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Prospectus of PeterLabs Holdings Berhad (909720-W)



PeterLabs Holdings Berhad

(Company No. 909720-W)

(Incorporated in Malaysia under the Companies Act, 1965)



INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

- PUBLIC ISSUE OF 15,000,000 NEW ORDINARY SHARES OF RM0.10 EACH RESERVED FOR APPLICATION BY THE PUBLIC; AND
- OFFER FOR SALE OF 35,903,000 ORDINARY SHARES OF RM0.10 EACH TO BE OFFERED TO IDENTIFIED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.30 PER ORDINARY SHARE, PAYABLE IN FULL UPON APPLICATION

Adviser, Sponsor, Underwriter and Placement Agent



ALLIANCE INVESTMENT BANK

Alliance Investment Bank Berhad (21605-D)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTOR ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK. INVESTOR ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH INVESTORS SHOULD CONSIDER. TURN TO SECTION 4 FOR 'RISK FACTORS'.

THIS PROSPECTUS IS DATED 30 JUNE 2011

RESPONSIBILITY STATEMENTS

Our Board, Promoters and Offerors (as defined herein) have seen and approved this Prospectus and we collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that to the best of our knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

Alliance Investment Bank Berhad, being our Adviser, Sponsor, Underwriter and Placement Agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO (as defined herein).

STATEMENTS OF DISCLAIMER

A copy of this Prospectus has been registered with the SC. The registration of this Prospectus should not be taken to indicate that the SC recommends the IPO or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being issued / offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the securities being offered. Admission to the official list of Bursa Securities is not to be taken as an indication of the merits of the IPO, our Company or our securities.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this Prospectus, together with the application form, has also been lodged with the Registrar of Companies of Malaysia who takes no responsibility for its contents.

OTHER STATEMENTS

Companies listed on the ACE Market may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to amongst others, this Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities' professional and/or adviser.

Our IPO is an exempt transaction under Section 213 of the Capital Markets and Services Act 2007 ("CMSA") and is therefore not subject to the approval of the SC.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMSA, e.g. Directors and Advisers, are responsible.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our shares are issued / offered in Malaysia solely based on the contents of this Prospectus. Our Board, Promoters, Offerors, Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

The distribution of this Prospectus and the accompanying documents are subject to Malaysian laws. Our Board, Promoters, Offerors, Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Board, Promoters, Offerors, Adviser, Sponsor, Underwriter and Placement Agent have not taken any action to permit an IPO of our shares based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used for an offer to sell or an invitation to buy our shares in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy our shares to any person to whom it is unlawful to do so. Our Board, Promoters, Offerors, Adviser, Sponsor, Underwriter and Placement Agent require you to inform yourself and to observe such restrictions.

This Prospectus can also be viewed or downloaded from Bursa Securities's website at www.bursamalaysia.com. The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

BUMIPUTERA EQUITY REQUIREMENT AND PUBLIC SHAREHOLDING SPREAD

Pursuant to the Listing Requirements (as defined herein) and the Bumiputera equity requirement which was announced on 30 June 2009, we are required to allocate 12.5% of our enlarged issued and paid-up share capital to Ministry of International Trade and Industry recognised Bumiputera investors within one (1) year after achieving the profit record required for a listing on the Main Market of Bursa Securities or five (5) years after being listed on the ACE Market, whichever is earlier.

In compliance with the Listing Requirements, we need to have at least 25% of our enlarged issued and paid-up share capital in the hands of a minimum 200 public shareholders holding not less than 100 shares each upon admission to the ACE Market. We expect to achieve this at the point of Listing (as defined herein). However, in the event that this requirement is not met pursuant to our IPO, we may not be allowed to proceed with our Listing. In this event, monies paid in respect of all applications will be returned in full without interest.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities is set out below:

EVENT	TENTATIVE DATE / TIME
Opening of application for our IPO	30 June 2011 at 10.00 a.m.
Closing of application for our IPO	12 July 2011 at 5.00 p.m.
Balloting of applications	14 July 2011
Allotment of shares to successful applicants	18 July 2011
Listing on the ACE Market	26 July 2011

Our Board, Promoters, Offerors, together with Alliance, may mutually decide at their absolute discretion to extend the date for the closing of applications to any later date or dates. If the date of closing of application is extended, the dates of balloting, allotment and listing would be extended accordingly. We will publish any extension of the date of closing of application in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of application. **Late applications will not be accepted.**

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” in this Prospectus are to PeterLabs Holdings Berhad, while references to “our Group” are to our Company and our subsidiary companies. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our Key Management and Key Technical Personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section of this Prospectus. Words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include companies and corporations.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any enactment in this Prospectus shall be a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industries in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus; provided that where no source is stated, it can be assumed that the information originates from us.

In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Protégé Associates Sdn Bhd, an independent business and market research consulting firm. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industries in which we operate. However, neither we nor our Adviser and Sponsor have independently verified these data. Neither we nor our Adviser and Sponsor make any representation as to the correctness, accuracy or completeness of such data, hence accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Prospectus.

The information on our website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which include all statements other than those of historical facts including among others, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our Group's control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Prospectus will be realised.

Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group operates. Additional factors that could cause our Group's actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 - Risk Factors and Section 12 - Management Discussion and Analysis of Financial Condition, Results of Operations and Prospects of this Prospectus.

These forward-looking statements are based on information available to us as at the date of this Prospectus. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements that are contained herein.

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DEFINITIONS

Unless otherwise defined or the context otherwise requires, the following definitions shall apply throughout this Prospectus:

ACE Market	: ACE Market of Bursa Securities
Acquisition	: Acquisition by PeterLabs Holdings of the entire issued and paid-up share capital of PLON Synergy comprising 4,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM17,299,900, which was wholly satisfied by the issuance of 172,999,000 new PeterLabs Holdings Shares at an issue price of RM0.10 per Share
Act	: Companies Act, 1965, as amended from time to time and any re-enactment thereof
ADA	: Authorised Depository Agent
Alliance or Adviser or Sponsor or Underwriter or Placement Agent	: Alliance Investment Bank Berhad (21605-D)
Application Form(s)	: The printed application form(s) for the application of our IPO Shares accompanying this Prospectus
ATM(s)	: Automated Teller Machine(s)
BDM	: Best Data Mix
Behn Meyer	: Behn Meyer Nutri-Vet Sdn Bhd (595776-W)
Benuser	: Benuser Sdn Bhd (208928-W)
BioAktiv	: BioAktiv GmbH, Germany
BioAktiv Far East	: BioAktiv Far East Pte Ltd, Singapore
Biojava	: Biojava Sdn Bhd (734171-H), a 52.5% owned subsidiary company of PLON Synergy
Board	: Board of Directors of PeterLabs Holdings
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CAGR	: Compound Annual Growth Rate
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System
CDS Account	: An account established by Bursa Depository for a depositor for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
Cenavisa	: Cenavisa S.A, Spain

DEFINITIONS (Cont'd)

Central Depositories Act	: The Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
Chern Tek	: Chern Tek Dinamik Sdn Bhd (162666-X)
Choong Ang	: Choong Ang Biotech Co. Ltd, Korea
CMSA	: Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
DVS	: Department of Veterinary Sciences
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
ENV	: ENV Technology Sdn Bhd (503030-H)
EPS	: Earnings per share
ESA or Electronic Share Application	: Application for our Public Issue Shares through a Participating Financial Institution's ATM
Farmachem	: Farmachem Enterprise Sdn Bhd (134544-X)
FD	: Fixed Deposit
FYE	: Financial year ended/ending
GP	: Gross profit
GT or Reporting Accountants	: SJ Grant Thornton (AF0737)
Hangzhou King	: Hangzhou King Techina Feed Co. Ltd, China
Herbal Remedies	: Herbal Remedies (M) Sdn Bhd (469997-W)
Hipra Malaysia	: Hipra Malaysia Sdn Bhd (806811-M)
Hipra SA	: Laboratories Hipra, S.A.
IMR Report	: Independent Market Research Report titled 'Strategic Analysis of the Animal Feed Additives Market in Malaysia'
In Vivo	: In Vivo NSA S.A, France
IP	: Intellectual Property
IPO	: Initial public offering comprising the Public Issue and the Offer for Sale
IPO Price	: The issue/offer price of RM0.30 per IPO Share
IPO Share(s)	: The Public Issue Shares and the Offer for Sale Shares, collectively
ISO	: International Organisation for Standardisation
Issuing House	: Malaysian Issuing House Sdn Bhd (258345-X)

DEFINITIONS (Cont'd)

Kg	: Kilogram
Kiotech	: Kiotech International PLC, UK
Listing	: The admission to the Official List of Bursa Securities and the listing of and quotation for PeterLabs Holdings' entire enlarged issued and paid-up share capital of RM18,800,000 comprising 188,000,000 Shares on the ACE Market
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities, as amended or expanded from time to time
Listing Scheme	: Public Issue, Offer for Sale and Listing collectively
LPD	: 31 May 2011, being the latest practicable date prior to the issuance of this Prospectus
Market Day	: Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
NA	: Net assets
NBV	: Net book value
Novus	: Novus International Inc., USA
Novus International	: Novus International Pte Ltd, Singapore
Novus Malaysia	: Novus International (M) Sdn Bhd (807136-T)
NPCB	: National Pharmaceutical Control Bureau of the Ministry of Health, Malaysia
Nutrifeed	: Nutrifeed is a trademark name of FrieslandCampina Dairy Feed BV
Offer Price	: RM0.30 per Offer Share
Offer for Sale	: The offer for sale of 35,903,000 Shares to be offered by our Offerors to identified investors at the Offer Price
Offer for Sale Share(s) or Offer Shares	: 35,903,000 PeterLabs Holdings Shares to be offered for sale by the Offerors
Offerors	: Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng, Lau Yeng Khuan, Kho Siaw Sua, Chan Bee Chuan, Tan Chin Tee, Beh Boon Seong and Lim Swee Hwa
OMS Laboratory	: OMS Laboratory Sdn Bhd (864020-X) (formerly known as Zeus Biotech (M) Sdn Bhd), a 70% owned subsidiary company of OMS Resources
OMS Resources	: OMS Resources Sdn Bhd (611524-W) (formerly known as Zeus Biotech (Asia) Sdn Bhd), a wholly-owned subsidiary company of PLON Synergy
Osmosis Nutrition	: Osmosis Nutrition Sdn Bhd (594876-A), a wholly-owned subsidiary company of PLON Synergy
Participating Financial Institution(s)	: The participating financial institution(s) for the ESA as listed in Section 17 of this Prospectus

DEFINITIONS (*Cont'd*)

PAT	: Profit after tax
PBT	: Profit before tax
PeterLabs	: PeterLabs Sdn Bhd (594810-K), a wholly-owned subsidiary company of PLON Synergy
PeterLabs Holdings Group or Group	: PeterLabs Holdings and its subsidiary companies, collectively
PeterLabs Holdings or Company	: PeterLabs Holdings Berhad (909720-W)
PeterLabs Holdings Share(s) or Share(s)	: Ordinary share(s) of RM0.10 each in PeterLabs Holdings
PE Multiple	: Price-earnings multiple
PLON Synergy	: PLON Synergy Group Sdn Bhd (598746-V), a wholly-owned subsidiary company of PeterLabs Holdings
Promoter(s)	: Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng, Lau Yeng Khuan, Kho Siaw Sua and Chan Bee Chuan
Prospectus	: This prospectus dated 30 June 2011 in relation to our IPO
Protégé Associates	: Protégé Associates Sdn Bhd (675767-H)
Public	: All persons or members of the public but excluding directors of the Group, its substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
Public Issue	: The 15,000,000 new PeterLabs Holdings Shares, representing approximately 7.98% of the enlarged issued and paid-up share capital of PeterLabs Holdings at the IPO Price
Public Issue Share(s) or Issue Share(s)	: The new PeterLabs Holdings Shares to be issued pursuant to the Public Issue
QA	: Quality Assurance
QC	: Quality Control
RM and sen	: Ringgit Malaysia and sen, respectively
SC	: Securities Commission
SEA	: South East Asia
SIRIM	: Standards and Industrial Research Institute of Malaysia
SOP	: Standard operating procedures
Sq. Ft.	: Square feet
UK	: United Kingdom

DEFINITIONS (*Cont'd*)

Underwriting Agreement	: The underwriting agreement dated 15 June 2011 made between the Company and the Underwriter for the underwriting of 15,000,000 Public Issue Shares
UPM	: Universiti Putra Malaysia
USA	: United States of America
USD	: United States Dollar
Zeus	: Zeus Biotech Limited, India
Zhejiang King	: Zhejiang King Techina Technology Co., Ltd

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DEFINITIONS (Cont'd)**Technical References**

Anthelmintic	: A chemical substance that is used to destroy parasitic worms
Antimicrobial	: A chemical substance that is derived from mould or bacterium that inhibits the growth and destroys harmful microorganisms
Bioavailability	: Bioavailability is used to describe the fraction of an administered dose of unchanged drug that reaches the systemic circulation. By definition, when a medication/nutrient is administered intravenously, its bioavailability is 100%. However, when a medication/nutrient is administered via other routes (such as orally), its bioavailability decreases (due to incomplete absorption and first-pass metabolism) or may vary from patient/animal to patient/animal (due to inter-individual variation)
BMR	: Batch Manufacturing Record
COA	: Certificate of Analysis
Complete Feed Premix	: A package that comes with complete nutrients and other substances to enhance the performance of poultry and livestock animals
Compound Feed Additive	: Intermediate ingredients used between micro and macro nutrients
Disinfectant	: A chemical liquid that is used to control and destroy bacteria, fungus, protozoa and viruses on inanimate objects
FCR	: Feed conversion ratio (FCR) is a measure of an animal's efficiency in converting feed mass into increased body mass. Animals that have a low FCR are considered efficient users of feed and are deemed to provide a better yield
FPQC	: Finished Product Quality Control
GMP	: Good Manufacturing Practice
Injectable	: An injectable chemical substance that is derived from mould or bacteria which inhibits the growth or destroys microorganisms
IPQC	: In-process Quality Control
Microencapsulate	: A process in which tiny particles or droplets are surrounded by a coating to give small capsules many useful properties. In a relatively simplistic form, a microcapsule is a small sphere with a uniform wall around it. The purpose of micro-encapsulation is to increase product stability, palatability and bioavailability
Mould Inhibitor and Toxin Binder	: Substances that are used to control mould infestation and reduce the mycotoxin level
Multi-nutrients and Supplements	: Multi essential nutrients and supplements that are used to enhance the performance of poultry and livestock animals
PKC	: Palm Kernel Cake
Pre/Probiotic and Enzymes/Acidifier	: An essential composition that contains living beneficial microorganisms, yeast, organic acid and enzymes that are used to promote growth and enhance the performance of poultry and livestock animals

DEFINITIONS (Cont'd)

Therapeutic Index	: Therapeutic index is a comparison of the amount of a therapeutic agent that causes the therapeutic effect to the amount that causes death. Quantitatively, it is the ratio given by the lethal dose divided by the therapeutic dose. A higher therapeutic index is preferable to a lower one; a patient would have to take a much higher dose of such a drug to reach the lethal threshold than the dose taken to elicit the therapeutic effect
Toll Manufacturing	: A version of contract manufacturing sometimes used in the pharmaceutical and specialty chemical industries in which production of specific batches are outsourced to GMP-certified third parties. Ingredients are usually supplied by the originating company in order to control sourcing quality
Topical Dressings and Cleansing Agents	: Products that helps the healing of topical wounds and the cleaning of dirt from the surface

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name/Designation	Address	Occupation	Nationality
Lim Tong Seng <i>Executive Chairman/ Managing Director</i>	No. 2, Jalan BSJ 5 Taman Bukit Segar Jaya 2 43200 Cheras Selangor	Director	Malaysian
Teo Chin Heng <i>Executive Director</i>	No. 2, Jalan Birai U8/71 Bukit Jelutong 40150 Shah Alam Selangor	Director	Malaysian
Dr. Teo Kooi Cheng <i>Executive Director</i>	No. 18 Jalan BK 6B/2 Bandar Kinrara 47100 Puchong Selangor	Director	Malaysian
Lau Yeng Khuan <i>Executive Director</i>	No. 183, Lebuhr Perajurit 3 Taman Ipoh Boulevard Timur 31400 Ipoh Perak	Director	Malaysian
Dato' Hon Choon Kim <i>Independent Non-Executive Director</i>	No. 11, Taman Bukit Dawn 70200 Seremban Negeri Sembilan	Director	Malaysian
Dr. Vijaya Raghavan A/L M P Nair <i>Independent Non-Executive Director</i>	No. 11, Jalan SS1/38 Sea Park 47300 Petaling Jaya Selangor	Director	Malaysian
Prof. Dr. Paul Cheng Chai Liou <i>Independent Non-Executive Director</i>	2-13A, Continental Heights Off Jalan Kuchai Lama 58200 Kuala Lumpur	Director	Malaysian
Azman Bin Abdul Jalil <i>Independent Non-Executive Director</i>	PT 8670 Jalan Seri Wangsa 7 Taman Seri Wangsa Batu Berendam 75350 Melaka	Director	Malaysian

1. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Prof. Dr. Paul Cheng Chai Liou	Chairman	Independent Non-Executive Director
Dato' Hon Choon Kim	Member	Independent Non-Executive Director
Azman Bin Abdul Jalil	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Hon Choon Kim	Chairman	Independent Non-Executive Director
Dr. Vijaya Raghavan A/L M P Nair	Member	Independent Non-Executive Director
Azman Bin Abdul Jalil	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Hon Choon Kim	Chairman	Independent Non-Executive Director
Dr. Vijaya Raghavan A/L M P Nair	Member	Independent Non-Executive Director
Dr. Teo Kooi Cheng	Member	Executive Director

COMPANY SECRETARY

: Wong Keo Rou (MAICSA 7021435)
 10-1, Jalan Sri Hartamas 8
 Sri Hartamas
 50480 Kuala Lumpur
 Tel: (603) 6201 1120
 Fax: (603) 6201 3121/ 5959

REGISTERED OFFICE

: 10-1, Jalan Sri Hartamas 8
 Sri Hartamas
 50480 Kuala Lumpur
 Tel: (603) 6201 1120
 Fax: (603) 6201 3121/ 5959

HEAD OFFICE

: Lot 16014 (PT No. 24341)
 Jalan Nilam 3
 Bandar Nilai Utama
 71800 Nilai
 Negeri Sembilan
 Tel: (606) 7999 090
 Fax: (606) 7997 070
 E-mail address: info@peterlabs.com.my
 Website: www.peterlabs.com.my

**AUDITORS AND REPORTING
ACCOUNTANTS**

: SJ Grant Thornton (AF0737)
 Level 11, Sheraton Imperial Court
 Jalan Sultan Ismail
 P.O Box 12337
 50774 Kuala Lumpur
 Tel: (603) 2692 4022
 Fax: (603) 2732 5119

1. CORPORATE DIRECTORY (Cont'd)

SOLICITORS	: Raja, Darryl & Loh 18th Floor, Wisma Sime Darby Jalan Raja Laut 50350 Kuala Lumpur Tel: (603) 2694 9999 Fax: (603) 2698 4759
INDEPENDENT MARKET RESEARCHER	: Protégé Associates Sdn Bhd (675767-H) Suite C-06-06, Plaza Mont' Kiara 50480 Kuala Lumpur Tel: (603) 6201 9301 Fax: (603) 6201 7302
PRINCIPAL BANKERS	: Affin Bank Berhad (25046-T) 20-22 Jalan 21/12 Sea Park 46300 Petaling Jaya Selangor Tel: (603) 9058 4626 Fax: (603) 7876 6020
	: Public Bank Berhad (6463-H) 82 Lebuhr Beringin Off Jalan Berangan P.O. Box 254 42000 Port Klang Selangor Tel: (603) 3167 4550 Fax: (603) 3168 5510
	: United Overseas Bank (M) Bhd (271809-K) 5 & 6, Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor Tel: (603) 8076 2115 Fax: (603) 8076 8181
ISSUING HOUSE	: Malaysian Issuing House Sdn Bhd (258345-X) Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Tel: (603) 7841 8000 Fax: (603) 7841 8152
SHARE REGISTRAR	: ShareWorks Sdn Bhd (229948-U) 10-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel: (603) 6201 1120 Fax: (603) 6201 3121/ 5959

1. CORPORATE DIRECTORY (Cont'd)

**ADVISER, SPONSOR,
UNDERWRITER AND PLACEMENT
AGENT**

: Alliance Investment Bank Berhad (21605-D)
Level 3, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: (603) 2692 7788
Fax: (603) 2691 9028

LISTING SOUGHT

: ACE Market of Bursa Securities

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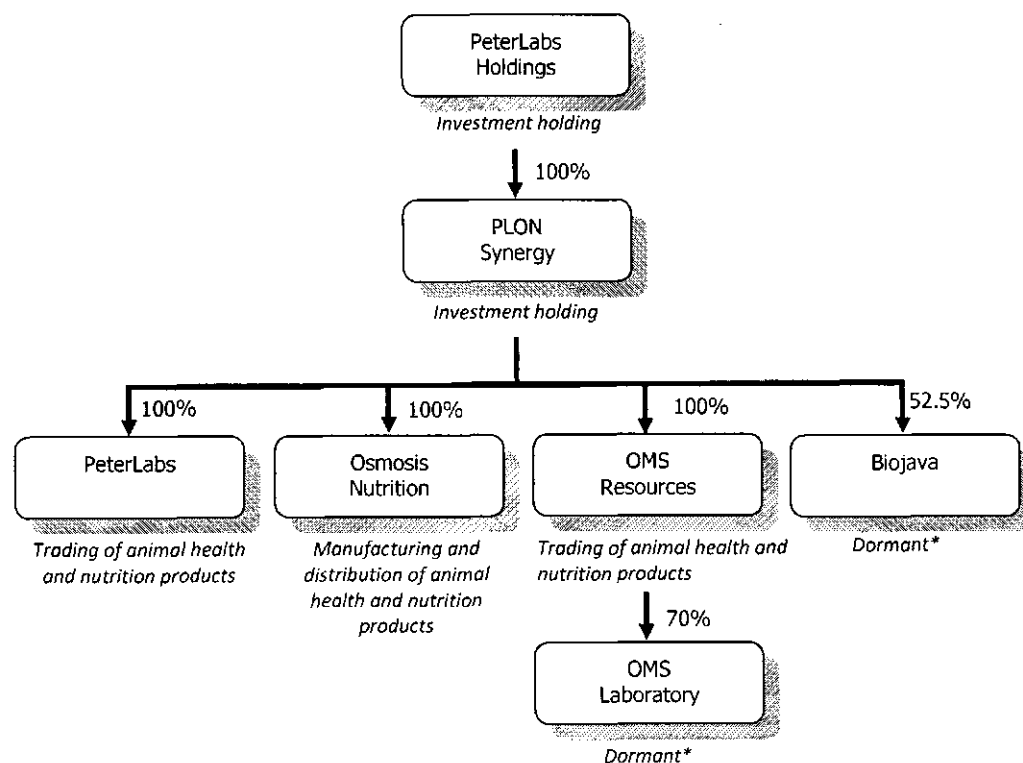
2. SUMMARY INFORMATION

THIS INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS INFORMATION SUMMARY TOGETHER WITH THE FULL TEXT OF THIS PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES.

2.1 OUR HISTORY AND BUSINESS

PeterLabs Holdings was incorporated under the Act on 28 July 2010 as a private limited company under the name of PeterLabs Holdings Sdn Bhd. We subsequently converted into a public limited company and assumed our present name on 29 October 2010 to facilitate our listing on the ACE Market.

Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals. Our Group structure is as follows:



Note:

* The company is currently dormant.

The establishment of our Group can be traced back to the founding of Chern Tek on 20 December 1989 by Teo Chin Heng, Lim Swee Hwa and Tan Chin Tee and Benuser on 3 December 1990 by Lim Tong Seng, Teo Chin Heng, Tan Chin Tee and Chan Eng Nai. In 1992, Dr. Teo Kooi Cheng joined Chern Tek as the Technical Director. Chern Tek was principally involved in the trading of animal health and nutrition products whilst Benuser was involved in the manufacturing and distribution of animal health and nutrition products.

2. SUMMARY INFORMATION (Cont'd)

Due to personal reasons, Tan Chin Tee, one of the original shareholders of Benuser and Chern Tek wanted to withdraw from both companies. This led Teo Chin Heng to initiate the idea of forming PeterLabs and Osmosis Nutrition with equity participation from all remaining shareholders of both Benuser and Chern Tek thereby streamlining the shareholdings of both companies under a group of common shareholders. PeterLabs and Osmosis Nutrition were subsequently incorporated on 4 October 2002 to capitalise on the growing demand of animal feed additives from the local livestock industry.

PeterLabs and Osmosis Nutrition obtained the necessary licences in 2002 to engage in manufacturing, distribution and trading of animal health and nutrition products. For further details of our licences, please refer to Section 6.11 of this Prospectus.

Following the above, PLON Synergy was incorporated on 13 November 2002 and became the common holding company of PeterLabs and Osmosis Nutrition on 7 October 2003, with an initial 51% equity interest in both companies. Upon the formation of the PLON Synergy group of companies, Chern Tek and Benuser ceased operations in 2002 and were dissolved on 30 January 2007. On 25 September 2008, PeterLabs and Osmosis Nutrition became wholly-owned subsidiary companies of PLON Synergy. Subsequently, Tan Chin Tee rejoined the PLON Synergy group of companies in 2008.

Our founders have accumulated an average of 28 years experience in the livestock industry. Lim Tong Seng, Dr. Teo Kooi Cheng and Teo Chin Heng have also been directly involved in the business operations of PLON Synergy and its subsidiary companies since its incorporation in 2002.

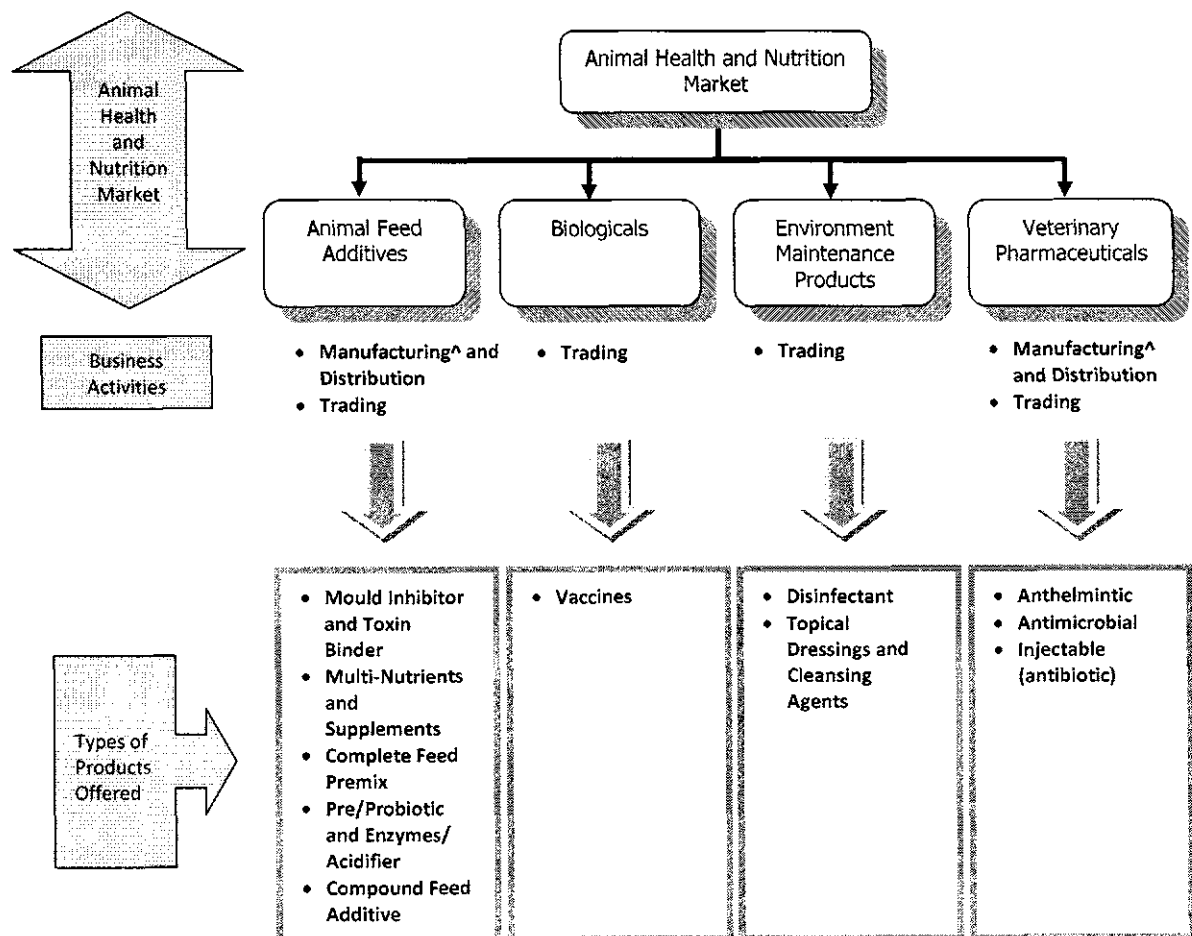
On 8 April 2003, our founders formed Zeus Biotech (Asia) Sdn Bhd (now known as OMS Resources) to distribute, amongst others, products from Zeus. We acquired OMS Resources on 10 June 2010. OMS Resources currently distributes the Group's products such as Compound Feed Additive.

On 10 July 2009, our founders formed Zeus Biotech (M) Sdn Bhd (currently known as OMS Laboratory) together with a director of Zeus for the purpose of venturing into the livestock industry in Indonesia. However, this plan did not materialise. Subsequently, we acquired a 70% equity stake in OMS Laboratory on 1 October 2010. Whilst OMS Laboratory is currently dormant, we intend to undertake future laboratory activities under this company.

Biojava was incorporated in 2006 and was acquired by us on 4 October 2010. Biojava is currently dormant. It is our intention to undertake our Group's future export activities under Biojava.

2. SUMMARY INFORMATION (Cont'd)

Our Group operates within the animal health and nutrition market of the larger livestock industry. The animal health and nutrition market covers a wide and diverse range of products and is broadly segmented into animal feed additives, biologicals, environment maintenance products and veterinary pharmaceuticals. Our Group's business activities and the types of products offered within the animal health and nutrition market are illustrated in the diagram below:



Notes:

[^] Involving blending/mixing of two (2) or more ingredients to become the Group's products.

We currently operate through two (2) separate locations namely from our existing manufacturing plant/warehouses in Shah Alam and our new headquarters and warehousing for PeterLabs which is located in our new manufacturing plant in Nilai. Our Shah Alam manufacturing plant has a built up area of over 3,500 Sq. Ft. with a production capacity of over 160 tonnes per month and a storage capacity of approximately 200 tonnes.

On 18 December 2010, save for our manufacturing and warehousing of Osmosis Nutrition's products, we have relocated our operations to our newly constructed manufacturing plant in Nilai. The manufacturing plant in Nilai has a total built up area of 52,474 Sq. Ft. of which 27,200 Sq. Ft. is designated as the production area and the remaining is being utilized as office premises and for warehousing purposes.

2. SUMMARY INFORMATION (Cont'd)

Our new manufacturing plant is expected to be fully operational by the third quarter of the FYE 31 December 2011. The Group has commenced the production of certain products in the new manufacturing plant in Nilai, namely multi mineral supplements and water soluble products. As at the LPD, the new manufacturing plant in Nilai is operating at approximately 13% of the maximum production output. Moving forward, all our manufacturing activities will be undertaken at the new manufacturing plant in Nilai. Meanwhile, the manufacturing plant in Shah Alam will still be used as our production facility during this transition period. Our Group will cease all operations at the Shah Alam manufacturing plant when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai. As at the LPD, our Group had transferred approximately 80% of our raw /packaging materials to the Nilai plant. In addition, our Group had informed the owner of our Shah Alam premises that we will cease the rental of our Shah Alam premises by end of July 2011. The new manufacturing plant is expected to have a production capacity of 344 tonnes per month and a storage capacity of 986 tonnes. This enlarged production and storage capacity would enable us the capability to conduct Toll Manufacturing.

Our new manufacturing plant has undergone the GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "*satisfactory – pre-licensing stage*". GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications. The new manufacturing plant has enabled us to introduce liquefied and water soluble products. For further information about GMP compliance and our future product development plans, please refer to Section 6.15.1 and Section 6.8.3 of this Prospectus.

Apart from manufacturing activities, our Group also undertakes trading activities through PeterLabs and OMS Resources. Our Group currently holds ten (10) distributorship agreements from international suppliers which allow us to supply a variety of animal health and nutrition products to the local market. For the FYE 31 December 2010, our trading and manufacturing activities contributed to 58.41% and 41.59% of our total revenue respectively.

For the past four (4) FYE 31 December 2007 to 2010, our proforma consolidated revenue increased from RM24.53 million in 2007 to RM40.73 million in 2010, whilst our proforma consolidated PAT increased from RM2.02 million in 2007 to RM5.95 million in 2010. We believe that our performance has and will continue to be driven by our strong commitment to customers, the quality of our products and our competitive strengths as follows:

- (i) Highly experienced and professional management team;
- (ii) Product development initiatives;
- (iii) Strong distribution networks;
- (iv) Product quality;
- (v) Diverse range of products;
- (vi) End-to-end solution provider; and
- (vii) A new manufacturing plant in Nilai that is purpose built and ready for GMP certification.

Details of our Group, business and future plans are set out in Sections 5 and 6 of this Prospectus respectively.

2. SUMMARY INFORMATION (Cont'd)**2.2 FINANCIAL HIGHLIGHTS****2.2.1 Proforma Consolidated Statements of Comprehensive Income**

The following table sets out our proforma consolidated statements of comprehensive income for the four (4) FYE 31 December 2007 to 2010, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review.

You should read this proforma consolidated statements of comprehensive income in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

	<-----Audited FYE 31 December----->			
	2007	2008	2009	2010
	RM	RM	RM	RM
Revenue	24,526,054	28,433,902	34,015,860	40,727,759
Gross profit	7,735,364	9,406,138	10,570,102	13,527,445
Other income	-	-	2,937	656,502 [#]
EBITDA	3,044,356	4,517,864	6,169,742	8,621,115
Amortisation	-	-	-	-
Depreciation	(245,176)	(251,228)	(253,453)	(288,268)
Interest expense	(64,525)	(62,471)	(76,309)	(120,940)
PBT	2,734,655	4,204,165	5,839,980	8,211,907
Tax expense	(712,175)	(1,216,863)	(1,411,481)	(2,263,909)
PAT	2,022,480	2,987,302	4,428,499	5,947,998
GP margin (%)	31.54	33.08	31.07	33.21
PBT margin (%)	11.15	14.79	17.17	20.16
PAT margin (%)	8.25	10.51	13.02	14.60
Number of PeterLabs Holdings Shares assumed to be issued*	173,000,000	173,000,000	173,000,000	173,000,000
Gross EPS (sen)	1.58	2.43	3.38	4.75
Net EPS (sen)	1.17	1.73	2.56	3.44

Notes:

[#] Mainly contributed by the reversal of impairment loss on trade receivables that amount to RM457,987 as discussed in Section 12.2.4(iv) of this Prospectus.

* Based on the number of Shares in issue before our Public Issue.

2. SUMMARY INFORMATION (Cont'd)

2.2.2 Proforma Consolidated Statements of Financial Position

The following table sets out our proforma consolidated statements of financial position as at FYE 31 December 2010, assuming that our Public Issue, Offer for Sale and utilisation of proceeds had been effected as at that date, for illustrative purposes only, and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	As at 31 December 2010 RM	Proforma I RM	Proforma II RM
<u>Equity</u>			
Share capital	17,300,000	18,800,000	18,800,000
Share premium	-	3,000,000	2,717,447
Unappropriated profit	2,672,552	2,672,552	1,455,105
Equity attributable to equity holders of the Company	19,972,552	24,472,552	22,972,552
Non-controlling interests	2	2	2
Total equity	19,972,554	24,472,554	22,972,554
<u>Non-Current Liabilities</u>			
Hire purchase creditors	176,589	176,589	176,589
Borrowings	3,050,316	3,050,316	3,050,316
Deferred tax liabilities	58,900	58,900	58,900
	23,258,359	27,758,359	26,258,359
<u>Non-Current Asset</u>			
Property, plant and equipment	12,716,620	12,716,620	12,716,620
Total non-current asset	12,716,620	12,716,620	12,716,620
<u>Current Assets</u>			
Inventories	3,015,516	3,015,516	3,015,516
Receivables	16,190,750	16,190,750	15,559,858
Cash and bank balances	1,449,308	5,949,308	3,088,833
Total current assets	20,655,574	25,155,574	21,664,207
<u>Current Liabilities</u>			
Payables	5,750,945	5,750,945	5,750,945
Hire purchase creditors	97,603	97,603	97,603
Borrowings	1,733,878	1,733,878	1,733,878
Bank overdraft	1,991,367	1,991,367	-
Tax payables	540,042	540,042	540,042
Total current liabilities	10,113,835	10,113,835	8,122,468
Net Current Assets	10,541,739	15,041,739	13,541,739
	23,258,359	27,758,359	26,258,359

2. SUMMARY INFORMATION (Cont'd)

	As at 31 December 2010 RM	Proforma I RM	Proforma II RM
Number of PeterLabs Shares in issue	173,000,000	188,000,000	188,000,000
NA per PeterLabs Share	0.12	0.13	0.12
NTA per PeterLabs Share	0.12	0.13	0.12

Notes:

Proforma I *After the Public Issue and Offer for Sale*

Proforma II *After Proforma I and utilisation of proceeds from the Public Issue*

2.3 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Upon Listing, our Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. In this regard, we envisage a dividend payout ratio of approximately 30% of our future net profits to our shareholders in each financial year.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which are subject to our Board's absolute discretion.

Our ability to pay future dividends to our shareholders is subject to various factors including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends and other distributions that we receive from our subsidiary companies. The payment of dividends or other distributions by our subsidiary companies will depend on their operation results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective board of directors deem relevant.

Details of our dividend policy are set out in Section 12.7 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)**2.4 SUMMARY OF OUR IPO**

Size of our Public Issue : 15,000,000 new PeterLabs Holdings Shares, representing approximately 7.98% of our Company's enlarged issued and paid-up share capital which are reserved for the application by the Public, of which at least 50% will be to the extent possible allocated to Bumiputera individuals, companies, societies, co-operatives and institutions

Size of our Offer for Sale : 35,903,000 PeterLabs Holdings Shares, representing approximately 19.10% of our Company's enlarged issued and paid-up share capital to be offered by our Offerors to identified investors

IPO Price : RM0.30 per IPO Share

Utilisation of proceeds from the Public Issue : The gross proceeds from the Public Issue amounting to RM4.50 million is intended to be utilised in the following manner:

Purpose	RM'000	%
Repayment of borrowings	3,000	66.67%
Estimated listing expenses	1,500	33.33%
Total gross proceeds	4,500	100.00%

Total enlarged issued and paid-up share capital after Listing : RM18,800,000 comprising 188,000,000 Shares

Market capitalisation upon Listing : RM56,400,000

Detailed information on our IPO and utilisation of proceeds from the Public Issue are set out in Sections 3.2 and 3.7 respectively of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations as set out in Section 4 of this Prospectus (which may not be exhaustive), and are summarised below:

Risks relating to our business and industries:

- Epidemics;
- Competitive rivalry;
- Supply of raw materials and products;
- Fluctuation in prices of raw materials and products;
- Protection of IP rights;
- Absence of long term contracts;
- Risk of fluctuation in foreign exchange rates and risk in entering foreign markets;
- Dependency on particular products and markets;
- Threat of substitutes;
- Dependency on our executive directors, key management and key technical personnel;
- Gestation period of GMP compliant manufacturing plant;
- Adequate insurance coverage;
- Political, economic and regulatory risk;
- Shipping disruptions; and
- Lack of qualified professionals in the industry.

Risks relating to investments in our Shares:

- Delay or abortion of our Listing;
- No prior market for our Shares and possible volatility of our Share price;
- Control by Promoters; and
- Dividend payments.

3. PARTICULARS OF OUR IPO

3.1 INTRODUCTION

This Prospectus is dated 30 June 2011.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus, together with the Application Form with the Registrar of Companies ("ROC"). Neither the SC nor the ROC takes any responsibility for the contents of this Prospectus.

Bursa Securities had via its letter dated 19 May 2011 granted its approval for the admission of our Company to the Official List of the ACE Market and the listing and quotation of our entire enlarged issued and paid-up share capital of 188,000,000 Shares. Our Shares will be admitted to the Official List of the ACE Market and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and an undertaking that notices of allotment will be issued and dispatched to all successful applicants.

Under Bursa Securities' trading rules, trading in all Bursa Securities' listed securities can only be executed through an ADA who is also a Bursa Securities member with effect from the date of listing.

You must have a CDS Account prior to submitting applications for our Shares either by way of the Application Forms or Electronic Share Application. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our Shares. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we will deposit the IPO Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the Central Depositories Act and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the issued and paid-up share capital of our Company must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each. We expect to meet the above requirement at the point of Listing. However, if we do not meet the above requirement, we may not be allowed to proceed with our Listing. We will return in full, without interest, monies paid in respect of all applications. If any such monies are not repaid within fourteen (14) days after our Company is liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus. We or our advisers have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material changes or developments affecting matters as disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemented or replacement prospectus, as the case may be, in accordance with provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of our Shares will not be registered under any possible securities legislation of any jurisdiction except Malaysia. This Prospectus does not constitute and may not be used for the purpose of any offer to sell or an invitation of an offer to buy any IPO Shares in any jurisdiction and in any circumstance in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

3. PARTICULARS OF OUR IPO *(Cont'd)*

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR IPO SHARES.

3.2 OUR IPO

Our IPO (comprising the Public Issue and Offer for Sale) is subject to the terms and conditions of this Prospectus, and upon acceptance, will be allocated the aggregate of 50,903,000 Shares in the manner explained below which is subject to clawback and reallocation.

3.2.1 Public Issue

The Public Issue comprising of 15,000,000 new PeterLabs Holdings Shares representing approximately 7.98% of our enlarged issued and paid-up share capital will be reserved for application by the Public and allotted via balloting, of which at least 50% shall be set aside for Bumiputera investors, including individuals, companies, societies, co-operatives and institutions.

Any Public Issue Shares reserved for the Public which is not fully subscribed for will be made available for subscription by identified investors and if undersubscribed, such Public Issue Shares will be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

The salient terms of the Underwriting Agreement are set out in Section 3.9 of this Prospectus.

The basis of allocation for our Public Issue Shares takes into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholders base to meet the public spread requirements and to establish a liquid and adequate market for our Shares.

There is no minimum subscription amount to be raised from our Public Issue as all our Public Issue Shares will be underwritten by our Underwriter if undersubscribed on the closing date of the application.

There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of Public Issue Shares.

3.2.2 Offer for Sale

The Offer for Sale comprises 35,903,000 PeterLabs Shares representing approximately 19.10% of our enlarged issued and paid-up share capital will be offered by our Offerors to identified investors.

Any Offer for Sale Shares which are not fully subscribed for by identified investors shall be made available for application by other identified investors. Thereafter, any Offer for Sale Shares that are reallocated to other identified investors which are not subscribed for, shall be made available for application by the Public. Should the Offer for Sale Shares be thereafter undersubscribed, the Offerors will retain the Offer for Sale Shares.

The Offer for Sale Shares are not underwritten by the Underwriter.

3. PARTICULARS OF OUR IPO (Cont'd)

The details and the shareholdings of our Offerors before and after our Offer for Sale are as follows:

Offerors/ Address	Relationship with the Group for the past three (3) years	< -- Before IPO -- >		< ----- Offer for Sale of Shares ----- >			< --- After IPO --- >	
		No. of Shares	% held	No. of Shares	% of Share Capital as at the LPD*	% of Enlarged Share Capital**	No. of Shares	% held
Lim Tong Seng / No. 2, Jalan BSJ 5, Taman Bukit Segar Jaya 2, 43200 Cheras, Selangor	Promoter / Executive Chairman/ Managing Director	24,945,892	14.42	6,502,654	3.76	3.46	18,443,238	9.81
Teo Chin Heng / No. 2, Jalan Birai U8/71, Bukit Jelutong, 40150 Shah Alam, Selangor	Promoter / Executive Director	32,066,934	18.53	6,501,689	3.76	3.46	25,565,245	13.60
Dr. Teo Kooi Cheng / No. 18 Jalan BK 6B/2, Bandar Kinrara, 47100 Puchong, Selangor	Promoter / Executive Director	24,945,892	14.42	6,502,654	3.76	3.46	18,443,238	9.81
Lau Yeng Khuan / No.183, Lebuhr Perajurit 3 Taman Ipoh Boulevard Timur, 31400 Ipoh, Perak	Promoter / Executive Director	10,393,062	6.01	992,417	0.57	0.53	9,400,645	5.00
Kho Siaw Sua / No. 173, Lot 7718, Lorong Stampin Timur 4A, Jalan Stampin Timur, 93350 Kuching, Sarawak	Promoter / Regional Sales Manager	10,977,542	6.35	1,577,542	0.91	0.84	9,400,000	5.00
Chan Bee Chuan / House No.12, Taman Green View, Lorong Hijau, 88300, Kota Kinabalu, Sabah	Promoter / Regional Sales Manager	11,099,421	6.42	1,699,421	0.98	0.90	9,400,000	5.00
Tan Chin Tee / No. 23 Jalan SS14/8, 47500 Subang Jaya, Selangor	Substantial shareholder^	14,010,621	8.10	6,502,638	3.76	3.46	7,507,983	3.99
Beh Boon Seong / No. 8, Jalan TR6/1, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor	Substantial shareholder^	9,658,806	5.58	3,954,535	2.29	2.10	5,704,271	3.03
Lim Swee Hwa / No. 42A, Jalan SP6/5, Taman Segar Perdana, 43200 Cheras, Selangor	Shareholder / Sales Manager	6,677,800	3.86	1,669,450	0.97	0.89	5,008,350	2.66
		144,775,970	83.69	35,903,000	20.76	19.10	108,872,970	57.90

Notes:

* Based on the existing issued and paid-up share capital of 173,000,000 PeterLabs Holdings Shares, i.e. before the IPO.

** Based on the issued and paid-up share capital of 188,000,000 PeterLabs Holdings Shares after the IPO.

^ Will cease to be a substantial shareholder of PeterLabs Holdings after the IPO.

3. PARTICULARS OF OUR IPO (Cont'd)

3.3 SHARE CAPITAL

	RM
Authorised share capital	
250,000,000 ordinary shares of RM0.10 each	25,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	
173,000,000 ordinary shares of RM0.10 each	17,300,000
To be issued and credited as fully paid-up pursuant to our Public Issue	
15,000,000 new ordinary shares of RM0.10 each	1,500,000
Enlarged issued and paid-up share capital upon Listing	
188,000,000 ordinary shares of RM0.10 each	18,800,000
IPO Price	0.30
Market capitalisation upon Listing	56,400,000

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each. The IPO Shares will upon allotment rank *pari passu* in all respects with one another and all other existing issued and paid-up share capital in our Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the capital paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and the provisions of the Act.

Each shareholder is entitled to vote at our general meetings in person or by proxy or by attorney and on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company, or qualified legal practitioner, or an approved company auditor, or a person approved by CCM and the provisions of Section 149(1)(b) of the Act shall not apply to our Company.

3.4 PURPOSE OF OUR IPO

The purpose of our IPO is:

- (i) to enable us to gain access to the capital market to raise funds for our future expansion and growth when the need arises in the future, through other forms of capital raising avenues;
- (ii) to provide an opportunity for investors and institutions to participate in the continuing growth of our Group; and
- (iii) to enhance our stature and heighten our public profile as well as increase market awareness of our products and services in so as to assist us in expanding our customer base.

3. PARTICULARS OF OUR IPO (Cont'd)

3.5 PRICING OF OUR IPO SHARES

The IPO Price was determined and agreed upon by our Directors, Promoters, Offerors and Alliance, our Adviser, Sponsor, Underwriter and Placement Agent, after taking into account the prevailing market conditions and the following factors:

- (i) A net PE multiple of 8.72 times based on our Group's proforma net EPS of RM0.034, computed based on our Group's proforma PAT of RM5.95 million for the FYE 31 December 2010 and our issued and paid-up share capital before our Public Issue of 173,000,000 Shares;
- (ii) Our Group's proforma PAT of RM5.95 million for the FYE 31 December 2010;
- (iii) Our proforma consolidated NA per share of RM0.12 per Share, computed based on our Group's proforma NA of RM22.97 million as at 31 December 2010 and our issued and paid-up share capital before our Public Issue of 173,000,000 Shares;
- (iv) Our competitive strengths in terms of:
 - Highly experienced and professional management team;
 - Product development initiatives;
 - Strong distribution networks;
 - Product quality;
 - Diverse range of products;
 - End-to-end solution provider; and
 - A new manufacturing plant in Nilai that is purpose built and ready for GMP certification

Further details of our competitive strengths are described in Section 6.5 of this Prospectus.

- (v) Our future plans in attaining the GMP accreditation and the favourable prospects of the animal health and nutrition market which is supported by:
 - The growth in the animal feed additives market;
 - Government's focus in the biotechnology sector; and
 - The increasing demand for environmental friendly animal health and nutrition product such as non-antibiotic animal feed additives.

Further details of our future plans, strategies and prospects are described in Section 6.15 of this Prospectus.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding on whether to invest in our Shares.

3. PARTICULARS OF OUR IPO (Cont'd)

3.6 DILUTION

Dilution is the amount by which the IPO Price to be paid by applicants for our IPO Shares exceeds our NA per share after the IPO as follows:

	RM
IPO Price	0.30
Proforma consolidated NA per share as at 31 December 2010 before our IPO	0.12
Increase in proforma consolidated NA per share contributed by new investors	-
Proforma consolidated NA per share after our IPO (after adjusting the effect of the utilisation of proceeds)	0.12
Dilution in the proforma consolidated NA per share to new investors	0.18
Dilution in the proforma consolidated NA per share as a percentage of the IPO Price	60%

The following table summarises the total number of Shares received by our Directors, Offerors substantial shareholders, key management and key technical personnel or persons connected to them during the past three (3) years prior to the date of this Prospectus and the average cost per Share to them and to the new investors who subscribe for our IPO Shares pursuant to the IPO:

	No. of Shares Before IPO	No. of Shares From IPO	Total Consideration RM	Average Cost Per Share RM
Directors, Offerors, substantial shareholders, key management and key technical personnel or persons connected to them				
Lim Tong Seng	24,945,892	-	2,494,589	0.10
Teo Chin Heng	32,066,934	-	3,206,693	0.10
Dr. Teo Kooi Cheng	24,945,892	-	2,494,589	0.10
Lau Yeng Khuan	10,393,062	-	1,039,306	0.10
Kho Siaw Sua	10,977,542	-	1,097,754	0.10
Chan Bee Chuan	11,099,421	-	1,109,942	0.10
Tan Chin Tee	14,010,621	-	1,401,062	0.10
Beh Boon Seong	9,658,806	-	965,880	0.10
Lim Swee Hwa	6,677,800	-	667,780	0.10
Dr. Gan Yee Haw	164,999	-	16,499	0.10
Other investors				
New investors from Public Issue	-	15,000,000	4,500,000	0.30
New investors from Offer for Sale	-	35,903,000	10,770,900	0.30

3. PARTICULARS OF OUR IPO (Cont'd)

3.7 USE OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale amounting to approximately RM10,770,900 will be accrued entirely to the Offerors.

Based on the IPO Price, gross proceeds of RM4.50 million will be raised from our Public Issue. The proceeds shall accrue entirely to our Company who will bear all expenses relating to the Listing and are intended to be utilised in the following manner:

Purposes	RM'000	%	Estimated timeframe for use (from the listing date)
(i) Repayment of borrowings	3,000	66.67	Within 1 year
(ii) Estimated listing expenses	1,500	33.33	Upon Listing
Total gross proceeds	<u>4,500</u>	100.00	

Notes:

(i) *Repayment of borrowings:*

Details of the borrowings that will be repaid are as follows:

Bankers/ Facility	Purpose	Maturity date	Interest rate	Balance as at the LPD RM'000	Amount to be repaid from proceeds RM'000
Overdraft Facility	Working capital	-	0.5%+FD rate	2,268	2,268*

The use of the proceeds in the above manner is expected to have a positive financial impact on our Group by lowering the finance cost incurred by our Group. For illustration purposes, assuming an estimated RM3.0 million is utilised for repayment of our borrowings, our total savings in financing cost based on a simple average interest rate of 3.00% would amount to RM90,000 per annum. Applying this interest savings to the proforma financial results of our Group for the FYE 31 December 2010 will result in the PBT margin increasing from 20.16% to 20.38%.

Note:

- * The actual amount of the repayment of the abovementioned borrowings using the proceeds raised from the Public Issue may differ as it depends on the actual date of repayment of the borrowings. In the event that the actual repayment amount is less than RM3.0 million, the remaining balance will be used as working capital of our Group.

3. PARTICULARS OF OUR IPO (Cont'd)**(ii) Estimated listing expenses**

Our Company will bear all the listing expenses and fees incidental to the Listing of RM1.50 million as follows:

	RM'000
Professional advisory fees	1,060
Fees to the authorities and Issuing House	105
Underwriting commission and brokerage fees	135
Printing and advertising cost	120
Other incidental charges	80
Total	1,500

Note:

- (i) *Any variation to the actual listing expenses will result in an adjustment to the working capital of our Group. The Offerors shall bear all expenses such as brokerage, stamp duty, registration and share transfer fees relating to the Offer Shares.*

Pending the eventual utilisation of the proceeds from our Public Issue for the above purposes, the proceeds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments.

The proforma financial impact arising from the utilisation of proceeds on our proforma consolidated statements of financial position are set out in Section 11.2 of this Prospectus.

3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE**Brokerage**

Brokerage relating to our IPO Shares made available for application by the Public is payable by us at the rate of one percent (1%) of the IPO Price, in respect of successful applications bearing the stamp of Alliance, a participating organisation of Bursa Securities, a member of the Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association or the Issuing House.

Underwriting commission

Alliance, as our Underwriter, has agreed to underwrite 15,000,000 Public Issue Shares, which is reserved for application by the Public as set out in Section 3.2 of this Prospectus. Underwriting commission is payable by us to our Underwriter at the rate 2.0% of the total value of the underwritten Shares at the IPO Price.

Placement fee

Alliance has arranged for the placement of 35,903,000 Offer Shares at a rate of between 0.5% and 2.0% of the value of the Offer Shares based on the Offer Price. The Offerors will bear the expenses incurred relating to the Offer for Sale.

3. PARTICULARS OF OUR IPO (Cont'd)

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into an underwriting agreement with Alliance on 15 June 2011 ("Underwriting Agreement") to underwrite up to 15,000,000 Public Issue Shares as set out in Section 3.2 of this Prospectus. The following salient terms are reproduced from the Underwriting Agreement. The terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement.

8. TERMINATION

8.1 Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:

8.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Sole Underwriter, or by the Closing Date, whichever is earlier; or

8.1.2 there is withholding of information which is required to be disclosed to the Sole Underwriter pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Initial Public Offering, or the distribution or sale of the Issue Shares; or

8.1.3 there shall have occurred, happened or come into effect any of the following circumstances:

(a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing;

(b) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Sole Underwriter or any event or series of events beyond the reasonable control of the Sole Underwriter;

(c) any material and adverse change to the business or financial condition of the Company or the Group;

(d) approval for the Initial Public Offering is withdrawn, modified and/or subject to terms and conditions not acceptable to the Sole Underwriter;

which would have or can reasonably be expected to have, a material adverse effect on the success of the Initial Public Offering, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

8.14 there is failure on the part of the Company to perform any of its obligations herein contained; or

3. PARTICULARS OF OUR IPO (Cont'd)

- 8.15 if the Closing Date is more than two (2) calendar months from the date of this Agreement or any later date as the Company and the Sole Underwriter may mutually agree upon, this Agreement will automatically lapse without the requirement for any notice in writing to be given to such effect and the Sole Underwriter will be released and discharged from its obligations.
- 8.2 Subject to prior consultation with the Company, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:
- 8.2.1 there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business or financial condition of the Company and/or any company in the Group;
- 8.2.2 any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Underwriter is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:
- (i) on or after the date of this Agreement; and
- (ii) prior to the Listing Date,
- lower than 85%, of the level of index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or
- 8.2.3 the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) or more consecutive Market Days.

4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE INVESTING IN OUR SHARES.

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitors, accountants or other professional adviser.

4.1 RISKS RELATING TO OUR BUSINESS AND INDUSTRIES

(i) Epidemics

The threat of epidemics has always been one of the major problems faced by the livestock industry. As the demand for animal health and nutrition products are wholly dependent on the growth of the livestock industry, any widespread of animal diseases would have a severe impact on the demand of animal health and nutrition products, both domestically and internationally. Such impacts have already been witnessed by the local livestock industry during the outbreak of the Nipah virus in 1998 and the H5N1 avian influenza in 2004 and 2006, which resulted in large-scale culling of swine, leading to a significant drop in the livestock population and subsequently causing the fall in demand for animal health and nutrition products. In certain cases where outbreaks were less severe, negative perceptions on livestock consumption were enough to hamper the livestock production. This was witnessed in the recent outbreak of H1N1 swine flu pandemic in 2009, where consumers reduced pork consumption due to safety reasons. As such, the recurrence of these or other new epidemics could have similar effects on livestock demand and supply as well as the demand for animal health and nutrition products.

(Source: IMR Report by Protégé Associates)

Nevertheless, the Malaysian government has proven its capabilities in containing the proliferation of such diseases as compared to other Asian counterparts like Vietnam, Indonesia and Thailand. As at to date, none of the outbreaks in recent years has caused a significant wipe-off of livestock production. To minimise the risk of epidemics, our Group has diversified our customer base to foreign countries that are not located in SEA such as Pakistan, Nepal, Taiwan and Thailand in small quantities. Notwithstanding that our revenue generated from our export market is still relatively small, we intend to continue to further our geographical reach to foreign countries like Indonesia, Saudi Arabia, Bangladesh and Philippines in an effort to reduce the dependency of revenue from a particular country. This way, we could reduce the risk of our product sales in the event of an epidemic in any particular location.

However, there can be no assurance that the outbreak of epidemics can be contained or eliminated entirely and have no material effect on our business performance.

(ii) Competitive rivalry

The local animal health and nutrition market is highly competitive and comprises more than 50 market players which include domestic product manufacturers, distributors and subsidiaries of international product manufacturers. Due to the relatively mature nature of the local livestock industry, particularly the poultry and swine sub-industries, market players have to have good products, strong branding, critical supply quantity, economies of scale and competitive prices in order to stay one step ahead of their competitors.

(Source: IMR Report by Protégé Associates)

4. RISK FACTORS (Cont'd)

Our Group's core competency lies in the ability to develop and manufacture our own animal health and nutrition products. Our resilience lies in our product development initiatives which is one of our competitive strengths. Under the supervision of Dr. Teo Kooi Cheng, which is the head of technical department of our Group, our product development initiatives have been able to make continuous improvements and upgrades to our existing products in order to meet our customer's requirements. Our Group also focuses on operating our business by addressing the issue of environmental sustainability through the production of animal feed additive products that minimise the impact on the environment, while still maintaining the quality of our products.

Nevertheless, there can be no assurance that a significant change in competitive environment would not have an adverse impact on our market positioning.

(iii) Supply of raw materials and products

An uninterrupted and continuous supply of raw materials and products to our business cycle is crucial to our Group's success. Any disruption to the supply chain will adversely affect our business operations due to our involvement in manufacturing and trading activities particularly as opposed to a business which provides advisory services which depends on human capital.

Our Group is dependent on our major suppliers which collectively contributed 20.80%, 24.60%, 23.67% and 22.36% of our total purchases for the FYE 31 December 2007 to 2010 respectively. Of this, Novus International contributed 6.89%, 15.04%, 16.77% and 14.60% to the purchases of our trading products and Times Fine Chemical Sdn Bhd contributed to 13.91%, 9.56%, 6.90% and 7.76% of the purchases of our manufacturing products.

To mitigate this risk, our Group has sourced our supplies from a variety of suppliers of which our supplier base has amounted to approximately 82 suppliers as at the LPD. In addition, we have good business relationships with Novus International and Times Fine Chemical Sdn Bhd for whom we have been dealing with for approximately four (4) and nine (9) years respectively.

Further, we are of the view that holding several distributorships mitigates our dependence on any single distributor. In the event that any of these distributorships are terminated by either party, we do not foresee any difficulties in sourcing similar products from any of our existing distributors, or other suppliers in the market.

Whilst there is no guarantee that our major suppliers and/or distributors will continue to supply us with raw materials at the required quantity, quality and at the expected prices, we do not foresee any adverse disruptions in our supply chain in the near future. As at to date, we have not encountered any major problems when dealing with our suppliers.

Nonetheless, no assurance can be given that our Group's business activities will not be affected in the event that there is a major disruption in our supply chain.

(iv) Fluctuation in prices of raw materials and products

One of the key issues encountered in the manufacturing industry is the fluctuation in raw material prices. As raw material cost contributes to a significant amount of our expenses, a slight hike in raw material prices would significantly increase our cost of production. Fluctuation in raw material prices is often linked to inflation or hike in certain consumer product prices. Hence, any occurrence of such event would be an inherent risk to our Group's financial performance. As at the LPD, our Group's raw materials that are subjected to price fluctuations are vitamins and minerals which are contained in most of our products.

4. RISK FACTORS (Cont'd)

If at any time our Group is unable to absorb the bulk increase of the cost in raw material, we would discuss an appropriate higher selling price with our customers to negate such negative impact on our profit margins. Additionally, we also ensure that there is no sudden unanticipated price increases by keeping ourselves abreast of raw material pricing. Other price increases could also be as a result of foreign exchange fluctuations which we have endeavoured to negate by entering into foreign exchange spot contracts to lock in the current exchange rate for our foreign purchases to be settled within three (3) market days.

Save for the FYE 31 December 2007 and FYE 31 December 2009 whereby our gross profit margin declined to 31.54% (from 35.19% in FYE 31 December 2006) and to 31.07% (from 33.08% in FYE 31 December 2008), respectively, our Group has not encountered any major cost overruns in dealing with raw materials and was able to absorb most cost increases to the extent possible without major impact on our profits. However, there is no assurance that our Group's operating results will not be affected by major fluctuations in prices of raw materials and products.

(v) Protection of IP rights

Being a manufacturer of animal health and nutrition products, our Group's success is dependent to a certain degree on our ability to protect our IP rights particularly the trade marks that are capable of registration with the Intellectual Property Corporation of Malaysia ("MyIPO"). A failure to protect such trade marks may expose certain of our products to being counterfeited by third parties. This may have a negative impact on our business.

In light of the above, we have recently taken legal advice on protecting our intellectual property rights. We have to this extent applied to register fifteen (15) of the Group's trade marks. Details of these applications are set out in Section 6.12 of this Prospectus. The registration of our trade marks will confer instant protection on the Group such that subsequent third party users are prevented from using trade marks that are similar to ours in respect of the animal health and nutrition products class of goods. As an owner of registered trade marks, we may commence legal proceedings for trade mark infringements under the Trade Marks Act 1976 against third party users of trade marks that are similar to ours and which may be confusing and misleading. Note that the trade marks registration process may take up to 2 years. There is no assurance that all our application will be successful.

Pending the registration of our trade marks, we still have recourse under the common law to pursue a tortious action for passing-off against any third party user that attempts to counterfeit or pass off on our trade marks. Note that this common law right extends to all our trade marks, not just the trade marks that we are attempting to register. An infringement action under the Trade Marks Act 1976 is easier to pursue as compared to an action under the tort of passing-off.

To further protect our IP rights, we have made it compulsory for all our key management personnel who have detailed knowledge of our products' formula, formulation process and confidential documents to sign non-disclosure agreements, which prohibits them from revealing our Group's confidential information to any third party. This contractual obligation is recognised and enforceable under the Malaysian laws. Our Group also seeks to mitigate this risk by segregating the duties among our employees in a way to protect our trade secrets.

Our directors believe that our Group has taken reasonable steps in the protection of our IP rights. However, there can be no assurance that a disruption in product registration would not have an impact on our financial performance.

4. RISK FACTORS (Cont'd)

(vi) Absence of long term contracts

We do not have any long term contracts with our customers as it is not a normal practice in the industry. As such, absence of long term contracts can be an inherent risk to our business's operations. Our major customers collectively contributed approximately 24.91%, 25.08%, 23.16% and 25.56% of our revenue for the FYE 31 December 2007 to 2010 respectively. Hence, we are dependent on our major customers and could, to a certain extent, be impacted by any loss in sales to our major customers.

Although there can be no assurance that our major customers will continue to purchase from us, our Group seeks to mitigate this risk by establishing good business relationships with them. Over the years, we have managed to retain most of our major customers with the majority of them having at least four (4) years of business relationship with us. Further, we have been able to keep in touch with our customers regularly through the provision of after-sales services as well as through various farmers' seminars and forums that we organize and attend from time to time.

Our Group's commitment in providing continuous supply of quality products and services has been a vital factor towards customer satisfaction as well as a major reason for repeat purchases. Nevertheless, as at the LPD, our Group has a customer base of approximately 253 customers to tap on to reduce reliance on any of our major customers.

(vii) Risk of fluctuation in foreign exchange rates and risk in entering foreign markets

Sales and purchases denominated in foreign exchange currencies are subject to fluctuation over time. This could bring an adverse impact to our Group's financial performance if our receivables are eroded and our payables are increased as a result of such fluctuations. Based on the FYE 31 December 2010, our export sales contributed to approximately 2.06% of our total sales and our import of raw materials and trading products contributed to approximately 21.87% of our total purchases. Whilst our currency is currently a managed float, there could be a greater exposure to foreign exchange risk if the RM becomes a free float currency resulting in our export sales and import purchases, which are denominated in USD, being subjected to greater fluctuations. To mitigate against the risk of fluctuations in foreign exchange rate for our purchases, we have entered into foreign exchange spot contracts to lock in the current exchange rate for our foreign purchases to be settled within three (3) market days.

Our Group plans to expand our export markets to foreign countries like Indonesia, Saudi Arabia, Bangladesh and Philippines as stated in Section 6.15.1 of this Prospectus. Hence, we will be exposed to certain foreign market risk which includes barriers to entry, adverse political and economic conditions and unfavourable regulatory and operating requirements. As such, this could delay our entry into foreign markets and increase our operating cost. To minimise this risk, our Group intends to appoint appropriate foreign partners as distributors to ease the process of penetrating these foreign markets.

As much as our Group can do to minimise the foreign exchange and foreign market risk, there can be no assurance that our Group's financial results will not be impacted in the event of an unfavourable economic event such as a financial crisis.

(viii) Dependency on particular products and markets

Our Group is principally involved in manufacturing, distribution and trading of animal health and nutrition products. As such, our performance is significantly reliant on the performance of the livestock industry especially on the demand of swine and poultry. Any significant drop in the demand of these livestock would have an adverse impact on our operating results. To minimise this risk, our Group has also planned to diversify our product base into ruminant and aquaculture products as detailed in Section 6.8.3 of this Prospectus.

4. RISK FACTORS (Cont'd)

In order to limit our dependence on the local market, we have diversified our geographical reach to Taiwan, Nepal, Pakistan and Thailand. Notwithstanding that our revenue generated from our export market is approximately 2.10%, we intend to continue to expand our geographical reach to other countries such as Indonesia, Saudi Arabia, Bangladesh and Philippines as stated in Section 6.15.1 of this Prospectus in order to reduce our dependency on our local market. Hence, by diversifying our market base, we should be able to minimise our risks in the event that any one of our existing markets is affected by unforeseen circumstances.

Notwithstanding the above, there is no assurance that our business will not be impacted as a result of our Group not being able to diversify our product base and into other geographical location.

(ix) Threat of Substitutes

Each product in the animal health and nutrition market has its own characteristics and functions. As different products are tailored to different farm animals and different farm environments, they are not easily replaced or substituted due to their distinctive features and functions. However, within the animal health and nutrition market, antibiotic related animal feed additives are most vulnerable to substitutes due to the increasing awareness of health and environmental hazards as well as the impending regulations related to antibiotic products. There is an increasing trend that farmers are switching to non-antibiotic animal feed additives on the basis of greater environmental sustainability and long-run profitability.

Our Group currently manufactures and trades in both antibiotic and non-antibiotic animal feed additives. This reflects the current preferences and demand of livestock farmers in Malaysia. As livestock farmers gradually shift towards greater non-antibiotic feed additives usage, we are easily able to shift production and trading patterns to favour non-antibiotic feed additives. PeterLabs will continue dealing with both types in proportion with market demand. In this regard, our Group's exposure to threat of substitutes are minimised in the event of a major change in consumer preference. Nevertheless, there can be no assurance that our Group's performance will not be affected in the event there is a new product innovation.

(x) Dependency on our executive directors, key management and key technical personnel

Human capital is one of the key factors in the success of our Group. Over the years, we have built up a strong operations team comprising our directors, managers and technical personnel who have a vast experience in the livestock industry and have over the years accumulated vast and valuable knowledge of our Group's operations and the industry. As such, any loss of our key personnel may have an adverse impact on our Group as well as to our day-to-day operations.

To retain our key management and key technical personnel, we offer a competitive remuneration package for their contribution towards our Group's success. Good working relationships have also been fostered amongst our employees as we provide a healthy working environment, practise good workplace culture and uphold good work ethics to create a sense of belonging amongst our employees.

Although most of our key employees have good working relationships with us since our inception, there can be no assurance that they would not leave the Group.

4. RISK FACTORS (Cont'd)

(xi) Gestation period of GMP Compliant Manufacturing Plant

Our Group has recently built a new manufacturing plant in Nilai, Negeri Sembilan with a total built-up area of 52,474 Sq. Ft. of which 27,200 Sq. Ft. is designated as the production area and the remaining is being utilized as office premises and for warehousing purposes. This new manufacturing plant has undergone the GMP pre-certification audit on 18 January 2011, and our Group had on 27 January 2011 received a letter from NPCB, stating that our Group's GMP compliance status is at a "*satisfactory – pre-licensing stage*". In relation to this, GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications.

As at the LPD, our new manufacturing plant in Nilai is operating at approximately 13.0% of the maximum production output and is expected to be fully operational by the third quarter of the FYE 31 December 2011. As such, the earnings growth from the new manufacturing plant is not expected to be significant in the near term due to the gestation period. However, our Group is optimistic about our future growth as we envisage that the new manufacturing plant with the impending GMP certification will provide us with a competitive advantage when expanding into export markets that we intend to penetrate which requires livestock health and nutrition products to be GMP compliant.

Our Group views that the initial introduction of our GMP compliant products may subject the Group to gross profit margin attrition of approximately 2.0% during the initial production period (assuming there will be an increase in revenue due to the increase in our production output in our Nilai manufacturing plant coupled with upward adjustments on the pricing of our GMP compliant products to be implemented on a staggered basis). However, on a worst case scenario, assuming that our revenue for the FYE 31 December 2011 is maintained as per the FYE 31 December 2010, the initial introduction of our GMP compliant products may subject our Group to a gross profit margin attrition of approximately 17.0% during this period. This is mainly due to our Group having to bear the initial amortisation of the capital expenditure of our new GMP plant (assuming a full year of depreciation charge) with the plant operating less than its optimal production capacity coupled with no upward adjustments to the pricing of our products. Nevertheless, our Group believes that these GMP compliant products will be able to garner interest from our existing and future customers as it would improve the quality of our customer's livestock such as to reduce mortality rate, improve FCR, improve egg and/or meat quality. Further, with the GMP compliance, we would be able to increase our revenue from our expansion plans into the export markets which would mitigate any cost increase involved in relation to operating a GMP compliant plant.

Notwithstanding the above, there can be no assurance that our return on investment and margins would not be affected during the gestation period until our new manufacturing plant attains its optimum production capacity and GMP accreditation.

(xii) Adequate insurance coverage

We believe our production facilities, offices, plant, machinery and inventories are adequately insured against any unforeseen events such as fire, burglary and personal accidents. We are aware of the consequences arising from inadequate insurance coverage that could have an adverse material impact on our business.

To mitigate such risk, our Group conducts regular reviews on our insurance coverage including assessing the adequacy of our insurance coverage.

Although we believe that all necessary precautions have been taken, there can be no assurance that our operations would not be affected as a result of the risk of having inadequate insurance coverage.

4. RISK FACTORS (Cont'd)

(xiii) Political, economic and regulatory risk

The supply and demand markets for animal feed additive products are very much dependent on the ongoing economic climate. Any slowdown in the global or local economy will have an adverse impact on the supply and demand for these products, which in turn, will hamper our sales.

Changes in the political and regulatory landscape of Malaysia may also have an adverse impact on our financial performance. With the Feed Act 2009 coming into effect on 1 January 2010, all activities relating to the manufacture, import, sale and use of animal feed additives are regulated so as to ensure that animal welfare is preserved and the resulting animal products are safe for human consumption. In relation to this, the Feed Act 2009 was enacted to limit the use of antibiotics and hormones which are deemed harmful to human health.

Pursuant to the Feed Act 2009, our Group has to obtain a licence issued by the Feed Board for activities relating to the manufacture, import, sale and use of animal feed and feed additives. However, as at the LPD, the Feed Board has yet to take in applications for licences under the Feed Act 2009. Nonetheless, we will take the necessary actions to comply with the Feed Act 2009, including applying for the necessary licences in due course when the Feed Board starts accepting applications.

As at the LPD, our Group has not encountered any major disruption in our business that is directly attributable to changes in the political, economic and regulatory environments. However, there can be no assurance that any changes in the political, economic and regulatory conditions in the future would not have any material effect on our Group.

(xiv) Shipping Disruptions

As some of our suppliers are located overseas, our Group is subjected to shipping disruptions which could result from varied reasons such as bad weather, ship breakdowns, port strikes, pirate attacks, political turmoil or lost shipments which may have an adverse impact on our business operations.

Our Group mitigates such risk by holding 40 to 55 days of inventories as a contingency plan. In addition, all our products are adequately insured to minimise losses in the event of a shipping accident.

Notwithstanding that, there can be no assurance that our Group's operating results would not be impacted in the event of such incidences occurring.

(xv) Lack of qualified professionals in the industry

Our Group's business operations are dependant on the expertise of various technical personnel in the livestock industry such as qualified veterinarians, pharmacists, nutritionists and other experts related to this industry. Due to the demand for such professionals in the livestock industry, our Group is subjected to the risk of a shortage of qualified professionals.

Our Group currently has a strong and complete team of technical personnel which consists of two (2) pharmacists, one (1) nutritionist, one (1) veterinarian and one (1) chemists. Nevertheless, our Group is continually seeking to recruit more of such professionals. We also offer competitive remuneration packages and provide adequate training to our existing professionals to facilitate a better working environment.

Nevertheless, there can be no assurance that our Group's operation would not be materially impacted should there be an inadequate supply of such professionals.

4. RISK FACTORS (Cont'd)

4.2 RISKS RELATING TO INVESTMENT IN OUR SHARES**(i) Delay or abortion of our Listing**

Our Listing may be potentially delayed or aborted in the event of the following:

- (a) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations; or
- (b) we are unable to meet the public spread requirement of at least 25% of our enlarged issued and paid-up share capital to be held by a minimum of 200 public shareholders holding not less than 100 Shares each, at the time of Listing.

We expect to meet the public shareholding requirement at the point of Listing by allocating the IPO Shares to the required number of public shareholders during the balloting/private placement processes. However, in the event that we are unable to meet the events (a) and (b) above, monies paid in respect of any application accepted will be returned to you without interest within fourteen (14) days after we become liable to repay it.

(ii) No prior market for our Shares and possible volatility of our Share price

There is no prior market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or if developed, that such market will be sustained. In addition, our Shares could trade at prices that may be lower than the IPO Price depending on many factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These include, amongst others, prevailing economic and financial conditions in Malaysia, the depth and liquidity of the market for our Shares and investors' individual perceptions of our Group.

(iii) Control by Promoters

Upon Listing, our Promoters will collectively hold approximately 48.22% of our enlarged issued and paid-up share capital. Depending on how they choose to vote and because of their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, as a step towards good corporate governance, we have appointed four (4) Independent Non-Executive Directors and set up an Audit Committee to ensure that, *inter-alia*, any future transactions involving related parties are entered into on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

(iv) Dividend payments

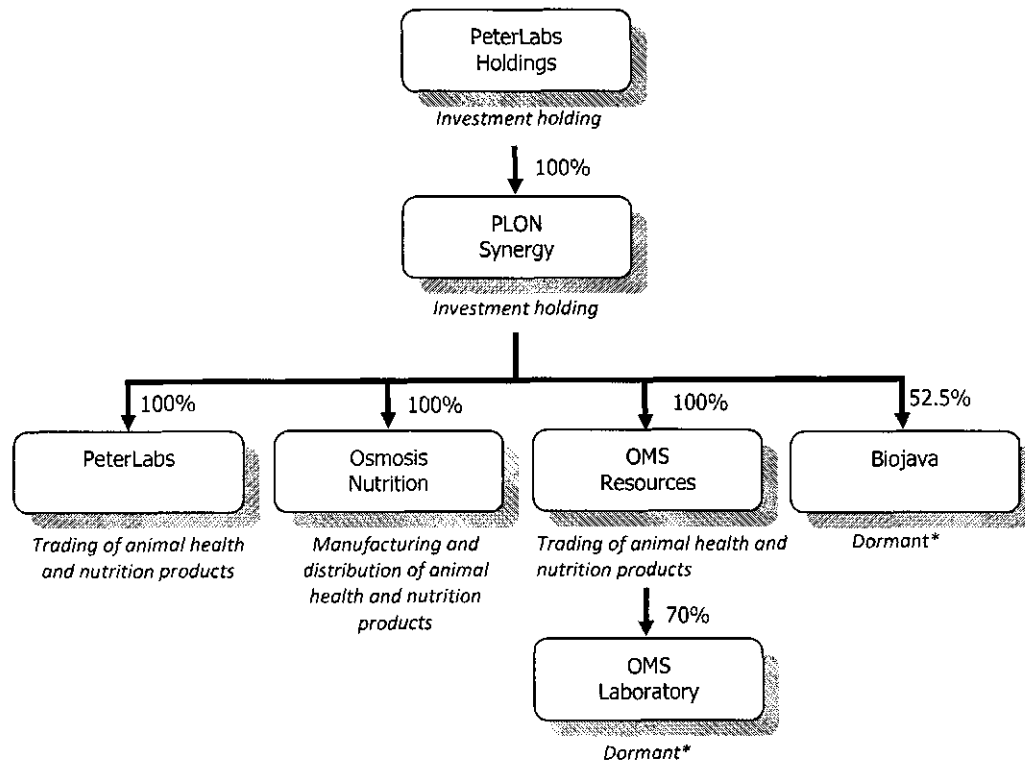
Our Company, being an investment holding company derives income mainly from dividends received from our subsidiary companies. Hence, our ability to pay future dividends and our ability to sustain our dividend policy in the future are largely dependent on the performance of our subsidiary companies. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements.

5. INFORMATION ON OUR GROUP

5.1 OUR HISTORY

PeterLabs Holdings was incorporated under the Act on 28 July 2010 as a private limited company under the name of PeterLabs Holdings Sdn Bhd. We subsequently converted into a public limited company and assumed our present name on 29 October 2010 to facilitate our listing on the ACE Market.

Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals. Our Group structure is as follows:



Note:

* The company is currently dormant.

The establishment of our Group can be traced back to the founding of Chern Tek on 20 December 1989 by Teo Chin Heng, Lim Swee Hwa and Tan Chin Tee and Benuser on 3 December 1990 by Lim Tong Seng, Teo Chin Heng, Tan Chin Tee and Chan Eng Nai. In 1992, Dr. Teo Kooi Cheng joined Chern Tek as the Technical Director. Chern Tek was principally involved in the trading of animal health and nutrition products whilst Benuser was involved in the manufacturing and distribution of animal health and nutrition products.

5. INFORMATION ON OUR GROUP (Cont'd)

Due to personal reasons, Tan Chin Tee, one of the original shareholders of Benuser and Chern Tek wanted to withdraw from both companies. This led Teo Chin Heng to initiate the idea of forming PeterLabs and Osmosis Nutrition with equity participation from all remaining shareholders of both Benuser and Chern Tek thereby streamlining the shareholdings of both companies under a group of common shareholders. PeterLabs and Osmosis Nutrition were subsequently incorporated on 4 October 2002 to capitalise on the growing demand of animal feed additives from the local livestock industry.

PeterLabs and Osmosis Nutrition obtained the necessary licences in 2002 to engage in manufacturing, distribution and trading of animal health and nutrition products. For further details about our licences, please refer to Section 6.11 of this Prospectus.

Following the above, PLON Synergy was incorporated on 13 November 2002 and became the common holding company of PeterLabs and Osmosis Nutrition on 7 October 2003, with an initial 51% equity interest in both companies. Upon the formation of the PLON Synergy group of companies, Chern Tek and Benuser ceased operations in 2002 and were dissolved on 30 January 2007. On 25 September 2008, PeterLabs and Osmosis Nutrition became wholly-owned subsidiary companies of PLON Synergy. Subsequently, Tan Chin Tee rejoined the PLON Synergy group of companies in 2008.

Our founders have accumulated an average of 28 years experience in the livestock industry. Lim Tong Seng, Dr. Teo Kooi Cheng and Teo Chin Heng have also been directly involved in the business operations of PLON Synergy and its subsidiary companies since its incorporation in 2002.

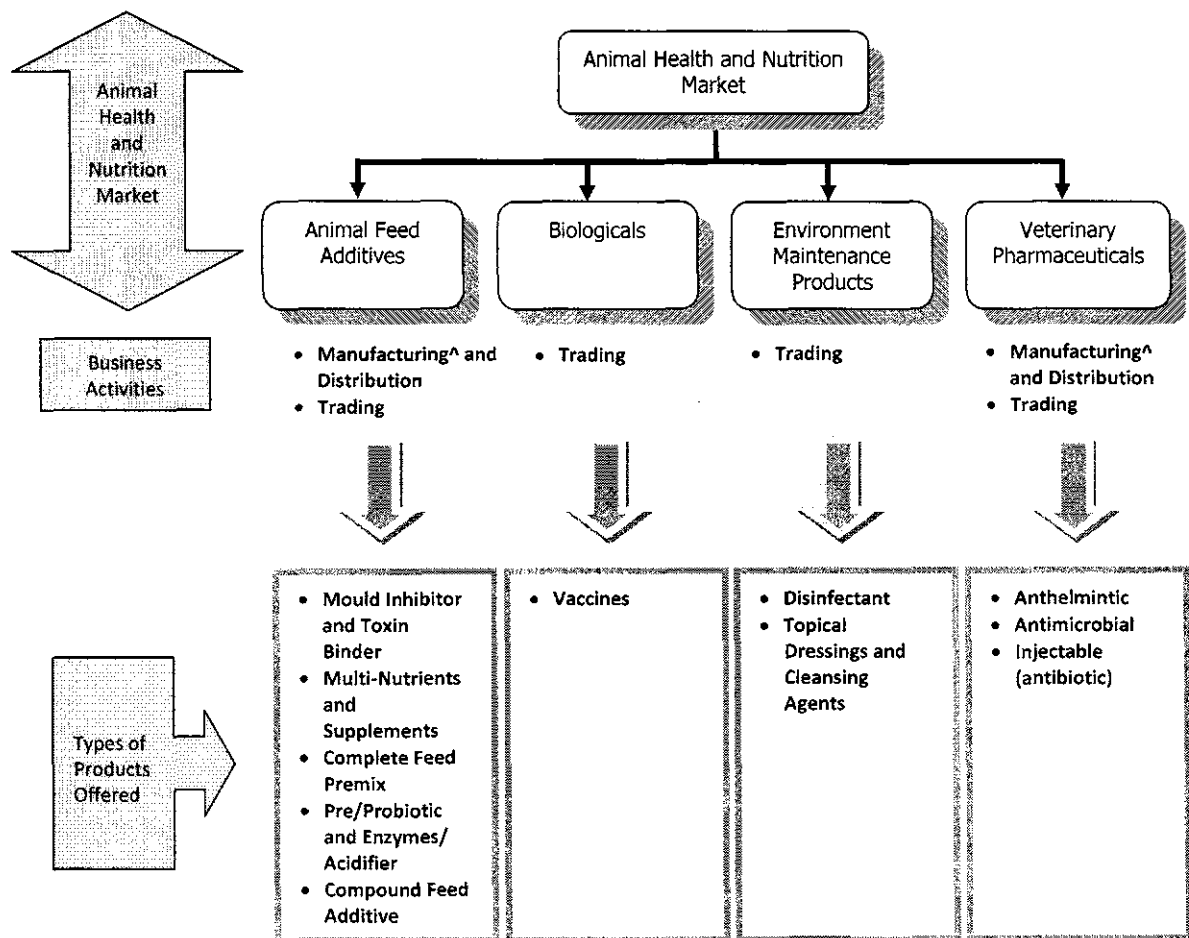
On 8 April 2003, our founders formed Zeus Biotech (Asia) Sdn Bhd (now known as OMS Resources) to distribute, amongst others, products from Zeus. We acquired OMS Resources on 10 June 2010. OMS Resources currently distributes the Group's products such as Compound Feed Additive.

On 10 July 2009, our founders formed Zeus Biotech (M) Sdn Bhd (currently known as OMS Laboratory) together with a director of Zeus for the purpose of venturing into the livestock industry in Indonesia. However, this plan did not materialise. Subsequently, we acquired a 70% equity stake in OMS Laboratory on 1 October 2010. Whilst OMS Laboratory is currently dormant, we intend to undertake future laboratory activities under this company.

Biojava was incorporated in 2006 and was acquired by us on 4 October 2010. Biojava is currently dormant. It is our intention to undertake our Group's future export activities under Biojava.

5. INFORMATION ON OUR GROUP (Cont'd)

Our Group operates within the animal health and nutrition market of the larger livestock industry. The animal health and nutrition market covers a wide and diverse range of products and is broadly segmented into animal feed additives, biologicals, environment maintenance products and veterinary pharmaceuticals. Our Group's business activities and the types of products offered within the animal health and nutrition market are illustrated in the diagram below:



Note:

^ Involving blending/mixing of two (2) or more ingredients to become the Group's products.

We currently operate through two (2) separate locations namely from our existing manufacturing plant/warehouses in Shah Alam and our new headquarters and warehousing for PeterLabs which is located in our new manufacturing plant in Nilai. Our Shah Alam manufacturing plant has a built up area of over 3,500 Sq. Ft. with a production capacity of over 160 tonnes per month and a storage capacity of approximately 200 tonnes.

On 18 December 2010, save for our manufacturing and warehousing of Osmosis Nutrition's products, we have relocated our operations to our newly constructed manufacturing plant in Nilai. The manufacturing plant in Nilai has a total built up area of 52,474 Sq. Ft. of which 27,200 Sq. Ft. is designated as the production area and the remaining is being utilized as office premises and for warehousing purposes.

5. INFORMATION ON OUR GROUP (Cont'd)

Our new manufacturing plant is expected to be fully operational by the third quarter of the FYE 31 December 2011. The Group has commenced the production of certain products in the new manufacturing plant in Nilai, namely multi mineral supplements and water soluble products. As at the LPD, the new manufacturing plant in Nilai is operating at approximately 13% of the maximum production output. Moving forward, all our manufacturing activities will be undertaken at the new manufacturing plant in Nilai. Meanwhile, the manufacturing plant in Shah Alam will still be used as our production facility during this transition period. Our Group will cease all operations at the Shah Alam manufacturing plant when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai. As at the LPD, our Group had transferred approximately 80% of our raw /packaging materials to the Nilai plant. In addition, our Group had informed the owner of our Shah Alam premises that we will cease the rental of our Shah Alam premises by end of July 2011. The new manufacturing plant is expected to have a production capacity of 344 tonnes per month and a storage capacity of 986 tonnes. This enlarged production and storage capacity would enable us the capability to conduct Toll Manufacturing.

Our new manufacturing plant has undergone the GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "satisfactory – pre-licensing stage". GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications. The new manufacturing plant has enabled us to introduce liquefied and water soluble products. For further information about GMP compliance and our future product development plans, please refer to Section 6.15.1 and Section 6.8.3 of this Prospectus.

Apart from manufacturing activities, our Group also undertakes trading activities through PeterLabs and OMS Resources. Our Group currently holds ten (10) distributorship agreements from international suppliers which allow us to supply a variety of animal health and nutrition products to the local market. For the FYE 31 December 2010, our trading and manufacturing activities contributed to 58.41% and 41.59% of our total revenue respectively.

5.2 SHARE CAPITAL

The present authorised share capital of our Company is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each, of which RM17,300,000 comprising 173,000,000 Shares are issued and credited as fully paid-up. Upon completion of our Public Issue, our issued and paid-up share capital will be increased to RM18,800,000 comprising 188,000,000 Shares. The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
28.07.2010	2	1.00	Subscribers' shares	2
12.10.2010	18	0.10	Subdivision of shares	2
13.10.2010	980	0.10	Cash	100
15.10.2010	172,999,000	0.10	Shares issued as consideration for the Acquisition	17,300,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

5. INFORMATION ON OUR GROUP (Cont'd)**5.3 SUBSIDIARY COMPANIES****5.3.1 PLON Synergy****(i) History and Business**

PLON Synergy was incorporated on 13 November 2002 in Malaysia as a private limited company under the Act and began its operations in the same year. PLON Synergy is an investment holding company whose subsidiaries are principally involved in the manufacturing, trading and distribution of animal health and nutrition products.

(ii) Share Capital

PLON Synergy's present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of PLON Synergy since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
13.11.2002	2	1	Subscribers' shares	2
07.10.2003	2,040,000	1	Cash	2,040,002
24.09.2008	1,959,998	1	Shares issued as consideration for the acquisition of PeterLabs and Osmosis Nutrition	4,000,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in PLON Synergy. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, PLON Synergy is a wholly-owned subsidiary company of PeterLabs Holdings and its Directors are Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng, Lau Yeng Khuan, Kho Siaw Sua and Chan Bee Chuan.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, PLON Synergy has five (5) subsidiary companies, namely PeterLabs, Osmosis Nutrition, OMS Resources, Biojava and OMS Laboratory. PLON Synergy does not have any associated company.

5.3.2 PeterLabs**(i) History and Business**

PeterLabs was incorporated on 4 October 2002 in Malaysia as a private limited company under the Act and began its operations in the same year. It is principally involved in the trading of animal health and nutrition products.

5. INFORMATION ON OUR GROUP (Cont'd)**(ii) Share Capital**

PeterLabs' present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM2,500,000 comprising 2,500,000 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of PeterLabs since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
04.10.2002	2	1	Subscribers' shares	2
18.12.2002	500,000	1	Cash	500,002
07.10.2003	1,999,998	1	Cash	2,500,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in PeterLabs. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, PeterLabs is a wholly-owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng, Lim Swee Hwa and Beh Boon Seong.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, PeterLabs does not have any subsidiary or associated company.

5.3.3 Osmosis Nutrition**(i) History and Business**

Osmosis Nutrition was incorporated on 4 October 2002 in Malaysia as private limited company under the Act and began its operations in the same year. It is principally involved in the manufacturing and distribution of animal health and nutrition products.

(ii) Share Capital

Osmosis Nutrition's present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM1,500,002 comprising 1,500,002 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of Osmosis Nutrition since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
04.10.2002	2	1	Subscribers' shares	2
18.12.2002	500,000	1	Cash	500,002
07.10.2003	1,000,000	1	Cash	1,500,002

5. INFORMATION ON OUR GROUP *(Cont'd)*

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in Osmosis Nutrition. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, Osmosis Nutrition is a wholly-owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, Osmosis Nutrition does not have any subsidiary or associated company.

5.3.4 OMS Resources

(i) History and Business

OMS Resources was incorporated on 8 April 2003 in Malaysia as a private limited company under the Act under the name of Zeus Biotech (Asia) Sdn Bhd and began its operations in 2007. It assumed its present name on 20 September 2010. It is principally involved in the trading of animal health and nutrition products.

(ii) Share Capital

OMS Resources's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM4 comprising 4 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of OMS Resources since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
08.04.2003	4	1	Subscribers' shares	4

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in OMS Resources. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, OMS Resources is a wholly-owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, OMS Resources has one (1) subsidiary company, namely OMS Laboratory. It has no associated company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.3.5 Biojava

(i) History and Business

Biojava was incorporated in Malaysia on 19 May 2006 in Malaysia as a private limited company under the Act. Biojava is currently dormant.

(ii) Share Capital

Biojava's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM1,000 comprising 1,000 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of Biojava since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
19.05.2006	2	1	Subscribers' shares	2
04.10.2010	998	1	Cash	1,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in Biojava. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, Biojava is a 52.50% owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Dr. Teo Kooi Cheng and Dr. Gan Yee Haw. The remaining 47.50% of the shares are owned by Lee Lok Kan (40.00%) and Dr Gan Yee Haw (7.50%) respectively.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, Biojava does not have any subsidiary or associated company.

5.3.6 OMS Laboratory

(i) History and Business

OMS Laboratory was incorporated on 10 July 2009 in Malaysia as a private limited company under the Act under the name of Zeus Biotech (M) Sdn Bhd. It assumed its present name on 20 September 2010. OMS Laboratory is currently dormant.

(ii) Share Capital

OMS Laboratory's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM100 comprising 100 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of OMS Laboratory since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
10.07.2009	4	1	Subscribers' shares	4
01.10.2010	96	1	Cash	100

5. INFORMATION ON OUR GROUP *(Cont'd)*

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in OMS Laboratory. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, OMS Laboratory is a 70.00% owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng. The remaining 30.00% of the shares are owned by Leela A/P Suresh Kee See Leng.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, OMS Laboratory does not have any subsidiary or associated company.

5.4 LISTING SCHEME

In conjunction with and as an integral part of our Listing, we will undertake the following exercises, which encompass:

5.4.1 IPO

5.4.1.1 Public Issue

In conjunction with our Listing, we will undertake a public issue of 15,000,000 new PeterLabs Holdings Shares at an issue price of RM0.30 per Share, representing approximately 7.98% of our enlarged issued and paid-up share capital, which have been reserved for application by the Public, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions.

5.4.1.2 Offer for Sale

The Offer for Sale of 35,903,000 PeterLabs Shares representing approximately 19.10% of our enlarged issued and paid-up share capital to be offered by our Offerors to identified investors at an offer price of RM0.30 per Share.

5.4.2 Listing on Bursa Securities

Bursa Securities had on 19 May 2011, approved-in-principle the admission of our Company to its Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM18,800,000 comprising 188,000,000 Shares on the ACE Market. The listing of and quotation for our Shares will commence immediately two (2) market days after Bursa Securities receives the necessary documents specified in their approval-in-principle letter.

5. INFORMATION ON OUR GROUP (Cont'd)

5.5 CAPITAL EXPENDITURE AND DIVESTITURES

Save as disclosed below, our Company has not incurred any other material capital expenditures and divestitures (including interests in other companies), since the beginning of our Group's last four (4) FYE 31 December 2007 to 2010 and up to the LPD:

	<----- FYE 31 December ----->				Up to the
	2007	2008	2009	2010	LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Plant & Machinery	217	4	810	4,763 [^]	91
Office & Factory Building	-	387	2,397 [^]	5,538	17
Freehold Land	-	1,467 [^]	-	-	-
Motor Vehicles	-	167	-	324	74
Others*	76	36	29	440	573
Total expenditures	293	2,061	3,236	11,065	755

Notes:

* Comprising office equipment, air-conditioners, furniture and fittings, computer equipment and renovation.

[^] The amount incurred for Plant & Machinery for the FYE 31 December 2010, Office & Factory Building for the FYE 31 December 2009 and Freehold Land for the FYE 31 December 2008 is due to the construction of our new manufacturing plant in Nilai as detailed in Section 6.2.1 of this Prospectus.

There are no divestitures currently in progress, within or outside Malaysia. For material capital commitments, please refer to Section 12.3.4 of this Prospectus.

5. INFORMATION ON OUR GROUP (Cont'd)

5.6 KEY ACHIEVEMENTS AND MILESTONES

Our key achievements and milestones since inception are as follows:

Year	Key achievements and milestones
2005	<p>Special Recognition Award from CAB Cakaran Corporation Bhd (“CAB Cakaran”), a company listed on the Main Market of Bursa Securities</p> <ul style="list-style-type: none"> - In recognition of PeterLabs’ continuous technical support and supply of quality animal health and nutrition products to CAB Cakaran. CAB Cakaran is a leading integrated poultry producer with operation throughout Malaysia. PeterLabs has established a good business relationship with CAB Cakaran since 2002. We had conducted farmer forum and technical services for CAB Cakaran’s contracted farmer in the past.
2007	<p>PeterLabs collaborated with Novus and introduced a series of eco-friendly animal feed additives, such as Activate DA and Mintrex. These ‘green product’ has been incorporated in our animal feed additive premix to enhance the Group’s product performance namely feed intake, growth rate and FCR.</p>
2009	<p>PeterLabs collaborated with Hangzhou King, to launch and market a series of Microencapsulate feed additives. The process of microencapsulation will increase the product stability, palatability and bioavailability. The microencapsulated product has been incorporated into our animal feed additives to increase the therapeutic index. It has been proven to have a positive and synergistic effect with PeterLabs’s product.</p>
2009	<p>Recognition Award from Novus Malaysia</p> <ul style="list-style-type: none"> - In recognition of PeterLabs successfully introducing and creating a market in Malaysia for non-antibiotic animal feed additives under the brand name of Novus such as Activate DA and Mintrex.
2009	<p>Recognition Award from In Vivo</p> <ul style="list-style-type: none"> - In recognition of PeterLabs’ successful marketing of animal feed additive products under the brand name of Neovia in the local market.
2004 to 2009	<p>Recognition Award from Zeus (continuously from 2004 to 2009)</p> <ul style="list-style-type: none"> - In recognition of PeterLabs’ successful marketing of probiotics and enzymes feed additives in the Malaysian market and achieving good sales performance.
2010	<p>PeterLabs collaborated with Novus Malaysia to conduct the 1st PigLIVE workshop: “Sustainable Sow Management Programme” at Genting Highlands in August 2010. The workshop was attended by approximately 140 participants from East and West Malaysia, mainly pig farm owners and technical support staff. For more information on PigLIVE software, please refer to Section 6.4.2(ii) of this Prospectus.</p>

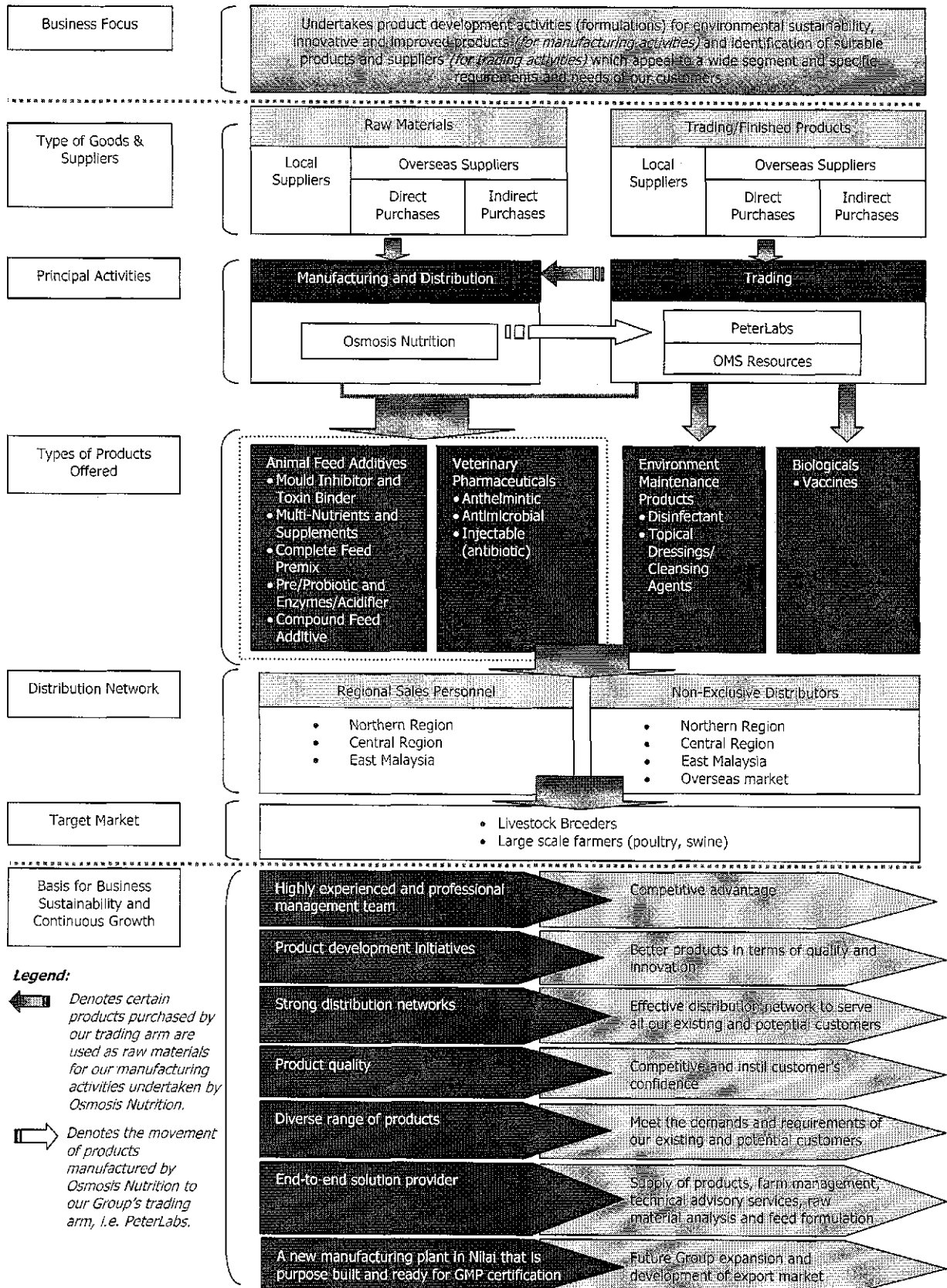
Currently, our Group does not have any ISO certification or quality certification but our Group has undergone a GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group’s GMP compliance status is at a “*satisfactory – pre-licensing stage*”. For further details about our GMP compliant status, please refer to Section 6.15.1 of this Prospectus.

6. BUSINESS OVERVIEW

6.1 OUR BUSINESS

6.1.1 Our Business Model

Our Group's business model is depicted as follows:



6. BUSINESS OVERVIEW (Cont'd)

(i) Business Focus

Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals. Our Group undertakes product development activities focusing on innovating new and improved products (i.e. for our in-house manufactured products) and as well as identification of suitable products and suppliers (i.e. for our third-party trading products) which appeal to a wide segment of customers as well as to cater to our customers' specific requirements and needs.

The combination of manufacturing and trading activities resulted in the Group's ability to provide a diverse range of products and end-to-end solutions for our customers. The details of our principal activities and product development activities are provided in Section 6.1.2 and 6.8 of this Prospectus, respectively.

(ii) Suppliers/Distributorships

Our Group sourced our raw materials for our manufacturing activities mainly from local appointed distributors of the overseas suppliers, whilst, for trading activities, we obtained our supplies mainly from local suppliers as detailed in Section 6.10.1 in this Prospectus. For trading activities, we have been granted distributorships by several of our suppliers as detailed in Section 6.10.2 of this Prospectus.

The products manufactured by Osmosis Nutrition are distributed by our trading arm, namely PeterLabs. Our manufacturing operation also uses certain finished sourced from our trading arm as raw material for our manufacturing activities.

(iii) Principal Activities / Types of Products Offered

We operate within the animal health and nutrition market of the livestock industry. The products offered by our Group falls under four segments of the animal health and nutrition market, namely, animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals.

(iv) Distribution Network

The business of our Group is supported by strong distribution network namely our dedicated regional sales personnel as well as our appointed distributors which spans throughout East and West Malaysia.

(v) Target Market

Our Group's target markets are:

- (i) Livestock breeders; and
- (ii) Large scale farmers (i.e. poultry, swine etc).

6. BUSINESS OVERVIEW (Cont'd)

(vi) Basis for Business Sustainability and Continuous Growth

We operate on a platform that enables us to sustain our business as well as to provide future business growth. The business platform incorporates the following key strength and success factors which are disclosed in details in Section 6.5 of this Prospectus:

- Highly experienced and professional management team;
- Product development initiatives;
- Strong distribution networks;
- Product quality;
- Diverse range of products;
- End-to-end solution provider; and
- A new manufacturing plant in Nilai that is purpose built and ready for GMP certification.

6.1.2 Principal Activities

Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals as detailed below:

Activities	Description	Undertaken By
Manufacturing and distribution	Manufacturing and distribution of in-house animal feed additives and veterinary pharmaceuticals within the animal health and nutrition market	Osmosis Nutrition
Trading	Trading of in-house and third-party animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals within the animal health and nutrition market	PeterLabs and OMS Resources

Our products are used by livestock breeders and farmers for large scale production of poultry and swine.

As an end-to-end provider, our Group also provides technical advisory services associated with the supply of premix and nutritional products for breeders and farmers.

(i) Principal Products

Our Group operates within the animal health and nutrition market of the larger livestock industry. Our Group's products are used to:

- ensure that animal feed contains specific nutrition through our animal feed additives;
- maintain hygiene levels for livestock through our environmental maintenance products; and
- prevent and/or cure diseases and to provide health and nutrition enhancement to livestock through our veterinary products.

The table below summarises the animal health and nutrition segments that we are in, the description of these segments, its purpose and the types of products that we currently manufacture, distribute and trade:

6. BUSINESS OVERVIEW (Cont'd)

Animal Health and Nutrition Segments	Description	Purpose	Types of Products
Animal feed additives¹	<ul style="list-style-type: none"> Defined as substances added in small or micro quantities to animal feed Includes antibiotic and non-antibiotic additives (microbials, prebiotics, probiotics, vitamins and minerals and anti-mould additives) 	<p>To provide specific health or nutrition effects in livestock such as:</p> <ul style="list-style-type: none"> Promoting growth Ensuring balanced nutrition Increasing appetite of livestock Enhancing digestion and absorption of nutrients Controlling intestinal health Keeping feed safe from harmful micro-organisms, parasites, pollutants and mould 	<ul style="list-style-type: none"> Mould Inhibitor and Toxin Binder[#] Multi-Nutrients and Supplements[*] Complete Feed Premix[*] Pre/Probiotic and Enzymes/Acidifier[#] Compound Feed Additive[#]
Environment maintenance products	Includes cleaning agents and disinfectants	To ensure the cleanliness and health of animal livestock through maintaining hygiene levels at a livestock farm.	<ul style="list-style-type: none"> Disinfectant Topical Dressings/ Cleansing Agents
Veterinary pharmaceuticals	<ul style="list-style-type: none"> Defined as therapeutic medicines Includes anti-parasitic, anti-infectives and antibiotics[@] Method of use include injectables, oral medication or water soluble liquids put through animal watering system 	<p>To prevent livestock animal from contracting diseases and treatment of diseases.</p> <p>To provide nutrition enhancement to livestock animal.</p>	<ul style="list-style-type: none"> Anthelmintic[^] Antimicrobial[^] Injectable (antibiotic)[^]
Biologicals	<ul style="list-style-type: none"> Defined as a biological preparation that improves immunity to a particular disease. It typically contains an agent that resembles a disease causing microorganism and is often made from weakened or killed forms of the microbe or its toxins. The agent stimulates the body's immune system to recognise the agent as foreign, destroy it and to 'remember' it, so that the immune system can more readily recognize and destroy any of these microorganisms that it encounters later. 	To prevent livestock animals from contracting diseases.	<ul style="list-style-type: none"> Vaccines

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- l Antibiotics and non-antibiotics animal feed additives contributed 24.85% and 75.15% of our total animal feed additives sales for the FYE 31 December 2010.*
- @ Antibiotics in veterinary pharmaceuticals are used for both disease prevention and treatment.*
- # These products comes in non-antibiotic form.*
- * These products comes in non-antibiotic form. Antibiotics are added only if required by customer.*
- ^ These products comes in antibiotic form.*

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6. BUSINESS OVERVIEW (Cont'd)

(ii) Products manufactured and/or distributed by our Group

The table below sets out the products manufactured and/or distributed by our Group:

Animal Health and Nutrition Segments	Types of Products	Description	In-house manufactured products		Third-party trading products			
			Year Intro- duced	Brand / Series	Year Intro- duced	Brand / Series	Manufacturer / Supplier	Origin
Animal Feed Additives	Mould Inhibitor and Toxin Binder	Agent that are used to prevent fungus infestation in the animal feed as well as to control mycotoxin levels	-	-	2002	Niltox^	Zeus	India
					2009	Pro-Stabil AP 55G*	Novus	USA
					2008	T5X Premium^	In Vivo	France
					2008	T5X SD^	In Vivo	France
Animal Feed Additives	Multi-Nutrients and Supplements	Essential multi- vitamin and multi- mineral supplements used to promote growth and enhance performance of livestock, amongst others, improved egg and/or meat quality and FCR	2002	Benmolyte Plus WSP	2002	Alatrolyte*	Choong Ang	Korea
			2002	Isolyte WSP	2008	B-Safe HC^	In Vivo	France
			2002	Osmolyte WSP	2008	B-Safe SD^	In Vivo	France
			2002	Osmovit 253 WSP	2009	CM 3000*	Hangzhou King	China
			2002	PEC GSM Minpro TP102 FG	2009	King CS 20*	Hangzhou King	China
			2002	Poli WSP	2009	King CS 50*	Hangzhou King	China
			2002	Poultry Mineral OM 001 FG	2008	Mintrex PSc*	Novus	USA
			2002	Prolyte-Plus WSP	2008	Oasis*	Novus	USA
			2002	Provita-Aid WSP	2002	Oxigard*	Kiotech	UK
			2002	Solulyte Concentrate WSP	2002	Permasol-500*	Choong Ang	Korea
			2002	Veta-Bio WSP	2008	Prisma Jet^	In Vivo	France
			2002	Vitalife Sol	2009	Stimune Feed^	In Vivo	France
			2002	Vitamin Concentrate for Layer FG	2010	Vitacen AD ₃ E INJ^	Cenavisa	Spain

6. BUSINESS OVERVIEW (Cont'd)

Animal Health and Nutrition Segments	Types of Products	Description	In-house manufactured products		<-----Third-party trading products----->			
			Year Intro- duced	Brand / Series	Year Intro- duced	Brand / Series	Manufacturer / Supplier	Origin
Animal Feed Additives	Complete Feed Premix	Complete premix that are used as supplements to promote growth and to enhance the performance of livestock, amongst others, improved egg and/or meat quality and FCR	2002 2002 2002 2006 2002	BDM CT FMG OMS PEC	-	-	-	-
Animal Feed Additives	Pre/Probiotic & Enzymes/ Acidifier	Essential composition that contains pre/probiotic, yeast as well as acidifiers that is used to promote growth and to enhance the performance of livestock, amongst others, reduced mortality rate	2005	CMS 2000 Egg Shell Master	2008 2008 2008 2008 2009 2009 2006 2002 2002 2002 2006 2006 2006 2006 2006 2002 2006 2006 2002 2002 2002 2002	Acidomix AFG* Acidomix Protect* Activate DA* Activate WD* Brozyme^ Cap' acid Pig^ Chromisac 3000^ CYC-Plus* Genex Pig* Genex Sow* Laymore^ Livesac^ Microguard^ Minpork^ Multienzyme* Optimise-M* Pigzyme^ Salgard Liquid* Salgard Long Acting Powder* Selenosac-EC^	Novus Novus Novus Novus Zeus In Vivo Zeus Choong Ang Kitech Kitech Zeus Zeus Zeus Zeus Kitech Kitech Zeus Kitech Kitech Zeus	USA USA USA USA India France India Korea UK UK India India India India UK UK India UK UK UK India

6. BUSINESS OVERVIEW (Cont'd)

			In-house manufactured products		<-----Third-party trading products----->			
Animal Health and Nutrition Segments	Types of Products	Description	Year Introduced	Brand / Series	Year Introduced	Brand / Series	Manufacturer / Supplier	Origin
Animal Feed Additives	Compound Feed Additive	Other essential nutrition formulated together with feed premixes	-	-	2007	Di-Calcium Phosphate/Mono-Di-Calcium Phosphate*	Qingda Jiangda Feed Development Co. Ltd.	China
					2006	Fishmeal*	Farmachem	Domestic
					2005	Hi-Prolac*	NU-Strength Enterprise	Domestic
					2002	L-lysine*	PT-Cheil Jedang	Indonesia
					2006	MHA*	Novus	USA
					2006	Premulac-L*	Nutrifeed / Behn Meyer	The Netherlands
					2006	Premulac-P*	Nutrifeed / Behn Meyer	The Netherlands
					2011	BioAktiv	ENV Technology	Domestic
Environment Maintenance Products	Disinfectant	Agent that are applied to non-living objects to destroy harmful microorganisms	-	-	2008	Biophen*	BioLink System Limited	UK
					2008	Germ-IOD^	Cenavisa	Spain
					2002	Sarakill*	Choong Ang	Korea
					2002	Multicide*	Toronto Pharma Sdn Bhd	Domestic
Environment Maintenance Products	Topical Dressings and Cleansing Agent	Product which aids in the healing of topical wounds and cleaning of dirt from surfaces	-	-	2002	OMS First Aid Blue*	Herbal Remedies	Domestic
					2002	OMS Blue Spray*	Herbal Remedies	Domestic
					2008	Yod Cen^	Cenavisa	Spain
Veterinary Pharmaceuticals	Anthelmintic	Substance capable of destroying or eliminating parasitic worms	2002	OMS Stalazole 50 FG	2006	Heartsaver*	Choong Ang	Korea
			2002	Cebenzol 6.25 FG	2010	Ivercen-10^	Cenavisa	Spain
					2006	P-mectin Tablet*	Choong Ang	Korea

6. BUSINESS OVERVIEW (Cont'd)

Animal Health and Nutrition Segments	Types of Products	Description	In-house manufactured products		<-----Third-party trading products----->			
			Year Intro- duced	Brand / Series	Year Intro- duced	Brand / Series	Manufacturer / Supplier	Origin
Veterinary Pharmaceuticals	Antimicrobial	Agent that are used to kill or inhibit the growth of harmful micro-organisms such as bacteria, fungi, and protozoa	2002	Ben-CTC 500 WSP	2005	All-Treat*	Choong Ang	Korea
			2002	Benmasol Sol	2010	Cen-A-Pen Suspension^	Cenavisa	Spain
			2002	Benmequin 200 Sol	2009	Fuyou*	Hangzhou King	China
			2002	Benmoxyl 50S WSP	2009	King Apra*	Hangzhou King	China
			2002	Cenaflox 200 Sol	2009	King Colistin*	Hangzhou King	China
			2002	Coccistop Sol	2009	King Kita*	Hangzhou King	China
			2002	E-Thro 200 WSP	2009	King Linco-Spectin*	Hangzhou King	China
			2003	Florocin 10 Sol	2009	KingTilmi*	Hangzhou King	China
			2002	Lincocen 44 FG	2009	King Tylo*	Hangzhou King	China
			2002	N-Rocen 100 Sol	2009	Xinen*	Hangzhou King	China
			2003	OMS Colistin 110 FG				
			2002	OMS Fourmix 100 FG				
			2002	OMS Genta 10 FG				
			2002	OMS Nystatin 50 FG				
			2002	OMS Tiamulin 100 FG				
			2002	OMS Tylofac 250 FG				
			2002	Osmoflox 20% Sol				
			2002	Osmo-Fos E WSP				
			2002	Polyvet 2M Sol				
			2002	Sulfaton-P 50% WSP				
			2002	TMS 480 Sol				
			2002	Tribest Sol				
			2002	Trioquino WSP				
			2002	Tylocen + S200 FG				

6. BUSINESS OVERVIEW (Cont'd)

Animal Health and Nutrition Segments	Types of Products	Description	In-house manufactured products		Third-party trading products			
			Year Intro- duced	Brand / Series	Year Intro- duced	Brand / Series	Manufacturer / Supplier	Origin
Veterinary Pharmaceuticals	Injectable (antibiotic)	Long acting forms of antibiotics that are applied by subcutaneous or intramuscular injections that used to kill or inhibit the growth of microorganisms such as bacteria, fungi and protozoa	-	-	2002	Amoxycen 200 L.A.^	Cenavisa	Spain
					2002	Cenmicin-LC^	Cenavisa	Spain
					2002	Oxycen 200 L.A.^	Cenavisa	Spain
					2011	Eficur Hipralona Enro-1 Selectan Meglugin	Hipra Malaysia	Domestic
Biologicals	Vaccines	Defined as a biological preparation that improves immunity to a particular disease. It is typically contains an agent that resembles a disease causing microorganism and is often made from weakened or killed forms of the microbe or its toxins	-	-	2011	Auskipra-BK Auskipra-GN Mypravac Suis Rinipravac-DT Gestavet Gestavet Prost	Hipra Malaysia	Domestic

Notes:

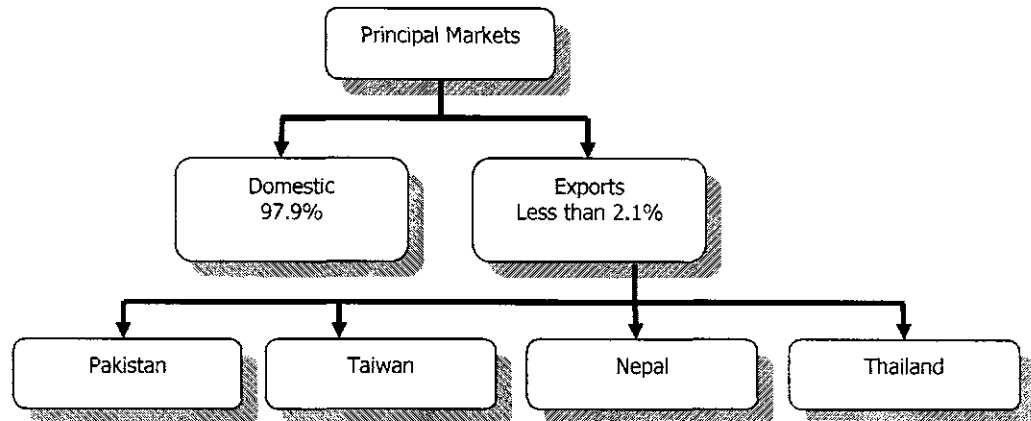
^ These products are distributed either on an exclusive distributorship or sole agent basis by our Group as stated in Section 6.10.2 of this Prospectus.

* These products are distributed on a non-exclusive distributorship basis by our Group.

6. BUSINESS OVERVIEW (Cont'd)

(iii) Principal Markets

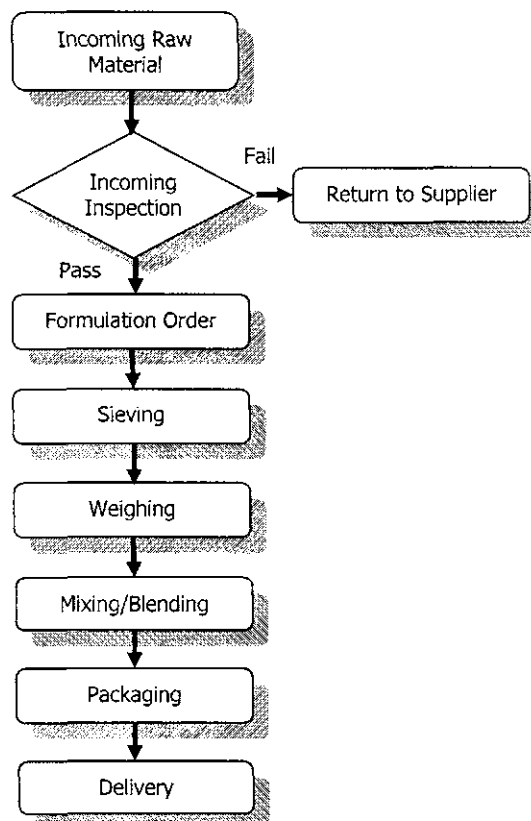
Approximately 97.9% of our Group's revenue for the FYE 31 December 2010 was derived from domestic sales as depicted below:



Our Group ventured into Pakistan in 2007, Taiwan in 2007 and Nepal and Thailand in 2010. Our products are distributed by our non-exclusive distributors in the said countries.

6.2 PRODUCTION PROCESS

The process flow chart below illustrates our general production process:



6. BUSINESS OVERVIEW *(Cont'd)*

Our production process involves the following:

(i) Incoming Raw Material

The specifications of all raw materials used in the production shall be checked for compliance with the COA for such raw materials issued by our suppliers. When the raw materials are in order, we will store all production materials in a clean and secured location. Labels which clearly state their expiry dates are affixed on these raw materials. Upon delivery, our store or production supervisor will do a preliminary inspection and stock count of these items. Particulars of these raw materials, such as supplier's name, invoice number and lot number are recorded into the raw materials stock card.

(ii) Incoming Inspection

Only incoming raw materials that meets the Group's quality standards will be accepted while raw materials which have failed to meet our production specification will be returned to suppliers.

(iii) Formulation Order

A formulation order is a documented formula for products that have been agreed to be manufactured. Once a formulation order is made, a batch worksheet for the particular product is produced. These worksheets contain the batch number, batch size, raw materials (ingredients) and quantity to be used and products to be produced.

(iv) Sieving, Weighing, Mixing/ Blending and Packaging

Our production supervisor will supervise production operators through the final stages of the production process which includes:

- (a) Sieving of raw materials to remove any foreign material and to provide consistency in the raw materials through the sieving action;
- (b) Weighing of the raw materials to the correct quantity according to the formulation order;
- (c) Mixing of raw materials which are done in approximately 40 minutes' batches; and
- (d) Discharge of the final product to be filled into proper packages which are then sealed and labelled.

(v) Delivery

The finished product will be then transferred for storage and/or delivery to our customers immediately. All particulars are then recorded into the finished product stock card.

6.2.1 Production and Storage Capacity and Production Output

Currently, our products are mainly in powder form and packed in 20kg/ 30kg paper bags. The only type of machinery that we use is mixers. Over the years, we have been steadily expanding and increasing our operational capacity. We have recently completed the construction of a new manufacturing plant in Nilai and has undergone a GMP pre-certification audit on 18 January 2011.

On 18 December 2010, save for our manufacturing and warehousing of Osmosis Nutrition's products, we have relocated our operations to our newly constructed manufacturing plant in Nilai. The manufacturing plant in Nilai has a total built up area of 52,474 Sq. Ft. of which 27,200 Sq. Ft. is designated as the production area and the remaining is being utilized as office premises and for warehousing purposes.

6. BUSINESS OVERVIEW (Cont'd)

Our Nilai manufacturing plant is expected to be fully operational by the third quarter of the FYE 31 December 2011. The Group has commenced the production of certain products in the new manufacturing plant in Nilai, namely multi mineral supplements and water soluble products. As at the LPD, the new manufacturing plant in Nilai is operating at approximately 13.0% of the maximum production output. Moving forward, all our manufacturing activities will be undertaken at the new manufacturing plant in Nilai. Meanwhile, the manufacturing plant in Shah Alam is still being used as our production facility during this period of transition. Our Group will cease all operations at the Shah Alam manufacturing plant when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai.

Our current production capacity and utilisation are illustrated in the table below:

Total Production Area (Sq. Ft.)	Equipment	Quantity	Maximum Production Capacity (Tonnes per month)	Maximum Production Output (Tonnes per month)	Production Utilisation (%)	Audited NBV as at 31 December 2010 (RM'000)
Shah Alam Manufacturing Plant						
3,500	Feed grade powder mixer	2	160*	130.0#	81.2	8.0
Nilai Manufacturing Plant						
27,200	Feed grade powder mixer	1	120**	39.0^	32.5	120.5
	Water soluble powder mixer	1	24**	1.4^	5.8	39.0
	Liquid solution mixer	1	30**	0.7^	2.3	29.0
	Disinfectant liquid mixer	1	30**	3.7^	7.4	50.0
Total		6	364	174.8	-	246.5

Notes:

* Based on one twelve (12)-hour shift per day per month for 10, 25, 30 kg-sized bags.

** Based on one eight (8)-hour shift per day per month for 25 kg-sized bags (for powder form products) and 100g, 400g, 500g and 25 kg-sized bags (for powder form water soluble products).

Based on average of actual output for the FYE 31 December 2010.

^ Based on average of actual output as at the LPD.

The current production capacity above only reflects the machinery that are currently in use i.e. used in our Shah Alam and Nilai operations. The remaining machinery which are located in our Nilai plant which are undergoing production trial runs (expected to be fully operational by 31 July 2011) are as follows:

Machinery and Proposed Usage	Description	Audited NBV as at 31 December 2010 (RM'000)	No. of Units	Maximum Production Capacity (Tonnes per month)
EYH4000A Dimensional Mixer	Feed grade powder mixer	120.5	1	120
EYH 1000 Dimension Mixer	Feed grade powder mixer	47.0	1	20
		167.5	2	140

6. BUSINESS OVERVIEW (Cont'd)

Our current storage capacity is as detailed below:

Location	Built-up Area (Sq. Ft.)	Utilised Area for Storage (Sq. Ft.)	Storage Capacity (Tonnes)	Storage Utilisation (Tonnes)	Utilisation Rate (%)
Warehouse (PeterLabs and Osmosis Nutrition) Lot 16014, (PT No. 24341) Jalan Nilam 3 Bandar Nilai Utama 71800 Nilai Negeri Sembilan	52,474	12,800	986	334	33.87
Warehouse (Osmosis Nutrition) 8, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor*	3,500	2,800	80	18	22.50
Warehouse (Osmosis Nutrition) 10 & 12, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor*	7,000	5,600	120	105	87.50

Note:

* These warehouses will ceased operations when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai.

For the purpose of being GMP compliant, our Nilai factory is equipped with the following facilities and features:

Type / Name of Facilities	Description
Heating, Ventilating, and Air Conditioning ("HVAC") System	The three (3) central functions of heating, ventilating, and air-conditioning are inter-related, providing thermal comfort, acceptable indoor air quality, within reasonable installation, operation, and maintenance costs. HVAC systems can provide ventilation, reduce air infiltration, and maintain pressure relationships between spaces. The system is designed to circulate fresh air to all enclosed area within the plant in-line with the Good Engineering Practice under the GMP. As air is re-circulated to production areas, appropriate measures are also taken to control risks of contamination and recontamination.
Auto Twin Bed Deionised Water System with Polisher	Deionisation process helps in reducing ions/minerals from water i.e. to provide deionised water for production to meet the GMP guideline and specification.

6. BUSINESS OVERVIEW (Cont'd)

Type / Name of Facilities	Description
Waste water treatment plant	The system is designed to treat effluent discharge that may contain traces of poison and antibiotic residue from the production to meet the Department of Environment's Environmental Quality (Industrial Effluent) Regulations 2009 before the waste water can be released to the drainage system.
Dust collector unit	The system has been fixed at the critical areas such production room to control dust particle, as well as to minimise recontamination.
Insulated Clean Room Panel	The enclosed areas of the plant particularly the production areas have been designed to meet GMP requirements. Clean room wall and ceiling system is designed to be smooth and have minimal edges for ease of cleaning. The joints between wall panels are sealed with flush clear silicone sealant. The surfaces will be non-shedding, non-porous and resistance to microbial and fungal growth.
Polyurethane Flooring	The flooring of the clean room should be smooth, easy to clean and minimal edges for ease of cleaning. The surfaces will be non-shedding, non-porous and resistance to microbial and fungal growth.

The total cost incurred for the construction of the Nilai manufacturing plant is as follows:

Catagories	Total Cost RM'000
Plant & Machinery	4,888
Factory Building	5,555
Office Equipment	75
Laboratory Equipment	405
Furniture & Fittings	93
	11,016
Land (held by Plon Synergy)	1,467
Total Cost	12,483

Please refer to Section 6.14.1 and Section 6.15.1 for details of our manufacturing plant in Nilai and GMP compliance.

6.2.2 Technology Used

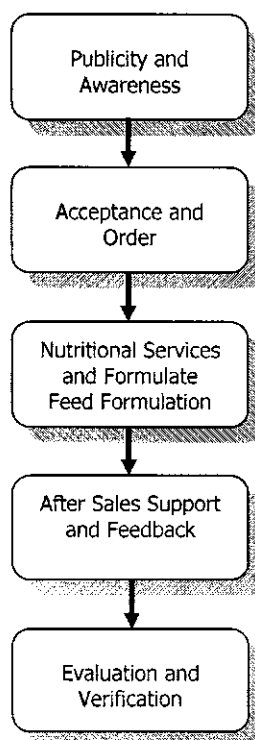
We are currently concentrating in the manufacturing of products in powder form (i.e. animal feed additives and veterinary pharmaceuticals). The machinery which are used for the production are mixers known as the Double Ribbon Mixer and Double Circle Mixer. As at the LPD, we have eight (8) units of mixers (including two (2) mixers in our Shah Alam operations) as detailed in Section 6.2.1 of this Prospectus. The mixers are mainly used for mixing/blending the raw materials such as vitamins, dicalcium phosphate and minerals into finished products for animal feed additives and for veterinary pharmaceuticals, as described in the production process in Section 6.2 of this Prospectus.

In view of this, our Group is not using any identified technology other than technology available/embedded in the mixers.

6. BUSINESS OVERVIEW *(Cont'd)*

6.3 SALES PROCESS

The sales process flowchart for our business is depicted below.



(i) Publicity and awareness

We play an active role in creating public awareness for our products through mediums such as Malaysian livestock magazines and various seminars/forums for farmers and livestock breeders. Through these public channels, we update industry participants on the importance of animal health and nutrition products and other related issues. It is also during these events that we promote our animal health and nutrition products as well as the technical advisory services that we offer.

(ii) Acceptance and Order

Such awareness creates enquiries which shall be managed by our sales personnel whom will propose feed solutions and products that are suitable for them.

(iii) Nutritional services and formulate feed formula

We would then assess the feed raw materials that are available for use in our customer's farms. We will consult with our customers on the raw materials available or preferred to be used before our nutritionists formulate a suitable feed formula to cater for the desired performance outcomes for their livestock, such as, improved FCR, improved egg and/or meat quality, increased growth rate and reduced mortality rate.

(iv) After sales support and feedback

Subsequent to the completion of a sale, our sales personnel will constantly monitor the performance of our customers' livestock. Samples of the feed mixes are taken regularly for chemistry and microbiology tests to verify the nutrients specification to ensure that the customers are mixing the feed additives with the right quantity of macro nutrients (i.e. grains, corn etc) to achieve the intended results.

6. BUSINESS OVERVIEW (Cont'd)

(v) Evaluation and verification

We will perform an audit exercise for most of our after sales products, especially for our new products. The audit exercise involves the evaluation of the livestock's performance to ensure that the feed additives are suitable for the livestock's growth cycle. The audit exercise is carried out by an independent lab tester which involves conducting site visit to customer's animal farms and laboratory experiments to evaluate the contents of the feed and the performance of livestock in terms of feed intake, animal growth rate and FCR. Corrective actions are suggested and performed as soon as any problems are detected throughout and after the sales process.

6.4 DISTRIBUTION AND MARKETING

Our operations are not significantly affected by seasonal/cyclical effects as our products are primarily used by livestock breeders and animal farms for large scale livestock production, namely, poultry and swine. As meat and eggs are consumed throughout the year with increased demand during festival periods only, the consequential demand on animal health and nutrition products are relatively constant all year round.

6.4.1 Distribution Network

Our Group has a strong distribution network which spans throughout East and West Malaysia. We are able to distribute and sell our products and services directly to end users such as farmers and livestock breeders.

The table below summarises the number of our regional sales personnel and non-exclusive distributors for both local and export market as at the LPD:

	Regional Sales Personnel	Non-exclusive Distributors
Local market		
• Northern Region	2	10
• Central Region	3	4
• East Malaysia	2	2
Export market	2*	-
• Pakistan	-	1
• Nepal	-	1
• Taiwan	-	1
• Thailand	-	-
Total	9	19

Note:

* Covers all exports markets (i.e Pakistan, Nepal, Taiwan and Thailand)

Both our sales team and appointed non-exclusive distributors are organised to work as a cohesive and effective distribution network to serve all our existing and potential customers throughout Malaysia and abroad. Our Group's revenue contribution from our regional sales personnel and non-exclusive distributors is 86.2% and 13.8% for the FYE 31 December 2010, respectively.

6. BUSINESS OVERVIEW (Cont'd)

6.4.2 Marketing Activities and Strategies

Our marketing approach and promotion strategies are implemented through various channels which are aimed primarily at farmers and livestock breeders. Our Group is committed to developing effective marketing and promotion strategies as we consider marketing and promotion an important aspect in the sales and distribution of our animal health and nutrition products.

The active marketing strategy undertaken by the Group in the local market were demonstrated by the Group's participation in trade shows, organising forums and seminar for its customers to update them with industry/product information/knowledge and technical support. Further, the promotion of the use of PigLIVE software to improve customers' productivity shows the Group's commitment to developing local market.

Our marketing team consist of nine (9) experienced regional sales personnels led by Lau Yeng Khuan, who has over 30 years' experience in the animal health and nutrition market. Our sales personnels are our most effective marketing and promotion channel. Hence, our Group places a strong emphasis on ensuring that all our sales personnels are well-equipped with our Group's sales strategies and have adequate knowledge of our Group's products and services.

The marketing strategies initiated by our Group include the following:

(i) Organising Seminars/Forums

Our Group organises seminars/forums regularly for our customers as well as other industry players as one of our marketing initiatives. In the last three (3) years, we have held the following seminars/forums addressing various topics as follows:

Date	Name of Seminars /Forums	Venue	Target Audience	Co-organised with
03.03.2008	Improving Livestock Performance: Safe and Natural Additives for Enhanced Appetite and Performance	Holiday Villa Subang, Subang Jaya, Selangor	Swine and Poultry Farmers	In Vivo
16.03.2008	Modern Farm Tools for Bacteria Control	Tanahmas Hotel, Sibu, Sarawak	Poultry Farmers	Novus Malaysia
17.03.2008	Modern Farm Tools for Bacteria Control	Kingwood Inn, Kuching, Sarawak	Poultry Farmers	Novus Malaysia
02.08.2008	Improving Livestock Performance: Safe and Natural Additives for Enhanced Appetite and Performance	Shangri-La Hotel, Kota Kinabalu, Sabah	Swine and Poultry Farmers	In Vivo
13.10.2008	Post-Weaning Pig Management and Disease Challenges	Restoran Ling Song Kee, Pantai Remis, Perak	Swine Farmers	Novus Malaysia
13.10.2008	Post-Weaning Pig Management and Disease Challenges	Restoran Har Kee, Bidor, Perak	Swine Farmers	Novus Malaysia

6. BUSINESS OVERVIEW (Cont'd)

Date	Name of Seminars /Forums	Venue	Target Audience	Co-organised with
21.8.2009 to 22.08.2009	Improving Performance from Sow to Grower-Finisher	Genting International Convention Centre, Genting Highlands, Pahang	Swine Farmers	Novus Malaysia
25.03.2010	Recent Advances in Pig Nutrition	Universal House Golden Lotus Hotel, Chengdu, China	Swine Farmers	In Vivo
10.08.2010 to 11.08.2010	1st PigLIVE Workshop: Sustainable Sow Management Program	Genting International Convention Centre, Genting Highlands, Pahang	Swine Farmers	Novus Malaysia

The aim of these seminars/forums is:

- to bring all our customers and other industry players together to update them about the latest products and services currently offered in the livestock industry;
- to provide participants with a platform to discuss about the latest developments and trends in the livestock industry; and
- to provide a conducive environment or platform for our participants to voice their concerns, issues or problems with their current operations.

The feedback obtained during these seminars/forums is useful to our Group as we can use it to further enhance our products, improve our services and/or to address the issues and problems faced by our customers.

Our Group also takes this opportunity to introduce and promote our products and services to the other participants of the seminars/forums.

(ii) PigLIVE

We add value to our customers by providing technical support and farm management services through the use of a third party software known as PigLIVE. PigLIVE is owned by Live Informatics Company Limited, Thailand. This software can assist our customers in managing their livestock more effectively and efficiently by facilitating the evaluation of their farm production performance and providing timely feedback to rectify potential problems.

PigLIVE will help farmers to improve the production efficiency by investigating the problem at the farms. It also facilitates farm managers and veterinarians in managing farms in terms of formulating vaccination programmes, quality of diets and medication programmes.

Currently, we are a reseller of the PigLIVE software, which originated from Live Informatics Company Limited, Thailand where our customers will obtain the user licences from. We plan to expand and introduce the PigLIVE software to our new and existing customers as the existing users find that the software is a good tool to monitor and manage their farms in term of productivity and financial efficiency.

(iii) Participating in Livestock Trade Shows and Exhibitions

As part of our marketing drive to create awareness of our Group's products and services, we participate in livestock trade shows and exhibitions held locally and abroad besides advertising in livestock magazines.

6. BUSINESS OVERVIEW (Cont'd)

Livestock trade shows and exhibitions provide an excellent platform for farmers, animal breeders and industry players to update themselves on animal health and nutrition products that are currently available in the market.

The list of trade shows and exhibitions attended by our personnels over the last four (4) years are as follows:

Date	Event	Organiser	Venue
20.10.2008 to 22.10.2008	VIV China 2008	VNU Exhibitions Europe	New China International Exhibition Centre, Beijing, China
11.03.2009 to 13.03.2009	VIV Asia 2009	VNU Exhibitions Europe	Bangkok International Trade and Exhibition Centre, Bangkok, Thailand
19.10.2009 to 21.10.2009	VIV China 2009	VNU Exhibitions Europe	New China International Exhibition Centre, Beijing, China
27.10.2009 to 29.10.2009	Livestock Asia 2009 Expo and Forum	AMB Exhibitions Sdn Bhd	Kuala Lumpur Convention Centre, Kuala Lumpur, Malaysia
01.02.2010 to 03.02.2010	VIV India 2010	VNU Exhibitions Europe	Bangalore International Exhibition Centre, Bangalore, India
08.07.2010 to 10.07.2010	Indo Livestock 2010 Expo and Forum	PT Napindo Media Ashatama	Jakarta Convention Centre, Jakarta, Indonesia
24.09.2010 to 25.09.2010	National Poultry and Food Expo	Pakistan Poultry Association	Lahore Expo Centre, Lahore, Pakistan
25.03.2011 to 27.03.2011	International Poultry Show and Seminar 2011	World's Poultry Science Association, Bangladesh Branch	Bangabandhu International Conference Centre, Bangladesh

Livestock trade shows and exhibitions also provide farmers, animal breeders and industry players with opportunities to be in direct communication with manufacturers and distributors on matters concerning animal health and nutrition products via talks and forums held within these livestock trade shows and exhibitions.

By participating in these trade shows and exhibitions, we meet a host of potential customers and fellow industry players who are seeking the latest information relating to animal health and nutrition products in the marketplace. Potential customers will also have the opportunity to further discuss our Group's products and services with us.

The exposure and response gained from our participation in livestock trade shows and exhibitions enable us to raise our company profile and to attract new customers.

6. BUSINESS OVERVIEW (Cont'd)

6.5 OUR COMPETITIVE STRENGTHS

In our bid to become a stronger player within the animal health and nutrition market, it is vital for us to continue maintaining and further strengthening our key competitive strengths of which can be described as follows:

6.5.1 Highly Experienced and Professional Management Team

Our past success and future growth has been and will always be influenced by the leadership of several key personnel within our organisation. Our founders, namely Lim Tong Seng, Dr. Teo Kooi Cheng, and Teo Chin Heng collectively have an average of over 28 years of experience and valuable knowledge in the livestock industry. Our founders have also been directly involved in the business operations of our Group since our inception in 2002. In addition, we also have a strong management team who comprises of our regional sales managers namely Lau Yeng Khuan, Kho Siaw Sua and Chan Bee Chuan whom individually have an average of over 20 years of experience in sales. The expertise, experience and passion of our founders and management team will give us a competitive advantage over our competitors.

Besides having a strong management team, we also have a strong technical team to support our day-to-day operations. Our technical team which consists of a nutritionist, veterinarians and pharmacists are all qualified professionals who have in-depth knowledge in their respective areas of the animal health and nutrition market. Together with our management team, our Group strives to stay ahead in the industry.

Further to that, we have also secured the services of a GMP consultant, Azman Bin Abdul Jalil who was appointed to the board as an Independent Non-Executive Director. With his vast experience and valuable knowledge in the area of GMP, our Group will have a better guidance in addressing the various issues and difficulties that will be encountered in running a GMP plant.

6.5.2 Product Development Initiatives

One of the ways to stay ahead of our competitors is to offer better products in terms of quality and innovation. As such, our Group places a strong emphasis on continuous product development which consists of development of new products for our manufacturing activities as well as identification of suitable suppliers and products for our trading activities. Our product development activities takes into consideration the current trend and needs of both our existing and potential customers as detailed in Section 6.8 of this Prospectus.

Our Group's product development activities are carried out under the supervision of Dr. Teo Kooi Cheng being the head of our technical department. Our Group has managed to develop a series of in-house products under our Group's own branding. The CT series and FMG series of animal feed additives are some of our well known products that have, since their introduction in 2002, obtained good response from the livestock industry. Our Group is looking forward to broadening our trading and manufactured products offerings through the proposed development and manufacturing of a series of ruminant health products as well as introduction of probiotic feed additives for aquaculture as detailed in Section 6.8.3 of this Prospectus. The probiotic feed additives for aquaculture are intended to improve farming productivity, promote industrial farming (particularly for aquaculture) and to introduce good farming practices and at the same to minimise diseases. The Group intends to further develop its existing market, particularly the aquaculture by creating awareness through participation in the tradeshow as well as to provide the relevant training to its existing regional sales personnels.

6. BUSINESS OVERVIEW *(Cont'd)*

6.5.3 Strong Distribution Networks

Our Group has strong distribution networks which span throughout East and West Malaysia. All major livestock producing states such as Perak, Penang and Johor are assigned with dedicated regional sales personnels from our experienced team. In these states, we are able to distribute and sell our products and services directly to end users such as farmers and livestock breeders.

In areas which we do not have dedicated regional sales personnels assigned, we will appoint non-exclusive distributors to serve our existing and new customers. As at the LPD, we have 19 non-exclusive distributors for both our local and export market.

Both our sales team and appointed non-exclusive distributors are organised and work cohesively to act as an effective distribution network to serve all our existing and potential customers throughout Malaysia.

6.5.4 Product Quality

Our Group constantly strives to maintain the highest standards of quality for our products and services so as to remain competitive and instil customer's confidence in all of our products.

Placing an emphasis on quality, our Group prides itself on having an established reputation in the animal health and nutrition market. Our industry reputation is further supported by a good track record, having received recognition awards from several of our customers. Details of our key achievements and milestones are set out in Section 5.6 of this Prospectus.

In ensuring that our products meet the quality standards and product specification of our customers, we have in place a quality control system, details which are in Section 6.6 of this Prospectus.

6.5.5 Diverse Range of Products

We are currently distributing a diverse range of products under the four (4) segments of the animal health and nutrition products market, namely, animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals as illustrated in Section 6.1.2(i) of this Prospectus. Our broad product offerings allow us to meet the demands and requirements of our existing and potential customers. Further, our customers have increasingly demonstrated their confidence in our Group as an end-to-end solutions provider as mentioned below. With such a broad product offering, we reduce our reliance on any single product.

Our Group is planning to expand the product range under the existing segments as part of our future product development plan as illustrated in Section 6.8.3 of this Prospectus.

6.5.6 End-to-end Solution Provider

We provide end-to-end solutions for our customers, namely, supply of products (under the animal feed additives, environment maintenance and veterinary pharmaceutical categories), farm management, technical advisory services, raw material analysis and feed formulation. Our Group works closely with our current and potential customers to provide a comprehensive service, which includes pre-sales consultation, user trainings as well as after-sales support.

6.5.7 A New Manufacturing Plant In Nilai That Is Purpose Built And Ready For GMP Certification

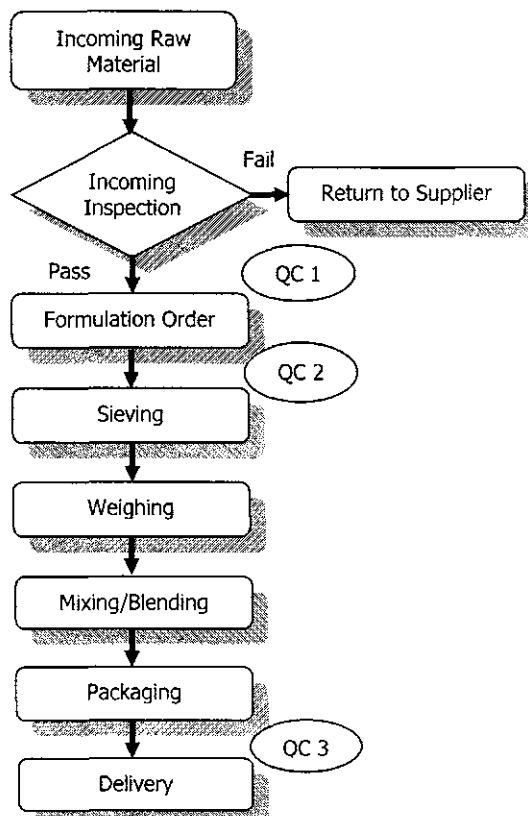
Our Group has undergone a GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "satisfactory – pre-licensing stage". GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications.

6. BUSINESS OVERVIEW (Cont'd)

Our Group views the attainment of the GMP compliance as a pertinent milestone to enable our expansion and development of our planned export markets which requires GMP compliance products to be registered.

6.6 QUALITY CONTROL PROCEDURES

We place significant emphasis on quality. We have established a quality control system that is detailed in the chart below:



(i) **Quality Control (QC 1) Incoming Inspection**

The specifications of all raw materials used in the production are checked for compliance with the COA for such raw materials issued by our suppliers. A physical test based on the product appearance such as colour and form is performed. Some raw materials are sent to outsourced laboratory for analysis of its specifications. Only approved raw materials are used in our manufacturing process while raw materials which have failed to meet specification will be returned to suppliers.

(ii) **Quality Control (QC 2) Formulation Order**

A batch number is assigned to each worksheet of a particular product.

(iii) **Quality Control (QC 3) Packaging**

Labels are printed with batch numbers, manufacturing and expiry dates as well as product specifications which are attached to the finished product. To ensure that our labels are accurate, we conduct random testing by selecting packed finished products for checking (including weighing the products). We also send some samples of our products to third party laboratories for testing to determine if our product are produced according to specifications.

6. BUSINESS OVERVIEW (Cont'd)

6.7 RESEARCH AND DEVELOPMENT

Our Group's revenue for the past four (4) FYE 31 December 2007 to 2010 predominantly comprise of manufacturing and trading of products which have been developed by our Group as well as third party products. Due to the method of manufacturing of our products which is basically involving the mixing/blending of two (2) or more raw materials/ingredients which are in powder form as detailed in Section 6.2 of this Prospectus, our Group is not involved in research and development activities. Instead, our products are developed through product development process as detailed in Section 6.8 below.

6.8 PRODUCT DEVELOPMENT

One way to stay ahead of our competitors is to offer better products in terms of quality and innovation. As such, our Group places a strong emphasis on continuous product development/identification to cater to the needs of both our existing and potential customers.

6.8.1 Product Development Objectives

Our product development activities focus on innovating new and improved products (i.e. for our in-house manufactured products) and as well as identification of suitable products and suppliers (i.e. for our third-party trading products) which appeal to a wide segment of customers as well as to cater to our customers' specific requirements and needs.

6.8.2 Product Development Achievements

Since 2002, our Group has continuously introduced new manufactured products. Details of these products can be found in Section 6.1.2(ii) of this Prospectus. Notable products from our manufacturing activities are the CT and FMG series of animal feed additives which were introduced in 2002 and have since obtained good response from the livestock industry.

On October 2009, our Group entered into an agreement with UPM Holdings Sdn Bhd, a company owned by UPM, to conduct research on Brozyme, a poultry feed supplement developed by Zeus to determine the effects of this supplement on growth performance, carcass yield and gut micro flora (i.e. microorganisms that live in the digestive tracts of animals) in broiler chickens.

From the results obtained through this experiment, we were able to demonstrate and validate the benefits and effects of Brozyme when applied to feed used in feeding broiler chickens. We have currently included Brozyme in our premix products and this has improved feed efficiency and growth performance in our customers' livestock.

6. BUSINESS OVERVIEW (Cont'd)

6.8.3 Future Product Development Plans

Our Group has identified potential products to be manufactured by the Group as well as products to be distributed as detailed below:

Product Group/Activities	Proposed Development/Identification Plans	Goals and Objectives	Development Status	Expected Timeframe of Commercialisation	Estimated Expenditure RM/ per annum
Manufacturing	To collaborate with an Indian company to develop a series of ruminant health products	To develop a series of ruminant top dressing* feed additives in order to improve livestock performance, amongst others, increased growth rate and meat quality	Discussion stage	By mid 2012	60,000^
Trading	To collaborate with our overseas suppliers from India and Peru to introduce aquaculture related products	To develop a series of aquaculture probiotic feed additive in order to enhance farming productivity	Final testing stage	By end 2011	25,000^

Notes:

* This means applying/spreading an identified feed additive to the surface of grass.

^ The future product development plans will be funded by internally generated funds.

6.9 MAJOR CUSTOMERS

Our major customers (i.e. those contributing 10% or more of our revenue) for the past four (4) FYE 31 December 2007 to 2010, are as follows:

Customers	< --- FYE 31 December --- >				Approximate Length of Relationship (years)	Main Products Supplied in FYE 31 December 2010
	2007	2008	2009	2010		
Total Revenue (RM'000)	24,526	28,434	34,016	40,728	-	-
Percentage of Our Group's Total Revenue (%)						
Imbasan Tenggara Sdn Bhd*	18.46	18.67	14.63	16.04	4	Complete feed premix and antimicrobial
Eng Peng Poultry Farm Sdn Bhd*	6.45	6.41	8.53	9.52	9	Complete feed premix and antimicrobial
Total no. of customers	337	293	299	291		

Note:

* Both customers are involved in the poultry (layer) and swine farming.

6. BUSINESS OVERVIEW (Cont'd)

Our Group is dependent on our major customers which collectively contributed 24.91, 25.08%, 23.16% and 25.56% of our total revenue for the FYE 31 December 2007 to 2010 respectively. Nevertheless, we have good business relationships with Imbasan Tenggara Sdn Bhd and Eng Peng Poultry Farm Sdn Bhd for whom we have been dealing with for approximately four (4) and nine (9) years respectively. In addition, our Group has a wide customer base which amounts to approximately 253 customers as at the LPD.

6.10 SUPPLIERS**6.10.1 Types, Sources and Availability of Supplies**

The breakdown of the major product types/raw materials purchased by our Group for our manufacturing and trading activities for the FYE 31 December 2009 and 2010 are as follows:

FYE 31 December 2009

Type of Supplies	Type of Products/ Raw Material	Purchases from Local Suppliers	Purchases from Overseas Suppliers	
		(% of Total Purchases)	Direct* (% of Total Purchases)	Indirect^ (% of Total Purchases)
Raw materials (for manufacturing activities)	<ul style="list-style-type: none"> • Lysine • Methionine • Dicalcium Phosphate • Vitamins • Minerals • Probiotics 	0.98%	1.72%	19.89%
Trading/finished products	All third party products as shown in Section 6.1.2(ii)	4.72%	33.27%	39.42%
Total		5.70%	34.99%	59.31%

Notes:

* Imported directly from overseas manufacturers, namely HangZhou King and HangZhou Pepshifine Import & Export Co Ltd.

^ Purchased from local appointed distributors of the overseas suppliers namely Asia Veterinary Sdn Bhd, Age D'or Sdn Bhd and Times Fine Chemical Sdn Bhd.

FYE 31 December 2010

Type of Supplies	Type of Products/ Raw Material	Purchases from Local Suppliers	Purchases from Overseas Suppliers	
		(% of Total Purchases)	Direct* (% of Total Purchases)	Indirect^ (% of Total Purchases)
Raw materials (for manufacturing activities)	<ul style="list-style-type: none"> • Lysine • Methionine • Dicalcium Phosphate • Vitamins • Minerals • Probiotics 	3.03%	1.65%	19.10%

6. BUSINESS OVERVIEW (Cont'd)

Type of Supplies	Type of Products/ Raw Material	Purchases from Local Suppliers	Purchases from Overseas Suppliers	
		(% of Total Purchases)	Direct* (% of Total Purchases)	Indirect^ (% of Total Purchases)
Trading/finished products	All third party products as shown in Section 6.1.2(ii)	43.26%	20.22%	12.74%
Total		46.29%	21.87%	31.84%

Notes:

- * Imported directly from overseas manufacturers, namely HangZhou King and HangZhou Pepshifine Import & Export Co Ltd.
- ^ Purchased from local appointed distributors of the overseas suppliers namely Asia Veterinary Sdn Bhd, Age D'or Sdn Bhd and Times Fine Chemical Sdn Bhd.

All our suppliers are selected based on criteria such as reliability of supply, price competitiveness and product quality.

The purchase prices of our supplies have been fluctuating over the past three (3) years. In the event that there is a major overrun in raw material costs, our Group would impute a certain percentage of the cost increase into the selling price to prevent a significant drop in profit margin.

We are constantly sourcing for more suppliers who are able to provide us with competitive pricing, timely delivery and quality products. To-date, we have not faced any difficulty in the sourcing of our supplies.

6.10.2 Distributorships

We have been granted distributorships by several of our overseas suppliers as detailed below:

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Zhejiang King	Non-exclusive distributor in Malaysia	PeterLabs has been granted the right to distribute all veterinary premix of Zhejiang King in Malaysia. PeterLabs has agreed that it shall not act as a distributor of similar products from another manufacturer.	Complied/ This distributorship has no expiry date and will not expire unless terminated by either party.
Hangzhou King	Non-exclusive distributor in Malaysia	PeterLabs has been granted the right to distribute the following Hangzhou King products: (i) KING-CS 20 (Coated Cysteamine HCl 20%); and (ii) CM 3000 (Coated Sodium Butyrate 30%). PeterLabs has also agreed not to act as a distributor for similar products from another manufacturer.	Complied/ This distributorship has no expiry date and will not expire unless terminated by either party.

6. BUSINESS OVERVIEW (Cont'd)

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Choong Ang	Non-exclusive authorised distributor in Malaysia	<p>PeterLabs has been given the authorisation to sell, market and register the following Choong Ang products:</p> <ul style="list-style-type: none"> (i) Permasol 500; (ii) CYC-Plus; (iii) Alatrolite; (iv) All-Treat; (v) P-mectin Tablet; (vi) Sarakill; and (vii) Heartsaver <p>No special condition was imposed.</p>	Not applicable / The distributorship has no expiry date i.e. the distributorship will not expire unless terminated by either party.
Zeus	Exclusive Distributorship in:	<p>PeterLabs has been appointed as the exclusive distributor for the following Zeus products:</p> <ul style="list-style-type: none"> (i) Malaysia; (ii) Singapore; (iii) Brunei; (iv) Indonesia; and (v) Vietnam (except Aquaculture). <ul style="list-style-type: none"> (i) Niltex; (ii) Livesac; (iii) Microguard; (iv) Selenosac-EC; (v) Brozyme; (vi) Funginil; (vii) Pigzyme; (viii) Chromisac 3000; (ix) Minpork; and (x) Laymore. <p>No special condition was imposed.</p>	Complied/ Valid from 16 August 2010 for 5 years, expire on 15 August 2015.
Kiotech	Non-exclusive authorised distributor in Malaysia	<p>PeterLabs has been appointed as an authorised distributor of Kiotech for the following Kiotech products:</p> <ul style="list-style-type: none"> (i) Genex Sow; (ii) Multienzyme; (iii) Optimise-M; (iv) Oxigard; (v) Salgard Long Acting Powder; and (vi) Salgard Liquid. <p>No special condition was imposed.</p>	Complied/ Valid from 1 August 2010 for 1 year and will expire on 31 July 2011. This distributorship is renewable automatically on a yearly basis thereafter on terms to be mutually agreed upon by the parties.

6. BUSINESS OVERVIEW (Cont'd)

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Cenavisa	Sole agent in Malaysia	<p>Cenavisa has via the Agency Agreement dated 22 March 2010 appointed PeterLabs as the sole agent in Malaysia to distribute the following Cenavisa products:</p> <ul style="list-style-type: none"> (i) Amoxycen 200 L.A; (ii) Cenmicin-LC; (iii) Germ-IOD; (iv) Oxyacen 200 L.A; (v) YOD-CEN; (vi) Vitacen AD3E INJ; (vii) Cen-A-Pen Suspension; and (viii) Ivercen-10. <p>No special condition was imposed.</p>	Complied/ This agency is valid for 5 years commencing from 22 March 2010. It will be automatically renewed unless either party provides a written notice to terminate 3 months before the expiry of the initial term.
In Vivo	Exclusive Distributor in Malaysia	<p>PeterLabs has been appointed as the exclusive distributor of In Vivo for the following In Vivo products:</p> <ul style="list-style-type: none"> (i) T5X SD; (ii) T5X Premium; (iii) Cap' acid Pig; (iv) Stimune Feed; (v) B-SAFE SD; (vi) B-SAFE HC; and (vii) Prisma Jet. <p>PeterLabs shall not distribute In Vivo NSA SA products outside Malaysia.</p>	<p>Complied/ This distributorship has no expiry date and will not expire unless terminated by either party.</p> <p>Either party may terminate this distributorship immediately.</p>
Novus International	Non-exclusive distributor	<p>PeterLabs has been appointed as a distributor for Novus.</p> <p>PeterLabs is responsible , at its own cost to:</p> <ul style="list-style-type: none"> (i) inform Novus of the packaging requirement for Novus products under Malaysian law; and (ii) comply with all applicable Malaysian laws when selling Novus products. 	Complied/ The distributorship has no expiry date i.e. the distributorship will not expire unless terminated by either party.

6. BUSINESS OVERVIEW (Cont'd)

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Hipra Malaysia	Non-exclusive distributor	<p>Hipra Malaysia has via the Distribution Agreement dated 8 March 2011 appointed PeterLabs as a distributor in Malaysia to distribute the following Hipra SA products:</p> <ul style="list-style-type: none"> (i) Auskipra-BK (ii) Auskipra-GN (iii) Mypravac Suis (iv) Rinipravac-DT (v) Eficur (vi) Selectan (vii) Gestavet (viii) Gestavet-Prost (ix) Hipralona Enro-I (x) Megluxin <p>PeterLabs shall not distribute the above Hipra SA products outside Malaysia and</p> <p>PeterLabs has also agreed not to act as a distributor for similar products from another manufacturer.</p>	<p>Complied/ The distributorship has no expiry date.</p> <p>The distributorship will not expire unless terminated:</p> <ul style="list-style-type: none"> (a) mutually by both parties; or (b) by either party by giving a minimum 1 month/ maximum 3 months prior written notice to the other party; or (c) due to non-performance of either party.
ENV	Exclusive dealer	<p>ENV has via the Agreement dated 7 April 2011 appointed PeterLabs as a dealer in Malaysia to resell the following BioAktiv products, in Category A, and may only resell the products in Category B provided that ENV has given its written approval:</p> <p><u>Category A:</u></p> <ul style="list-style-type: none"> (i) BioAktiv for Feed (ii) BioAktiv for Liquid; and (iii) other BioAktiv products authorised by BioAktiv Far East. <p><u>Category B:</u></p> <ul style="list-style-type: none"> (i) BioAktiv products in brand name other than "BioAktiv"; (ii) BioAktiv products other than the Category A products in Malaysia except Sarawak; and (iii) BioAktiv products at any prices other than the prices stated in the Agreement. 	Complied/ The distributorship has no expiry date.

6. BUSINESS OVERVIEW (Cont'd)

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
		PeterLabs shall purchase the Category A products only from ENV and resell them in Malaysia.	
		PeterLabs has also agreed not to act as a dealer for similar products from another manufacturer.	

The contribution of the above suppliers to the total purchases of our Group is as below:

Supplier	FYE 31 December							
	2007 RM	%	2008 RM	%	2009 RM	%	2010 RM	%
Hangzhou King*	-	-	-	-	584,652	2.72	218,454	0.82
Choong Ang	540,176	3.22	332,833	1.74	309,155	1.44	163,134	0.61
Zeus	881,536	5.26	596,617	3.11	897,162	4.18	685,994	2.57
Kiotech	657,787	3.93	504,174	2.63	653,894	3.04	491,716	1.84
Cenavisa	107,621	0.64	75,066	0.39	112,283	0.52	189,448	0.71
In Vivo	-	-	519,963	2.71	607,142	2.83	1,276,671	4.79
Novus International ^	1,154,876	6.89	2,882,158	15.04	3,602,255	16.77	3,892,214	14.60
Total	3,341,996	19.95	4,910,811	25.63	6,766,543	31.51	6,917,630	25.95
Other Suppliers	13,408,067	80.05	14,252,674	74.37	14,708,365	68.49	19,742,195	74.05
Total Purchases	16,750,063	100.00	19,163,485	100.00	21,474,908	100.00	26,659,825	100.00

Notes:

* Also includes purchases made from Zhejiang King, which forms part of Hangzhou King.

^ Also includes purchases made from Novus Malaysia.

Save for Novus International which contributed more than 10% of our total purchases, our Group is not dependent on any other distributorships for the FYE 31 December 2010. We believe that the holding of several distributorships mitigates our dependence on any single distributor. In the event that any of these distributorships are terminated by either party, we do not foresee any difficulties in sourcing similar products from any of our existing distributors, or other suppliers in the market.

6. BUSINESS OVERVIEW (Cont'd)

6.10.3 Major Suppliers

Our major suppliers (i.e. those who contributed 10% or more of total purchases) for the past four (4) FYE 31 December 2007 to 2010 are as follows:

Suppliers	< ----- FYE 31 December ----- >				Approximate Length of Relationship (years)	Main Products Supplied in 2010
	2007	2008	2009	2010		
Total Purchases (RM'000)	16,750	19,163	21,475	26,660	-	-
Percentage of Our Group's Total Purchase (%)						
Novus International*	6.89	15.04	16.77	14.60	4	Multi nutrient supplements and prebiotics
Times Fine Chemical Sdn Bhd^	13.91	9.56	6.90	7.76	9	Vitamins and minerals
Total no. of suppliers	76	84	93	103		

Notes:

* Novus International is a global developer of animal health and nutrition programmes for the poultry, swine, beef, dairy, aquaculture and companion animals. They are amongst our suppliers for our trading products.

^ Times Fine Chemical Sdn Bhd is an importer and distributor of raw materials for feed additives production.

Our Group is dependent on our major suppliers which collectively contributed 20.80%, 24.60%, 23.67% and 22.36% of our total purchases for the FYE 31 December 2007 to 2010 respectively. Nevertheless, we have good business relationships with Novus International and Times Fine Chemical Sdn Bhd for whom we have been dealing with for approximately four (4) and nine (9) years respectively. In addition, our Group has sourced our supplies from a variety of suppliers of which our supplier base has amounted to approximately 82 suppliers as at the LPD.

6. BUSINESS OVERVIEW (Cont'd)

6.11 APPROVALS, LICENCES AND PERMITS

The major licences, permits and registrations of our Group together with the conditions attached and status of compliance are as follows:

Company	Issuing Authority	Issuing Date	Description	Validity Period	Particulars/Conditions	Status of Compliance
Osmosis Nutrition	Jabatan Keselamatan dan Kesihatan Pekerjaan, Negeri Sembilan (JKKP)	19.07.10	JKKP written approval for the installation of machinery- JKKP reference no. NS20103604	This is a one off approval	Written permission was granted for Osmosis Nutrition to install machinery at our manufacturing plant in Nilai at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan. Osmosis Nutrition is required to inform JKKP once the machinery has been installed.	Complied
Osmosis Nutrition	Majlis Perbandaran Nilai	15.10.10	Certificate of Completion and Compliance for new manufacturing plant at Nilai issued under By-law 25 of the Uniform Building By-Laws (Local Authorities, Negeri Sembilan) 1986	This is a one off approval	The manufacturing plant situated at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan has been certified as completed in accordance with the By-Laws, and is safe and fit for occupation.	Complied
PeterLabs	Lembaga Kemajuan Ikan Malaysia (LKIM)	07.06.11	Licence -- Importation of Fish Product	01.06.11 to 01.06.12	Nil	Complied
PeterLabs	Majlis Bandaraya Shah Alam	01.01.10	Licence – Warehouse No. MBSA/LSP/LS/600-3/1/587	01.01.11 to 31.12.11	Store licence for warehouse located at No.8, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor.	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Issuing Date	Description	Validity Period	Particulars/Conditions	Status of Compliance
Osmosis Nutrition	Majlis Bandaraya Shah Alam	01.01.10	Store licence No. MBSA/LSP/LS/600-4/1/586	01.01.11 to 31.12.11	Manufacturing of animal feed and warehousing purpose at No.10, 12 & 14, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor.	Complied
Osmosis Nutrition	Jabatan Kesihatan Negeri Selangor	01.03.10	Type A licence under the Poison Act 1952 issued to Low Hong That @ Loh Hong That, as a pharmacist employed by Osmosis Nutrition. Register No. BA763/2010	01.03.11 to 31.12.11	To import, store and deal generally by wholesale only all poisons at No.10, 12 & 14, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor.	Complied
Osmosis Nutrition	Majlis Perbandaran Nilai	01.01.11	Manufacturing licence and warehouse licence under account no. L0013456-3	01.01.11 to 31.12.11	Manufacturing of animal feed at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan and use the same as warehouse.	Complied
PeterLabs	Majlis Perbandaran Nilai	01.01.11	Trading licence and ware house licence under account no. L0013455-2	01.01.11 to 31.12.11	Selling animal feed at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan and use the same as warehouse.	Complied
PeterLabs	Jabatan Kesihatan Negeri Sembilan	22.12.10	Type A licence under the Poison Act 1952 issued to Lee Yin Kim, as a pharmacist employed by PeterLabs. Register No. NA078/2011	01.01.11 to 31.12.11	To import, store and deal generally by wholesale only all poisons at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan.	Complied

6. BUSINESS OVERVIEW (Cont'd)



Company	Issuing Authority	Issuing Date	Description	Validity Period	Particulars/Conditions	Status of Compliance
OMS Resources	Majlis Perbandaran Nilai	01.01.11	Trading licence under account no. L0013459-6	01.01.11 to 31.12.11	Selling animal feed at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan.	Complied
Biojava	Majlis Perbandaran Nilai	01.01.11	Trading licence under account no. L0013458-5	01.01.11 to 31.12.11	Selling animal feed at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan.	Complied

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6. BUSINESS OVERVIEW (Cont'd)

6.12 INTELLECTUAL PROPERTY RIGHTS




Our Group currently has no registered intellectual property, other than the domain names. However, we have submitted applications to register the following trademarks with the Intellectual Property Corporation of Malaysia:

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
PLabs & Globe device (in a series of 2 marks in colour and black & white) 	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35.	2010021008	Filed on 03.11.2010
OMS (in a series of 3 marks in colour and black & white) 	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35	2010021009	Filed on 03.11.2010







6. BUSINESS OVERVIEW (Cont'd)

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
<p>OMS (in a series of 3 marks in colour and black & white)</p> 	PeterLabs Holdings	42	Analytic laboratory services; analytical laboratory services; chemical laboratory services; laboratory research relating to animal feed and animal feed additives; veterinary laboratory services; all included in Class 42	2010021010	Filed on 03.11.2010
<p>PLabs (in a series of 2 marks in colour and black & white)</p> 	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35	2010021011	Filed on 03.11.2010
<p>Biojava (in a series of 2 marks in colour and black & white)</p> 	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35	2010021012	Filed on 03.11.2010




6. BUSINESS OVERVIEW (Cont'd)

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
PLon & Globe device (in a series of 2 marks in colour and black & white) 	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35	2010021013	Filed on 03.11.2010
OSMOSIS logo (in a series of 2 marks in colour and black & white) 	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal feeds; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021015	Filed on 03.11.2010
OSMOSIS logo (in a series of 2 marks in colour and black & white) 	PeterLabs Holdings	5	Veterinary preparations and medicines; vitamins and vitamin preparations; medicated feed supplements and additives; foods and food additives for animals for veterinary or medical purposes; pharmaceuticals and medicines for animals; dietetic substances, herbal extracts, herbs, oils, electrolytes, minerals, salts, mineral salts, amino acids, protein additives, enzymes and preparations containing the aforementioned goods, all for medical or veterinary purposes; all the aforementioned goods being for animal use; all included in Class 05	2010021014	Filed on 03.11.2010


6. BUSINESS OVERVIEW (Cont'd)

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
BDM (in a series of 2 marks in colour and black & white)  	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal feeds; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021016	Filed on 03.11.2010
FMG (in a series of 2 marks in colour and black & white)  	PeterLabs Holdings	5	Veterinary preparations and medicines; vitamins and vitamin preparations; medicated feed supplements and additives; foods and food additives for animals for veterinary or medical purposes; pharmaceuticals and medicines for animals; dietetic substances, herbal extracts, herbs, oils, electrolytes, minerals, salts, mineral salts, amino acids, protein additives, enzymes and preparations containing the aforementioned goods, all for medical or veterinary purposes; all the aforementioned goods being for animal use; all included in Class 05	2010021017	Filed on 03.11.2010
FMG (in a series of 2 marks in colour and black & white)  	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal feeds; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021018	Filed on 03.11.2010

6. BUSINESS OVERVIEW (Cont'd)

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
<p>OMS & device (in a series of 2 marks in colour and black & white)</p> 	PeterLabs Holdings	5	Veterinary preparations and medicines; vitamins and vitamin preparations; medicated feed supplements and additives; foods and food additives for animals for veterinary or medical purposes; pharmaceuticals and medicines for animals; dietetic substances, herbal extracts, herbs, oils, electrolytes, minerals, salts, mineral salts, amino acids, protein additives, enzymes and preparations containing the aforementioned goods, all for medical or veterinary purposes; all the aforementioned goods being for animal use; all included in Class 05	2010021019	Filed on 03.11.2010
<p>OMS & device (in a series of 2 marks in colour and black & white)</p> 	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal feeds; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021020	Filed on 03.11.2010
<p>PEC (in a series of 2 marks in colour and black & white)</p> 	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal feeds; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021021	Filed on 03.11.2010

6. BUSINESS OVERVIEW (Cont'd)

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
CT (in a series of 2 marks in colour and black & white) 	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal feeds; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021022	Filed on 03.11.2010

6.13 DEPENDENCY ON PATENTS, INTELLECTUAL RIGHTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS**6.13.1 Dependency on Patents and Intellectual Rights**

Save as disclosed in Section 6.12 of this Prospectus, our Group is not dependent on any patents or intellectual property rights for our business operations.

6.13.2 Dependency on Major Licences

Save as disclosed in Section 6.11 of this Prospectus, our Group is not dependent on any major licences, permits or registrations for our business operations.

6.13.3 Dependency on Industrial, Commercial and Financial Contracts

Save as disclosed in Section 6.10.2 of this Prospectus, our Group is not dependent on any material contracts or agreements including industrial, commercial and financial which are material to our business or profitability.

6. BUSINESS OVERVIEW (Cont'd)

6.14 PROPERTY, PLANT AND EQUIPMENT

6.14.1 Own Properties

As at the LPD, we own the following properties as set out below:

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Approximate Land Area Sq. Ft.	Approximate Built-Up Area Sq. Ft.	Audited NBV as at 31 December 2010 RM'000	Date of Certificate of Fitness for Occupation
PLON Synergy	Title: Geran 212756, Lot 16014 Bandar Nilai Utama Daerah Seremban/ Address: Lot 16014, (PT No.24341) Jalan Nilam 3 Bandar Nilai Utama 71800 Nilai Negeri Sembilan	Industrial land erected upon with building which consists of 1-storey factory/warehouse and attached with 3-storey office area which houses the Group's manufacturing plant and office*^	Freehold	The property is currently charged to United Overseas Bank (Malaysia) Berhad	141,276	52,474	7,005	15.10.2010

Notes:

* The construction of this new manufacturing plant has recently been completed and has undergone a GMP pre-certification audit on 18 January 2011. As at the LPD, this manufacturing plant is operating at approximately 13.0% of the maximum production output and is expected to be fully operational by the third quarter of the FYE 31 December 2011.

^ Osmosis Nutrition owns the building.

6. BUSINESS OVERVIEW (Cont'd)

6.14.2 Rented Properties

We are currently leasing the following properties in which our Group operates in, details of which are as follows:

Tenant	Landlord	Address	Description and Existing Use	Rental Period	Yearly Rental (RM)	Built-Up Area (Sq. Ft)	Land Area (Sq. Ft.)
PeterLabs	Teo Chin Heng, Tan Chin Tee, and Chan Eng Nai	No.8, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor	1 and ½ storey factory used as a warehouse with a storage capacity of 80 tonnes	01.01.2008 to 31.12.2010*	52,800	3,500	3,500
Osmosis Nutrition	Lim Swee Hwa, Tan Chin Tee, Teo Chin Heng and Dr. Teo Kooi Cheng	No.10, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor	1 and ½ storey factory used as a warehouse with a storage capacity of 40 tonnes	01.11.2008 to 31.12.2010*	52,800	3,500	3,500
Osmosis Nutrition	Teo Chin Heng, Tan Chin Tee, Chan Eng Nai, Lim Tong Seng and Dr. Teo Kooi Cheng	No.12, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor	1 and ½ storey factory used as a warehouse with a storage capacity of 80 tonnes	01.11.2008 to 31.12.2010*	52,800	3,500	3,500
Osmosis Nutrition	Teo Chin Heng, Chan Eng Nai, Lim Tong Seng and Tan Chin Tee	No. 14, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor	1 and ½ storey factory used as a production plant with a capacity of 160 tonnes per month	01.11.2008 to 31.12.2010*	52,800	3,500	3,500

Note:

* The tenancy agreements for these properties will be renewed automatically and on a monthly basis after 31 December 2010. These monthly tenancies will be terminated when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai.

6. BUSINESS OVERVIEW (Cont'd)**6.14.3 Machinery**

Our manufacturing plants are equipped with the following machinery:

Company	Machinery and Proposed Usage	Description	Audited NBV as at 31 December 2010 (RM'000)	No. of Units	Maximum Production Capacity (Tonnes per month)
Osmosis Nutrition	Double Action Horizontal Ribbon Mixer [^]	Feed grade powder mixer	8	2	160
Osmosis Nutrition	EYH4000A Dimensional Mixer*	Feed grade powder mixer	241	2	240
Osmosis Nutrition	EYH 1000 Dimension Mixer*	Feed grade powder mixer	47	1	20
Osmosis Nutrition	EYH800 Dimensional Mixer*	Water soluble powder mixer	39	1	24
Osmosis Nutrition	Dissolver Mixer*	Liquid solution mixer	29	1	30
Osmosis Nutrition	Dissolver Mixer*	Disinfectant liquid mixer	50	1	30
					504

Notes:

[^] This machine will be discontinued when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai.

* These machinery are located in our new manufacturing plant in Nilai. The manufacturing plant will be fully operational by the third quarter of the FYE 31 December 2011. These machinery were acquired at a cost of approximately RM1.59 million and will be depreciated according to the accounting policies adopted by the Group thereafter. Further information on our Nilai manufacturing plant is detailed in Section 6.2.1 of this Prospectus.

6.14.4 Regulatory Requirement and Environmental Issue

As at the LPD, our Group believes that we are in compliance with the relevant regulatory requirements (including the land rules or building regulations) and environmental issues which may materially affect our Group's operations and/or utilisation of assets which include the properties owned and leased by our Group as stated in Section 6.14.1 and 6.14.2 of the Prospectus.

Our Directors are also not aware of regulatory requirement or environmental issue which may materially affect our Group's operations and/or utilisation of assets.

6.14.5 Interruptions to Business and Operations

We have not experienced any material interruption in business which had a significant effect on our operations during the past twelve (12) months preceding the LPD.

6. BUSINESS OVERVIEW (Cont'd)

6.15 FUTURE PLANS, STRATEGIES AND PROSPECTS

6.15.1 Future Plans and Strategies

Moving forward, our aim is to become one of the leading players in the animal health and nutrition market. In order to achieve that, we have the following plans and strategies which we intend to implement within three (3) years from the date of this Prospectus:

(i) GMP Compliant Status

We believe that by attaining GMP compliance for our new manufacturing plant, our Group will be able to achieve a higher standard of quality for all our products. Our Group has undergone the GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "satisfactory – pre-licensing stage". The GMP accreditation (when obtained) will provide us with an additional competitive advantage and will allow us to breach into new markets which require livestock health and nutrition products to be manufactured from a GMP compliant plant. The Group views the attainment of the GMP accreditation as a pertinent milestone to enable our expansion and development of our planned export markets which requires GMP compliant products to be registered.

Our production processes at our new manufacturing plant will be GMP compliant, when GMP accreditation is obtained, and the standard operating procedures of our manufacturing facility are designed to ensure that products are manufactured in a controlled manner under GMP's stringent requirements.

The adoption of this standard in our manufacturing processes will further assist us in regulating all aspects of our manufacturing practices from premises, equipment, personnel, production, quality control and documentation.

Our aim is to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications.

Background of GMP

GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications. The GMP requirements are regulated by NPCB.

GMP implementation in Malaysia began in 1999 in various sectors as follows:

- 1999 – Traditional medicines;
- 2002 – Cosmetics; and
- 2008 – Traditional medicines and health supplements.

On 1 January 2002, NPCB, was accepted as a member of the Pharmaceutical Inspection Co-operation Scheme ("PIC/S"). PIC/S is an international co-operation between authorities of member countries working towards an active and constructive cooperation towards ensuring good quality practices among pharmaceutical product manufacturers via a harmonised adoption of GMP practices.

6. BUSINESS OVERVIEW (Cont'd)

As a means to ensure the maintenance of high standards of quality assurance across the process of developing, manufacturing and controlling medicinal products, the PIC/S Guide to GMP for Medicinal Products and its Annexes were adopted. Although the majority of PIC/S' GMP guidelines apply to medicines and pharmaceuticals intended for human use, it was highly recommended that similar attention towards GMP adoption be given in the manufacture of veterinary products.

The PIC/S recommends the adoption of GMP practices for entities involved in the development and manufacture of biological products, curative pharmaceuticals and medicated feeding stuffs. Most relevant to the animal feed additives market are the recommendation of GMP for manufacturing medicated feeding stuffs and premixes, where:

- A medicated feeding stuff is any mixture of a veterinary medicinal product or products and feed or feeds which is ready prepared for marketing and intended to be fed to animals without further processing because of its curative or preventative properties or other properties (e.g. medical diagnosis, restoration, correction or modification of physiological functions in animals); and
- A pre-mix for medicated feeding stuffs is any veterinary medicinal product prepared in advance with a view to the subsequent manufacture of medicated feeding stuffs.

These include antibiotic feed additives and antibiotic feed additive premixes. Within Malaysia's animal feed additives market, these GMP guidelines only apply to product manufacturers, and only manufacturers producing medicated feeding stuffs/ antibiotic feed additives.

At present, the NPCB has indicated intentions to make certification compulsory commencing 1 January 2012, as stipulated in Directive No. 1 - Year 2010, Under Regulation 29 of the Control of Drugs and Cosmetics Regulation 1984, as circulated by NPCB through its letter dated 5 January 2011, which states, amongst others:

Paragraph 3.2

"In the interim period, the registration of Veterinary products should only be considered if the manufacturer has Good Manufacturing Practice (GMP) status for sterile products, while for non-sterile products, the registration of this product may be considered for approval even though the manufacturer involved has not had the status of GMP"

Paragraph 3.3

"Product registration will be cancelled for manufactures whom have yet to meet the GMP requirement after 1 January 2012"

As GMP requirement will only be enforced from 1 January 2012 onwards, and our Group is not involved in the manufacture of sterile products, during this interim period, our Group and other manufacturers in the industry shall not be able to enjoy the potential price increase for products, which is manufactured from a GMP compliant factory, i.e. our Group shall only be able to increase its selling prices on a staggered basis when GMP has been enforced and other manufacturers are also being subjected to the said GMP requirements.

As all products manufactured and distributed by our Group (i.e. animal feed additives, environment maintenance products and veterinary pharmaceuticals) and by any other manufacturers/players who operate within the animal health and nutrition market are required to be registered under Regulation 7 of the Control of Drugs and Cosmetics Regulations 1984, and as registration of products for the manufacturer who have yet to meet GMP requirements after 1 January 2012 will be cancelled, therefore, this shall create a level playing field for all players in the industry. Such effort by the Government will eventually lead to compliance by all manufacturers/players with the GMP requirements.

6. BUSINESS OVERVIEW (Cont'd)

If the GMP enforcement is delayed, the potential impact to the Group is analysed as below:

- The GMP requirement governs the production processes and standard operating procedures to ensure that products are manufactured in a controlled manner, consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications. As such, in the event of any delay, our manufacturing activities will continue as usual, and our financials will not be impacted materially save that the Group may be subject to gross profit margin attrition of approximately 2.0% during the initial production period (assuming there will be an increase in revenue due to the increase in our production output in our Nilai manufacturing plant coupled with upward adjustments on the pricing of our GMP compliant products to be implemented on a staggered basis). However, on a worst case scenario, assuming that our revenue for the FYE 31 December 2011 is maintained as per the FYE 31 December 2010, the initial introduction of our GMP compliant products may subject our Group to a gross profit margin attrition of approximately 17.0% during this period. This is mainly due to our Group having to bear the initial amortisation of the capital expenditure of our new GMP plant (assuming a full year of depreciation charge) with the plant operating less than its optimal production capacity coupled with no upward adjustments to the pricing of our products, as disclosed in Section 4.1(xi) and Section 12.1(iv)(d) of this Prospectus due to the gestation period as discussed in Section 4.1(xi) of this Prospectus;
- Minimal impact to the Group's future GP margin since the costs involved to put in place the relevant production processes and standard operating procedures to comply with GMP requirements, amongst others, are:
 - One-time and fixed in nature which relates to and incurred during the construction of our plant (such as installation of HVAC System, water treatment plant and etc. as disclosed in Section 6.2.1 of this Prospectus) and initial costs such as consultancy fees (as disclosed in Section 10.1 of this Prospectus) and GMP related seminar and training for our key management and staff (as disclosed in Section 8.9.2 of this Prospectus); and
 - Manufacturing expenses/overheads of which the increase or decrease is not directly in proportion to the level of cost of goods sold (such as depreciation, salary and wages, electricity and water).

Nevertheless, it is beneficial for the local animal feed additives manufacturers producing antibiotic and medicated feed additives to adopt these guidelines to boost the quality credentials of locally manufactured medicated feed additives products. This is especially pertinent should local market players desire to penetrate export markets. Many countries, including PIC/S' 26 member countries require imported pharmaceutical products to be GMP-certified in order to be legally registered and sold locally.

Being GMP compliant in Malaysia is important to the local animal health and nutrition manufacturers as it would enable the industry players:

- to register animal feed additives and veterinary products in Malaysia (a requirement under Regulation 7 of the Control of Drugs and Cosmetics Regulations 1984); and
- to export animal feed additives and veterinary products to overseas market which requires GMP accreditation for product registrations

6. BUSINESS OVERVIEW (Cont'd)

GMP Requirements

The basic requirements to be GMP compliant are follows:

- (a) All manufacturing processes are clearly defined, systematically reviewed and are shown to be capable of consistently manufacturing products of the required quality and complying with the product specification;
- (b) Critical steps of the manufacturing process and significant changes to the process are documented and validated;
- (c) All necessary facilities for GMP are provided including:
 - Qualified and trained personnel;
 - Adequate premises and space;
 - Suitable equipment and services;
 - Correct materials, containers and labels;
 - Approved procedures and instructions; and
 - Suitable storage and transport.
- (d) Instructions and procedures are written in an international forum in clear and unambiguous language, specifically applicable to the facilities provided;
- (e) Operators are sufficiently trained to operate the required equipments;
- (f) Records are made manually and/or by recording instruments during the manufacturing process to ensure that the procedures and instructions were carry out appropriately to produce the required quantity and quality of the products. Any significant deviations or faults are investigated;
- (g) Records of the entire manufacturing process including distribution is recorded to enable a complete history of a batch of products to be traced is to be retained in a comprehensible and accessible form;
- (h) The risks associated in the transportation and distribution of the products are minimised to uphold the quality of the product;
- (i) A system is in place, if required, to recall any batch of products from the distribution and sales channels; and
- (j) Product complaints are examined, the causes of quality defects investigated or identified and appropriate measures are taken to correct defective products and to prevent re-occurrence.

Status of our GMP Accreditation

Our Group has undergone the GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "*satisfactory – pre-licensing stage*". On 25 February 2011, the Group had submitted a report to NPCB, detailing actions taken to address certain issues identified by NPCB during the said pre-certification audit.

6. BUSINESS OVERVIEW (Cont'd)

As currently the GMP certification is only required for manufacturers of sterile products and the GMP certification requirements will be fully enforced for all types of veterinary products commencing 1 January 2012, the Group shall only put in its application for the GMP certificate (license) in 2012.

(ii) Entry into New Markets and Further Development of Current Markets

In line with the Malaysian Government's recent launch of the Economic Transformation Programme ("ETP"), the agriculture sector is set to play a major role in contributing to the economic growth of Malaysia. In addition, the aquaculture and ruminant sectors have been highlighted and promoted in the ETP. To capitalize on this, our Group has taken the initiative to explore the opportunities in the aquaculture sector by establishing contacts with our overseas suppliers from India and Peru to discuss about the development of a series of aquaculture probiotic feed additive. Our Group is also in the midst of collaborating with an Indian company to develop a series of ruminant top dressing feed additives to improve livestock's performance.

Further details about our Group's entry into new markets and further development of the current markets are detailed in Section 6.8.3 of this Prospectus.

(iii) Further Development of Export Markets

There is a growing demand for animal feed supplement products, veterinary, animal health products and biologicals in the Asia Pacific region as well as globally.

Our Group intends to further develop and expand our export markets to countries such as Indonesia, Saudi Arabia, Bangladesh and Philippines. These countries require stringent quality controls including GMP compliance for foreigners intending to export and market their veterinary pharmaceutical products (a subset of animal health and nutrition products) in these countries. Quite often the need for this GMP compliance is enforced indirectly and is raised when an application to register our products is made to the relevant government bodies that regulate the sale and use of animal health and nutrition products in these countries.

Being GMP certified is an added advantage as GMP is an internationally recognised quality system which provides guidance and outlines on the production and testing processes with the objective to improve quality of end products. This will give a competitive advantage when venturing into overseas markets. Our Group also intends to expand its product portfolio to include more innovative products to suit the needs of both local and foreign customers.

The Group has set up a business development team in the fourth quarter of 2010 and comprises five (5) persons led by Dr. Teo Kooi Cheng and Dr. Gan Yee Haw to explore the overseas markets. The team have since conducted various market surveys in a number of Asian countries and have been actively seeking for strategic local players in Indonesia, Saudi Arabia, Bangladesh and Philippines to distribute the Group's products. As at the LPD, the Group has not granted any distributorship in these countries.

The team have also actively participated in overseas tradeshows, the most recent being the Indo Livestock, held in Jakarta in 2010 and the 7th International Poultry Show & Seminar, held in Bangladesh in 2011. The aim of participating in these trade shows is to promote the Group's products and to build-up contacts with the local market players.

6. BUSINESS OVERVIEW (Cont'd)**6.15.2 Prospects**

The prospects of our Group is favourable in light of the following factors:

- Sustained business performance;
- Competitive advantages; and
- Future plans to provide sustainable growth.

(i) Sustained Business Performance

Our Group's business performance for the past four (4) FYE 31 December 2007 to 2010 is as follows:

	< ----- FYE 31 December ----- >			
	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	24,526	28,434	34,016	40,728
PAT	2,022	2,987	4,428	5,948

The growth of our Group for the past four (4) FYE 31 December 2007 to 2010 is as follows:

- Average annual growth rate for our revenue is 17.38%; and
- Average annual growth rate for our PAT is 37.16%.

(ii) Competitive Strengths

Our Group's competitive strengths will provide a platform for us to become a stronger player within the animal health and nutrition markets. We will continue to maintain and further strengthen our key competitive strengths as described in Section 6.5 of this Prospectus.

(iii) Future Plans to Provide Sustainable Growth

Our Group's future plans and strategies will provide a platform for our aim to become one of the leading player in the animal health and nutrition market.

These future plans include:

- Expansion of our capacity with the completion of the new manufacturing plant in Nilai;
- Obtain GMP accreditation for our new manufacturing plant to achieve higher quality standards for all our products which will allow us to enter into new markets which requires GMP compliant livestock health and nutrition products; and
- Penetration into new markets and further development of current markets.

Based on the existing performance and positive outlook of the animal health and nutrition market as detailed in Section 7.10 of this Prospectus, we are optimistic of our Group's continued success. Together with our strength and future plans and strategies, we will leverage on the favourable trends within the livestock industry and animal health and nutrition market to penetrate into new markets and further development of current markets. While we acknowledge the existence of challenges in the markets we serve as outlined in Section 4 of this Prospectus, we are fully committed to making our business a success and are confident that our future strategies will facilitate the achievement of our goals.

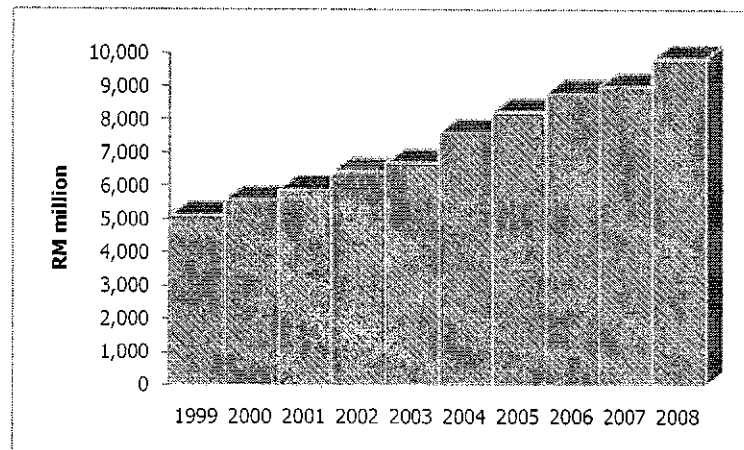
7. INDUSTRY OVERVIEW

7.1 OVERVIEW OF THE LIVESTOCK INDUSTRY IN MALAYSIA

The animal health and nutrition market and the animal feed additives market in Malaysia is a part of the larger livestock industry. Products from both markets are a critical part of a livestock farm's operations in ensuring proper nutrition, health and hygiene of livestock.

The Malaysian livestock industry is an important component of the country's agriculture sector as it contributes directly towards the production of food commodities. The Malaysia's production of livestock from 1999 to 2008 has been on the rise, as shown below:

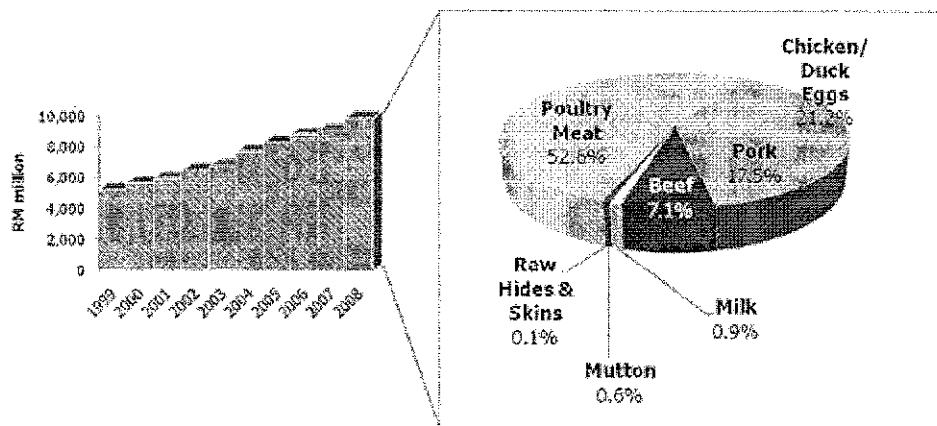
Production Value of Livestock in Malaysia, 1999-2008



(Source: IMR Report by Protégé Associate)

In 2008, the total livestock output of Malaysia was projected to hit RM9.85 billion representing growth of 9.2 percent from 2007. The production value for livestock in 2008 can be further segmented as follows – with poultry products topping the list, followed by eggs, pork, beef and others. This is as illustrated below:

Breakdown of Livestock Production by Value, 2008



(Source: IMR Report by Protégé Associates)

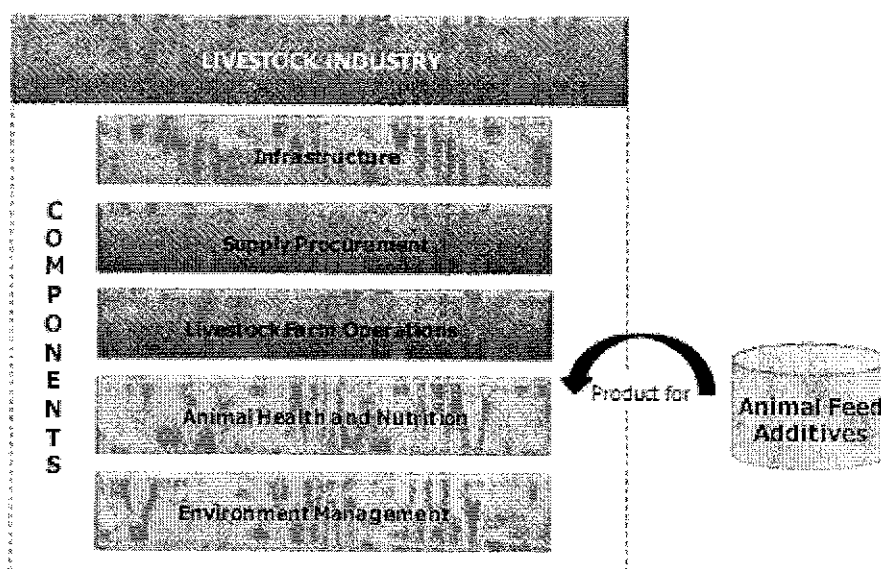
7. INDUSTRY OVERVIEW (Cont'd)

7.2 OVERVIEW OF THE ANIMAL HEALTH AND NUTRITION MARKET IN MALAYSIA

Animal health and nutrition is a vital function of livestock farming operations. It serves the livestock industry in achieving 2 main objectives i.e. ensuring that animals are untainted and safe for human consumption, free of disease, and of an acceptable level of quality and taste; and also helping to increase a farm's yield by decreasing mortality rates and ensuring that animals stay healthy during its growth to marketable size.

The animal health and nutrition component of the livestock farming operations involves 4 main processes of feed formulation, feed milling, disease prevention and control and therapeutic treatment. Both the feed formulation and feed milling processes will formulate, plan for and subsequently include the addition of animal feed additives into the feed.

Position of the Animal Feed Additives Market within the Livestock Industry and Animal Health and Nutrition Market in Malaysia



Note: Marketable livestock products are harvested and packaged before they are distributed to end-user markets. The process of harvesting and distribution are part of the livestock farm operations component.

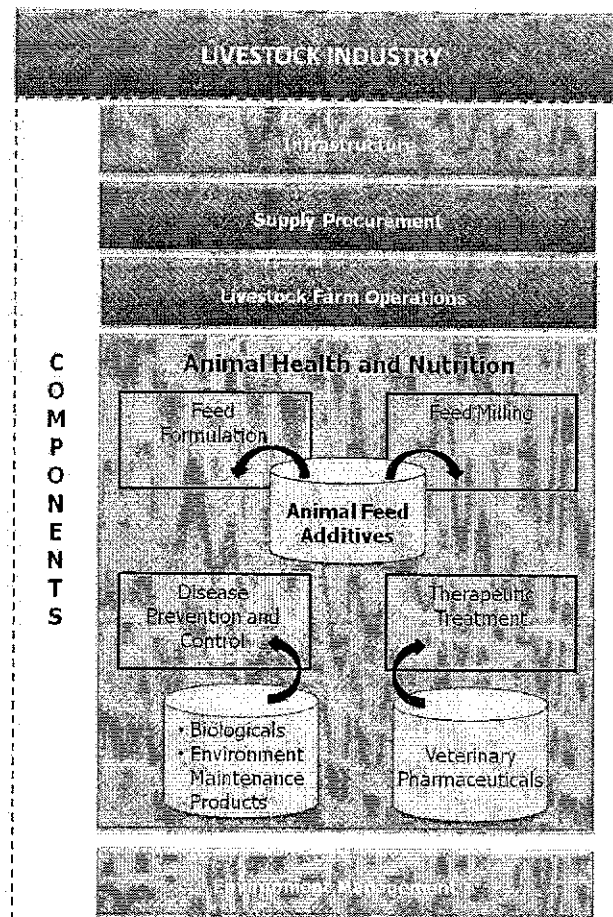
(Source: IMR Report by Protégé Associates)

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7. INDUSTRY OVERVIEW (Cont'd)

The following illustrates the respective product inputs for each process of the animal health and nutrition market.

Animal Health and Nutrition Processes and Required Product Inputs



Note:



Denotes a product which correlates to the respective process

(Source: IMR Report by Protégé Associates)

The sale of the required product inputs for the animal health and nutrition processes leads to the development of what is known as the animal health and nutrition market which includes the following products:

- **Animal feed additives** - To provide specific health or nutrition effects (e.g. promoting growth, ensuring balanced nutrition, increasing livestock appetite, enhancing digestion and absorption of nutrients, controlling intestinal health and keeping feed safe from harmful parasites, pollutants and mould).
- **Biologicals** - To prevent disease outbreaks among livestock animals through stimulating an animal's immune system to develop more antibodies to counter various pathogens.

7. INDUSTRY OVERVIEW (Cont'd)

- Environment maintenance products - To ensure the cleanliness and health of livestock animals through maintaining hygiene levels at a livestock farm.
- Veterinary pharmaceuticals - To cure disease in animals upon infection.

Other than the sale of products in the form of animal feed additives, biologicals, environment maintenance products and veterinary pharmaceuticals, the Malaysian animal health and nutrition market also includes a range of value-added services. These services are provided by market players to aid farmers in managing the health and nutrition of their livestock. They include veterinary services, feed milling and feed formulation services, farm cleaning services and others.

7.3 ANIMAL HEALTH AND NUTRITION MARKET PLAYERS IN MALAYSIA

The following are the key types of market players, their descriptions and a listing of the top players.

Type	Description	Top Market Players
Domestic product manufacturer	<ul style="list-style-type: none"> • Involved in the development and manufacture of proprietary health products • Vested in product research and development • May distribute products of other brands to enhance product portfolio 	<ul style="list-style-type: none"> • PeterLabs Holdings • Sunzen Biotech Bhd ("Sunzen") • Range Pharma Sdn Bhd ("RPSB") • Nam Pharma Animal Health Sdn Bhd ("Nam Pharma") • Pahang Pharmacy Sdn Bhd • Rhone Ma Malaysia Sdn Bhd ("Rhone Ma")
Distributors	<ul style="list-style-type: none"> • Involved in the marketing and distribution of various local and international brands • Some may offer value-added services which include feed formulation and milling, feed cleaning and management services 	<ul style="list-style-type: none"> • Asia Veterinary Sdn Bhd ("AsiaVet") • Danberg (M) Sdn Bhd ("Danberg") • Gladron Chemicals Sdn Bhd ("Gladron") • Pacific Vet Group (Malaysia) Sdn Bhd ("Pacific Vet") • Age D'Or Sdn Bhd ("ADSB") • Agritech Enterprise Sdn Bhd ("Agritech") • Ritma Prestasi Sdn Bhd ("Ritma") • Borneosew Medical Trading (M) Sdn Bhd ("Borneosew") • SCC Holdings Bhd ("SCC") • Agro-Farmchem Sdn Bhd ("Agro-Farmchem")
Subsidiaries of international product manufacturers	<ul style="list-style-type: none"> • Act as trade representatives and agents solely for parent brands 	<ul style="list-style-type: none"> • Behn Meyer • Alltech Biotechnology Malaysia Sdn Bhd ("Alltech") • Biomin (Malaysia) Sdn Bhd ("Biomin") • Elanco (a division of Eli Lilly (M) Sdn Bhd) • Lohmann Animal Health (Malaysia) Sdn Bhd ("Lohmann")

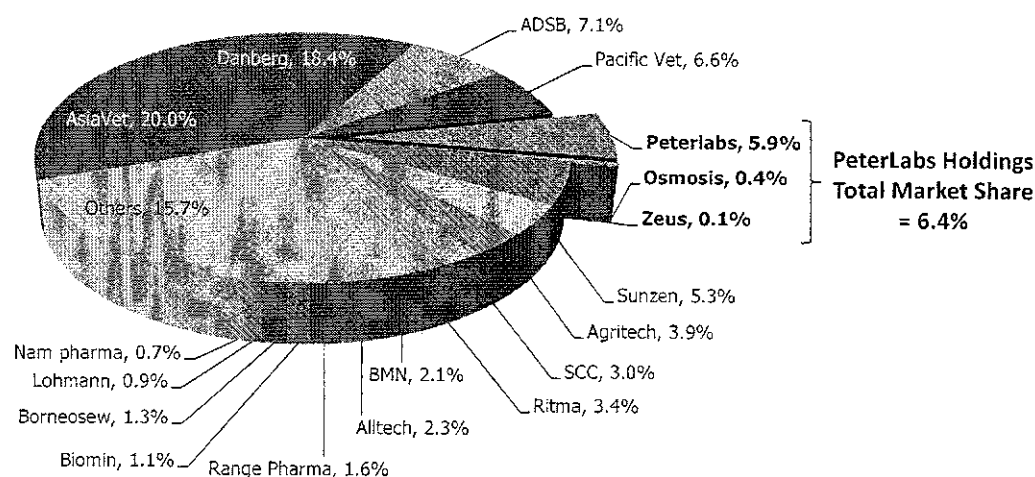
7. INDUSTRY OVERVIEW (Cont'd)

7.4 MARKET SIZE AND MARKET SHARE ANALYSIS

Malaysia's animal health and nutrition market was valued at RM529.0 million in 2009, of which our Group's animal health and nutrition products is estimated to have a market share of approximately 6.4%. PeterLabs Holdings' revenue stood at RM34.0 million in 2009.

The market size was estimated based on the total revenues generated by market players in 2009. The following is a market share breakdown of key market players including our Group by revenue within the wider animal health and nutrition market in 2009.

Market Share of Key Market Players within the Animal Health and Nutrition Market by Revenue, 2009



Notes:

- (i) Revenues of market players could not be segmented further according to various animal health product types e.g. feed additives, biological, veterinary pharmaceuticals and etc.
- (ii) PeterLabs Holdings' market share is based on the combined revenues from its subsidiaries PeterLabs, Osmosis Nutrition and OMS Resources.
- (iii) 2009 revenues for Gladron, Agro-Farmchem, Rhone Ma and PPSB were not obtainable from the CCM during the time of this report.
- (iv) Sunzen and SCC are listed on the ACE Market of the Bursa Malaysia.

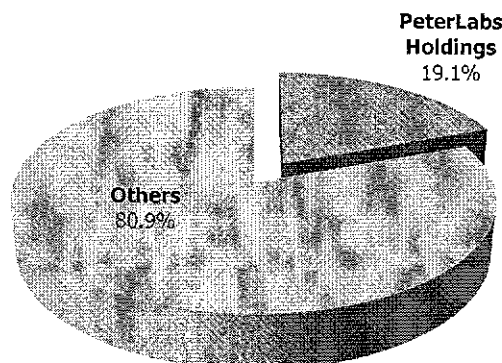
(Source: IMR Report by Protégé Associates)

In 2010, the total revenue of the animal feed additives market in Malaysia stood at RM213.5 million. By 2015, this is expected to grow to RM291.1 million, representing a CAGR of 6.4 percent over the next 5 years. The growth is expected to be driven by demand conditions which include the derived demand from the growing Malaysian livestock industry, scientific advancement in non-antibiotic feed additives and a changing preference towards non-antibiotic feed additives.

Based on our Group's revenue derived from the sale of animal feed additives of RM40.73 million for the FYE 31 December 2010 and the revenue of the Malaysian animal feed additives market in 2010 of RM213.5 million, our Group is estimated to have a market share of approximately 19.1 percent.

7. INDUSTRY OVERVIEW (Cont'd)

Market Share of PeterLabs Holdings within the Animal Feed Additives Market, 2010



Note:

Market share of other players is not obtainable due to the lack of similar revenue segmentation or latest official financial information.

(Source: IMR Report by Protégé Associates)

7.5 GOVERNMENT LAWS AND REGULATIONS

(i) Feed Act 2009

The Feed Act 2009 came into effect on 1 January 2010. The purpose of the Feed Act 2009 is to regulate feed quality by controlling the manufacture, import, sale and use of animal feed and feed additives as a means to ensure that animal welfare is preserved, and resulting animal products are not contaminated so that they are safe for human consumption. A Feed Board has been established very recently under the Feed Act 2009. This Feed Board is chaired by the Director General of the DVS. The Feed Board is still in its infancy and has yet to take in applications for or issue licences under the Feed Act 2009.

(ii) Animals Act 1957

The Animals Act 1957 provides that no person shall knowingly import into Malaysia or shall have in his possession any living germ or virus or any bacterial culture, of a nature that is potentially harmful or dangerous to animals without the previous written permission of the Director General of the DVS. Consistent with this position, the DVS has required animal feed additive manufacturers, importers and sellers to register their products with them if such products contain bacterial cultures. It is expected that the Animals Act will become less prominent in the future once the Feed Act 2009 and the licensing and registration regime that is expected to be contained in its regulations is introduced and fully implemented later.

(iii) Poisons Act 1952

The Poisons Act 1952 seeks to regulate the importation, possession, storage or use of the poisons that are listed in its schedules. As such, only a person, usually a pharmacist, that is licensed under the Poisons Act 1952 may import possess, store or use the scheduled poisons.

7. INDUSTRY OVERVIEW *(Cont'd)*

(iv) Sale of Drugs Act 1952

The Sale of Drugs Act 1952 seeks to govern and control the sale of drugs in Malaysia. The Sale of Drugs Act 1952 regards “drugs” as any substance, product or article intended to be used or capable of being used on humans or on any animal, whether internally or externally, for medicinal purposes.

The regulatory control that is mentioned above is achieved through the Control of Drugs and Cosmetics Regulations 1984, subsidiary legislation passed under the Sale of Drugs Act. Very briefly, the Control of Drugs and Cosmetics Regulations 1984 requires drugs including those that are used on animals to be registered with the NPCB.

(v) Price Control (Labelling by Manufacturers, Importers, Producers or Wholesalers) Order 1980 (“Labelling Order 1980”)

The Labelling Order 1980 requires manufacturers, importers, producers or wholesalers of pre-packed goods (including compounds or substances that may be contained in animal feed) to label their goods in a manner that is in conformity with the Labelling Order 1980. The labels of these pre-packed compounds or substances must indicate the appropriate designation of the goods, the minimum weight, quantity or amount of the goods in the package, the name and address of the manufacturer, importer, producer or wholesaler of the goods and the chemical composition of the goods.

(Source: IMR Report by Protégé Associates)

As at the LPD, our Group are in compliance with the abovementioned government laws and regulations which may materially affect our Group’s operations.

7.6 DEMAND CONDITIONS

7.6.1 Factors Driving Demand for Animal Feed Additives

(i) Derived Demand from Livestock Industry Leading to Correlating Growth Patterns

As demand for animal feed additives is derived from the needs of the livestock industry in maintaining its animals’ health, quality and quantity, the anticipated growth in the livestock industry will lead to a correlating growth pattern for the animal feed additives market in Malaysia.

(ii) Scientific Advancement of Non-Antibiotic Feed Additives

While demand is usually an externally driven event and led by the purchasers/ consumers/ users of various markets, in certain instances demand may be due to internal forces – e.g. the development of new and innovative products. Within the animal feed additives market, scientific advancement of non-antibiotic feed additives is one such internal force which will propel market demand and growth.

7. INDUSTRY OVERVIEW *(Cont'd)*

(iii) Changing Preference towards Usage of Non-Antibiotic Feed Additives

The Malaysian livestock industry is also expected to trend towards increasing the use of non-antibiotic feed additives in the long term. The main factors leading to the change towards greater use of non-antibiotic animal feed additives includes the increasing consumer awareness on health and environmental impact of antibiotic feed additives, stringent global regulatory trends, a proactive change by the local livestock industry, support from local animal feed additives manufacturers and local regulatory pressure.

7.6.2 Factors Restraining Demand for Animal Feed Additives

(i) Disease Outbreaks Affecting Livestock Industry

Disease outbreaks affecting livestock result in culling – which reduces the number of livestock animals and thus leading to lesser demand for animal feed additives within a short period of time, before livestock population can be increased again. While this has only a moderate effect and is restrained to a short time period, it nonetheless affects demand within the market. For instance, during the Nipah virus outbreak in 1998 there was large-scale culling of swine stocks, leading to greatly decreased livestock populations. The avian flu outbreak, and more recently the H1N1 swine flu pandemic in 2009 to some extent scared consumers off the consumption of chicken and pork respectively. In the latter outbreak, pork was still safe for consumption, but the outbreak's origin from the swine negatively altered consumer perception of pork consumption. In either case, local livestock production was hampered, leading to falling demand for animal feed and feed additives. Similar outbreaks in the future could have similar effects on livestock demand and supply, as well as the demand for animal feed additives.

(Source: IMR Report by Protégé Associates)

7.7 SUPPLY CONDITIONS

7.7.1 Factors Driving Supply for Animal Feed Additives

(i) Established Market Players with Proven Track Record

The market for animal feed additives in Malaysia is one that is matured, with established market players contributing in their various roles – whether as domestic product manufacturers, distributors or subsidiary of international product manufacturers. This aids the market in ensuring a continuous supply of animal feed additives that meets the standard of quality and also meets the needs of the local livestock industry. The animal feed additives presently sold in Malaysia are either brands from internationally recognised manufacturers or locally developed products which have managed to break into the market due to the efficacy of their products. In addition, key market players have had many years of experience – for instance, some of the key players began operations at least 20 to 30 years ago, among which include SCC (established 1974), AsiaVet (established 1981), Danberg (established 1980), Gladron (established 1982) and Agritech (established 1980) to name a few.