282</u>	<u>2,795</u>

Subject to agreement with the tax authorities, at the end of the reporting period, the unutilised capital allowances, unutilised reinvestment allowances and unabsorbed business losses of the Group are as follows:

	THE GROUP	
	2016	2015
	RM	RM
Unutilised capital allowances	296,000	166,000
Unutilised reinvestment allowances	8,121,000	8,121,000
Unabsorbed tax losses	402,000	402,000
	<u>8,819,000</u>	<u>8,689,000</u>

The unabsorbed tax losses and unutilised capital allowances do not expire under current tax legislation. However, the availability of unabsorbed tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

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24. TAX EXPENSE (CONT'D)

Reconciliations of income tax expense applicable to the profit before tax at the statutory tax rate to income tax expense at the effective tax rates of the Group and of the Company are as follows:-

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	<u>1,411,025</u>	<u>1,982,087</u>	<u>1,068</u>	<u>8,799</u>
Malaysian tax at statutory rate	338,646	495,522	256	2,200
Tax effects of:-				
Effect of foreign tax rate in foreign jurisdiction	(6,993)	56,200	-	-
Non-deductible expenses	123,107	112,384	27,107	27,000
Non-taxable income	(52,360)	(58,106)	(23,963)	(27,200)
(Over)/Under provision of income tax in prior year	(7,626)	4,472	(118)	795
(Over)/Under provision of deferred tax in prior year	(183,000)	177,000	-	-
Recognition of deferred tax previously not recognised	-	(351,000)	-	-
Deferred tax asset not recognised during the financial year	42,000	-	-	-
	<u>253,774</u>	<u>436,472</u>	<u>3,282</u>	<u>2,795</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 – 25%) of the estimated assessable profit for the financial year.

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25. EARNINGS PER SHARE

	THE GROUP	
	2016	2015
Earnings attributable to owners of the Company (RM)	<u>1,157,251</u>	<u>1,545,615</u>
Weighted average number of ordinary shares	<u>150,400,000</u>	<u>150,400,000</u>
Basic earnings per share (sen)	<u>0.77</u>	<u>1.03</u>

No disclosure on diluted earnings per share as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

26. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Fixed deposits with licensed banks (Note 14)	7,587,254	10,986,096	-	-
Cash and bank balances	2,551,831	2,921,811	464,393	177,853
Bank overdrafts (Note 21)	-	(228,874)	-	-
	<u>10,139,085</u>	<u>13,679,033</u>	<u>464,393</u>	<u>177,853</u>
Less: Fixed deposits pledged to licensed banks	(1,844,254)	(2,289,596)	-	-
	<u>8,294,831</u>	<u>11,389,437</u>	<u>464,393</u>	<u>177,853</u>

As disclosed in Note 14 to the financial statements, fixed deposits of the Group totalling of RM1,844,254 (2015: RM2,289,596), that have been pledged to banks for banking facilities granted to certain subsidiaries are not available for general use by the Group other than to meet the obligations under the banking facilities.

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27. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and the Company include executive directors and non-executive directors of the Group and of the Company.

- (a) The key management personnel compensation during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors				
<u>Directors of the Company</u>				
Executive Directors:				
Short-term employee benefits				
- Salaries, bonuses and other benefits	432,440	390,440	3,000	3,000
- Defined contribution benefits	46,890	41,990	-	-
	<u>479,330</u>	<u>432,430</u>	<u>3,000</u>	<u>3,000</u>
Non-executive Directors:				
Short-term employee benefits				
- fee	53,700	63,250	53,700	63,250
- allowance	3,300	5,400	3,300	5,400
	<u>57,000</u>	<u>68,650</u>	<u>57,000</u>	<u>68,650</u>
Total directors' remuneration (Note 23)	<u>536,330</u>	<u>501,080</u>	<u>60,000</u>	<u>71,650</u>

- (b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	2016 Number of Directors	2015 Number of Directors	2016 Number of Directors	2015 Number of Directors
Executive Directors				
Below RM50,000	-	-	2	2
RM200,001 – RM250,000	1	2	-	-
RM250,001 – RM300,000	1	-	-	-
Non-executive Directors				
Below RM50,000	3	4	3	4
	<u>5</u>	<u>6</u>	<u>5</u>	<u>6</u>

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28. RELATED PARTY DISCLOSURES

(a) *Identities of Related Parties*

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

(b) *Significant Related Party Transactions and Balances*

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	THE GROUP	
	2016	2015
	RM	RM
<i>Associate</i>		
Sales of goods	2,004,235	2,369,913
<i>Companies in which certain directors have interests</i>		
Compounding charges paid/payable	11,698	21,933
Purchase of goods	1,038,724	2,526,516
Sales of goods	<u>752,830</u>	<u>2,596,671</u>
	THE COMPANY	
	2016	2015
	RM	RM
<i>Subsidiaries</i>		
Management fee received/receivable	120,000	120,000
Imputed interest income recognised under MFRS 139	<u>99,731</u>	<u>108,795</u>

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

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29. CONTINGENT LIABILITY

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	THE COMPANY	
	2016	2015
	RM	RM
Unsecured:		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>31,100,000</u>	<u>38,100,000</u>

30. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group's managing director in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into three main reportable segments as follows:-

- Resin compound for wires and cables – involved in business of manufacturing polyethylene compound for wire and cable insulation and jacketing.
- Resin compound for other industries – compounding of plastic master batches, polymer additives, plastic compounds and composites.
- Others – management services.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

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30. OPERATING SEGMENTS (CONT'D)

(a) BY BUSINESS SEGMENT:-

2016

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
SEGMENT REVENUE					
Revenue from external customers	45,911,674	11,727,440	-	-	57,639,114
Inter-segment revenue	713,991	4,761,951	120,000	(5,595,942)	-
Total revenue	46,625,665	16,489,391	120,000	(5,595,942)	57,639,114
SEGMENT RESULTS					
Segment results	2,130,011	(41,616)	(98,663)	-	1,989,732
Finance costs					(607,844)
Share of results in associate					29,137
Profit before tax					1,411,025
Tax expense					(253,774)
Profit after tax					1,157,251
Segment profit before interest and tax includes the followings:-					
Allowance for impairment losses on trade receivables	-	199,701	-	-	199,701
Depreciation of property, plant and equipment	792,994	543,921	-	-	1,336,915
Interest expense	376,796	364,145	-	(218,053)	522,888
Loss on foreign exchange	8,320	15,103	-	-	23,423
Interest income	(362,171)	(28,054)	(99,848)	218,053	(272,020)
Inventory written down to net realisable value	376,512	91,246	-	-	467,758
Reversal of inventories previously written down	(156,486)	(13,103)	-	-	(169,589)

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30. OPERATING SEGMENTS (CONT'D)

(a) BY BUSINESS SEGMENT (CONT'D):-

2016

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Segment assets	32,498,243	13,800,188	3,039,204	(5,799,260)	43,538,375
Investment in an associate					8,008,123
Current tax assets					87,836
Consolidated total assets					<u>51,634,334</u>
Additions to non- current assets other than financial instruments are:-					
Plant and equipment	<u>262,259</u>	<u>93,574</u>	-	-	<u>355,833</u>
Segment liabilities	14,618,616	7,674,355	99,978	(5,799,260)	16,593,689
Deferred tax liabilities					238,000
Consolidated total liabilities					<u>16,831,689</u>

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30. OPERATING SEGMENTS (CONT'D)

(a) BY BUSINESS SEGMENT (CONT'D):-

2015

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
SEGMENT REVENUE					
Revenue from external customers	40,582,443	15,643,236	-	-	56,225,679
Inter-segment revenue	3,320,305	3,640,406	120,000	(7,080,711)	-
Total revenue	<u>43,902,748</u>	<u>19,283,642</u>	<u>120,000</u>	<u>(7,080,711)</u>	<u>56,225,679</u>
SEGMENT RESULTS					
Segment results	2,443,730	405,149	(99,996)	-	2,748,883
Finance costs					(541,933)
Share of results in associate					(224,863)
Profit before tax					<u>1,982,087</u>
Tax expense					(436,472)
Profit after tax					<u>1,545,615</u>
Segment profit before interest and tax includes the followings:-					
Depreciation of property, plant and equipment	868,875	600,904	-	-	1,469,779
Interest expense	301,305	364,311	-	(231,950)	433,666
Gain on foreign exchange	(340,164)	(525,422)	-	-	(865,586)
Interest income	(230,504)	(22,372)	(108,980)	231,950	(129,906)
Inventory written down to net realisable value	86,769	1,271	-	-	88,040
Reversal of inventories previously written down	(54,281)	(53,248)	-	-	(107,529)

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30. OPERATING SEGMENTS (CONT'D)

(a) BY BUSINESS SEGMENT (CONT'D):-

2015

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Segment assets	33,372,106	16,568,300	3,028,290	(6,114,915)	46,853,781
Investment in an associate					8,145,531
Consolidated total assets					<u>54,999,312</u>
Additions to non- current assets other than financial instruments are:-					
Plant and equipment	224,490	958,801	-	-	1,183,291
Segment liabilities	16,540,338	10,066,800	88,250	(6,114,915)	20,580,473
Current tax liabilities					71,900
Deferred tax liabilities					535,000
Consolidated total liabilities					<u>21,187,373</u>

The Group's assets are located in Malaysia and the cost of acquisition of property, plant and equipment arose from Malaysia.

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30. OPERATING SEGMENTS (CONT'D)

(b) GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located:-

	2016	2015
	RM	RM
SALES REVENUE		
Malaysia	46,352,269	43,468,540
Other ASEAN countries	7,279,070	6,095,314
Other Asian countries	2,066,135	2,819,131
Europe	1,632,347	3,442,560
Others	309,293	400,134
	<u>57,639,114</u>	<u>56,225,679</u>

(c) MAJOR CUSTOMERS

The following are major customers with revenue equals to or more than 10% of the Group's total revenue:-

	2016	2015	Segment
	RM'000	RM'000	
Customer #1	13,603	10,736	Resin Compound for wires, cables, and other industries
Customer #2	7,324	6,512	Resin Compound for wires and cables
Customer #3	6,134	-	Resin Compound for wires and cables

31. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Euro Dollar ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

THE GROUP 2016	USD RM	EUR RM	OTHERS RM
Financial assets			
Trade receivables	88,455	208,061	211,402
Amount owing by an associate	1,088,979	-	-
Cash and bank balances	218,670	99,906	4,734
	<u>1,396,104</u>	<u>307,967</u>	<u>216,136</u>
Financial liabilities			
Trade payables	(525,408)	-	-
Bankers' acceptance	(1,936,567)	-	-
	<u>(2,461,975)</u>	<u>-</u>	<u>-</u>
Net currency exposure	<u>(1,065,871)</u>	<u>307,967</u>	<u>216,136</u>

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

THE GROUP 2015	USD RM	EUR RM	OTHERS RM
Financial assets			
Trade receivables	323,439	221,825	112,209
Amount owing by an associate	1,672,559	-	-
Cash and bank balances	479,563	87,395	39,629
Fixed deposits with licensed banks	643,500	-	-
	<u>3,119,061</u>	<u>309,220</u>	<u>151,838</u>
Financial liabilities			
Trade payables	(1,245,658)	-	(21,764)
Bankers' acceptance	(3,319,607)	-	-
	<u>(4,565,265)</u>	<u>-</u>	<u>(21,764)</u>
Net currency exposure	<u>(1,446,204)</u>	<u>309,220</u>	<u>130,074</u>

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	2016 RM	2015 RM
Effects on profit after tax		
USD/RM - strengthened by 4% (2015 : 23%)	(32,402)	(249,470)
- weakened by 4% (2015 : 23%)	32,402	249,470
EUR/RM - strengthened by 1% (2015 : 10%)	2,341	23,192
- weakened by 1% (2015 : 10%)	<u>(2,341)</u>	<u>(23,192)</u>

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from short-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial liabilities at the end of the reporting period is disclosed in Notes 20 and 21 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	2016 RM	2015 RM
Effects on profit after tax		
Increase of 25 basis points (2015: 25 basis points)	(23,176)	(17,313)
Decrease of 25 basis points (2015: 25 basis points)	23,176	17,313

(iii) Equity Price Risk

The Group does not have any quoted investment and hence is not exposed to equity price risk.

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by transacting with the established obliged multinational companies. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 to 60 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to all subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by four (4) (2015: 3) significant customers which constituted approximately 66% (2015: 57%) of its trade receivables (including related parties) as at the end of the reporting period.

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Credit Risk Concentration Profile (Cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	THE GROUP	
	2016 RM	2015 RM
Malaysia	9,178,836	6,836,928
China	1,088,979	1,672,559
Europe	191,058	236,294
Others	316,861	421,179
	<u>10,775,734</u>	<u>9,166,960</u>

Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis

The ageing analysis of trade receivables (including amount owing by related parties) is as follows:-

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2016			
Not past due	6,429,064	-	6,429,064
Past due:-			
- less than 3 months	3,667,413	-	3,667,413
- 3 to 6 months	678,727	-	678,727
- over 6 months	200,231	(199,701)	530
- more than 1 year	178,835	(178,835)	-
	<u>11,154,270</u>	<u>(378,536)</u>	<u>10,775,734</u>
2015			
Not past due	6,291,597	-	6,291,597
Past due:-			
- less than 3 months	2,037,347	-	2,037,347
- 3 to 6 months	838,016	-	838,016
- more than 1 year	178,835	(178,835)	-
	<u>9,345,795</u>	<u>(178,835)</u>	<u>9,166,960</u>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
THE GROUP				
2016				
Trade payables	-	4,663,710	4,663,710	4,663,710
Other payables and accruals	-	924,560	924,560	924,560
Bankers' acceptance	3.15-5.32	11,005,419	11,005,419	11,005,419
			<hr/>	
			16,593,689	16,593,689

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

THE GROUP	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2015				
Trade payables	-	4,852,389	4,852,389	4,852,389
Other payables and accruals	-	1,352,199	1,352,199	1,352,199
Bank overdrafts	8.10	228,874	228,874	228,874
Bankers' acceptance	3.76-5.36	14,147,011	14,147,011	14,147,011
		<u>20,580,473</u>	<u>20,580,473</u>	<u>20,580,473</u>

THE COMPANY	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2016				
Other payables and accruals	-	99,978	99,978	99,978
2015				
Other payables and accruals	-	88,250	88,250	88,250

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2016 RM	2015 RM
Bankers' acceptance (Note 20)	11,005,419	14,147,011
Bank overdrafts (Note 21)	-	228,874
	<hr/>	<hr/>
	11,005,419	14,375,885
Less: Fixed deposits with licensed banks (Note 14)	(7,587,254)	(10,986,096)
Less: Cash and bank balances	(2,551,831)	(2,921,811)
	<hr/>	<hr/>
Net debt	866,334	467,978
	<hr/>	<hr/>
Total equity	34,802,645	33,811,939
	<hr/>	<hr/>
Debt-to-equity ratio	0.02	0.01
	<hr/>	<hr/>

There was no change in the Group's approach to capital management during the financial year.

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.3 Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
<u>Loans and Receivables</u>				
<u>Financial Assets</u>				
Amount owing by related companies (Note 9)	-	-	2,573,406	5,118,674
Trade receivables (Note 11)	9,686,755	7,494,401	-	-
Other receivables and deposits (Note 12)	300,728	131,166	-	-
Amount owing by an associate (Note 13)	1,088,979	1,672,559	-	-
Cash and bank balances	2,551,831	2,921,811	464,393	177,853
	<u>13,628,293</u>	<u>12,219,937</u>	<u>3,037,799</u>	<u>5,296,527</u>
<u>Held-to-maturity Financial Asset</u>				
Fixed deposits with licensed banks (Note 14)	7,587,254	10,986,096	-	-
	<u>7,587,254</u>	<u>10,986,096</u>	<u>-</u>	<u>-</u>
Financial liabilities				
<u>Other Financial Liabilities</u>				
Trade payables (Note 18)	4,663,710	4,852,389	-	-
Other payables and accruals (Note 19)	924,560	1,352,199	99,978	88,250
Bankers' acceptance (Note 20)	11,005,419	14,147,011	-	-
Bank overdrafts (Note 21)	-	228,874	-	-
	<u>16,593,689</u>	<u>20,580,473</u>	<u>99,978</u>	<u>88,250</u>

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 Fair Values Measurements

At the end of the reporting period, the fair value of the financial assets and financial liabilities maturity within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

As the Group does not have any financial instruments carried at fair value. The following table sets out only the fair value profile of the financial instruments that are not carried at fair value at the end of the reporting period:-

Company	Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1	Level 2	Level 3		
	RM	RM	RM		
2016					
<u>Financial Asset</u> Amount owing by related companies	-	-	2,891,908	2,891,908	2,573,406
2015					
<u>Financial Asset</u> Amount owing by related companies	-	-	5,509,369	5,509,369	5,118,674

Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using cash flow projections discounted at rates ranging from 3.25% to 3.81% (2015 – 3.25% to 3.81%).

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32. MATERIAL LITIGATION

Pursuant to a Writ and Statement of Claim dated 3 August 2016, the Company's wholly owned subsidiary, Plascable Polymer Sdn Bhd ("PPSB") had initiated legal proceedings against its trade debtor - Power Cables Malaysia Sdn Bhd ("PCM") in relation to unpaid invoices in the amount of RM199,700.92 (together with interest thereon) in regard to PPSB's supply of goods to PCM. The unpaid invoices were issued pursuant to PCM's purchase orders and PPSB's delivery orders.

However, PCM responded to the legal suit by denying PPSB's claim and further initiated a counter-claim against PPSB pursuant to their Defence and Counter-Claim dated 13 September 2016 in the amount of RM8,269,816 together with interest at 5% per annum for amongst others:-

- i) voltage failures caused by the goods supplied by PPSB to PCM;
- ii) loss of sales of the end product of the goods supplied by PPSB to PCM; and
- iii) losses due to the cancellation of retention of funds with PCM's vendors.

Having considered the facts, documentary evidence and advice from PPSB's external legal advisors, the Company is of the view that PPSB has a complete defence against PCM's alleged counter claim and will defend the counter-claim by PCM and pursue recovery of the debt due from PCM vigorously.

33. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM	As Previously Reported RM
Statement of Cash Flows (Extract):-		
<u>Changes in working capital</u>		
Decrease in amount owing by an associate	1,272,088	-
Decrease in amount owing (to)/by a related party	(745,909)	526,179
<u>Cash flows from/(for) investing activities</u>		
Placement of fixed deposits pledged	(69,627)	-
Cash and cash equivalents at beginning of the financial year	2,943,155	5,163,124
Cash and cash equivalents at end of the financial year	11,389,437	13,679,033

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34. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits/(accumulated losses):				
- realised	14,246,544	13,248,885	(1,942,076)	(1,939,862)
- unrealised	(238,000)	(535,000)	-	-
	<u>14,008,544</u>	<u>12,713,885</u>	<u>(1,942,076)</u>	<u>(1,939,862)</u>
Total share of retained profits of associate:				
- realised	2,174,024	2,144,887	-	-
- unrealised	1,618,709	1,785,254	-	-
	<u>17,801,277</u>	<u>16,644,026</u>	<u>(1,942,076)</u>	<u>(1,939,862)</u>
Less: Consolidation adjustments	(5,739,794)	(5,739,794)	-	-
	<u>12,061,483</u>	<u>10,904,232</u>	<u>(1,942,076)</u>	<u>(1,939,862)</u>
At 31 December	<u>12,061,483</u>	<u>10,904,232</u>	<u>(1,942,076)</u>	<u>(1,939,862)</u>

