

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PLAINTREE SYSTEMS INC.

For the three months ended June 30, 2012 and 2011

Date – August 23, 2012

The following discussion and analysis is the responsibility of management and has been reviewed by the Audit Committee of Plaintiff Systems Inc (“Plaintree” or the “Company”) and approved by the Board of Directors of Plaintiff. The Board of Directors carries out its responsibilities for the financial statements and management’s discussion and analysis principally through the Audit Committee, which is comprised exclusively of independent directors.

The following discussion of the financial condition, changes in financial condition and results of operations of Plaintiff is for the three months ended June 30, 2012 and 2011 should be read in conjunction with the unaudited interim Consolidated Financial Statements and Notes for the three months ended June 30, 2011 (“the interim Consolidated Statements”) as well as Management’s Discussion and Analysis, of results of Plaintiff for the year ended March 31, 2012 (“Fiscal 2012 Statements”). Historical results of operations, percentage relationships and any trends that may be inferred there from are not necessarily indicative of the operating results of any future periods. Unless otherwise stated all amounts are in Canadian dollars following the requirements of the International Financial Reporting Standard 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). The information contained herein is dated as of August 23, 2012 and is current to that date, unless otherwise stated. Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in the interim filings. Our Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company, and have reviewed this MD&A and the accompanying financial statements.

W. David Watson II, President and Chief Executive Officer, and Lynn E. Saunders, Chief Financial Officer, in accordance with National Instrument 52-109 (“NI52-109”), have both certified that they have reviewed the interim financial report and this MD&A (“the interim Filings”) and that, based on their knowledge having exercised reasonable diligence, (a) the interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the interim filings; and (b) the interim financial statements together with the other financial information included in the interim Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the dates and for the periods presented in the interim Filings.

Investors should be aware that the inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis Disclosure Controls and Procedures and Internal Controls over Financial Reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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Caution Regarding Forward Looking Information

This MD&A of the Company contains certain statements that, to the extent not based on historical events, are forward-looking statements based on certain assumptions and reflect Plaintiff's current expectations. Forward-looking statements include, without limitation, statements evaluating market and general economic conditions, and statements regarding growth strategy and future-oriented project revenue, costs and expenditures. Actual results could differ materially from those projected and should not be relied upon as a prediction of future events. A variety of inherent risks, uncertainties and factors, many of which are beyond Plaintiff's control, affect the operations, performance and results of Plaintiff and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. Some of these risks, uncertainties and factors include the impact or unanticipated impact of: companies evaluating Plaintiff's products delaying purchase decisions; current, pending and proposed legislative or regulatory developments in the jurisdictions where Plaintiff operates; change in tax laws; political conditions and developments; intensifying competition from established competitors and new entrants in the industry; technological change; currency value fluctuation; general economic conditions worldwide, including in China; Plaintiff's success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels. This list is not exhaustive of the factors that may affect any of Plaintiff's forward-looking statements. Plaintiff undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise. Readers are cautioned not to put undue reliance on forward-looking statements. Readers should also carefully review the risks concerning the business of the Company and the industries in which it operates generally described in the documents filed from time to time with Canadian securities regulatory authorities.

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Overview

Plaintree Systems Inc ("Plaintree" or "the Company") was incorporated in Canada pursuant to the Canada Business Corporation Act. The Company operates through two divisions: Electronics and Specialty Structures. The Electronics division consists of the Hypernetics business, the free space optics business and the newly acquired business of Summit Aerospace USA Inc and the Specialty Structures division consists of the Triodetic business and Arnprior Fire Trucks Corp. Plaintree was historically a designer and manufacturer of wireless connections transmitting data on beams of light versus conventional radio frequency, commonly referred to as free space optics ("FSO"). The Hypernetics business manufactures avionic components for various applications including aircraft antiskid braking, aircraft instrument indicators, solenoids and permanent magnet alternators. The Triodetic business is a design/build manufacturer of steel, aluminum and stainless steel specialty structures such as commercial domes, free form structures, barrel vaults, space frames and industrial dome coverings. Arnprior Fire Trucks Corp. involves the custom build of high-end fire trucks and emergency vehicles to be sold to municipalities. Summit Aerospace USA Inc, a wholly owned US subsidiary of Plaintree provides precision machining for jet engine components, up to 36 inches in diameter and holding tolerances of 1/1000, to the aerospace and defense markets.

Recent Developments

On March 28, 2012, the Company sold one of its two manufacturing buildings held for sale as it was no longer required after the Company moved to larger facilities in late fiscal 2011. The building was sold for \$470,000 and Plaintree assumed a vendor take-back first mortgage of \$446,509 for a three year term, with interest at prime plus 2% per annum. The second of the two buildings remains available for sale.

On February 7, 2012 the Company announced the completion of its acquisition of the business and assets of Summit Tool Corp. ("Summit Tool") of Pocono Summit, Pennsylvania. Summit Tool has been operating as a value added manufacturer of aerospace engine components for 30 years. The purchase price for the acquisition was US\$ 3 million, subject to reduction if certain milestones are not met. The Company directly and through its wholly-owned subsidiary Summit Aerospace USA Inc. ("Summit Aerospace"), acquired all of the assets of Summit Tool which consisted of machinery and equipment and intellectual property and goodwill. The Company acquired the intellectual property and goodwill and Summit Aerospace acquired the equipment and material. In addition, Summit Aerospace entered into a lease arrangement with Summit Tool to continue to use that company's former premises for a one year period. Plaintree also has a first right to purchase the premises until February 6, 2014. All of the former employees of Summit Tool have agreed to remain employed in the business with Summit Aerospace. The newly acquired business will continue to be operated in Pennsylvania by Summit Aerospace USA Inc. Summit Tool has been operating as a value added manufacturer of aerospace engine components for over 30 years.

On July 14, 2011, the Board of Directors of the Company approved a reduction to the stated capital account of \$97,844,650 (the "**Stated Capital Reduction**"). At the

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Company's Annual General Meeting held on September 15, 2011, the shareholders of the Company voted in favour of the Stated Capital Reduction. The effect of the reduction was to reduce the stated capital and the accumulated deficit of the Company by the same amount. The accumulated deficit of the Company was primarily due to the Company's business carried on prior to the completion of the merger with Hypernetics and Triodetic and was not reflective of the post merger business of the Company.

On May 3, 2011 the Company filed a Form 15F with the United States Securities and Exchange Commission (the "SEC") with the intention of voluntarily terminating its reporting obligations under Section 13(a) and Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). On the filing of the Form 15F, Plaintree's reporting obligations with the SEC under the Exchange Act, including its obligations to file annual reports on Form 20F, was immediately suspended. Plaintree's termination of its reporting obligations under the Exchange Act was made final 90 days after the filing of the Form 15F with the SEC.

The Company's common shares are quoted on the CNSX under symbol "NPT" in Canada.

Selected Financial Information

The Company's consolidated financial statements are stated in Canadian dollars and are prepared in accordance with IFRS. The following table sets forth selected financial information from the Company's financial statements for the three months ended June 30, 2012.

Statement of Operations Data (*\$000s, except per share data*)

	For the three months ended June 30,	
	<u>2012</u> <u>(unaudited)</u>	<u>2011</u> <u>(unaudited)</u>
Revenue	\$2,778	\$ 2,675
Net (loss) profit and total comprehensive (loss) income	(177)	(88)
Net (loss) profit attributable to common shareholders	(543)	(454)
Basic and diluted (loss) earnings per share	\$(0.04)	\$(0.04)

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(\$000s)

	June 30, 2012 <u>(unaudited)</u>	March 31, 2012 <u>(audited)</u>
Total assets	\$13,998	\$ 12,733
Total liabilities	12,742	11,301
Long-term liabilities	8,009	5,743
Cash dividends declared per share	\$NIL	\$200

Results of Operations

Plaintree Systems Inc.			
<i>(\$000s, except per share and % amounts)</i>			
<i>(unaudited)</i>			
Three Months Ended June 30,			Change from
			2010 to 2011
	2012	2011	
Revenue	2,778	2,675	103
Cost of revenue	2,104	1,905	199
Gross margin	674	770	(96)
	24.3%	28.8%	
<i>Operating expenses:</i>			
Sales & marketing	167	178	(11)
Finance & administration	275	203	72
Research & development	363	419	(56)
Interest expense	51	42	8
Gain on foreign exchange	(5)	15	(20)
	851	857	(7)
Net (loss) profit and total comprehensive (loss) income	\$ (177)	\$ (88)	\$(89)

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BUSINESS SEGMENT INFORMATION

The Company's chief decision maker, the Chief Executive Officer, tracks the Company's operations as two business segments - the design, development, manufacture, marketing and support of electronic products and specialty structures products.

Revenues by division

	2012	2011
<i>Electronics</i>	\$ 1,498,397	\$ 610,540
<i>Specialty Structures</i>	1,280,065	2,064,194
<i>Total revenue</i>	\$ 2,778,462	\$ 2,674,734

Net (loss) / income before taxes by division

	2012	2011
<i>Electronics</i>	303,199	\$ (88,214)
<i>Specialty Structures</i>	\$ (480,001)	605
<i>Total (loss) / earnings</i>	\$ (176,802)	\$ (87,609)

Revenue by geographical location

	2012	2011
<i>Canada</i>	\$ 1,111,202	\$ 995,704
<i>United States</i>	1,340,949	1,631,475
<i>Other</i>	326,310	47,555
<i>Total Revenue</i>	\$ 2,778,462	\$ 2,674,734

The product revenue concentration (customers with revenues in excess of 10% of revenues)

	2012	2011
<i>Number of customers</i>	2	3
<i>% of total revenue</i>	21%, 15%	17%, 17%, 11%

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Revenues

Revenue

Total revenue for the three months ended June 30, 2012 was \$2,778,462 compared to \$2,674,734 for the three months ended June 30, 2011.

Plaintree has two diversified business divisions: Specialty Structures and Electronics.

Plaintree's Electronics Division derives its revenues from products installed on commercial and military aircraft. Sales for the quarter ending June 30, 2012 include revenues from the newly acquired Summit Aerospace USA Inc and Hypernetics division.

Plaintree's Specialty Structures Division revenues for the quarter of \$1,280,065 were down from the same period in fiscal 2011 by \$784,309. Sales for the quarter ending June 30, 2012 include revenues from the Triodetic division and Arnprior Fire Trucks Corp. Weaker demand for the division's products and delay in the beginning for signed projects as of June 30, 2012 was the primary reason for the reduction in sales.

Gross Margin

Total gross margin decreased to 24.3% in the three months ended June 30, 2012 from 28.8% for the three months ended June 30, 2011. Lower revenues in the Specialty Structures business segment during the quarter contributed to the lower margin in the first quarter of 2013.

Operating Expenses

Sales and marketing expenses

Sales and marketing expenses were \$167,240 and \$178,386 in the three months ended June 30, 2012 and 2011 respectively. These expenses consisted primarily of personnel and related costs associated with the Company's sales and marketing departments, which include sales commissions, advertising, travel, trade shows and other promotional activities.

Sales and marketing expenses are expected to remain at comparable levels throughout fiscal 2013.

Finance and administration expenses

Finance and administrative expenses were \$274,387 and \$202,629 in the three months ended June 30, 2012 and 2011, respectively. Finance and administration expenses consist primarily of costs associated with managing the Company's finances, which included financial staff, legal and audit activities.

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Finance and administration expenses are expected to remain at comparable levels throughout fiscal 2013.

Research and development expenses

Research and development expenses were \$362,537 and \$419,267 in the three months ended June 30, 2012 and 2011 respectively. Research and development expenditures consist primarily of development engineering and personnel expenses.

Research and development expenses are expected to remain at comparable levels throughout fiscal 2013.

Interest expense

Interest expense consists of interest incurred on bank and related party debt. Interest expenses were \$51,366 and \$42,216 for the three months ended June 30, 2012 and 2011, respectively. Interest expense increased primarily due to the increase in borrowings for plant equipment and plant leaseholds. The majority of the Company's debt accrues interest at variable rates based on the Company's bank prime lending rate of interest.

Gain on foreign exchange

The Company reported a gain on foreign exchange of \$4,571 and a loss of \$14,842 in the three months ended June 30, 2012 and 2011 respectively. The gain/loss on foreign exchange represents the gain/loss, realized or unrealized, of transactions and year end foreign balances that are completed in currencies other than the Company's reporting currency.

Net loss, Comprehensive loss and Net loss Attributable to Common Shareholders

Net loss and comprehensive loss for the three months ended June 30, 2012 was \$176,802 compared to a net loss and comprehensive loss of \$87,609 booked in the first three months ended June 30, 2011. Net income attributed to common shareholders is calculated by reducing net income by the \$366,500 of cumulative dividends that accrue on the Class A preferred shares. The cumulative dividends accrue at 8% per annum on the face value of \$18,325,000 and as of June 30, 2012, the accrued and unpaid dividends on the Class A preferred shares were \$5,797,000.

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Quarterly Results

The following table sets out selected unaudited consolidated financial information for each quarter in fiscal 2013 and fiscal 2012:

Quarters ended

(unaudited, in \$000s except per share data)

	Jun 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Revenue	\$2,778	\$2,556	\$2,374	\$5,036	\$2,675	\$2,442	\$1,727	\$3,165
Net profit (loss) and total comprehensive income (loss)	\$(177)	\$(446)	\$(715)	\$617	\$(88)	\$(353)	\$(722)	\$284
Net profit (loss) attributed to common shareholders	\$(543)	\$(835)	\$(1,081)	\$250	\$(454)	\$(741)	\$(1,089)	\$(82)
Basic and diluted earnings (loss) per share	\$(0.04)	\$(0.06)	\$(0.08)	\$0.02	\$(0.04)	\$(0.06)	\$(0.08)	\$(0.01)

Liquidity and Capital Resources

(\$000s)	<u>As at June 30,</u> <u>2012</u> <u>(unaudited)</u>	<u>As at March 31,</u> <u>2012</u> <u>(audited)</u>	<u>Change</u>
Cash	\$ 1,128	\$ 680	\$ 448
Working Capital	2,762	1,419	1,343
	<u>Three months ended June 30,</u> <u>2012</u> <u>(unaudited)</u>	<u>Three months ended June 30, 2011</u> <u>(unaudited)</u>	<u>Change</u>
Net cash (used in) provided by:			
Operating activities	1,174	(296)	1,470
Investing activities	(912)	(235)	(677)
Financing activities	197	431	(234)

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Cash

As at June 30, 2012, the Company held \$1,127,700 in cash, a increase of \$447,700 from March 31, 2012 primarily due to an increase in customer deposits.

Working Capital

Working capital represents current assets less current liabilities. As at June 30, 2012, the Company had positive working capital of \$2,761,741 compared to working capital of \$1,418,913 at March 31, 2012. The net increase in working capital from March 31, 2012 is mainly attributed to the reclassification of the long-term portion debt to current at March 31, 2012 due to a covenant breach.

Cash provided by (used in) Operating activities

Cash used in operating activities for the first quarter of fiscal 2013 was \$1,173,871 representing an increase of \$1,470,144 from a net use of cash of \$(296,273) in fiscal 2012. The cash provided by operating activities for the first quarter of fiscal 2013 mainly relates to the increase in trade payables and deferred revenues.

Cash used in Investing activities

Cash used in investing activities for the first quarter of fiscal 2013 was \$911,709 representing an increase of \$676,245 from a net use of \$235,464 in the first quarter of fiscal 2012 which relates to the purchase of plant equipment.

Cash provided by Financing activities

Cash provided by financing activities for first three months of fiscal 2013 was \$197,414 representing a decrease of \$233,748 from cash provided in financing activities for the first quarter of 2012 of 431,162. Repayment of borrowings to both bank and related parties attributed to the decrease in the most recent quarter.

Outlook

The first three months of fiscal 2013 resulted in a small deficit. The Company continues to see increased interest in all segments as compared to the 2010 – 2011 levels that were affected by the global economic decline. However, contracts have not yet reached the levels experienced in the 2009 fiscal year.

There can be no assurances that the Company will achieve the long term operating results required to reduce the bank and related party debt to adequate levels and achieve profitability to meet its obligations to Class A preferred shareholders and provide income and cash flow attributable to common shareholders.

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Related Party Transactions

Due from Related Party

Due from related party consists of \$ 1,295,235 (March 31, 2011 - \$1,284,665) due from Spotton Corporation, a company controlled by Targa Group Inc. ("Targa"). Targa is the Company's largest shareholder and is a company controlled by the CEO of the Company and a related party to the CEO. The balance accrues interest at prime plus 2% and is due from the related party on demand. The balance relates to rent, utilities charges, advances and related interest.

Due to Related Parties

	June 30, 2012	March 31, 2012
Due to Senior officers	\$3,167,843	\$3,062,063
Dividends payable	60,000	60,000
Due to Targa Group Inc., Convertible Debentures	247,672	247,672
Due to Tidal Quality Management Inc.	315,808	313,621
Due to Targa Group Inc., Line of Credit	740,570	932,237
Due to Targa Group Inc., Demand Loan	66,581	66,581
Due to Targa Group Inc., loan interest	134,812	134,812
	<u>4,733,286</u>	<u>4,816,986</u>
Less: current portion	<u>(60,000)</u>	<u>(60,000)</u>
	<u>\$4,673,286</u>	<u>\$4,756,986</u>

As at June 30, 2012 a balance of \$3,167,843 (\$2,449,240 principal and \$718,603 interest) remained owing to senior officers. These amounts are classified as long-term as the parties have agreed not to demand repayment before September 2013.

On July 14, 2011, the board of directors of the Company declared a cash dividend of \$10.91405 per Class A preferred share (\$200,000 in the aggregate) payable on July 22, 2011 to the holders of record at the close of business on July 18, 2011. The Class A Preferred shares are held by related parties and are entitled to annual cumulative dividends of 8% on the \$1,000 redemption amount of the Class A preferred shares. The dividend declared was a partial payment of the dividends accumulated. A balance of \$60,000 remains unpaid.

As at June 30, 2012 a balance of \$247,672 (March 31, 2012 - \$247,672) of the due to related parties is convertible into common shares of the Company at a rate of \$0.0115 at

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the option of the Targa. The balance is classified as long-term as the related party has agreed not to demand payment before September 2013.

Until March 31, 2003, the Company leased facilities from a company controlled by Targa. Lease arrears, including interest of \$140,834 owing to this related party, amounted to \$315,808 (March 31, 2012 - \$313,621). The party has agreed not to demand repayment before September 2013 and the amount is classified as long-term.

The Company has a demand loan of up to \$1,800,000 and a revolving line of credit of up to \$1,000,000 with Targa. Under the loan agreements, all amounts advanced to the Company are payable on demand and bear interest at bank prime plus 2%. The Targa Credit Facility is secured by a security interest granted over the assets of the Company. At June 30, 2012, \$600,000, (March 31, 2011 - \$800,000) remained outstanding on the line of credit with accumulated interest of \$140,570, (March 31, 2012 - \$132,237) for a balance of \$611,820; \$NIL was drawn against the revolving demand loan with accumulated interest owing of \$66,581 for a balance of \$66,581. Targa has agreed that it will not demand repayment before December 2013 and, accordingly, the amounts is classified as long-term.

Accumulated interest in the amount of \$134,812 (March 31, 2011 - \$134,812, April 1, 2010 - \$134,812), on a loan from Targa remains outstanding as of June 30, 2012. The party has agreed not to demand repayment before September 2013 and the amount is classified as long-term.

The Company leases premises located at 10 Didak Drive, owned by Tidal Quality Management Corporation, a company owned by Targa Group Inc., Plaintiff's largest shareholder. During the first quarter of 2013, the Company paid \$12,151 to Tidal in lease payments.

Facilities

The Company leases a 135,500 sq/ft building at 10 Didak Drive in Arnprior, Ontario. The Company holds a manufacturing property that is vacant and available-for-sale.

Significant Accounting Policies

The significant accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the Company's 2012 annual consolidated financial statements, and have been applied consistently to the periods presented in these condensed consolidated interim financial statements.

(a) New and revised IFRS in issue but not effective

The following is a list of standards and amendments that have been issued but are not yet effective and have not yet been adopted by the Company:

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IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9, Financial Instruments ("IFRS"), was issued by the International Accounting Standards Board ("IASB") on October 28, 2010, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules of IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and nonderivative hosts not within the scope of the standard. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Management is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011)

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*. IFRS 11 *Joint Arrangements* ("IFRS 11") establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. IFRS 12 – *Disclosure of Interests in Other Entities* ("IFRS 12") applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

These 5 standards are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted but all 5 standards must all be adopted at the same time. The Company is currently evaluating the impact of these standards on its consolidated financial statements.

IFRS 13 Fair Value Measurement ("IFRS 13")

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures

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about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

Summary of Outstanding Share Data

As at June 30, 2012, the following equity instruments of the Company were issued and outstanding:

Common Shares: 12,925,253

Class A Preferred Shares: * 18,325

* The Class A Preferred shares provide an 8% cumulative dividend based on a value of \$1,000 per share, are redeemable at the option of the Company at any time at \$1,000 per share plus accrued dividends and they are non-voting.

Convertible Debentures:** \$nil principal value

** The Company has issued various tranches of convertible debentures to related parties for total outstanding value at June 30, 2012, of \$247,671 in accrued interest only. The accrued interest is convertible at any time into common shares of the Company at varying conversion rates that were determined at the time of issuance of each tranche. If all the debentures plus accrued interest were converted at the current time, the total number of common shares issued would be 229,935.

Options:*** Options to acquire 560,000 common shares

*** The options, having exercise prices of \$0.12, were granted pursuant to the Company's stock option plan.

Additional information relating to the Company may be found on SEDAR at www.sedar.com or the Company's website at www.plaintree.com.