

12. FINANCIAL INFORMATION

12.1 Historical Financial Information

The table below has been extracted from the Accountants' Report in Section 13 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

A summary of the audited proforma consolidated financial results of PTB after incorporating certain reclassifications to conform with the latest period of accounts presentation in accordance with the MASB for the five (5) years ended 31 December 2002 and the six (6) months period ended 30 June 2003, prepared based on the assumption that the current structure of the Group has been in existence throughout the years/ period under review, is as follows:

	Financial year ended 31 December					Six (6) months period ended
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	30 June 2003 RM'000
Turnover	4,749	9,050	10,420	16,612	24,488	14,928
Consolidated profit before depreciation, interest and taxation	315	1,104	1,479	2,103	4,429	3,031
Depreciation	(81)	(97)	(220)	(304)	(781)	(504)
Interest expense	(6)	(11)	(48)	(134)	(539)	(421)
Amortisation of goodwill	(95)	(95)	(95)	(95)	(95)	(48)
Consolidated PBT	133	901	1,116	1,570	3,014	2,058
Taxation	*	(45)	(158)	(94)	(720)	(263)
Consolidated PAT	133	856	958	1,476	2,294	1,795
Number of PTB Shares assumed in issue ('000)**	97,500	97,500	97,500	97,500	97,500	97,500
Gross EPS (sen)	0.14	0.92	1.14	1.61	3.09	4.22***
Net EPS (sen)	0.14	0.88	0.98	1.51	2.35	3.68***
Gross dividend rate (%)	-	-	-	-	150	-

* Amount less than RM1,000

** The number of PTB Shares assumed in issue throughout the financial years/ period under review is the number of PTB Shares in issue after the Acquisitions i.e. 97,500,000 PTB Shares but before Public Issue

*** Annualised

Notes:

- The proforma consolidated results for the five (5) financial years ended 31 December 2002 and the six (6) months period ended 30 June 2003 are prepared on the basis that the proforma Group had been effective throughout the periods under review. The proforma consolidated results for these financial years/ period have been prepared based on the adjusted audited financial statement for all its subsidiaries. The proforma consolidated results have been prepared based on accounting policies consistent with those previously adopted in the preparation of the adjusted audited financial statements of the individual subsidiaries.
- The turnover for the relevant financial years/ period under review has been increasing consistently mainly due to PPSB gradually shifting its production focus from plastic waste recycling to the compounding of plastic resin for the wire and cable industry in 1997 which have better market opportunity and demand.

For the financial year ended 31 December 1998, the Group achieved a turnover growth rate of 115% mainly due to higher selling price of resin compounds for the wire and cable industry and its ability to secure new customers.

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Turnover increased further by 91% and 15% for the financial years ended 31 December 1999 and 2000 respectively mainly because PPSB managed to gain confidence from its existing customers on the quality of its products as well as its continuous efforts to introduce and market its products to other potential customers.

For the financial year ended 31 December 2001, the Group achieved a growth rate of 59% as the Group expanded its customer base, had greater market penetration and the increase in demand for power and communication cables resulting from the increased spending by the Government on related infrastructure projects.

Turnover for the financial year ended 31 December 2002 increased by 47% principally due to the Group commencing export during the year, sales of which contributed 14% of total sales for the year. The higher growth is also due to the introduction of new intermediate products and more variants of the existing products in addition to the improvement in the resin compounds industry.

Based on the turnover for the six (6) months financial period ended 30 June 2003 of approximately RM14.9 million, the extrapolated twelve (12) months turnover of approximately RM29.9 million is about 22% above that in 2002. This is mainly attributed to the increase in demand for the PTB Group's products as a result of more aggressive marketing efforts of the Group.

3. For the financial years ended 31 December 1998 and 1999, the consolidated PBT increased mainly due to improved gross profit margin as the compounding of plastic resin yielded better turnover and profit margin to PPSB. Operating expenses per RM of sales also remained relatively fixed as the Group has excess production capacity.

Consolidated PBT increased by 22% for the financial year ended 31 December 2000 and 37% for the financial year ended 31 December 2001 mainly due to higher gross profit margin as the PTB Group was able to command a higher profit margin by selling directly to its customers and not through its marketing agents.

For the financial year ended 31 December 2002, the consolidated PBT increased by approximately 87% in line with the increase in gross profit margin as the PTB Group is able to command a better margin on its products as well as lower operating costs.

With the increase in turnover of the PTB Group for the six (6) months period ended 30 June 2003, the extrapolated twelve (12) months figure for the consolidated PBT for the financial year ending 31 December 2003 of approximately RM4.2 million is approximately 36% above that in 2002. This is mainly due to the better profit margin that the PTB Group can command for its products and the Group's efforts to reduce its operating expenses.

4. The effective tax rate for the financial years ended 31 December 1998 is lower than the statutory tax rate mainly due to utilisation of reinvestment allowances.

The effective tax rate for the financial year ended 31 December 1999 is lower than the statutory tax rate due to taxable income for the year being waived in accordance with the provisions of the Income Tax (Amendment) Act 1999.

The effective tax rate for the financial year ended 31 December 2000 until 31 December 2001 is lower than the statutory tax rate mainly due to the utilisation of reinvestment allowance tax incentive to reduce the chargeable income of the Group.

The effective tax rate for the financial year ended 31 December 2002 and for the six (6) months period ended 30 June 2003 is lower than the statutory tax rate mainly due to the utilisation of reinvestment allowance and pioneer status tax incentives to reduce the chargeable income of the Group.

5. There were no exceptional or extraordinary items in respect of the relevant financial years/ period under review.

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6. The amortisation of goodwill is calculated based on the goodwill arising from consolidation as per the proforma consolidated balance sheets as at 30 June 2003. The amortisation charge is based on a policy of amortisation of goodwill over twenty (20) years and this charge is assumed to be applicable retrospectively to the financial years/ period under review.
7. The proforma net EPS is computed based on the consolidated PAT and the number of shares assumed to be in issue of 97,500,000 PTB Shares prior to the Public Issue.
8. All significant intra-group transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

12.2 Segmental Analysis of Proforma Turnover and Profits

12.2.1 Analysis of Turnover by Companies

Company	Audited Financial year ended 31 December					6 months period ended 30 June 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
PTB	-	-	-	-	-	-
PPSB	4,749	9,050	10,420	16,612	22,498	7,667
MHT	-	-	-	-	10,380	9,877
Sub total	4,749	9,050	10,420	16,612	32,878	17,544
Less: Consolidation adjustments	-	-	-	-	(8,390)	(2,616)
Proforma consolidated turnover	4,749	9,050	10,420	16,612	24,488	14,928

12.2.2 Analysis of PAT by Companies

Company	Audited Financial year ended 31 December					6 months period ended 30 June 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
PTB*	(95)	(95)	(95)	(95)	(99)	(51)
PPSB	228	951	1,053	1,641	1,362	548
MHT	-	-	-	(70)	1,031	1,298
Sub total	133	856	958	1,476	2,294	1,795
Less: Consolidation adjustments	-	-	-	-	-	-
Proforma consolidated PAT before Extraordinary Items	133	856	958	1,476	2,294	1,795
Extraordinary items	-	-	-	-	-	-
Proforma consolidated PAT after Extraordinary Items	133	856	958	1,476	2,294	1,795

Note:

- * This amount is due to the amortisation of goodwill calculated based on the goodwill arising from consolidation as per the proforma consolidated balance sheets as at 30 June 2003. The amortisation charge is based on a policy of amortisation of goodwill over twenty (20) years and this charge is assumed to be applicable retrospectively to the financial years/ period under review.

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12.3 Directors' Declaration on Financial Performance

Save as disclosed in this Prospectus, the Directors of PTB are of the view that the financial performance, position and operations of the Group are not affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that the Company and/or its subsidiaries reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) Material capital expenditure commitments;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

12.4 Working Capital, Borrowings, Material Litigations Capital Commitments and Contingent Liabilities

12.4.1 Working Capital

The Directors of PTB are of the opinion that, barring unforeseen circumstances and after taking into account of the Group's cashflow position, banking facilities available and the allocation of RM2.45 million for working capital from the proceeds raised pursuant to the Public Issue, the working capital available to the Group will be sufficient for a period of twelve (12) months from the date of the issue of the Prospectus.

12.4.2 Borrowings

As at 12 December 2003 (being the latest practicable date of which such an amount could be calculated prior to the printing of this Prospectus), the total bank borrowings of the Group amounted to approximately RM12.1 million. These borrowings are interest-bearing and comprise the following:

	Amount outstanding as at 12 December 2003		Total RM'000
	Repayable within twelve (12) months RM '000	Repayable after twelve (12) months RM'000	
Term Loan	567	4,803	5,370
Bank Overdraft	697	-	697
Trade Line	5,965	-	5,965
Hire Purchase	39	-	39
Total	7,268	4,803	12,071

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12.4.3 Material Litigations

As at 12 December 2003 (being the latest practicable date prior to the printing of this Prospectus), neither the Company nor its subsidiaries are engaged in any litigation, claims and arbitration either as plaintiff or defendant, which has a material effect on the business or financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Group.

12.4.4 Capital Commitments

As at 12 December 2003 (being the latest practicable date prior to the printing of this Prospectus), the Directors of PTB are not aware of any capital commitment contracted or known to be contracted by the Company or its subsidiaries, which upon becoming enforceable, may have a material impact on the financial performance, position and operations of the Group.

12.4.5 Contingent Liabilities

As at 12 December 2003 (being the latest practicable date prior to the printing of this Prospectus), the PTB Group does not have any material contingent liabilities, which upon materialisation, would have a material impact on the financial performance, position and operations of the Group.

12.5 Future Financial Information

Due to the uncertain nature and inherent risks in the business of the Group, no future financials are included in this Prospectus. Please refer to Section 4 – Risk Factors for further details.

12.6 Dividend Forecast and Policy

The Board is of the view that all PTB's shareholders should be given the chance to participate in the profits of the Company while maintaining adequate reserves for its future growth.

Barring any unforeseen circumstances and the Group having sufficient cashflows, the Board intends and expects to declare a proposed future tax-exempt dividend of 0.5 sen per PTB Share or 5% per annum commencing financial year ending 31 December 2004 onwards based on the enlarged issued and paid-up share capital of 130,000,000 PTB Shares. The declaration of tax-exempt dividends is however subject to the availability of tax credits under Section 108 of the Income Tax Act, 1967 and the tax-exempt credits to frank the payments of such dividends.

Based on the Public Issue Price, the gross and net dividend yield for PTB's Share is 1.67%.

However, it should be noted that the proposed future dividends will be waived if the Group is in a loss position for the relevant financial year/ period or the Group has insufficient cashflows to meet any dividend payment. Also, the Board has the full discretion not to propose any future dividend payment as and when deemed necessary, if it is in the best interest of the Group.

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12.7 Proforma Consolidated Balance Sheets (Prepared for inclusion in this Prospectus)

HORWARTH WONG & CO (AF 1130)
Chartered Accountants

**STAMPED FOR IDENTIFICATION
PURPOSES**

PLASTRADE TECHNOLOGY BERHAD PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2003

The Proforma Consolidated Balance Sheets of the Proforma Group as set out below are provided for illustrative purposes only to show the effects on the financial statements of Plastrade Technology Berhad ("PTB") as at 30 June 2003 had the Acquisition of MHT and Acquisition of PPSB and the Public Issue been completed on that date.

	Audited As at 30 June 2003 RM'000	(I) After Acquisition of MHT RM'000	(II) After I and Acquisition of PPSB RM'000	(III) After II and Public Issue RM'000
ASSETS				
Property, plant and equipment	-	5,409	16,281	16,281
Goodwill on consolidation	-	2,892	1,893	1,893
	-	8,301	18,174	18,174
CURRENT ASSETS				
Inventories	-	3,263	4,966	4,966
Trade receivables	-	3,362	3,855	3,855
Other receivables, deposit and prepayments	#	192	608	608
Fixed deposits with licensed banks	-	-	674	674
Cash and bank balances	*	29	293	3,743
	#	6,846	10,396	13,846
LESS: CURRENT LIABILITIES				
Trade payables	-	4,956	5,620	5,620
Other payables and accruals	7	277	752	752
Amount owing to related company	-	1,115	-	-
Hire purchase payable	-	13	60	60
Bank borrowings – secured	-	1,473	6,415	** 1,515
Taxation	-	96	165	165
	7	7,930	13,012	8,112
NET CURRENT (LIABILITIES)/ASSETS	(7)	(1,084)	(2,616)	5,734
	(7)	7,217	15,558	23,908
FINANCED BY :-				
Share capital	*	6,151	9,750	13,000
Share premium	-	-	-	*** 5,100
Retained profits	(7)	(7)	(7)	(7)
SHAREHOLDERS' EQUITY	(7)	6,144	9,743	18,093
LONG TERM AND DEFERRED LIABILITIES				
Hire purchase payable	-	-	13	13
Bank borrowings – secured	-	797	5,052	5,052
Deferred taxation	-	276	750	750
	-	1,073	5,815	5,815
	(7)	7,217	15,558	23,908
NTA per share (sen)	(35,000)	5	8	13

* Represents RM2.00

** Net of repayment of trade facilities of RM4.9 million

*** Net of estimated listing expenses of RM1.4 million

Amount less than RM1,000

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HORWARTH WONG & CO (AF 1130)
Chartered Accountants

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NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS**1. BASIS OF PREPARATION**

The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes based on accounting principles and bases consistent with those normally adopted in the preparation of the audited financial statements of PTB and its subsidiaries.

2. PROFORMA CONSOLIDATED BALANCE SHEETS

The Proforma Consolidated Balance Sheets are prepared based on the audited financial statements of PTB as at 30 June 2003 and on the assumption that the following transactions have been effected on that date:

Proforma I

Acquisition of 100% equity interest in MHT at a consideration of RM6,150,914 satisfied by the issuing of 61,509,140 new ordinary shares of RM0.10 each at par value.

Proforma II

Proforma II is after incorporating Proforma I and the acquisition of 100% equity interest in PPSB at a consideration of RM3,599,084 satisfied by the issuing of 35,990,840 new ordinary shares of RM0.10 each at par value.

Proforma III

Proforma III is after incorporating Proforma II and the increase in the Company's issued and fully paid-up share capital of RM3,250,000 as a result of the Public Issue of 32,500,000 new ordinary shares of RM0.10 each at an issue price of RM0.30 per share.

The proceeds from the Public Issue are to be utilised as follows:

	RM'000
Research and development	1,000
Working capital	2,450
Estimated listing expenses	1,400
Repayment of trade facilities	4,900
 Total	 9,750

Included in Proforma III are estimated listing expenses of approximately RM1,400,000 which are deducted from the share premium account.

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HORWARTH WONG & CO (AF 1130)
Chartered Accountants

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3. SHARE CAPITAL

	Par value	No. of shares	RM
As at 30 June 2003 in PTB	RM0.10	20	2
Issued pursuant to the Acquisition of MHT	RM0.10	61,509,140	6,150,914
As shown in Proforma I	RM0.10	61,509,160	6,150,916
Issued pursuant to the Acquisition of PPSB	RM0.10	35,990,840	3,599,084
As Shown in Proforma II	RM0.10	97,500,000	9,750,000
Issued pursuant to the Public Issue	RM0.10	32,500,000	3,250,000
As Shown in Proforma III	RM0.10	<u>130,000,000</u>	<u>13,000,000</u>

4. SHARE PREMIUM

	RM'000
Share premium arising from the Acquisitions	-
Share premium arising from the Public Issue	6,500
Estimated listing expenses	<u>(1,400)</u>
As Shown in Proforma III	<u>5,100</u>

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12.8 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets (Prepared for inclusion in this Prospectus)



16 DEC 2003

The Board of Directors
Plastrade Technology Berhad
Suite 13-01, 13th Floor, City Plaza
Jalan Tebrau
80300 Johor Bahru.
Johor.

Horwath Wong & Co.

Chartered Accountants (AF No 1130)

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horwathjb@horwathjb.com.my

Dear Sirs,

PLASTRADE TECHNOLOGY BERHAD PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2003

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Plastrade Technology Berhad (PTB) and its subsidiaries namely, Plascable Polymer Sdn Bhd and MHT Manufacturing Sdn Bhd (PTB Group) as at 30 June 2003, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in PTB's Prospectus dated ~~23 DEC 2003~~ in connection with the following exercises:

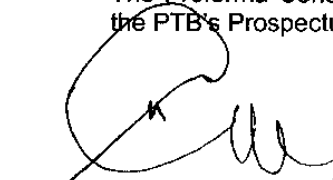
- a) Public issue of 32,500,000 new ordinary shares of RM0.10 each in PTB at an issue price of RM0.30 per ordinary share; and
- b) Listing of and quotation for the entire enlarged, issued and fully paid-up share capital of PTB, comprising 130,000,000 ordinary shares of RM0.10 each on the Malaysian Exchange of Securities Dealing and Automated Quotation ("MESDAQ") Market of the Kuala Lumpur Stock Exchange.

The Proforma Consolidated Balance Sheets of PTB Group as at 30 June 2003 have been properly compiled on a basis stated in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued and adopted by the Malaysian Accounting Standards Board.


In our opinion:-

- i) The Proforma Consolidated Balance Sheets of PTB Group as at 30 June 2003 have been properly compiled on a basis stated above;
- ii) Such basis is consistent with the accounting policies normally adopted by PTB Group; and
- iii) The adjustments are appropriate for the purposes of preparing the proforma consolidated balance sheets.

The Proforma Consolidated Balance Sheets are presented in a form suitable for inclusion in the PTB's Prospectus dated ~~23 DEC 2003~~.



HORWATH WONG & Co.
Firm No.: AF 1130
Chartered Accountants



WONG TAK KEONG
Approval No: 1966/7/05 (J)
Partner of Firm

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang • Prai • Sungai Petani