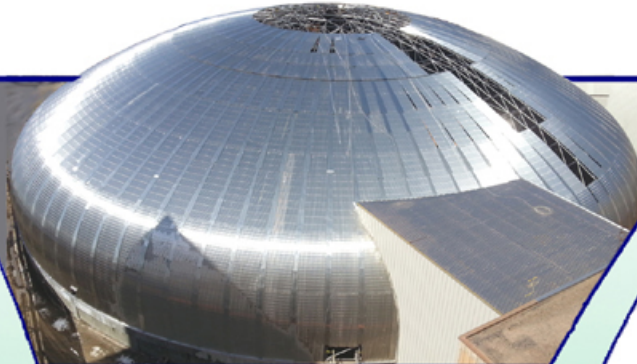




PLAINTREE

SYSTEMS INC.

TRIODETTIC



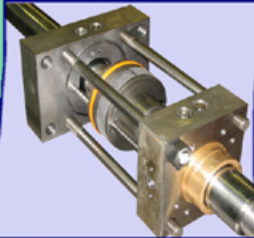
PLAINTREE



HYPERNETICS



SPOTTON



SUMMIT



AFTC



Q1-2015
For the three
months ending
June 30, 2014
Unaudited

“Notice to Reader”

The accompanying unaudited interim consolidated financial statements of Plaintiff Systems Inc. for the three months ended June 30, 2014 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company’s external auditors.

Date: August 26, 2014

“David Watson”

David Watson
CEO

PLAINTREE SYSTEMS INC.

Condensed Consolidated Statement of Financial Positions as at June 30, 2014 and March 31, 2013

(in Canadian dollars)

	June 30, 2014	March 31, 2013
	(unaudited)	(audited)
	\$	\$
Assets		
Trade receivables and other receivables	3,128,275	1,885,105
Unbilled revenue	1,894,313	1,895,308
Inventories (Note 4)	1,892,775	1,293,747
Prepaid expenses and other receivables	53,139	177,231
Note receivable (Note 5)	390,695	401,858
Due from related party	-	1,096,641
	<u>7,359,197</u>	<u>6,749,890</u>
Non-current assets		
PROPERTY, PLANT AND EQUIPMENT, NET (Note 7)	6,552,814	6,460,981
INTANGIBLE ASSETS (Note 8)	1,023,825	1,057,936
	<u>14,935,835</u>	<u>14,268,807</u>
Total Assets		
	<u>14,935,835</u>	<u>14,268,807</u>
Current liabilities		
Bank indebtedness	775,908	24,776
Trade and other payables	2,081,225	1,661,739
Deferred Revenue	706,584	866,067
Deferred Income (government grant) - current (Note 10)	8,771	-
Current portion of long-term debt - bank (Note 9)	735,684	4,041,993
Current portion of long-term debt - other (Note 10)	17,758	-
	<u>4,325,930</u>	<u>6,594,575</u>
LONG-TERM DEBT - Bank (Note 9)	3,044,616	-
LONG -TERM DEBT - Other (Note 10)	342,029	-
DUE TO RELATED PARTIES (Note 11)	7,582,531	7,579,907
DEFERRED INCOME (Government Grant) (Note 10)	72,617	-
	<u>15,367,723</u>	<u>14,174,482</u>
Total Liabilities		
	<u>15,367,723</u>	<u>14,174,482</u>
Shareholders' equity		
Issued capital (Note 13)	2	2
Equity	(431,889)	94,323
	<u>(431,887)</u>	<u>94,325</u>
Total Shareholder's equity		
	<u>(431,887)</u>	<u>94,325</u>
	<u>14,935,835</u>	<u>14,268,807</u>

APPROVED BY THE BOARD

"David Watson"

"Girvan Patterson"

PLAINTREE SYSTEMS INC.

Condensed Consolidated Statements of Comprehensive Profit (Loss)

for the three months ended June 30, 2014 and June 30, 2013

(in Canadian dollars)

	June 30, 2014 (unaudited) (unaudited)	June 30, 2013 (unaudited) (audited)
	\$	\$
Revenue	4,668,611	3,612,195
Cost of sales	4,160,675	2,621,444
Gross margin	507,935	990,751
Operating expenses		
Research and development	350,311	335,998
Finance and administration	324,372	310,684
Sales and marketing	245,088	159,103
Interest expense	114,833	71,239
Loss on foreign exchange	(457)	(24,773)
	1,034,147	852,251
Net (loss) income and comprehensive income (loss)	(526,212)	138,500
Basic and diluted (loss) per common share (Note 14)	(0.07)	(0.02)
Weighted average common shares outstanding	12,925,253	12,925,253

PLAINTREE SYSTEMS INC.
Condensed Statements of Cash Flows
(in Canadian dollars)

	June 30, 2014 (unaudited)	June 30, 2013 (unaudited)
	\$	\$
Cash flows from operating activities		
Profit for the period	(526,212)	138,500
Accretion of government assistance	2,890	-
Depreciation of intangible assets	34,111	33,799
Depreciation of property, plant and equipment	212,580	156,454
	<u>(276,631)</u>	<u>328,753</u>
Movements in working capital		
(Increase) in trade and other receivables	(1,243,170)	(369,749)
Decrease in unbilled revenue	995	114,726
Increase in inventories	(599,028)	(284,223)
Decrease in notes receivable	11,163	11,163
Decrease in other assets	124,092	103,507
Decrease in due from related parties	-	64,320
Increase (decrease) in trade and other payables	419,486	(272,051)
(Decrease) in deferred revenue	(159,483)	1,305,617
Cash used in operations	<u>(1,722,576)</u>	<u>1,002,063</u>
Interest paid on related party debt	72,476	44,567
Net cash (used in) operating activities	<u>(1,650,100)</u>	<u>1,046,630</u>
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(304,385)	(1,335,397)
Net cash (used in) investing activities	<u>(304,385)</u>	<u>(1,335,397)</u>
Cash flows from financing activities		
Borrowings to acquire financial assets	1,042,477	762,555
Increase of government assistance	81,388	-
Repayment of borrowings	(270,634)	(214,271)
Increase of borrowings - related party	350,121	443,327
Net cash from financing activities	<u>1,203,352</u>	<u>991,611</u>
Net (decrease) increase in cash and cash equivalents	<u>(751,132)</u>	<u>702,844</u>
Cash and cash equivalents at the beginning of the year	<u>(24,776)</u>	<u>145,760</u>
Cash and cash equivalents at the end of the period	<u>(775,908)</u>	<u>848,604</u>

PLAINTREE SYSTEMS INC.

Consolidated Statement of changes in equity
as at March 31, 2014 and March 31, 2013

	Common Shares Number	Issued Capital	Preferred Shares (1) Number	Issued Capital	Equity (Deficit)	Shareholders' Equity
Balances at June 30, 2013	12,925,253	\$ 1	18,325	\$ 1	\$ 1,944,194	\$ 1,944,196
Net loss	-	-	-	-	(1,849,871)	(1,849,871)
Balances at March 31, 2014	12,925,253	1	18,325	1	94,323	94,325
Net loss					(526,212)	(526,212)
Balances at June 30, 2014	12,925,253	1	18,325	1	(431,889)	(431,887)

(1) Class A Shares have a 8% cumulative dividend, calculated on redemption amount, redeemable at the option of the Company at any time at \$1000 per share plus accrued dividends; non-voting.

PLAINTREE SYSTEMS INC.

Notes to the condensed Consolidated Interim Statements

for the Quarters ended June 30, 2014 and 2013 (unaudited)

(in Canadian dollars)

1. Description of the business

Plaintree Systems Inc. ("Plaintree" or the "Company") was incorporated in Canada under the Canada Business Corporation Act and is publicly traded on the CSE under "NPT". The Company operates an Electronics division (the Hypernetics business, the free space optics business and Summit Aerospace USA Inc. ("Summit") business) and a Specialty Structures division (the Triodetic business, the Arnprior Fire Trucks Corp. and Spotton 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. The Arnprior Fire Truck business designs and fabricates custom emergency vehicles. The Spotton business is a designer and manufacturer of high end custom hydraulic and pneumatic cylinders and valves. Summit, is a wholly-owned subsidiary of Plaintree which specializes in the high end machining of super-alloys for the aircraft and helicopter markets. The address of the Company's registered office and principal place of business is 10 Didak Drive, Arnprior, Ontario, K7S 0C3.

2. Basis of presentation

a) Statement of compliance

The condensed consolidated unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were approved for issue by the Board of Directors on August 26, 2014. The unaudited consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* using the accounting policies disclosed below. These statements should be read in conjunction with the audited financial statements and notes included in the Annual Report for the year ended March 31, 2014.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for share-based compensation, which is measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

c) Basis of consolidation

The consolidated financial statements include the accounts of Plaintree Systems Inc. and its wholly-owned subsidiaries Summit Aerospace USA Incan., Plaintree Systems Corp. and Triodetic Inc. (U.S. companies) and Arnprior Fire Trucks Corp., Triodetic Ltd. and Spotton Corp. (Canadian companies). Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries align with the policies adopted by the Company. All inter-company transactions have been eliminated.

PLAINTREE SYSTEMS INC.

Notes to the condensed Consolidated Interim Statements for the Quarters ended June 30, 2014 and 2013 (unaudited) (in Canadian dollars)

3. 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 2014 annual consolidated financial statements and have been applied consistently to the periods presented in these condensed consolidated interim financial statements.

New and revised IFRS in issue but not effective

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 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 in 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 non-derivative hosts not within the scope of the standard. IFRS 9 is effective January 1, 2018. The impact of this ongoing project will be assessed by the Company as remaining phases of the project are complete.

New and revised IFRS in issue but not effective

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amendments to IAS 32 *Financial Instruments: Presentation* clarifies certain aspects because of diversity in application of the requirements on offsetting, focus on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

The IAS 32 amendments will be applied retrospectively for annual periods beginning on or after January 1, 2014.

IFRIC 21 Levies ("IFRIC 21")

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- the liability is recognised progressively if the obligating event occurs over a period of time.
- if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.

IAS 36 Impairment of Assets ("IAS 36")

In May 2013, the IASB amended IAS 36 to clarify the requirement to disclose information about the recoverable amount of assets for which an impairment loss has been recognized or reversed. The IAS 36 amendments will be applied retrospectively for annual periods beginning on or after January 1, 2014.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

PLAINTREE SYSTEMS INC.
Notes to the condensed Consolidated Interim Statements
for the Quarters ended June 30, 2014 and 2013 (unaudited)
(in Canadian dollars)

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. This standard is applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2017

The impact of these standards and amendments has not yet been determined.

4. Inventories

	June 30, 2014	March 31, 2014
	\$	\$
Raw materials	929,475	505,003
Work in process	713,135	600,148
Finished goods	250,165	188,596
	1,892,775	1,293,747

The cost of inventories recognized as an expense during the three month period was \$4,123,428 (June 30, 2013 - \$2,597,077). The total carrying value of inventory at June 30, 2014 was pledged as security through general security agreements under bank lines of credit and related party liabilities.

The Company wrote down its inventories by \$NIL for the three months ended June 30, 2014 (June 30, 2014 - \$NIL) to reflect where the carrying amount exceeded net realizable value. Recoveries of inventory write-downs for the first quarter of fiscal 2015 was \$41,861 (2013 - \$29,156).

5. Note receivable

On March 28, 2012, the Company sold one of its two manufacturing buildings for \$470,000. The Company assumed a vendor take-back first mortgage of \$446,509 for a three-year term with interest at prime plus 2% per annum and principal repayments beginning April 1, 2013. As at June 30, 2014, a balance of \$390,695 remained owing to the Company. The note matures on March 31, 2015 and as such the note is recorded as a current asset.

6. Due from related party

Subsequent to year-end, the Company purchased the assets of Spotton Corporation. All inter-company transactions have been eliminated.

PLAINTREE SYSTEMS INC.

Notes to the condensed Consolidated Interim Statements for the Quarters ended June 30, 2014 and 2013 (unaudited) (in Canadian dollars)

7. Property, plant and equipment

	Factory equipment	Computer equipment	Furniture	Vehicles	Lease improvements	Building	Land	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as of March 31, 2014	3,080,104	9,851	18,200	96,279	1,297,036	1,674,080	285,431	6,460,981
Additions	47,723	2,766	-	13,366	240,559	-	-	304,413
Depreciation	(118,266)	(1,550)	(1,140)	(12,958)	(63,209)	(15,458)	-	(212,580)
Balance as of June 30, 2014	3,009,561	11,067	17,060	96,687	1,474,386	1,658,622	285,431	6,552,814

8. Intangible assets

	Customer relationship	Non-competition agreement	Computer software	Total
	\$	\$	\$	\$
March 31, 2014	1,042,616	6,923	8,397	1,057,936
Depreciation	(32,582)	(384)	(1,145)	(34,111)
June 30, 2014	1,010,034	6,539	7,252	1,023,825

PLAINTREE SYSTEMS INC.

Notes to the condensed Consolidated Interim Statements for the Quarters ended June 30, 2014 and 2013 (unaudited) (in Canadian dollars)

9. Long-term debt - bank	June 30, 2014	March 31, 2014
	\$	\$
Mortgage loan, payable in monthly principal installments of \$4,028, bearing interest at a rate equal to the bank's LIBOR rate plus 3.5%, secured by a general security agreement, maturing May 2020.	713,408	756,960
Bank loan, payable in monthly blended installments of \$4,221, bearing interest at a rate of prime plus 1.25% per annum, secured by a general security agreement, maturing October 2027.	328,265	337,385
Term loan payable in monthly blended installments of \$733, bearing interest at a rate of prime minus 0.65% per annum, secured by a mortgage on a property, maturing November 2016.	96,262	97,871
Demand non-revolving loan payable in monthly blended installments of \$691, at a rate of prime plus 1.5%, secured by general security agreement, maturing five years from the date of each draw-down or February 2022.	78,447	80,618
Demand non-revolving loan payable in monthly blended installments of \$2,867, at a rate of prime plus 1.5%, secured by a general security agreement, maturing five years from the date of each draw-down or October 2021.	308,663	317,464
Demand non-revolving loan payable in monthly blended installments of \$4,901, at a rate of prime plus 1.5%, secured by a general security agreement, maturing ten years following full draw-down of the loan or June 2016.	236,399	251,497
Demand non-revolving USD denominated loan payable in monthly blended installments of US\$65,000, interest at LIBOR plus 3% per annum, maturing January 2016.	1,553,486	1,675,073
Demand non-revolving US denominated loan payable in monthly blended installments of \$9,906, interest at a rate of 3.63%, secured by a general security agreement, maturing June 2017.	346,978	398,576
Term non-revolving USD denominated loan payable in monthly installments of \$3,161, bearing interest at the rate of prime plus 1.25% per annum, secured by a general security agreement, maturing September 2018.	118,392	126,549
	3,780,300	4,041,993
Current Portion	735,684	4,041,993
Balance	3,044,616	-

PLAINTREE SYSTEMS INC.
Notes to the condensed Consolidated Interim Statements
for the Quarters ended June 30, 2014 and 2013 (unaudited)
(in Canadian dollars)

10. Long-term debt - other

The Company's Summit Aerospace USA Inc. division accepted a loan from the Pennsylvania Industrial Development Authority (PIDA) as partial financing towards the manufacturing facility in Pocono Summit, PA purchased in May 2013. In April 2014 the Company received a draw from the loan in the amount of \$421,852 USD (\$450,117 CND). Monthly repayments are amortized over fifteen years at a fixed rate of 1.5%. The loan facility is for an aggregate of \$720,000 USD for a term of seven years, funding 45% of the cost of the building, land and renovations.

The Company records the government loan at its estimated fair value at the date in which the payments are recorded. The estimated fair value of the loan payable is determined by discounting future cash flows associated with the loan at a discount rate which represents the estimated borrowing rate to the Company. The difference between the face value of the loan and the estimated fair value is deemed to be government assistance. The loan payable is accreted to the face value over the term of the loan and is recognized as accretion expense.

	Present Value	Deferred Government Assistance	Long-term Debt (Government Loan)
Opening Balance	365,839	84,278	450,117
Repayments	6,052		6,052
Accretion		2,890	2,890
June 30 2014	359,787	81,388	441,176

11. Due to related parties

	June 30, 2014	March 31, 2014
	\$	\$
Due to senior officers	3,750,040	3,665,568
Dividends payable	60,000	60,000
Due to Targa Group Inc., debenture interest	247,672	247,672
Due to Tidal Quality Management Inc.	296,549	713,284
Due to Targa Group Inc., line of credit	1,207,237	1,194,737
Due to Targa Group Inc., demand loan	1,886,221	1,563,833
Due to Targa Group Inc., demand loan interest	134,812	134,813
	7,582,531	7,579,907
Less: current portion	-	-
	7,582,531	7,579,907

As at June 30, 2014, a balance of \$3,750,040 (\$2,768,672 principal and \$981,368 interest), (March 31, 2014 - \$2,718,820 in principal and \$947,048 in interest) remained owing to senior officers of the Company. These amounts are classified as long-term as the parties have agreed not to demand repayment before September 2015.

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 share. An amount of

PLAINTREE SYSTEMS INC.

Notes to the condensed Consolidated Interim Statements for the Quarters ended June 30, 2014 and 2013 (unaudited) (in Canadian dollars)

\$60,000 (March 31, 2013 - \$60,000) of the dividend remains outstanding as of June 30, 2014. The balance is classified as long-term as the related party has agreed not to demand payment before September 2015.

As at March 31, 2014, a balance of \$247,672 in debenture interest (March 31, 2013 - \$247,672) is outstanding. The balance is classified as long-term as the related party has agreed not to demand payment before September 2015.

Until March 31, 2003, the Company leased facilities from a company controlled by Targa. Lease arrears, including interest of \$153,334 owing to this related party, amounted to \$328,308 (March 31, 2013 - \$322,370). The Company accepted partial financing in the form of a note payable in the amount of \$373,473 with accumulated interest of \$21,786 as of June 30, 2014 from Tidal for a new facility in Pocono Summit. The interest is at bank prime plus 2% and accrues on the principal balance. Loans totaling \$420,003 owed to Spotton by Tidal have been consolidated into the net balance as of April 1, 2014 with the acquisition of Spotton Corp by the Company. The party has agreed not to demand repayment of the total balance of \$296,549 (March 31, 2013 - \$713,284) before September 2015 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, 2014, \$1,000,000, (March 31, 2014 - \$1,000,000) remained outstanding on the line of credit with accumulated interest of \$207,237 (March 31, 2014 - \$194,737) for a balance of \$1,207,237 (March 31, 2014 - \$1,194,737). At June 30, 2014, \$1,791,040, (March 31, 2013 - \$1,491,040) remained outstanding on the demand loan with accumulated interest of \$95,181 (March 31, 2014 - \$72,793.46) for a balance of \$1,886,221 (March 31, 2014 - \$1,563,833). Targa has agreed that it will not demand repayment before September 2015 and, accordingly, the amounts are classified as long-term.

Accumulated interest in the amount of \$134,813 (March 31, 2013 - \$134,813), on a loan from Targa, for which the principal was fully repaid in fiscal 2008, remains outstanding as of March 31, 2014. The party has agreed not to demand repayment before September 2015 and, accordingly, the amount is classified as long-term.

13. Share capital

Authorized

Unlimited number of common shares

Unlimited number of Class A preferred shares

Class A 8% cumulative dividend, calculated on redemption amount, redeemable at the option of the Company at any time at \$1,000 per share plus accrued dividends; liquidation preference of the redemption value plus cumulative dividends (when and if declared) to common shares; non-voting. As at June 30 2014, the accrued and unpaid dividends on the Class A preferred shares were \$9,462,000.

PLAINTREE SYSTEMS INC.

Notes to the condensed Consolidated Interim Statements for the Quarters ended June 30, 2014 and 2013 (unaudited) (in Canadian dollars)

14. Basic and diluted earnings per common share

	Three Months June 30, 2014 (unaudited)	Three Months June 30, 2013 (unaudited)
	\$	\$
Net Income (loss)	(526,212)	138,500
Cumulative dividends on preferred shares - three months	(366,500)	(366,500)
Net loss attributable to common shares (basic and diluted)	(892,712)	(228,000)
Basic and diluted weighted average shares outstanding	12,925,253	12,925,253
Basic and diluted (loss) per share	(0.07)	(0.02)

15. Segmented information

The Company's chief decision maker, the CEO, tracks the Company's operations as two business segments - the design, development, manufacture, marketing and support of electronic products, and the specialty structural products. From time to time, the Company provides management services primarily to related companies. The revenue and cost of sales related to these services are presented in the consolidated statements of comprehensive (loss) income. No other expenses or assets are attributable to this segment. The Company determines the geographic location of revenues based on the location of its customers.

Revenues by division

	June 30, 2014	June 30, 2013
	\$	\$
Electronics	1,395,463	1,253,589
Specialty structures	3,273,148	2,358,606
	4,668,611	3,612,195

Net (loss) income before taxes by division

Electronics	(157,410)	218,066
Specialty structures	(368,802)	(79,566)
	(526,212)	138,500

PLAINTREE SYSTEMS INC.

Notes to the condensed Consolidated Interim Statements

for the Quarters ended June 30, 2014 and 2013 (unaudited)

(in Canadian dollars)

Revenues by geographical location

	June 30, 2014	June 30, 2013
	\$	\$
Canada	2,608,446	2,228,508
United states	1,568,480	1,155,983
Peru	435,088	-
Other	56,597	227,704
	4,668,611	3,612,195

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

	June 30, 2014	June 30, 2013
	\$	\$
Number of customers	3	2
% of total revenue	10%, 11%, 23%	13%, 17%

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

PLAINTREE SYSTEMS INC.

For the three months ended June 30, 2014 and 2013

Date – August 26, 2014

The following discussion and analysis is the responsibility of management and has been reviewed by the Audit Committee of Plaintree Systems Inc (“Plaintree” or the “Company”) and approved by the Board of Directors of Plaintree. 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 Plaintree is for the three months ended June 30, 2014 and 2013. 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 Standards (“IFRS”). The information contained herein is dated as of August 26, 2014 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 statements 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 filings and other reports provided under securities legislation.

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

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.

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

Overview

Plaintree Systems Inc. ("Plaintree" or the "Company") was incorporated in Canada under the Canada Business Corporation Act and is publicly traded on the Canadian Securities Exchange (CSE) under "NPT". The Company operates an Electronics division (the Hypernetics business, the free space optics business and Summit Aerospace USA Inc. ("Summit") business) and a Specialty Structures division (the Triodetic business, Arnprior Fire Trucks Corp. business and Spotton Corporation business). 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, including non-US sales activity through Triodetic Ltd. a wholly-owned subsidiary, is a design/build manufacturer of steel, aluminium and stainless steel specialty structures such as commercial domes, free form structures, barrel vaults, space frames and industrial dome coverings. Summit Aerospace USA Inc is a wholly-owned subsidiary of Plaintree which specializes in the high end machining of super-alloys for the aircraft and helicopter markets. Arnprior Fire Trucks Corp. is a wholly-owned subsidiary of Plaintree which specializes in the design and manufacturing of fire trucks for municipal and commercial use. Spotton Corporation is a wholly-owned subsidiary of Plaintree which is in the business of designing and manufacturing high end custom hydraulic and pneumatic valves and cylinders for the industrial and oil and gas markets. The address of the Company's registered office and principal place of business is 10 Didak Drive, Arnprior, Ontario, K7S 0C3.

Recent Developments

On May 23, 2013 the Company along with its wholly-owned US subsidiary completed the acquisition of a 16,300 sq. ft. manufacturing facility in Pocono Summit, PA. The Company increased its credit facility with its bankers (HSBC Bank USA) and obtained a short-term loan from a related party for the purposes of financing the \$1.1M acquisition. The relocation of Summit Aerospace USA Inc. was completed in June 2014.

On April 1, 2014, the Company has reorganized the non-US sales activities of Triodetic and all of the sales activities in relation to non-US business will be dealt with by Triodetic Ltd., a wholly-owned subsidiary of Plaintree. Plaintree's Triodetic division will still continue to manufacture the structures to be sold through Triodetic Ltd.

On March 31, 2014, the Company acquired all of the shares of Spotton Corporation for \$120.

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

Control Activities

For all changes to policies and procedures that have been identified, the effectiveness of internal controls over financial reporting and disclosure controls and procedures has been assessed and any required changes have been implemented.

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

Selected Annual 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 interim financial statements:

(\$000s, except per share amounts)

	June 30, 2014	March 31, 2014
	\$	\$
Total assets	14,936	6,750
Total liabilities	15,368	14,174
Long-term liabilities	11,042	7,580
Cash dividends declared per share	nil	nil

(\$000s, except per share amounts)

	For the three months ended June 30, 2014	For the three months ended June 30, 2013
	\$	\$
Revenue	4,669	3,612
Net (loss) income and total comprehensive (loss) income	(526)	138
Net loss attributed to common shareholders	(893)	(228)
Basic and diluted loss per share	(0.07)	(0.02)

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

Results of Operations

Plaintree Systems Inc.			
<i>(\$000s, except per share and % amounts)</i>			
	for the three months ended		Change from
	June 30, 2014	June 30, 2014	2013 to 2014
	\$	\$	\$
Revenue	4,669	3,612	1,057
Cost of sales	4,161	2,621	1,540
Gross margin	508	991	(483)
	11%	27%	
<i>Operating expenses:</i>			
Research and development	350	336	14
Finance and administration	324	311	13
Sales and marketing	245	159	86
Interest expense	115	71	44
Loss (gain) on foreign exchange	0	(25)	25
	1,034	852	182
Net (loss) income and comprehensive (loss) income	(526)	139	(665)

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

Business Segment Information

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

Revenues by division

	June 30, 2014	June 30, 2013
	\$	\$
Electronics	1,395,463	1,253,588
Specialty structures	3,273,148	2,358,606
	4,668,611	3,612,194

Net (loss) income before taxes by division

	June 30, 2014	June 30, 2013
	\$	\$
Electronics	(157,410)	218,066
Specialty structures	(368,802)	(79,566)
	(526,212)	138,500

Revenues by geographical location

	June 30, 2014	June 30, 2013
	\$	\$
Canada	2,608,446	2,228,508
United states	1,568,480	1,155,983
Peru	435,088	-
Other	56,597	227,704
	4,668,611	3,612,195

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

	June 30, 2014	June 30, 2013
	\$	\$
Number of customers	3	2
% of total revenue	10%, 11%, 23%	13%, 17%

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

Revenues

Revenue

Total product revenue for the three months ended June 30, 2014 was \$4,668,611 compared to \$3,612,195 for three months ended June 30, 2013.

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

Plaintree's Electronics Division revenue increased to \$1,395,463 in the three months ended June 30, 2014 compared to \$1,253,588 for the three months ended June 30, 2013.

Plaintree's Specialty Structures Division revenue increased to \$3,273,148 in the three months ended June 30, 2014 from \$2,358,606 for the three months ended June 30, 2013. The increase is a result of the addition of the Spotton business and larger contracts in the Triodetic business.

Gross Margin

Total gross margin decreased in the first three months of fiscal 2015 to 11% from 27% for the first three months of fiscal 2014.

Operating Expenses

Research and development expenses

Research and development expenses were \$350,311 and \$335,998 in the first quarter of fiscal 2015 and 2014 respectively. Research and development expenditures consist primarily of development engineering and personnel expenses.

Finance and administration expenses

Finance and administration expenses were \$324,372 and \$310,684 in the first quarter of fiscal 2015 and 2014 respectively. Finance and administration expenses consist primarily of costs associated with managing the Company's finances, which included financial staff, legal and audit activities. Amortization of intangibles related to the business of Summit Aerospace is the primary reason for the increase in finance and administration expenses.

Sales and marketing expenses

Sales and marketing expenses were \$245,088 and \$159,103 in the first quarter of fiscal 2015 and 2014 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.

Interest expense

Interest expense consists of interest incurred on bank and related party debt. Interest expenses were \$114,833 and \$71,239 for the first quarter of fiscals 2015 and 2014, respectively. Interest expense increased primarily due to the increase in borrowings for plant and plant leaseholds. The

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

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 gains on foreign exchange of \$457 and \$24,773 in the first quarter of fiscal 2015 and 2014 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 first three months of fiscals 2015 and 2014 was \$(892,712) and \$(228,000) respectively. Net income attributed to common shareholders is calculated by reducing net income by the \$1,466,000 cumulative yearly dividends that accrue annually on the Class A preferred shares. The cumulative dividends accrue at 8% per annum on the face value of the \$18,325,000 for the Class A preferred shares and as of June 30, 2014, the accrued and unpaid dividends on the Class A preferred shares were \$9,462,000.

Quarterly Results

The following table sets out selected unaudited consolidated financial information for each quarter in fiscal 2014 and fiscal 2013:

Quarters ended

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

	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	4,669	5,189	6,144	5,859	3,612	4,118	4,091	2,804
Net profit (loss) and total comprehensive income (loss)	(526)	(2,300)	(351)	801	139	212	373	(35)
Net profit (loss) attributed to common shareholders	(893)	(2,667)	(717)	435	(228)	(155)	6	(402)
Basic and diluted earnings (loss) per share	(0.07)	(0.12)	(0.04)	(0.02)	(0.02)	(0.02)	6	(0.03)

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

Liquidity and Capital Resources

(\$000s)

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Change</u>
	\$	\$	\$
Cash	(776)	849	(1,625)
Working Capital	3,033	3,252	(219)

	<u>June 30, 2014</u>	June 30, 2013	Change
<i>Net cash (used in) provided by:</i>			
	\$	\$	\$
Operating activities	(1,650)	1,002	(2,652)
Investing activities	(304)	(1,335)	1,031
Financing activities	1,203	992	211

Cash

As at June 30, 2014, the Company was indebted to the bank by \$775,908 in cash, a decrease of \$751,132 from March 31, 2013.

Working Capital

Working capital represents current assets less current liabilities. As at June 30, 2014, the Company had positive working capital of \$3,033,267 compared to working capital of \$155,315 at March 31, 2014 after the bank debt was reclassified as a current liability due to a breach of bank covenants. The Company is subject to various covenants on the long-term debt (including debt to tangible net worth, current assets to current liabilities, capital and debt service ratios). The Company was in breach of the debt service ratio to which the bank has provided forbearance until April 1, 2015. The bank expects the Company to be back in covenant by March 31, 2015. IFRS requires that a financial liability be classified as current even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue. The Company's working capital without this reclassification of current bank debt for March 31, 2014 was \$3,308,645.

Cash (used in) provided by Operating activities

Cash used in operating activities for the first three months of Fiscal 2015 was \$(1,650,100) representing an increase of \$2,696,730 from cash provided of \$1,046,630 in the first quarter of fiscal 2014. Cash used in operating activities during fiscal 2015 mainly relates to increase in trade receivables.

Cash (used in) Investing activities

Cash used in investing activities for the first quarter of 2015 was \$(304,385) representing a decrease of \$1,031,012 from cash used in investing activities of \$(1,335,397) in the first three months of fiscal 2014.

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

Cash provided by financing activities

Cash provided by financing activities for the first three months of fiscal 2015 was \$1,203,352 representing an increase of \$211,741 from cash provided by financing of \$991,631 in the first quarter of fiscal 2014.

Outlook

The first three months of fiscal 2015 concluded with a net loss of \$526,212 before adjusting for accrued and unpaid dividends on the Class A preferred shares. Continued growth for the Company is expected from Summit Aerospace and Arnprior Fire Trucks Corp in the next several years. The Company has increased their investment into high end, robust and versatile manufacturing equipment throughout all of its divisions. Plaintiffree moved to a larger facility in late fiscal 2011 to ensure it had sufficient capacity for growth for its Canadian operations.

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 the obligations to Class A preferred shareholders and provide income and cash flow attributable to common shareholders.

Related Party Transactions

Due from Related Party

Subsequent to year-end, the Company purchased all of the shares of Spotton Corporation.

	June 30, 2014	March 31, 2014
	\$	\$
Due to senior officers	3,750,040	3,665,568
Dividends payable	60,000	60,000
Due to Targa Group Inc., debenture interest	247,672	247,672
Due to Tidal Quality Management Inc.	296,549	713,284
Due to Targa Group Inc., line of credit	1,207,237	1,194,737
Due to Targa Group Inc., demand loan	1,886,221	1,563,833
Due to Targa Group Inc., demand loan interest	134,812	134,813
	7,582,531	7,579,907
Less: current portion	-	-
	7,582,531	7,579,907

As at June 30, 2014, a balance of \$3,750,040 (\$2,768,672 principal and \$981,368 interest), (March 31, 2014 - \$2,718,820 in principal and \$947,048 in interest) remained owing to senior officers of the Company. These amounts are classified as long-term as the parties have agreed not to demand repayment before September 2015.

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 share. An amount of \$60,000 (March 31, 2013 - \$60,000) of the dividend remains outstanding as of June 30, 2014. The balance is classified as long-term as the related party has agreed not to demand payment before September 2015.

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

As at March 31, 2014, a balance of \$247,672 in debenture interest (March 31, 2013 - \$247,672) is outstanding. The balance is classified as long-term as the related party has agreed not to demand payment before September 2015.

Until March 31, 2003, the Company leased facilities from a company controlled by Targa. Lease arrears, including interest of \$153,334 owing to this related party, amounted to \$328,308 (March 31, 2013 - \$322,370). The Company accepted partial financing in the form of a note payable in the amount of \$373,473 with accumulated interest of \$21,786 as of June 30, 2014 from Tidal for a new facility in Pocono Summit. The interest is at bank prime plus 2% and accrues on the principal balance. Loans totaling \$420,003 owed to Spotton by Tidal have been consolidated into the net balance as of April 1, 2014 with the acquisition of Spotton Corp by the Company. The party has agreed not to demand repayment of the total balance of \$296,549 (March 31, 2013 - \$713,284) before September 2015 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, 2014, \$1,000,000, (March 31, 2014 - \$1,000,000) remained outstanding on the line of credit with accumulated interest of \$207,237 (March 31, 2014 - \$194,737) for a balance of \$1,207,237 (March 31, 2014 - \$1,194,737). At June 30, 2014, \$1,791,040, (March 31, 2013 - \$1,491,040) remained outstanding on the demand loan with accumulated interest of \$95,181 (March 31, 2014 - \$72,793.46 for a balance of \$1,886,221 (March 31, 2014 - \$1,563,833). Targa has agreed that it will not demand repayment before September 2015 and, accordingly, the amounts are classified as long-term.

Accumulated interest in the amount of \$134,813 (March 31, 2013 - \$134,813), on a loan from Targa, for which the principal was fully repaid in fiscal 2008, remains outstanding as of March 31, 2014. The party has agreed not to demand repayment before September 2015 and, accordingly, the amount is classified as long-term.

Facilities

The Company leases a 135,500 sq. /ft. building at 10 Didak Drive in Arnprior, Ontario.

On May 23, 2013 the Company along with its wholly-owned US subsidiary completed the acquisition of a 16,300 sq. ft. manufacturing facility in Pocono Summit, PA. The relocation of Summit Aerospace USA Inc. from its leased location was completed in June 2014.

New and Revised IFRS in Issue but not Effective

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 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 in 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 non-derivative hosts not within the scope of the standard. IFRS 9 is effective January 21, 2018. The impact of this ongoing project will be assessed by the Company as remaining phases of the project are complete.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amendments to IAS 32 *Financial Instruments: Presentation* clarifies certain aspects because of diversity in application of the requirements on offsetting, focus on four main areas:

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

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

The IAS 32 amendments will be applied retrospectively for annual periods beginning on or after January 1, 2014.

IFRIC 21 Levies ("IFRIC 21")

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- the liability is recognised progressively if the obligating event occurs over a period of time.
- if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.

IAS 36 Impairment of Assets ("IAS 36")

In May 2013, the IASB amended IAS 36 to clarify the requirement to disclose information about the recoverable amount of assets for which an impairment loss has been recognized or reversed. The IAS 36 amendments will be applied retrospectively for annual periods beginning on or after January 1, 2014.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. This standard is applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2017

The impact of these standards and amendments has not yet been determined.

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

Summary of Outstanding Share Data

As at August 26, 2014, 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 March 31, 2014, of \$247,672 in accrued interest only. Interest is convertible in cash only.

Options:*** None

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