

7. INDUSTRY OVERVIEW (Cont'd)

(ii) Government Focus on Biotechnology Provides Financial Incentives

According to the Malaysian Biotechnology Information Centre ("MABIC") and the Malaysia Industrial Development Authority ("MIDA"), the Malaysian government provides tax incentives for companies in the biotechnology sector. This may likely benefit domestic product manufacturers as financial incentives can further enable the companies to carry out greater research into the non-antibiotic animal feed additives product categories, and hence this supply condition contributes positively towards the market. Under the National Biotechnology Policy, various tax incentive schemes include tax exemption, tax deductions for BioNexus Status Companies and biotechnology funding for Bionexus Status Companies.

7.7.2 Factors Restraining Supply for Animal Feed Additives

(i) High Capital Requirements and Technological Expertise Required for Manufacturing

A negative supply condition which may act to deter growth of the market is the high capital requirements and technological expertise required for manufacturing of animal feed additives.

Feed additives manufacturing is a capital intensive activity requiring substantial investment in technological research and development, machinery and equipment, manufacturing and logistics facilities and others. Such investments are necessary prior to the set up of a manufacturing facility and regularly throughout the company's lifecycle in order to keep up with changing trends in the global and local market. The need for high technology research and development coupled with the suitable technical expertise for such initiatives is especially pertinent. As the animal feed additives market transitions towards the use of non-antibiotic feed additives, new manufacturers will need to commit substantially to the development and innovation of new product types to differentiate themselves from existing market offerings. These factors may become a barrier to entry for new entrants. However, due to the fact that there are many established market players (around 50 to 60), this negative supply condition will only minimally impact the market, as it affects mainly new entrants into the market.

(Source: IMR Report by Protégé Associates)

7.8 SUBSTITUTE PRODUCTS

There are currently no good substitutes to animal feed additives. There is substitution between antibiotic and non-antibiotic, and also competition within each category, but there are no substitutes to feed additives as a whole category.

(Source: IMR Report by Protégé Associates)

7.9 RELIANCE AND VULNERABILITY TO IMPORTS

The Malaysian animal feed additives market features many imported products, distributed by local distributors or subsidiaries set up by international market players. However, there is no risk related to this reliance on imports as all market players usually have a portfolio of products to cater to the market. In addition, domestic product manufacturers are very much shielded from any risk on imports as they are able to produce their own in-house products. In terms of raw material supply, local feed additives manufacturers may rely on imported materials. Nevertheless these are widely available from various countries and suppliers, thus mitigating risks related to obtaining critical raw material supply.

(Source: IMR Report by Protégé Associates)

7. INDUSTRY OVERVIEW (Cont'd)

7.10 FUTURE GROWTH, PROSPECTS AND OUTLOOK OF THE INDUSTRY

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. As a market that is relatively mature, the ability of the animal feed additives market to maintain a consistent growth performance is a positive sign.

This bright outlook is well supported by trends of steady growth within Malaysia's livestock industry. The market is also expected to expand at a slightly accelerating pace moving forward as livestock farmers gradually switch to the use of higher-value non-antibiotic feed additives from in-feed antibiotics. This will be further aided by the scientific advancements expected within the segment which will enable better products to enter the marketplace.

On the supply side, the existence of established market players with a good track record ensures the continued supply of proven brands and high quality products within the market. The Malaysian government's focus on biotechnology as a growth sector for our economy has also led to financial incentives which will benefit domestic animal feed additives manufacturers, as they continue to conduct research into the growth segment of non-antibiotic animal feed additives.

Market growth may only be slightly limited in the event of disease outbreaks leading to a reduction in livestock animal quantity. However, this will only be for a short duration before livestock numbers are expected to increase again, leading to a dip in the sales, but not the overall market viability. Market growth may also be slightly impacted as the high capital requirements and requirement for technical skills may limit new entrants from participating in the manufacture of animal feed additives locally. However, this is not expected to be a significant issue as there are already approximately more than 50 established market players in the animal feed additives market in Malaysia today.

(Source: IMR Report by Protégé Associates)

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Shareholdings

The shareholdings of our Promoters and/or substantial shareholders in our Company before and after our IPO are as follows:

Name	Designation	Nationality	<----- Before IPO ----->				<----- After IPO ----->			
			<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
			No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
<u>Promoters</u>										
Lim Tong Seng	Executive Chairman / Managing Director	Malaysian	24,945,892	14.42	-	-	18,443,238	9.81	-	-
Teo Chin Heng	Executive Director	Malaysian	32,066,934	18.54	-	-	25,565,245	13.60	-	-
Dr. Teo Kooi Cheng	Executive Director	Malaysian	24,945,892	14.42	-	-	18,443,238	9.81	-	-
Lau Yeng Khuan	Executive Director	Malaysian	10,393,062	6.01	-	-	9,400,645	5.00	-	-
Kho Siaw Sua	Regional Sales Manager	Malaysian	10,977,542	6.35	-	-	9,400,000	5.00	-	-
Chan Bee Chuan	Regional Sales Manager	Malaysian	11,099,421	6.42	-	-	9,400,000	5.00	-	-
<u>Substantial shareholders</u>										
Tan Chin Tee*	-	Malaysian	14,010,621	8.10	-	-	7,507,983	3.99	-	-
Beh Boon Seong*	Finance Director of PeterLabs	Malaysian	9,658,806	5.58	-	-	5,704,271	3.03	-	-

Note:

* Will cease to be a substantial shareholder of our Group subsequent to the IPO

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

8.1.2 Profile of Promoters and Substantial Shareholders

Lim Tong Seng, Malaysian, aged 51

Co-founder, Promoter and Executive Chairman / Managing Director

Lim Tong Seng was appointed to the Board on 28 July 2010 as a Director and re-designated as the Managing Director of our Group on 1 September 2010. Mr Lim was also appointed as the Executive Chairman of our Group on 1 November 2010. He currently heads our Group's operations. He completed his secondary school education in 1977 and has since accumulated over 32 years of experience in the livestock industry, mainly in the animal health and nutrition sector. He is also a committee member of the Malaysian Animal Health and Nutrition Industries Association.

Mr Lim's career in the livestock industry began when he joined the feedmill division of Industrial Farm Pte Ltd, a Singapore commercial pig farm in 1978 as a Feedmill Executive. In 1984, he assumed the position of Production Executive at Agrinuser (M) Sdn Bhd, a feed additive premix manufacturing company. In 1989, he founded Benuser and spearheaded the company's operations in manufacturing various feed additives and premixes for the livestock industry.

In 2002, Mr Lim left Benuser and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy together with two (2) directors from Chern Tek, namely Teo Chin Heng and Dr. Teo Kooi Cheng. Mr Lim was appointed as the Executive Director of PeterLabs in 2002 and subsequently was promoted to Managing Director in 2008.

Teo Chin Heng, Malaysian, aged 58

Co-founder, Promoter and Executive Director

Teo Chin Heng was appointed to the Board on 1 September 2010 as an Executive Director and is currently heading the Supply Chain Department. He graduated from National Chengchi University in Taiwan with a Bachelor of Economics in 1978 and has since accumulated over 29 years of experience in the animal health and nutrition industry.

Mr Teo began his career in his family's porcelain manufacturing business in 1979 and subsequently joined Wellchem (M) Sdn Bhd in 1981 as a Sales Executive in the veterinary division. In 1989, he co-founded Chern Tek, a company involved in trading of animal health and nutrition products, where he assumed the position of Executive Director and was responsible for the company's sales and marketing activities.

In 2002, Mr Teo left Chern Tek and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy. Mr Teo was appointed as the Executive Director of PeterLabs in 2002 and Sales and Marketing Director of Osmosis Nutrition in 2002.

Dr. Teo Kooi Cheng, Malaysian, aged 51

Co-founder, Promoter and Executive Director

Dr. Teo Kooi Cheng, a veterinarian, was appointed to the Board on 28 July 2010 as a Director and re-designated to Executive Director on 1 September 2010 and is currently heading our Group's Technical Department. He graduated from National Taiwan University, with a Bachelor of Veterinary Medicine in 1983 and has since accumulated 27 years of experience in the livestock industry, both as a veterinarian as well as a farm manager.

Dr. Teo's career in the livestock industry began when he joined Tai Yue Pig Farm in 1983 as a veterinarian and subsequently joined Industrial Farm Pte Ltd, a Singapore commercial pig farm in 1985 as a Deputy Farm Manager. In 1988, he joined Coopers Animal Health (M) Sdn Bhd as a Techno Commercial Executive, where he was responsible for technical backup and product development. Subsequently, he assumed the position of Technical Director at Chern Tek in 1992, a company involved in trading of animal health and nutrition products. In 1999, during the Nipah virus outbreak, he was involved in a large scale Nipah virus screening test of livestock in Malaysia.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

In 2002, Dr. Teo left Chern Tek and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy. Dr. Teo was appointed as the Executive Director of PeterLabs in 2002 and Technical Director of Osmosis Nutrition in 2002.

Lau Yeng Khuan, Malaysian, aged 51
Promoter and Executive Director

Lau Yeng Khuan is one of our Group's Sales and Marketing Manager and was appointed as an Executive Director on 1 September 2010. He completed his high school education in 1977 and has since accumulated over 30 years of sales and business development experience in the livestock industry.

Mr Lau started his career with N.A.M Trading (Ipoh) Sdn Bhd as a Sales Executive in 1978 and subsequently joined Chern Tek in 1997 as a Sales Manager. He left the company to join our Group in 2002 as an Area Sales Manager. He is responsible for overseeing our Group's sales and business development activities in Perak where his roles include sales, co-ordinating and liaising with customers. He is also responsible for all public relation matters as well as providing professional advice to our customers in the swine and poultry sector.

Kho Siaw Sua, Malaysian, aged 58
Promoter and Regional Sales Manager

Kho Siaw Sua is one of our Group's Regional Sales Manager and Director of PLON Synergy. He completed his high school education in Sarawak in 1973 and has since accumulated 23 years of experience in sales and business development.

Mr Kho started his career with Coopers Animals Health (S) Pte Ltd as a Sales Executive in 1987. In 1991, he joined Pitman Moore (M) Sdn Bhd as an Area Sales Executive. Thereafter, he joined Mallinckrodt Veterinary Sdn Bhd as Sales Manager in 1994 before joining Chern Tek as a Sales Manager in 1998.

He joined our Group in 2002 as an Area Sales Manager. He is responsible for overseeing our Group's sales and business development activities in Sarawak where his role include sales, co-ordination with supply chain management, liaison and handling public relation as well as providing consultation to customers from the swine and poultry sector.

Chan Bee Chuan, Malaysian, aged 47
Promoter and Regional Sales Manager

Chan Bee Chuan is one of our Group's Regional Sales Manager and a Director of PLON Synergy. He holds a Diploma in Animal Science from Ping Tong College, Taiwan which he obtained in 1983 and has since accumulated over 20 years of experience in the animal health product industry.

He started his career with Coopers Animal Health (S) Pte Ltd as a Sales Executive in 1987. In 1991, he joined Pitmans Moore (M) Sdn Bhd as an Area Sales Executive. Thereafter, he joined Malinckrodt Veterinary Sdn Bhd as Sales Manager in 1994. Subsequently, in 1997, he joined Chern Tek as an Area Sales Manager.

Mr Chan joined our Group in 2002 as a Regional Sales Manager. He is responsible for overseeing our Group's sales and business development activities in the state of Sabah where his roles include sales, coordination with supply chain management, liaison and handling public relations as well as giving consultation to our customers from the swine and poultry sector.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

Tan Chin Tee, Malaysian, aged 51
Substantial Shareholder

Tan Chin Tee is one of the pioneer investors and substantial shareholders of the Company. He joined PeterLabs in 2002 as an Executive Director where his duties include assisting in consulting on animal health nutrition business. He completed his secondary school education in 1977 and has since accumulated over 28 years of experience in the livestock industry, mainly in the animal health and nutrition sector.

Currently, he is no longer working with the Group and will cease to be a substantial shareholder of our Group after the IPO.

Beh Boon Seong, Malaysian, aged 54
Substantial Shareholder and Finance Director of PeterLabs

Beh Boon Seong was appointed to the board of PeterLabs on 26 September 2008 as an Executive Director. He graduated from National Cheng Kung University in Taiwan with a Bachelor of Science in Chemical Engineering in 1983 and has since accumulated 25 years of experience in the chemical industry.

Mr Beh started his career in 1984 as a Production Executive in Soon Seng Cement Products Sdn Bhd. In 1985, he joined Masda Chemical Sdn Bhd as a Sales Executive. He co-founded Express Chemical Supplies Sdn Bhd and was appointed as an Executive Director in 1989 and subsequently promoted to Managing Director in 1994 before retiring in 2003. In 2008, he came out of retirement and joined PeterLabs as a Finance Director, a position which he holds to date.

Mr Beh will cease to be a substantial shareholder of our Group after the IPO.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.1.3 Changes in Promoters and/or Substantial Shareholders' Shareholdings since Incorporation

Save as disclosed below, there has been no change in the shareholdings of our Promoters and/or substantial shareholders in our Company since incorporation up to the date of this Prospectus:

Name	Date of Acquisition/ Disposal	<----- Direct ----->		<----- Indirect ----->	
		No. of Shares Acquired/ (Disposed)	Cumulative No. of Shares	No. of Shares Acquired/ (Disposed)	Cumulative No. of Shares
<u>Promoters</u>					
Lim Tong Seng	28.07.2010	1 [^]	1 [^]	-	-
	12.10.2010	-	10 [@]	-	-
	13.10.2010	190	200	-	-
	15.10.2010	24,945,692	24,945,892	-	-
Teo Chin Heng	15.10.2010	32,066,934	32,066,934	-	-
Dr. Teo Kooi Cheng	28.07.2010	1 [^]	1	-	-
	12.10.2010	-	10 [@]	-	-
	13.10.2010	190	200	-	-
	15.10.2010	24,945,692	24,945,892	-	-
Lau Yeng Khuan	15.10.2010	10,393,062	10,393,062	-	-
Kho Siaw Sua	15.10.2010	10,977,542	10,977,542	-	-
Chan Bee Chuan	15.10.2010	11,099,421	11,099,421	-	-
<u>Substantial shareholders</u>					
Tan Chin Tee*	15.10.2010	14,010,621	14,010,621	-	-
Beh Boon Seong*	15.10.2010	9,658,806	9,658,806	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

Name	Date of Acquisition/ Disposal	<----- Direct ----->		<----- Indirect ----->	
		No. of Shares Acquired/ (Disposed)	Cumulative No. of Shares	No. of Shares Acquired/ (Disposed)	Cumulative No. of Shares
Lim Lai Ping**	13.10.2010	200	200		
Fong Nyuk Lean**	13.10.2010	200	200	-	-
Vemalan A/L Naraynan**	13.10.2010	200	200	-	-

Notes:

^ Subscriber share of RM1.00 each

@ Pursuant to subdivision of par value of ordinary shares from RM1.00 to RM0.10

* Will cease to be a substantial shareholder of our Group subsequent to the IPO

** They were the subscriber shareholders of our Group and have ceased to be substantial shareholders of our Group after the Acquisition on 15 October 2010.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.2 BOARD OF DIRECTORS**8.2.1 Profile**

The profile of Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng and Lau Yeng Khuan are set out in Section 8.1.2 of this Prospectus.

Dato' Hon Choon Kim, Malaysian, aged 62
Independent Non-Executive Director

Dato' Hon was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He graduated with a Bachelor of Social Sciences (Econ) in 1976 from Universiti Sains Malaysia, School of Social Sciences, Pulau Pinang. In 1977, he started his career in the government's statistical department. In 1986, he was elected as state assemblyman and was appointed as a state executive councilor of Negeri Sembilan. He was then elected to be a member of the Parliament and was appointed as the Deputy Minister of Education in 1995, a position that he holds till 2008.

Dr. Vijaya Raghavan A/L M P Nair, Malaysian, aged 71
Independent Non-Executive Director

Dr. Vijaya was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He is a veterinarian with a Degree of Doctor of Veterinary Medicine from East Pakistan Agricultural University (currently known as Bangladesh Agriculture University). He graduated with a first class degree in 1970. In 1974, he obtained a PhD in Animal Nutrition from the Royal School of Veterinary Medicine in Hannover, Germany.

After his return from Germany, Dr. Vijaya started his career as a research officer at the Veterinary Research Institute, Malaysia for two years. He then joined the feed milling industry as a nutritionist and worked for two related companies, namely Sin Heng Chan (M) Sdn Bhd and Federal Flour Mills Bhd for 35 years before becoming a free lance consultant for a few multinational companies in the field of poultry production, nutrition and staff training.

As a nutritionist, he has pioneered various research projects that are published in various international journals. Dr. Vijaya is also the chairman of the Technical Committee of Animal Feeds of SIRIM. In SIRIM, he spearheaded the development of various types of animal feed for the livestock industry. He was also honoured by the Malaysian Society of Animal Production for his contribution to the feed industry in 1996 and by our Ministry of Science and Technology for his contribution in the development of various standards for feeding livestock in 1997.

Dr. Vijaya's other achievements include the Livestock Industry Achievement Award and Lifetime Achievement Award, both awarded by the Ministry of Agriculture in 2002 and 2007 respectively. In 2006, he was appointed as the speaker of the Bureau of World Poultry Science Association, in which he delivered lectures and conducted research papers in various international meetings. In 2008, he was made a fellow by the World Poultry Science Association for the Malaysian Branch. He is also a member of various professional bodies both locally and internationally. He is also the Technical Chairman of the Malaysian Feed Millers Association.

Aside from being a freelance consultant, Dr. Vijaya currently lectures in several local and foreign universities.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Prof. Dr. Paul Cheng Chai Liou, Malaysian, aged 63
Independent Non-Executive Director

Prof. Dr. Paul Cheng was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He is the senior partner of Cheng & Co, a local accounting firm which was established in 1993, with seven branches in Malaysia and five branches overseas supported by more than 150 staffs. Prior to 1993, he was the managing director of Malim Realty (M) Sdn Bhd.

Prof. Dr. Paul graduated in 1990 from the University of Southern Queensland, Australia with a Bachelor of Business and later obtained a Masters of Business Administration in 1991. He then became a Doctor of Commercial Sciences from Oklahoma City University in 1996 and recently in 2007 he received his second doctorate, a Doctor of Business Administration from University of Newcastle, Australia.

He is a member of the Malaysian Institute of Accountants, The Malaysian Institute of Certified Public Accountants, Malaysian Institute of Management, Malaysian National Computer Confederation, Fellow member of CPA Australia, Fellow of the Malaysian Institute of Taxation, and Chartered Member of the Institute of Internal Auditors. He also sits as a member of many working committees in organizations and associations. Currently, he is an adjunct professor with Universiti Tun Abdul Razak.

Azman Bin Abdul Jalil, Malaysian, aged 50
Independent Non-Executive Director

Encik Azman was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He obtained his Bachelors of Pharmacy (Honours) from University of El-Mansourah, Egypt, in 1983. He is a registered pharmacist with the Malaysian Pharmacy Board since 1984. Upon graduation, he joined the Ministry of Health of Malaysia as a Pharmacy Enforcement Officer.

In 1992, he left the Ministry of Health of Malaysia and joined Xepa Soul Pattinson (M) Sdn Bhd as a pharmacist. In 1995, he joined Kotra Pharma (M) Sdn Bhd, a pharmaceutical manufacturer and distributor, as a Quality Assurance Manager and was later promoted to Plant Manager in 2001. He left the company in 2003, and thereafter he joined Applied Chemie (M) Sdn Bhd as a Technical and Training Director.

In 2006, Encik Azman started his own consultancy firm, A1 Consultancy & Integrated Services Sdn Bhd, specializing in providing pharmaceutical consultancy services as well as training and deals with the registration of pharmaceutical, cosmetics, traditional and health supplements and products.

Encik Azman is a member of Parenteral Drug Association, International Society of Pharmaceutical Engineering and Institute of Validation Technology and a committee member of the Malaysian Pharmaceutical Society of the Malacca Branch.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.2.2 Shareholdings

The shareholdings of our Directors in our Company before and after our IPO are as follows:

Name	<----- Before IPO ----->				<----- After IPO ----->			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
Lim Tong Seng	24,945,892	14.42	-	-	18,443,238	9.81	-	-
Teo Chin Heng	32,066,934	18.54	-	-	25,565,245	13.60	-	-
Dr. Teo Kooi Cheng	24,945,892	14.42	-	-	18,443,238	9.81	-	-
Lau Yeng Khuan	10,393,062	6.01	-	-	9,400,645	5.00	-	-
Dato' Hon Choon Kim	-	-	-	-	-	-	-	-
Dr. Vijaya Raghavan A/L M P Nair	-	-	-	-	-	-	-	-
Prof. Dr. Paul Cheng Chai Liou	-	-	-	-	-	-	-	-
Azman Bin Abdul Jalil	-	-	-	-	-	-	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.2.3 Principal Activities Performed Outside Our Group

Save as disclosed below, none of our Directors has any directorships and/or principal activities performed outside of our Group for the past five (5) years prior to the LPD:

Name	Company	Principal Activities	Designation	Date Appointed/ (Resigned)	<----- As at the LPD ----->			
					Direct		Indirect	
					No. of shares held	% held	No. of shares held	% held
Lim Tong Seng	Agrinuser (M) Sdn Bhd*	Manufacture and sale of animal feed supplement	Director	17.01.1985	36,700	25.31	-	-
Teo Chin Heng	Toh Seng Hong Pottery Works Sdn Bhd	Rental of property	Shareholder	-	33,600	19.20	-	-
Dr. Teo Kooi Cheng	Tact Gold Sdn Bhd	Swine farming	Director	16.06.2006/ (01.10.2010)	1	20.00	-	-
Dato' Hon Choon Kim	Peritronics Industry Sdn Bhd	Plastic moulding	Shareholder	-	130,000	16.25	-	-
Azman Bin Abdul Jalil	A1 Consultancy & Integrated Services Sdn Bhd	Consultants in connection with pharmaceutical and general trading	Director	20.03.2007	21,007	70.00	-	-
	Tinaz Medicare Sdn Bhd	Pharmaceuticals, medical and chemical preparations and consultation	Shareholder	-	12,500	50.00	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name	Company	Principal Activities	Designation	Date Appointed/ (Resigned)	<----- As at the LPD ----->			
					Direct		Indirect	
					No. of shares held	% held	No. of shares held	% held
Prof. Dr. Paul Cheng Chai Liou^	Aljeffri Dean Consulting Sdn Bhd	Provide consulting services	Director	28.08.2005	-	-	-	-
	Cheng & Chua Tax Services Sdn Bhd	Tax consultants & tax agents	Director	29.04.1997	35	35.00	-	-
	Malaysian Institute of Directors	National professional institute of company directors in Malaysia	Director	29.06.2010	-	-	-	-
	Maxisegar Educational Holdings Sdn Bhd	Provider of education services	Director	24.02.1998	-	-	-	-
	Cheng & Co. Asset Management Services Sdn Bhd	Property investment	Director	22.05.2003	135,000	45.00	-	-
	Circular Orbit Berhad	Property investment	Director	23.03.1994	-	-	-	-
	Gaxy Educational Berhad	Property investment	Director	18.06.1994	78,000	50.00	-	-

Notes:

* Agrinuser (M) Sdn Bhd ceased operations in 1989.

^ Prof. Dr. Paul Cheng Chai Liou is an auditor and company secretary by profession. As a company secretarial agent providing incorporation services, he is often named as a nominee / first director of the numerous companies that he helps incorporates. Save for the directorships disclosed in the table above, Prof. Dr. Paul Cheng Chai Liou has as at the date of this Prospectus resigned from all his other directorships.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

Based on the declaration by Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng, they are not involved in the day-to-day activities and operations of the abovementioned business and accordingly, their involvement in the abovementioned companies do not affect their contribution to our Group or negatively impact their ability to act as the Executive Directors of our Group.

Azman Bin Abdul Jalil is one of the directors of A1 Consultancy & Integrated Services Sdn Bhd. A1 Consultancy & Integrated Services Sdn Bhd which is involved in the provision of pharmaceutical consultancy services as well as training and deals with the registration of pharmaceutical, cosmetics, traditional and health supplements and products was appointed as the consultant to provide GMP consultancy services to Osmosis Nutrition.

Azman Bin Abdul Jalil was also appointed as Independent Non-Executive Director of PeterLabs Holdings on 1 November 2010. His involvement in A1 Consultancy & Integrated Services Sdn Bhd do not affect his contribution to our Group in view of the nature of his appointment as Non-Executive Director which is not involved in the day-to-day activities and operations of our Group. His appointment as Independent Non-Executive Director and at the same time act as GMP consultant for Osmosis Nutrition is not in breach of Paragraph 4.1 of the Guidance Note 9 of the Listing Requirements, as disclosed in Section 10.1 of this Prospectus.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.2.4 Directors' Remuneration and Material Benefits-in-Kind

The current remunerations and proposed remunerations for services rendered/to be rendered by our Directors in all capacities to our Group for the FYE 31 December 2009 to 2011 are as follows:

Director	Compensation Band (RM)		
	FYE 31 December 2009	FYE 31 December 2010	FYE 31 December 2011
Lim Tong Seng	150,000 to 200,000	150,000 to 200,000	150,000 to 200,000
Teo Chin Heng	150,000 to 200,000	150,000 to 200,000	150,000 to 200,000
Dr. Teo Kooi Cheng	150,000 to 200,000	150,000 to 200,000	150,000 to 200,000
Lau Yeng Khuan	150,000 to 200,000	150,000 to 200,000	150,000 to 200,000
Dato' Hon Choon Kim	-	0 to 50,000	0 to 50,000
Dr. Vijaya Raghavan A/L M P Nair	-	0 to 50,000	0 to 50,000
Prof. Dr. Paul Cheng Chai Liou	-	0 to 50,000	0 to 50,000
Azman Bin Abdul Jalil	-	0 to 50,000	0 to 50,000

The above remunerations, which comprise salaries, incentives, bonuses, fees, allowances and other benefits-in-kind must be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees and incentives must be further approved or endorsed by our shareholders at a general meeting.

8.2.5 Directors' Term of Office

Our Directors were appointed to the Board and has served in their respective capacities since the dates set out in Sections 8.1.2 and 8.2.1 of this Prospectus. Our Board comprises four (4) Executive Directors, four (4) Independent Non-Executive Directors and their respective terms of office are as follows:

Name	Designation	Expiration of term of office
Lim Tong Seng	Executive Chairman/Managing Director	*
Teo Chin Heng	Executive Director	*
Dr. Teo Kooi Cheng	Executive Director	*
Lau Yeng Khuan	Executive Director	*
Dato' Hon Choon Kim	Independent Non-Executive Director	*
Dr. Vijaya Raghavan A/L M P Nair	Independent Non-Executive Director	*
Prof. Dr. Paul Cheng Chai Liou	Independent Non-Executive Director	*
Azman Bin Abdul Jalil	Independent Non-Executive Director	*

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Note:

* According to Article 90 of our Articles of Association on Retirement of Directors:

"At the first Annual General Meeting of the Company, all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year, an election of directors shall take place and one-third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring director shall retain office until the close of the General Meeting at which he retires."

8.3 AUDIT, NOMINATION AND REMUNERATION COMMITTEES

8.3.1 Audit Committee

Our Audit Committee was established on 1 November 2010. Members of our Audit Committee are as follows:

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

Our Audit Committee's terms of reference include the following:

- (i) Review with our auditors the nature and scope of their audit plans, audit reports, major findings and evaluations of our accounting system and internal controls;
- (ii) Review our quarterly and annual financial statements before submission to our Board, focusing in particular on any change in implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (iii) Consider the appointment or reappointment of external auditors and matters relating to their resignation;
- (iv) Review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group; and
- (v) Perform such other functions as may be requested by our Board.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

8.3.2 Nomination Committee

Our Nomination Committee was established on 1 November 2010. Members of our Nomination Committee are as follows:

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

Our Nomination Committee's terms of reference include the following:

- (i) Identify and recommend to our Board, candidates for directorships for our Company and Directors as members of the relevant Board committees;
- (ii) Evaluate the effectiveness of our Board and the relevant Board committees; and
- (iii) Ensure an appropriate framework and succession planning for our Board.

8.3.3 Remuneration Committee

Our Remuneration Committee was established on 1 November 2010. Members of our Remuneration Committee are as follows:

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

Our Remuneration Committee's terms of reference include the following:

- (i) Assist our Board in determining the remuneration of Directors and key management and key technical personnel;
- (ii) Assist our Board in discharging responsibilities relating to, amongst others, compensation strategy, succession planning, management development and other compensation arrangements; and
- (iii) Ensure corporate accountability and governance in respect of our Board remuneration and compensation functions.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.4 KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL
8.4.1 Profile

The profiles of Kho Siaw Sua, Chan Bee Chuan and Beh Boon Seong are set out in Sections 8.1.2 of this Prospectus.

Lim Swee Hwa, Malaysian, aged 57
Sales Manager and Director of PeterLabs

Lim Swee Hwa is our Sales Manager and is primarily responsible for supporting our Group's companion animal division's sales activities and product development. He graduated from Chung Hwa Independent High School in Kuala Lumpur in 1971 and has since accumulated over 30 years of experience in sales and business development.

Mr Lim started his career with Syarikat Lian Wah Hang Sdn Bhd in 1972 as a Sales Executive. In 1983, he joined Chern Tek as a Director and in 1989, he joined Cerdas Niaga Sdn Bhd as a Sales Manager.

Mr Lim joined our Group in 2002 as a Sales Manager where his roles include sales, coordination with supply chain management, liaison and handling public relations as well as providing consultation to our customers from the poultry and swine sectors, a position which he holds to date. He was appointed as the Executive Director of PeterLabs on 15 October 2002.

Yap Siaw Peng, Malaysian, aged 37
Financial Controller

Yap Siaw Peng is our Financial Controller. She is primarily responsible for our Group's accounting, credit control, taxation, auditing, budget and management reporting. She is also responsible for our Group's human resource and administrative functions. She holds a Bachelor of Science (Hons) degree in Accounting from The University of Hull, UK which she obtained in 1998 and has since accumulated over 12 years of experience in finance and accounting.

She started her career with Digi Telecommunications Sdn Bhd in 1998 as an Accounts Officer, where she was responsible for service centre collections and financial reporting functions. In 2000, she joined RS Components Sdn Bhd as an Account Executive, where she was responsible for financial reporting and credit control operations. She was subsequently promoted to Credit Controller in 2002, where she oversaw the credit control and accounts receivable department.

In 2003, Ms Yap joined Avery Dennison Materials Sdn Bhd as a Senior Executive where she was responsible for account and credit control management. She was later promoted to be the Finance and Credit Manager in 2004, where she was the head of the Accounting, Treasury, Taxation and Credit Control Department and oversees the operation of the distribution centre in Johor.

Subsequently, she joined PeterLabs in August 2010 as the Financial Controller.

Dr. Gan Yee Haw, Malaysian, aged 32
Techno Commercial Manager

Dr. Gan, a veterinarian, is our Techno Commercial Manager and is primarily responsible for providing technical support and solutions to farms belonging to our Group's customers as well as being in charge of our Group's feed miller customer accounts. His duties also include analysing, developing and marketing of new products. He holds a Doctor of Veterinary Medicine degree from UPM, which he obtained in 2007.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Dr. Gan commenced his career with Cargill Feed Sdn Bhd as a Territory Manager in 2007 where he was responsible for marketing animal feeds and providing technical support and solutions to customers. He also assisted the enhancement of Cargill Feed Sdn Bhd's brand in the market by explaining the company's branding, values and services that the company offers to its customers. In 2009, he joined PeterLabs as a Techno Commercial Executive and was promoted to his current position in September 2010.

Lee Jo Anne, Malaysian, aged 28
Quality Manager

Lee Jo Anne, is our Quality Manager. She is primarily responsible for our Group's quality control, quality assurance and product registration functions. She holds a Bachelor of Science in Chemistry and Biology from Campbell University, USA which she obtained in 2005.

Ms Lee commenced her career with Ming Enterprises as a Marketing Coordinator in 2005, promoting veterinary and animal health and nutrition products. In 2008, she joined Osmosis Nutrition as a Chemist, where she was responsible for product registration liaison with governmental bodies such as Department of Veterinary Services and National Pharmaceutical Control Bureau, application and renewal of import permits. Her current duties also include liaison with external consultants on our Group's GMP compliance functions.

Loh Hong That, Malaysian, aged 63
Pharmacist

Loh Hong That has been a registered pharmacist on the Malaysian Pharmacy Board since 1974. He is primarily responsible for administering and monitoring poisons and drugs used by our Group. He holds a Bachelor of Pharmacy degree from University of Bombay, India which he obtained in 1973 and has since accumulated over 37 years of experience as a pharmacist.

He started his career as a pharmacist with Unam Corporation (M) Sdn Bhd in 1974. He then joined Norse Crown Sdn Bhd in 1978 as a Manager before setting up his own pharmacy, Dayen Farnasi Sdn Bhd, in 1994. He joined Osmosis Nutrition in 2010 as its pharmacist, a position which he holds to date.

Lee Yin Kim, Malaysian, aged 50
Pharmacist

Lee Yin Kim has been a registered pharmacist on the Malaysian Pharmacy Board since 1986. She is primarily responsible for overseeing our Group's importation, storage, sales and ensuring that all poisons used are in compliance with all relevant rules and regulations. She is also responsible in supervising the regulatory affairs of our Group's product registrations. Ms Lee holds a Bachelor of Pharmacy (Honour) degree from Universiti Sains Malaysia which she obtained in 1985 and has since accumulated over 22 years of experience as a pharmacist.

Upon graduation, Ms Lee was trained in Hospital Besar Seremban as a pupil pharmacist in 1985. She then joined Jaya Jusco (M) Sdn Bhd as a retail pharmacist in 1986. She later gained her experience as a Product Training Pharmacist with Chang Cheng (M) Sdn Bhd in 1987. Thereafter, she joined Dumex (M) Sdn Bhd as a Production Pharmacist in 1988 before joining Upha (M) Sdn Bhd as a Production Manager in 1993. Subsequently, in 1995, she joined Farnasi Alychem Sdn Bhd as a retail pharmacist. She joined PeterLabs in 2008 as a pharmacist, a position which she holds to date.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

Low Chee Keong, Malaysian, aged 53
Animal Nutrition Consultant

Low Chee Keong is our animal nutrition consultant. He is primarily responsible for feed formulation in addition to providing technical services to farms belonging to our Group's customers. He graduated from Taiwan National University in 1981 with a degree of Bachelor Agriculture Science in animal science. He holds a Master of Agricultural Science in Animal Science from Massey University, New Zealand which he obtained in 1985 and has since accumulated over 28 years of experience as an animal nutrition consultant. He is a committee member of SIRIM's technical committee for animal feeds.

He started his career with Chia Tai Feedmills Pte Ltd in 1982 as a Technical Sales Executive. In 1985, he joined Federal Flour Mills Bhd as a research chemist. Thereafter, he joined Agri Nutrition Asia Pte Ltd as a Product Development Manager in 1987. Subsequently, in 1988, he joined Gold Coin Feedmills (M) Sdn Bhd as Group Senior Nutritionist before moving on to join Dindings Soya & Multifeeds Sdn Bhd as a Deputy General Manager (Nutritionist) in 1998. He went on to join Japfa Comfeed International Pte Ltd in 2004 as a Senior Vice President and joined PeterLabs in 2007 as a nutritionist, a position which he holds to date.

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.4.2 Shareholdings

Save for the shareholdings of Kho Siaw Sua, Chan Bee Chuan and Beh Boon Seong which are set out in Sections 8.1.1 of this Prospectus, the shareholdings of our key management and key technical personnel before and after our IPO are as follows:

Name	Designation	Nationality	<----- Before IPO ----->				<----- After IPO ----->			
			<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
			No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
Lim Swee Hwa	Sales Manager	Malaysian	6,677,800	3.86	-	-	5,008,350	2.66	-	-
Yap Siaw Peng	Financial Controller	Malaysian	-	-	-	-	-	-	-	-
Dr. Gan Yee Haw	Techno Commercial Manager	Malaysian	164,999	0.10	-	-	164,999	0.09	-	-
Lee Jo Anne	Quality Manager	Malaysian	-	-	-	-	-	-	-	-
Loh Hong That	Pharmacist	Malaysian	-	-	-	-	-	-	-	-
Lee Yin Kim	Pharmacist	Malaysian	-	-	-	-	-	-	-	-
Low Chee Keong	Animal Nutrition Consultant	Malaysian	-	-	-	-	-	-	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.4.3 Involvement of Key Management and Key Technical Personnel in Other Businesses or Corporations

Save as disclosed below, none of our key management and key technical personnel are involved in other businesses/corporations as at the LPD:

Name	Company	Principal Activities	Designation	Date Appointed/ (Resigned)	<----- As at LPD ----->			
					Direct		Indirect	
					No. of shares held	% held	No. of shares held	% held
Chan Bee Chuan	Top Sunrich Sdn Bhd	Properties investment	Director	19.06.2009	10,000	10.00	-	-
	Best Scope Sdn Bhd	General trading	Shareholder	-	16,667	16.60	-	-
Beh Boon Seong	Antara Anggun Sdn Bhd	Dormant	Director	10.03.2000	50	50.00	-	-
	Majestic Vision Sdn Bhd	Properties investment	Director	17.08.1999	600,000	60.00	-	-
	Sepakat Himpun Sdn Bhd	Investment holding	Director	18.09.2000	99,980	99.98	-	-
	G.K. Goh Enterprise Sdn Bhd	Representatives, broker, commission agent for sale of lottery tickets and number forecast	Shareholder	-	12,000	60.00	-	-
	Stablechem Sdn Bhd	Trading of all kinds of chemical products	Shareholder	-	300,000	30.00	-	-
	HSD System Sdn Bhd	Manufacturer, producer, refiner, developer and dealer of all kinds of metal, material, minerals, chemical	Shareholder	-	4,000	4.00	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name	Company	Principal Activities	Designation	Date Appointed/ (Resigned)	As at LPD			
					Direct		Indirect	
					No. of shares held	% held	No. of shares held	% held
Lim Swee Hwa	Mastfair Entity Sdn Bhd	Provision of limousine services and hire of motor vehicles	Director	01.04.1998	1	33.33	-	-
	Blue Ribbon Omnibus Company	Transport service to passengers and rental of motor vehicles	Shareholder	-	2,100	30.66	-	-
Loh Hong That	Dayen Farmasi Sdn Bhd	General trading on pharmaceutical products	Director	13.02.1995	1,470	73.50	-	-
Low Chee Keong	AG Bio-Science Sdn Bhd	Trading and maintenance of machinery, fabrication of fibreglass storage, feedmilling and livestock industry	Shareholder	-	15,000	15.00	-	-

Save for Low Chee Keong as disclosed above, as at the LPD, none of our key management and key technical personnel has any interest, direct or indirect, in any other businesses and corporations carrying on a trade similar to that of our Group and/or any business or corporations which are also our customers or suppliers of our Group. The involvement of Low Chee Keong in AG Bio-Science Sdn Bhd is minimal and does not affect his duties to our Group. Hence, the Board does not foresee any conflict of interest arising from this.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.5 DECLARATIONS BY PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

Based on the declarations by our Promoters, Directors, key management and key technical personnel, none of our Promoters, Directors, key management and key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the managing of a corporation;
- (iii) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

There are no family relationships (as defined under Section 122A of the Act) or associations amongst our Promoters, Directors, substantial shareholders, key management and key technical personnel.

8.7 BENEFITS PAID OR INTENDED TO BE PAID

Save as disclosed in Section 8.2.4 of this Prospectus, there is no amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders within the two (2) years preceding the date of this Prospectus.

8.8 SERVICE AGREEMENTS WITH DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

As at the LPD, there are no existing or proposed service agreements between the companies within our Group and our Directors, key management and key technical personnel, which are not terminable by notice without payment or compensation (other than statutory notice).

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.9 INFORMATION ON EMPLOYEES

8.9.1 Employment Structure

As at the LPD, we have a total workforce of 79 personnel, including our Executive Directors. There has been no industrial dispute actions taken against our Group and none of our employees are members of any union. In addition, our Group has not encountered any major turnover in our workforce. The breakdown of our employees by category as at FYE 31 December 2007 to 2010 as well as at the LPD is as follows:

Category	<----- Number of Employees ----->				As at the LPD
	<----- As at FYE 31 December ----->				
	2007	2008	2009	2010	
Managerial*	7	5	5	10	14
Technical	0	6	7	9	8
Sales and marketing	6	6	6	7	9
Finance, human resource and administration	3	3	4	5	6
Operations and supply chain	5	2	2	10	10
Clerical/ non-executive	1	2	3	1	2
General worker (local)	12	12	12	13	20
General worker (foreign)	0	-	-	8	10
Total	34	36	39	63	79

Note:

* Our Executive Directors and Independent Non-Executive Directors are included in the managerial category.

8.9.2 Training and Development

Human capital is one of the driving factors of our Group's success. In developing our human capital, our Group provides on-the-job training programmes for our employees in accordance with the requirements of their job scope and with the aim of improving their overall skills and capabilities. Our on-the-job training programmes are conducted based on the mentor-mentee system. These on-the-job training mainly relate to the responsibilities and requirements of the job concerned.

Further, our employees have participated in external training programmes to develop industry knowledge to enhance proficiency in their daily tasks. Some of the training programmes attended by our employees are as follows:

Date	Programme	Venue	Facilitator
03.03.2008	Improving Livestock Performance: Safe and Natural Additives for Enhanced Appetite and Performance	Holiday Villa Subang, Subang Jaya, Selangor, Malaysia	In Vivo and PeterLabs

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Date	Programme	Venue	Facilitator
16.03.2008	Modern Farm Tools for Bacteria Control	Tanahmas Hotel, Sibul, Sarawak, Malaysia	Novus Malaysia and PeterLabs
17.03.2008	Modern Farm Tools for Bacteria Control	Tanahmas Hotel, Sibul, Sarawak, Malaysia	Novus Malaysia and PeterLabs
02.08.2008	Improving Livestock Performance: Safe and Natural Additives for Enhanced Appetite and Performance	Shangri-La Hotel, Kota Kinabalu, Sabah, Malaysia	In Vivo and PeterLabs
10.03.2009	Post-Weaning Pig Management and Disease Challenges	Restoran Ling Song Kee, Pantai Remis, Perak, Malaysia	Novus Malaysia and PeterLabs
10.03.2009	Mycotoxin 2009	Imperial Queen's Park Hotel, Bangkok, Thailand	Positive Action, England. (Publication of International Poultry Production, International Pig Topics, International Dairy Topics, International Hatchery Practice & International Food Hygiene)
24.03.2009 to 26.03.2009	GMP Seminar on Veterinary 2009	NPCB, Petaling Jaya, Selangor, Malaysia	NPCB, Malaysian Animal Health & Nutrition Industries Association ("MAHNIA"), Malaysian Organisation of Pharmaceutical Industries ("MOPI") and Pharmaceutical Association of Malaysia ("PhAMA")
23.04.2009	Veterinary Drug Management Seminar	Melati Hall, Putrajaya Holding, Putrajaya, Selangor, Malaysia	Veterinary Association Malaysia
05.05.2009	FLFAM Swine Technical Seminar - "Emergent & Endemic Diseases in Swine"	Holiday Villa Hotel, Subang Jaya, Selangor, Malaysia	Federation of Livestock Farmers' Association of Malaysia ("FLFAM")
07.05.2009	Feed Conference on Feeds Safety for Safe Foods & Launching of Super Toxin Binder	Sheraton Subang Hotel & Towers, Subang Jaya, Selangor, Malaysia	Amlan, Division of Oil Dri Corp., USA
17.06.2009	Biomin Forum 2009 "Nutrieconomics - Beyond Just A New Buzzword"	Sheraton Subang Hotel & Towers, Subang Jaya, Selangor, Malaysia	Biomin Malaysia Sdn Bhd

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Date	Programme	Venue	Facilitator
21.08.2009 to 22.08.2009	Improving Pig Performance From Sow To Grower-Finisher	Genting International Convention Centre ("GICC"), Genting Highlands, Malaysia	Novus Malaysia and PeterLabs
25.03.2010	Recent Advances in Pig Nutrition	Universal House Golden Lotus Hotel, Chengdu, China	In Vivo and PeterLabs
28.03.2010	NLP Multiplication of Marketing Achievement	Royale Bintang Hotel, Bukit Bintang, Kuala Lumpur, Malaysia	CANI Continuing Education Sdn Bhd
19.04.2010	Career Success Bible "CEO's Sales Strategy"	Royale Bintang Hotel, Bukit Bintang, Kuala Lumpur, Malaysia	CANI Continuing Education Sdn Bhd
19.04.2010 to 20.04.2010	GMP	Concorde Hotel, Shah Alam, Selangor, Malaysia	SIRIM Training Services Sdn Bhd
23.04.2010	GMP Training	PeterLabs, Shah Alam, Selangor, Malaysia	A1 Consultancy and Integrated Services Sdn Bhd
23.05.2010	Analysis of Character and Interpersonal Relations	CANI Conference Hall, Puchong, Selangor, Malaysia	CANI Continuing Education Sdn Bhd
15.07.2010	Attitude Changes Destiny	Royale Bintang Hotel, Kuala Lumpur, Malaysia	CANI Continuing Education Sdn Bhd
27.07.2010	The Next Era Ultra - "NEXERA UHPLC & GCMS Ultra"	Sunway Resort Hotel and Spa, Bandar Sunway, Malaysia	Fisher Scientific (M) Sdn Bhd
10.08.2010 to 11.08.2010	1st PigLIVE Workshop: Sustainable Sow Management Program	GICC, Genting Highlands, Pahang, Malaysia	Novus Malaysia and PeterLabs
14.08.2010 to 15.08.2010	The 13 th Asian Entrepreneurs Congress by the Top 8 Speakers	Berjaya Times Square Hotel, Bukit Bintang, Kuala Lumpur Malaysia	CANI Continuing Education Sdn Bhd
19.08.2010	International Technical and Seminar	Regaalis Hotel, Mysore, India	Zeus
20.10.2010	Breakout the Leader's Model	Sunway Resort Hotel and Spa, Bandar Sunway, Selangor, Malaysia	CANI Continuing Education Sdn Bhd

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Date	Programme	Venue	Facilitator
08.03.2011	Mycotoxin 2011	Imperial Queen's Park Hotel, Bangkok, Thailand	Positive Action, England. (Publication of International Poultry Production, International Pig Topics, International Dairy Topics, International Hatchery Practice & International Food Hygiene)
17.03.2011	New Castle Disease Latest Update: Variant Strain	Hotel Holiday Villa, Subang Jaya, Selangor	Malaysian Association of Food Animal Veterinarians (MAFAV)
22.03.2011	Asian Phytase Forum	The Westin Kuala Lumpur, Bukit Bintang, Kuala Lumpur	Behn Meyer Nutri-Vet Sdn Bhd

8.9.3 Management Succession Plan

As in any other business, our Board believes that the continued success of our Group depends on the ability and retention of our management. Therefore, we have made efforts to train our staff and remunerate them accordingly. Our future success will also depend upon our ability to attract and retain skilled personnel.

We also have a management succession plan consisting of:

- (i) Sound recruitment and selection;
- (ii) Competitive remuneration and employee benefits;
- (iii) Structure career planning and development; and
- (iv) Continuous training and education.

In addition, we will continue to provide appropriate training to promising junior staff in order to enhance their management and technical skills for the purpose of their career advancement within the Group. As part of our Group's management succession plan, we have identified middle management personnel across all divisions to assist the heads of various business division in order to facilitate skill transfer so as to ensure smooth running and continuity of the operations of our Group. If the need arises, we intend to recruit additional qualified personnel with knowledge and expertise of the business.

9. APPROVALS AND CONDITIONS

9.1 APPROVALS FROM RELEVANT AUTHORITIES

Our Listing is an exempt transaction under Section 213 of the CMSA and is therefore not subject to the approval of the SC.

The approval of the SC (Equity Compliance Unit) for the resultant equity structure of our Group pursuant to the Listing under the equity requirements of public companies was obtained on 22 December 2010. The conditions imposed by the SC (Equity Compliance Unit) for the approval are set out below:

No.	Details on Conditions Imposed	Status of Compliance
1.	PeterLabs Holdings to submit to the SC its equity structure upon completion of the Proposed Listing;	To be complied.
2.	PeterLabs Holdings to allocate to Bumiputera public investors recognised by MITI a portion of interest in PeterLabs Holdings, which is the difference between the prescribed equity requirement of 12.50% of its enlarged issued and paid-up share capital and the actual equity interests allocated to Bumiputera investors from the public balloting, within one (1) year after achieving the profit track record requirement for companies seeking listing on the Main Market ("Trigger Date"), or five (5) years after being listing on ACE Market, whichever is the earlier; and	To be complied.
3.	PeterLabs Holdings to submit to the SC, a proposal to comply with the Bumiputera equity condition within six months from the Trigger Date.	To be complied.

Bursa Securities had on 19 May 2011 approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market.

The approval from Bursa Securities is subject to the following conditions:

No.	Details on Conditions Imposed	Status of Compliance
1.	Submission of the following information in respect to the moratorium on the shareholdings of promoters to Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium of each block of shares;	To be complied. The information will be submitted to Bursa Depository upon allotment of Shares.
2.	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.

9. APPROVALS AND CONDITIONS

No.	Details on Conditions Imposed	Status of Compliance
3.	Make relevant announcements pursuant to paragraphs 8.1 and 8.2 of GN15 of the Listing Requirements;	Announcement pursuant to paragraph 8.1 of GN15 of the Listing Requirements had been made on 30 June 2011, being the date of this Prospectus. The announcement pursuant to paragraph 8.2 GN15 of the Listing Requirements will be made one (1) day before listing date.
4.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of PeterLabs Holdings on the first day of listing; and	A copy of the distribution will be submitted to Bursa Securities on the first day of listing.
5.	Any directors of the Company that have not attended the Mandatory Accreditation Programme, must do so prior to listing of the Company.	Noted.

9. APPROVALS AND CONDITIONS (Cont'd)**9.2 MORATORIUM ON SALE OF SHARES**

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:

- (a) The moratorium applies to our Promoters' entire shareholdings for a period of six (6) months from the date of admission to the ACE Market;
- (b) Upon expiry of the six (6) months period stated above, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our Company's nominal issued and paid-up share capital remain under moratorium for another period of six (6) months; and
- (c) Thereafter, our Promoters may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of our Shares held under moratorium.

Promoter	Shares held under moratorium for the first six (6) months upon Listing		Shares held under moratorium for the subsequent six (6) months	
	No. of Shares held	% held*	No. of Shares held	% held*
Lim Tong Seng	18,443,238	9.81	17,211,883	9.15
Teo Chin Heng	25,565,245	13.60	23,858,393	12.69
Dr. Teo Kooi Cheng	18,443,238	9.81	17,211,883	9.15
Lau Yeng Khuan	9,400,645	5.00	8,773,015	4.67
Kho Siaw Sua	9,400,000	5.00	8,772,413	4.67
Chan Bee Chuan	9,400,000	5.00	8,772,413	4.67
Total	90,652,366	48.22	84,600,000	45.00

Note:

* Based on our enlarged issued and paid-up share capital after our Public Issue

Our Promoters have provided an undertaking letter to Bursa Securities that they will comply with the moratorium conditions as set out in Rule 3.19 (1) of the Listing Requirements.

The restriction, which is fully acknowledged by our Promoters, is specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed by Bursa Securities.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**10.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS**

Save as disclosed below, our Board confirms that there are no existing or presently proposed related-party transactions entered into between our Group and our Directors, substantial shareholders, key management, key technical personnel and/or persons connected with them, during the past four (4) FYE 31 December 2007 to 31 December 2010 and FYE 31 December 2011:

Related Party	Nature of Relationship	Nature of Transaction	FYE 31 December				Forecast for the FYE 31 December
			2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Dr. Teo Kooi Cheng, Teo Chin Heng, Lim Tong Seng and Lim Swee Hwa	Director and substantial shareholder of PLON Synergy	Rental of office to PeterLabs (No. 33G, 33A, 33B, Jalan Saujana Indah 4, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	56,400	56,400	56,400	56,400	-
Teo Chin Heng and Tan Chin Tee	Director and substantial shareholder of PLON Synergy and PeterLabs	Rental of warehouse to PeterLabs (No. 8, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	52,800	52,800	52,800	52,800	39,600
Lim Swee Hwa, Tan Chin Tee, Teo Chin Heng and Dr. Teo Kooi Cheng	Director and substantial shareholder of PLON Synergy and Osmosis Nutrition	Rental of factory warehouse to Osmosis Nutrition (No. 10, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	52,800	52,800	52,800	52,800	39,600
Teo Chin Heng, Tan Chin Tee and Lim Tong Seng	Director and substantial shareholder of PLON Synergy and Osmosis Nutrition	Rental of factory warehouse to Osmosis Nutrition (No. 12, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	52,800	52,800	52,800	52,800	39,600
Teo Chin Heng and Lim Tong Seng	Director and substantial shareholder of PLON Synergy	Rental of factory warehouse to Osmosis Nutrition (No. 14, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	52,800	52,800	52,800	52,800	39,600

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related Party	Nature of Relationship	Nature of Transaction	<----- FYE 31 December ----->				Forecast for the FYE 31 December
			2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
PeterLabs, Osmosis Nutrition and OMS Resources (Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng and Tan Chin Tee)	Director and substantial shareholder (Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng and Tan Chin Tee) of OMS Resources are also the directors and/or shareholders of PLON Synergy and PeterLabs	OMS Resources purchased animal feed additives from PeterLabs and Osmosis Nutrition	1,429,396	2,147,871	3,039,004	1,638,970	-
Azman Bin Abdul Jalil*	Non-Executive Director of PeterLabs Holdings	Provision of GMP consultancy services to Osmosis Nutrition	-	9,660	9,660	14,385	15,000
Lim Tong Seng , Teo Chin Heng, Dr. Teo Kooi Cheng and Lau Yeng Khuan	Directors and shareholders of PLON Synergy	PLON Synergy purchased PeterLabs shares from the related parties on 25 September 2008	-	3,305,011	-	-	-
Lim Tong Seng, Teo Chin Heng, Lau Yeng Khuan, Chan Bee Chuan and Kho Siaw Sua	Directors and shareholders of PLON Synergy	PLON Synergy purchased Osmosis Nutrition shares from the related parties on 25 September 2008	-	1,163,364	-	-	-
Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng and Tan Chin Tee	Directors and/ or shareholders of PLON Synergy	PLON Synergy purchased entire shareholding of OMS Resources from the related parties on 10 June 2010	-	-	-	4	-

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related Party	Nature of Relationship	Nature of Transaction	FYE 31 December				Forecast for the FYE 31 December
			2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng	Directors and shareholders of PLON Synergy and OMS Resources	OMS Resources purchased OMS Laboratory shares from the related parties on 1 October 2010	-	-	-	70	-
Lim Tong Seng and Dr. Teo Kooi Cheng	Directors and shareholders of PLON Synergy and Biojava	PLON Synergy subscribed 52.5% share capital of Biojava on 4 October 2010	-	-	-	525	-
Osmosis Nutrition and OMS Resources (Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng and Tan Chin Tee)	Director and substantial shareholder (Lim Tong Seng, Teo Chin Heng, Dr Teo Kooi Cheng and Tan Chin Tee) of OMS Resources are also the directors and/or shareholders of Osmosis Nutrition	Osmosis Nutrition purchased animal feed additives from OMS Resources	-	-	-	30,460	-

Note:

- * Azman Bin Abdul Jalil was only appointed to the Board on 1 November 2010. As such, he is only considered as a related party starting from the said date. Notwithstanding that Encik Azman is receiving consultation fees from our Group for the FYE 31 December 2010, his appointment as Independent Non-Executive Director is not in breach of Paragraph 4.1 of the Guidance Note 9 of the Listing Requirements.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

All the related party transactions disclosed above would not give rise to any conflict of interest situation and were transacted based on arm's length basis, which are not detrimental to the interests of our Group.

Upon Listing, our Directors, through our Audit Committee, will ensure that any related party transactions (recurrent inclusive, if any) are carried out on an arm's length basis and are not prejudicial to our Group nor on terms more favourable to the related parties than those normally agreed with other customers or suppliers and are also not to our detriment and to the detriment of our minority shareholders.

Our Directors and substantial shareholders are also not aware of any other transactions that may give rise to conflict of interest situations between our Group and any of our Directors, substantial shareholders, key management and key technical personnel and/or persons connected with them.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party to during the past four (4) FYE 31 December 2007 to 2010. Our Directors and substantial shareholders are also not aware of any transaction that is unusual in nature or condition, involving goods, services, tangible or intangible assets, to which our Group was a party.

10.3 INTERESTS IN SIMILAR BUSINESSES, INTERESTS IN BUSINESSES OF OUR CUSTOMERS OR SUPPLIERS AND OTHER CONFLICTS OF INTEREST

Save for Lim Tong Seng as disclosed in Section 8.2.3 of this Prospectus, as at the LPD, none of our Directors and/or substantial shareholders has any interest, direct or indirect, in any other businesses and corporations carrying on a trade similar to that of our Group and/or any business or corporations which are also our customers or suppliers of our Group.

Our Board is of the opinion that there is no existing or potential conflict of interest situation arising from the shareholdings and directorships of the Directors and/or substantial shareholders of our Group in the following companies:

- (a) Lim Tong Seng in Agrinuser (M) Sdn Bhd which was previously involved in manufacturing and sales of animal feed supplement. This company ceased operations in 1989.

To safeguard the interest of our Group and to avoid a possible conflict of interest situation, our Audit Committee comprising of all Independent Directors, will review all material transactions with related parties.

10.4 LOANS MADE BY OUR GROUP TO OR FOR THE BENEFIT OF RELATED PARTIES

There are no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the past four (4) FYE 31 December 2007 to 2010 and up to the LPD.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

10.5 DECLARATION BY EXPERTS

Alliance confirms that there is no existing or potential conflict of interests in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for our Listing.

GT confirms that there is no existing or potential conflict of interests in its capacity as the Auditors and Reporting Accountants for our Listing.

Messrs Raja, Darryl & Loh confirms that there is no existing or potential conflict of interests in its capacity as the Solicitors for our Listing.

Protégé Associates confirms that there is no existing or potential conflict of interests in its capacity as the independent market research consultant for our Listing.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

Our proforma consolidated financial statements have been compiled based on the basis and accounting policies consistent with those currently adopted by our Group which are set out in 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. The financial statements used in the preparation of our proforma consolidated financial statements were prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board. Any adjustments which were dealt with when preparing our consolidated financial statements have been highlighted and disclosed in Section 11.4 of this Prospectus.

11.1 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

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)*Notes:*

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

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

There was no share of profits and losses of associated companies and joint ventures, exceptional or extraordinary items or non-controlling interests during the financial years under review. The auditors' reports for our Group for the financial years under review were reported without any audit qualification.

11.2 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

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	As at 31 December 2010 RM	Proforma I RM	Proforma II RM
<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
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.*

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**11.3 PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS**

The following table sets out our proforma consolidated statement of cash flows for the FYE 31 December 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 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.

	RM
OPERATING ACTIVITIES	
Profit before tax	8,211,907
Adjustments for:	
Depreciation of property, plant and equipment	288,268
Inventories written down	97,449
Impairment loss on trade receivables	48,668
Impairment loss on trade receivables no longer required	(457,987)
Interest expense	120,949
Property, plant and equipment written off	136,087
Gain on disposal of property, plant and equipment	(24,960)
Operating profit before working capital changes	8,420,381
Changes in working capital:	
Inventories	(1,187,789)
Receivables	(1,060,119)
Payables	2,821,271
Bills payables	1,404,511
Cash generated from operations	10,398,255
Interest paid	(70,090)
Tax paid	(1,920,438)
Net cash from operating activities	8,407,727
INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(7,131,772)
Proceeds from disposal of property, plant and equipment	48,000
Net cash used in investing activities	(7,083,772)
FINANCING ACTIVITIES	
Repayment of hire purchase creditors	(109,449)
Proceeds from issuance of shares	100
Drawdown term loan	1,345,085
Proceeds from Public Issue	4,500,000
Proceeds from non-controlling interests	495
Interest paid	(176,549)
Payment of estimated listing expenses	(869,108)
Advances from Directors	(223,600)
Dividend paid	(1,627,200)
Net cash from financing activities	2,839,774

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	RM
Net increase in cash and cash equivalent	4,163,729
Cash and cash equivalents brought forward	(1,074,896)
Cash and cash equivalents carried forward	3,088,833

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited financial statements of PeterLabs Holdings, PLON Synergy, PeterLabs, Osmosis Nutrition, OMS Resources, Biojava and OMS Laboratory for the FYE 31 December 2010, with the assumption that the Public Issue and Utilisation of Proceeds from Public Issue have been completed.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of PeterLabs Holdings Group.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

11.4 REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED FINANCIAL INFORMATION



REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION
(Prepared for inclusion in this Prospectus)

Date: 13 June 2011

The Board of Directors
PeterLabs Holdings Berhad
Lot 16014, Jalan Nilam 3
Nilai Utama Enterprise Park
Bandar Nilai Utama
71800 Nilai
Negeri Sembilan Darul Khusus.

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Dear Sirs,

PETERLABS HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANIES
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the presentation of the Proforma Consolidated Financial Information of PeterLabs Holdings Berhad ("PeterLabs Holdings") and its subsidiary companies, (collectively known as "PeterLabs Holdings Group" or "The Group") for the past four (4) FYE 31 December 2007 to 2010 together with the notes and assumptions thereto as set out herein, which we have stamped for the purpose of identification, in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of PeterLabs Holdings on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Proforma Consolidated Financial Information have been prepared for illustrative purposes only on the basis of assumptions as set out below and after making certain adjustments to show that:-

- i) the financial results of PeterLabs Holdings Group for the past four (4) FYE 31 December 2007 to 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years being reported on;
- ii) the financial position of PeterLabs Holdings Group as at 31 December 2010 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the Public Issue, Offer for Sale and Utilisation of Proceeds; and
- iii) the cash flows of PeterLabs Holdings Group for the financial year ended 31 December 2010 would have been if the group structure as at the date of the Prospectus had been in place since the beginning of the financial year ended 31 December 2010.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



The Proforma Consolidated Financial Information, because of its nature, may not give a true picture of PeterLabs Holdings Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial results, financial position and cash flows.

It is solely the responsibility of the Directors of PeterLabs Holdings Group to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines-Equity and Debt in respect of Public Offerings issued by the Securities Commission. Our responsibility is to form an opinion as required by the Prospectus Guidelines on the Proforma Consolidated Financial Information and our report is given to you solely for this, and no other purpose.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Financial Information, nor do we accept responsibility for such reports or opinions beyond that is owed to those to whom those reports or opinions were addressed by us at the date of their issue.

Our work, which involved no independent examination of any of the underlying financial information, is primarily comparing the Proforma Consolidated Financial Information with the audited financial statements, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Financial Information with the Directors of PeterLabs Holdings Group.

In our opinion, the Proforma Consolidated Financial Information together with the accompanying notes which are provided solely for illustrative purposes only,

- (a) have been properly compiled on a basis of preparation as stated in the notes thereto and; such basis is consistent with the accounting policies normally adopted by PeterLabs Holdings Group;
- (b) the adjustments are appropriate for the purposes of the Proforma Consolidated Financial Information; and
- (c) the financial statements used in the preparation of the Proforma Consolidated Financial Information were prepared in accordance with Financial Reporting Standards as defined in the Financial Reporting Act 1997 and in manner consistent with both the format of the financial statements and the accounting policies of the PeterLabs Holdings Group.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)




This letter is not to be reproduced, referred to in any other document, or used or relied upon for any other purpose without our prior written consent.

Yours faithfully,



SJ GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS



DATO N.K. JASANI
Approval Number: 708/03/12 (J/PH)
Partner of the Firm

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION**1. INTRODUCTION**

The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of PeterLabs Holdings Berhad and its subsidiary companies for the past four (4) FYE 31 December 2007 to 2010 using the bases, the format and the accounting principles consistent with those adopted in the audited consolidated financial statements of PeterLabs Holdings Group, after giving effect to the proforma adjustments which are considered appropriate.

2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

PeterLabs Holdings	PeterLabs Holdings Berhad
PLON Synergy	Plon Synergy Group Sdn. Bhd.
PeterLabs	PeterLabs Sdn. Bhd., a subsidiary company of PLON Synergy
Osmosis Nutrition	Osmosis Nutrition Sdn. Bhd., a subsidiary company of PLON Synergy
OMS Resources	OMS Resources Sdn. Bhd. (formerly known as Zeus Biotech (Asia) Sdn. Bhd.), a subsidiary company of PLON Synergy
Biojava	Biojava Sdn. Bhd., a subsidiary company of PLON Synergy
OMS Laboratory	OMS Laboratory Sdn. Bhd. (formerly known as Zeus Biotech (M) Sdn. Bhd.), a subsidiary company of OMS Resources
PLON Synergy Group	PLON Synergy and its subsidiary companies, namely PeterLabs, Osmosis Nutrition, OMS Resources, OMS Laboratory and Biojava
PeterLabs Holdings Group	PeterLabs Holdings and its subsidiary companies, namely PLON Synergy Group
FYE	Financial year ended
FPE	Financial period ended
RM	Ringgit Malaysia

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

**PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION
(CONT'D)**

**3. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL
INFORMATION**

- 3.1 The Proforma Consolidated Financial Information has been prepared to illustrate that:-
- a) the financial results of PeterLabs Holdings Group for the past four (4) FYE 31 December 2007 to 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years being reported on;
 - b) the financial position of PeterLabs Holdings Group as at 31 December 2010 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the Public Issue, Offer for Sale and Utilisation of Proceeds; and
 - c) the cash flows of PeterLabs Holdings Group for the FYE 31 December 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the FYE 31 December 2010.
- 3.2 For illustrative purposes, it was assumed that the acquisitions of PLON Synergy Group by PeterLabs Holdings which was completed during the FYE 31 December 2010 took place prior to 1 January 2007 in arriving at the proforma consolidated financial results for the past four (4) FYE 31 December 2007 to 2010.
- 3.3 The Proforma Consolidated Financial Information have been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial results, financial position and cash flows of PeterLabs Holdings Group.
- 3.4 The audited financial statements of PeterLabs Holdings and its subsidiary companies for the past four (4) FYE 31 December 2007 to 2010 were prepared in accordance with Financial Reporting Standards as defined in the Financial Reporting Act 1997.
- 3.5 The auditors' reports on the respective financial statements included in this report, where applicable, were not subject to any qualifications or modifications.

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13 JUN 2011
SJ Grant Thornton

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(i) PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The Proforma Consolidated Statements of Comprehensive Income of PeterLabs Holdings Group for the past four (4) FYE/FPE 31 December 2007 to 2010 are provided for illustrative purposes based on the audited financial statements of PeterLabs Holdings Group assuming that PeterLabs Holdings Group has been in existence throughout the financial years under review. Adjustments were made to the Proforma Consolidated Statements of Comprehensive Income to account for retrospective effects of the acquisition of PLON Synergy Group which were completed during FYE 31 December 2010.

Year ended	2007 RM	2008 RM	2009 RM	2010 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
Profit before amortisation, depreciation, interest expense and tax	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)
Profit before tax but after amortisation, depreciation and interest expense	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)
Profit after tax	2,022,480	2,987,302	4,428,499	5,947,998
Gross profit margin (%)	31.54	33.08	31.07	33.21
Pre-tax profit margin (%)	11.15	14.79	17.17	20.16
Profit after tax margin (%)	8.25	10.51	13.02	14.60
Number of ordinary shares of RM0.10 each assumed to be issued [#]	173,000,000	173,000,000	173,000,000	173,000,000
Gross earnings per share ("EPS") (sen)	1.58	2.43	3.38	4.75
Net EPS (sen)	1.17	1.73	2.56	3.44

[#] Based on share capital of 173,000,000 ordinary shares (number of ordinary shares assumed to be issued prior to the Public Issue).

Stamped for the purpose of identification on:
13 JUN 2011
 SJ Grant Thornton

11. PROFORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(i) **PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(CONT'D)**

1. The Proforma Consolidated Statements of Comprehensive Income have been prepared based on the audited financial statements of PeterLabs Holdings, PLON Synergy Group, OMS Resources, Biojava and OMS Laboratory for the past four (4) FYE/FPE 31 December 2007 to 2010.
2. There were no exceptional items in all the financial years/period under review.
3. PeterLabs Holdings Group's results have been restated through appropriate consolidation adjustments to eliminate the inter-company transactions under the existing group structure.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Proforma Consolidated Statements of Financial Position of PeterLabs Holdings Group as at 31 December 2010 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2010.

	<u>Note</u>	At 31 December 2010 RM	Proforma I RM	Proforma II RM
SHARE CAPITAL	7	17,300,000	18,800,000	18,800,000
SHARE PREMIUM	8	-	3,000,000	2,717,447
UNAPPROPRIATED PROFIT	9	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	10	2	2	2
Total equity		19,972,554	24,472,554	22,972,554
NON-CURRENT LIABILITIES				
Hire purchase creditors	11	176,589	176,589	176,589
Borrowings	12	3,050,316	3,050,316	3,050,316
Deferred tax liabilities	13	58,900	58,900	58,900
		23,258,359	27,758,359	26,258,359
Represented by:-				
NON-CURRENT ASSET				
Property, plant and equipment	14	12,716,620	12,716,620	12,716,620
Total non-current asset		12,716,620	12,716,620	12,716,620
CURRENT ASSETS				
Inventories	15	3,015,516	3,015,516	3,015,516
Receivables	16	16,190,750	16,190,750	15,559,858
Cash and bank balances	17	1,449,308	5,949,308	3,088,833
Total current assets		20,655,574	25,155,574	21,664,207

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

The Proforma Consolidated Statements of Financial Position of PeterLabs Holdings Group as at 31 December 2010 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2010 (cont'd).

	<u>Note</u>	At 31 December <u>2010</u> RM	Proforma <u>I</u> RM	Proforma <u>II</u> RM
CURRENT LIABILITIES				
Payables	18	5,750,945	5,750,945	5,750,945
Hire purchase creditors	11	97,603	97,603	97,603
Borrowings	12	1,733,878	1,733,878	1,733,878
Bank overdraft	19	1,991,367	1,991,367	-
Tax payables	20	540,042	540,042	540,042
Total current liabilities		<u>10,113,835</u>	<u>10,113,835</u>	<u>8,122,468</u>
NET CURRENT ASSETS		<u>10,541,739</u>	<u>15,041,739</u>	<u>13,541,739</u>
		<u>23,258,359</u>	<u>27,758,359</u>	<u>26,258,359</u>
Number of ordinary shares in issue	7	<u>173,000,000</u>	<u>188,000,000</u>	<u>188,000,000</u>
NET ASSETS PER ORDINARY SHARE OF:				
- RM0.10 each (RM)	21	<u>0.12</u>	<u>0.13</u>	<u>0.12</u>
NET TANGIBLE ASSETS PER ORDINARY SHARE OF:				
- RM0.10 each (RM)	21	<u>0.12</u>	<u>0.13</u>	<u>0.12</u>

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
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AND ITS SUBSIDIARY COMPANIES

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. **INTRODUCTION**

The Proforma Consolidated Statements of Financial Position have been prepared based on the audited financial statements of PeterLabs Holdings and its subsidiary companies as at 31 December 2010 and using the acquisition method of accounting for the acquisitions of PLON Synergy Group.

2. **EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

The Proforma Consolidated Statements of Financial Position together with notes thereon, have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements of PeterLabs Holdings Group to illustrate the Consolidated Statements of Financial Position of PeterLabs Holdings Group.

(i) **Proforma I :**

(a) **Public Issue**

Assumed Public Issue of 15,000,000 new PeterLabs Holdings Shares at an issue price of RM0.30 per PeterLabs Holdings Share.

15,000,000 of PeterLabs Holdings Shares representing 7.98% of the enlarged issued and paid-up share capital after Public Issue will be made available for application by the public.

(b) **Offer for Sale**

The offerors will implement an offer for sale at an aggregate of 35,903,000 existing PeterLabs Holdings Shares to identified investors, subject to terms and conditions contained in Prospectus.

Offer for Sale would not have impact on the proforma.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

2. EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

(ii) Proforma II : Utilisation of Proceeds from Public Issue

After Proforma I and assumed PeterLabs Holdings seeks a listing and quotation for the entire enlarge issued and paid-up share capital of PeterLabs Holdings comprising 188,000,000 PeterLabs Holdings Shares on the ACE Market of Bursa Securities.

The gross proceeds arising from the Public Issue amounting to RM4,500,000 are expected to be fully utilised for the core business of PeterLabs Holdings Group in the following manner:-

	RM
Repayment of bank overdrafts*	3,000,000
Estimated listing expenses	1,500,000
	<u>4,500,000</u>

* Total bank overdrafts outstanding as at 31 December 2010 was amounted to RM1,991,367, the remaining amount of RM1,008,633 will be utilised as working capital.

The listing expenses relating to the flotation exercise amounting to RM282,553 will be charged to share premium account. The balance of RM1,217,447 will be charged to the statement of comprehensive income. For the purpose of this Proforma, these expenses are assumed to be settled by using the proceeds from the Public Issue.

3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Proforma Consolidated Statements of Financial Position have been prepared based on the audited financial statements of PeterLabs Holdings Berhad and its subsidiary companies as at 31 December 2010. The Proforma Consolidated Statements of Financial Position are prepared for illustrative purposes only, to show the effects of all the transactions stated in Note 2 of the Proforma Consolidated Statements of Financial Position.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

**PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

4. FINANCIAL RISK MANAGEMENT POLICIES

Kindly refer to Section 5.3 of the Accountants' Report.

5. SIGNIFICANT ACCOUNTING POLICIES

The Proforma Consolidated Statements of Financial Position have been prepared using the bases and the accounting principles consistent with those adopted on the audited financial statements as stated in Section 5 and Section 7 of the Accountants' Report.

6. SCHEME

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings, PeterLabs Holdings undertook a flotation exercise that involves the following:-

(i) Public Issue

Public Issue of 15,000,000 new PeterLabs Holdings Shares at an issue price of RM0.30 per PeterLabs Holdings Share.

15,000,000 of PeterLabs Holdings Shares representing 7.98% of the enlarged issued and paid-up share capital after Public Issue will be made available for application by the public.

(ii) Offer for Sale

The offerors will implement an offer for sale of 35,903,000 existing PeterLabs Holdings Shares to identified investors, subject to terms and conditions contained in Prospectus.

(iii) Listing and Quotation on the ACE Market of Bursa Securities

In conjunction with the flotation exercise, PeterLabs Holdings seeks the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings comprising 188,000,000 PeterLabs Holdings Shares on the Official List of the ACE Market of Bursa Securities.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****6. SCHEME (CONT'D)****(iii) Listing and Quotation on the ACE Market of Bursa Securities (cont'd)**

The gross proceeds arising from the Public Issue amounting to RM4,500,000 are expected to be fully utilised for the core business of PeterLabs Holdings Group in the following manner:-

	RM
Repayment of bank overdrafts*	3,000,000
Estimated listing expenses	1,500,000
	<u>4,500,000</u>

* Total bank overdrafts outstanding as at 31 December 2010 was amounted to RM1,991,367, the remaining amount of RM1,008,633 will be utilised as working capital.

The listing expenses relating to the flotation exercise amounting to RM282,553 will be charged to share premium account. The balance of RM1,217,447 will be charged to the statement of comprehensive income. For the purpose of this Proforma, these expenses are assumed to be settled by using the proceeds from the Public Issue.

7. SHARE CAPITAL

The movement of issued and paid-up share capital is as follows:-

	Number of ordinary shares	RM
At 31 December 2010	173,000,000	17,300,000
Public Issue	15,000,000	1,500,000
	<u>188,000,000</u>	<u>18,800,000</u>
Proforma I and II		

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****8. SHARE PREMIUM**

The movement of share premium account is as follows:-

	RM
At 31 December 2010	-
Public issue	<u>3,000,000</u>
Proforma I	3,000,000
Estimated listing expenses	<u>(282,553)</u>
Proforma II	<u>2,717,447</u>

This is non-distributable reserve.

9. UNAPPROPRIATED PROFIT

The movement of the unappropriated profit is as follows:-

	RM
At 31 December 2010/ Proforma I	2,672,552
Estimated listing expenses	<u>(1,217,447)</u>
Proforma II	<u>1,455,105</u>

10. NON-CONTROLLING INTERESTS

The movement of the non-controlling interests is as follows:-

	RM
At 31 December 2010/ Proforma I to II	<u>2</u>

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****11. HIRE PURCHASE CREDITORS**

The movement of hire purchase creditors' account is as follows:-

	RM
Minimum lease payment	
- not later than 1 year	110,329
- later than 1 year but no later than 5 years	191,645
	<u>301,974</u>
Future finance charges on hire purchase creditors	(27,782)
	<u>274,192</u>
Present value	
- not later than 1 year	97,603
- later than 1 year but no later than 5 years	176,589
	<u>274,192</u>
At 31 December 2010/Proforma I to II	<u>274,192</u>

The effective interest rate of the above hire purchase facility is 6.09% per annum.

12. BORROWINGS

The movement of borrowings account is as follows:-

	RM
Secured:-	
<u>Current</u>	
Term loan	330,367
Bankers' acceptance	1,403,511
	<u>1,733,878</u>
<u>Non-current</u>	
Term loan	3,050,316
	<u>4,784,194</u>
At 31 December 2010/Proforma I to II	<u>4,784,194</u>

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****12. BORROWINGS (CONT'D)**

The above borrowings are secured by means of the following:-

- (a) a legal charge over the Group's freehold land and building;
- (b) joint and several guarantees by all the Directors of the Company and all the Directors of the subsidiary companies.

The term loan bears interest at rates ranging from 7.55% to 8.80% per annum and is repayable by 96 equal monthly installments commencing after the full release of the loan.

The bankers' acceptance of the Group bears interest at rates ranging from 0.80% to 1.00% per annum above the lending banks' cost of funds.

13. DEFERRED TAX LIABILITIES

The movement of deferred tax liabilities account is as follows:-

	RM
At 31 December 2010/ Proforma I to II	<u>58,900</u>

The balance in the deferred tax liabilities is made up of temporary differences arising from:-

	RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	<u>58,900</u>

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****14. PROPERTY, PLANT AND EQUIPMENT**

The movement of property, plant and equipment is as follows:-

	<u>Freehold land RM</u>	<u>Building RM</u>	<u>Motor vehicles RM</u>	<u>Plant and machinery RM</u>	<u>Office equipment RM</u>	<u>Computer equipment RM</u>	<u>Capital work-in- progress RM</u>	<u>Furniture and fittings RM</u>	<u>Air conditioner RM</u>	<u>Renovation RM</u>	<u>Total RM</u>
Proforma Group											
Cost											
At 31 December 2010/ Proforma I to III	1,467,419	5,538,110	380,595	150,231	30,262	8,413	5,153,002	367	6,760	27,985	12,763,144
Accumulated depreciation											
At 31 December 2010/ Proforma I to II	-	-	41,129	3,512	1,269	69	-	28	357	160	46,524
Net carrying amount											
At 31 December 2010/ Proforma I to II	1,467,419	5,538,110	339,466	146,719	28,993	8,344	5,153,002	339	6,403	27,825	12,716,620

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

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

The Group net carrying amount of property, plant and equipment which are acquired under hire purchase arrangement amounted RM339,466.

Freehold land and building are charged as security for banking facilities granted to the Group.

Interest capitalised in work-in-progress amounted to RM125,690 during the financial period.

15. INVENTORIES

The movement of inventories is as follows:-

	RM
Cost	
Finished goods	1,852,187
Net realisable value	
Raw material	<u>1,163,329</u>
At 31 December 2010/Proforma I to II	<u>3,015,516</u>
Inventories written down	<u>97,449</u>

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****16. RECEIVABLES**

The movement of receivables is as follows:-

	RM
At 31 December 2010/ Proforma I	16,190,750
Less: Estimated listing expenses	<u>(630,892)</u>
Proforma II	<u>15,559,858</u>
<u>Details:-</u>	
Trade receivables	<u>15,086,017</u>
Less: Impairment loss on trade receivables	
Addition through acquisition of subsidiary company	99,895
Additions	19,808
No longer required	<u>(70,235)</u>
Carried forward	<u>49,468</u>
Net trade receivables	<u>15,036,549</u>
Non-trade receivables	38,768
Deposits	168,322
Advance to suppliers	<u>316,219</u>
Total other receivables	<u>523,309</u>
Total receivables	<u>15,559,858</u>

The normal trade credit terms granted by the Group to the customers range from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of receivables is as follows:-

	RM
Sterling Pound	29,765
US Dollar	<u>301,519</u>

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****17. CASH AND BANK BALANCES**

The movement of cash and bank balances is as follows:-

	RM
At 31 December 2010	1,449,308
Public issue	<u>4,500,000</u>
Proforma I	5,949,308
Utilisation of proceeds from Public Issue	
- Repayment of bank overdraft	(1,991,367)
- Estimated listing expenses	<u>(869,108)</u>
Proforma II	<u>3,088,833</u>

18. PAYABLES

The movement of payables is as follows:-

	RM
Trade payables	3,087,975
Provision for commission payables	721,052
Non-trade payables	1,094,383
Accruals of expenses	840,820
Amount due to non-controlling interests	<u>6,715</u>
At 31 December 2010/ Proforma I to II	<u>5,750,945</u>

The normal credit terms granted by suppliers range from 30 to 60 days.

Amount due to non-controlling interests is unsecured, bears no interest and repayable upon demand

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****18. PAYABLES (CONT'D)**

The foreign currency exposure profile of payables is as follows:-

	RM
Singapore Dollar	8,508
US Dollar	<u>111,895</u>

19. BANK OVERDRAFT

The movement of bank overdraft is as follows:-

	RM
At 31 December 2010 /Proforma I	1,991,367
Utilisation of proceeds from Public Issue	<u>(1,991,367)</u>
Proforma II	<u>-</u>

The bank overdraft bears interest at rates ranging from 5.55% to 6.50% per annum and secured by fixed deposits from Directors, certain shareholders of the Company and a third party.

20. TAX PAYABLES

The movement of tax payables is as follows:-

	RM
At 31 December 2010/Proforma I to II	<u>540,042</u>

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****21. NET ASSETS AND NET TANGIBLE ASSETS PER ORDINARY SHARE**

Based on the Proforma Consolidated Statements of Financial Position of PeterLabs Holdings Group as at 31 December 2010, the proforma net assets ("NA") and net tangible assets ("NTA") per PeterLabs Holdings Share are calculated as follows:-

Proforma NA as per Proforma Consolidated Statements of Financial Position (RM)	<u>22,972,554</u>
Proforma NTA as per Proforma Consolidated Statements of Financial Position (RM)	<u>22,972,554</u>
Total number of fully issued and paid-up ordinary share of RM0.10 each	<u>188,000,000</u>
Proforma NA per PeterLabs Holdings Share (RM)	<u>0.12</u>
Proforma NTA per PeterLabs Holdings Share (RM)	<u>0.12</u>

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The following is the Proforma Consolidated Statement of Cash Flows of PeterLabs Holdings Group prepared for illustrative purpose based on the audited financial statements of PeterLabs Holdings, PLON Synergy, PeterLabs, Osmosis Nutrition, OMS Resources, Biojava and OMS Laboratory for the FYE 31 December 2010 assuming that the Group has been in existence throughout the financial year under review.

Year ended	31/12/2010 RM
OPERATING ACTIVITIES	
Profit before tax	8,211,907
Adjustments for:-	
Inventories written down	97,449
Depreciation of property, plant and equipment	288,268
Impairment loss on trade receivables	48,668
Interest expense	120,949
Property, plant and equipment written off	136,087
Impairment loss on trade receivables no longer required	(457,987)
Gain on disposal of property, plant and equipment	(24,960)
Operating profit before working capital changes	8,420,381
Changes in working capital:-	
Inventories	(1,187,789)
Receivables	(1,060,119)
Payables	2,821,271
Bills payables	1,404,511
Cash generated from operations	10,398,255
Interest paid	(70,090)
Tax paid	(1,920,438)
Net cash from operating activities	8,407,727
INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(7,131,772)
Proceeds from disposal of property, plant and equipment	48,000
Net cash used in investing activities	(7,083,772)

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PETERLABS HOLDINGS BERHAD
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(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended	31/12/2010 RM
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FINANCING ACTIVITIES

Repayment of hire purchase creditors	(109,449)
Proceeds from issuance of shares	100
Drawdown term loan	1,345,085
Proceeds from public issue	4,500,000
Proceeds from non-controlling interests	495
Interest paid	(176,549)
Payment of estimated listing expenses	(869,108)
Advances from Directors	(223,600)
Dividend paid	(1,627,200)
	2,839,774
Net cash from financing activities	2,839,774
Net increase in cash and cash equivalent	4,163,729
Cash and cash equivalents brought forward	(1,074,896)
	3,088,833
Cash and cash equivalents carried forward	3,088,833

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited financial statements of PeterLabs Holdings, PLON Synergy, PeterLabs, Osmosis Nutrition, OMS Resources, Biojava and OMS Laboratory for the FYE 31 December 2010, with the assumption that Public Issue and Utilisation of Proceeds from Public Issue have been completed.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of PeterLabs Holdings Group.

←———— end of report —————→

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**11.5 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our proforma consolidated cash and bank balances, capitalisation and indebtedness as at FYE 31 December 2010 based on our proforma consolidated statement of financial position as at 31 December 2010 and adjusted to show the effects of our Public Issue and the utilisation of proceeds as set out in Section 3.7 of this Prospectus.

	Audited as at 31 December 2010 RM'000	After the IPO and utilisation of proceeds RM'000
Cash and bank balances	1,449	3,089
	<u>1,449</u>	<u>3,089</u>
Indebtedness		
<u>Non-current</u>		
Hire purchase creditors	176	176
Term loan	3,050	3,050
	<u>3,226</u>	<u>3,226</u>
<u>Current</u>		
Bank overdrafts	1,991	-
Bankers' acceptances	1,734	1,734
Hire purchase creditors	98	98
Term loan	-	-
	<u>3,823</u>	<u>1,832</u>
Total indebtedness	<u>7,049</u>	<u>5,057</u>
Capitalisation	19,973	22,973
Total capitalisation and indebtedness	<u>27,022</u>	<u>28,031</u>

Save as disclosed above, we do not have any borrowings that are unsecured or unguaranteed. The indirect and contingent liabilities of our Group are set out in Section 12.3.6 of this Prospectus.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion and analysis of our past financial condition and results of operations 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 and the Accountants' Report as set out in Section 13 of this Prospectus.

12.1 OVERVIEW

Our Company is principally an investment holding company, whereby our Group's revenue is derived through our subsidiary companies namely PeterLabs, Osmosis Nutrition and OMS Resources. PLON Synergy is an investment holding company which derives its income from dividend payouts from its subsidiary companies. Our Group also comprises Biojava and OMS Laboratory which is currently dormant. We are principally 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, and are undertaken by our subsidiary companies as follows:

Company	Principal activities
PLON Synergy	Investment holding
PeterLabs	Trading of animal health and nutrition products
Osmosis Nutrition	Manufacturing and distribution of animal health and nutrition products
OMS Resources	Trading of animal health and nutrition products
Biojava	Dormant
OMS Laboratory	Dormant

Revenue

Our Group's revenue is principally derived from the sale of animal health and nutrition products. These products are mostly sold domestically. Our revenue is not significantly subject to any seasonal/cyclical fluctuation.

Cost of Sales

Cost of sales comprise of direct material costs, direct labour costs and production overheads and can be explained as follows:

- Direct material costs refer to purchases of raw materials together with related freight and handling charges. This constitutes the most significant part of our cost of sales in the past four (4) FYE 31 December 2007 to 2010;
- Direct labour costs relate to salaries, wages, bonuses, statutory contributions and other related benefits for employees and workers who are directly involved in our production activities; and
- Production overheads comprise of depreciation of plant and machinery, utilities, factory rental, upkeep and maintenance of factory and equipments and other direct overheads incurred in association with production activities.

Operating Expenses

Expenses that fall into this category are mostly fixed in nature such as directors' salaries, support staff salaries, depreciation, office rental, utilities and compliance costs.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Finance Expenses

Finance expenses are mainly interest incurred for borrowings such as those incurred from our term-loans, bankers' acceptances, hire-purchases and bank overdraft.

Tax Expenses

Tax expenses comprise current year provision for taxation including any under or overprovision of taxation in the previous year and deferred taxation.

The main factors that have affected and are expected to continue to affect our profits include but are not limited to the following:

(i) Growth

Our growth is, inter-alia, affected by:

a. Derived demand from livestock industry leading to correlating growth pattern

The Malaysian livestock industry is expected to continue growing throughout the period for the 10th Malaysian Plan (2011-2015). The government has targeted an average annual growth rate of 3.3 percent for the agriculture sector during this time and the livestock industry is expected to be a core contributor for this growth. Continued growth is likely in line with the historical performance of the industry over the last few years.

b. Changing preference towards usage of non-antibiotic feed additives

Malaysian consumers are gradually educated on health and food safety awareness and consumption trends prevalent in more developed economies. Consumers are also increasingly aware of the environmental impact of agricultural practices – including those of the livestock industry. Increasing health and environmental awareness is likely to pressure local livestock producers to switch from antibiotic feed additives to non-antibiotic alternatives in the foreseeable future.

The European Union ("EU") banned the use of antibiotic feed additives effective January 2006 citing the health risks of continued usage. EU livestock producers are now required to use only non-antibiotic additives for livestock nutrition. In the long run, it is highly likely that regulation outside the EU region will trend towards the total exclusion of antibiotic feed additives for livestock production. Such a situation exerts pressure on local regulators as well as producers to switch from antibiotic to non-antibiotic feed additives.

With or without regulatory pressure, some local livestock farmers are proactively switching to non-antibiotic feed additives on the basis of greater environmental sustainability, and a concern for animal welfare.

As more Malaysian farmers see the value of non-antibiotic feed additives, the rate of substitution will likely accelerate in the medium to long run, providing a boost for the local animal feed additives market. The increasing use of non-antibiotic animal feed additives is also made possible with the support from local animal feed additive manufacturers who have the necessary research and development capabilities to develop new products.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

As global regulation tends towards the prohibition of antibiotic feed additive usage and consumers become increasingly demanding in terms of health and food safety, it is envisaged that Malaysia's regulators will soon have to comply with global trends to control in-feed antibiotic use by local livestock farmers. In Malaysia, the Feed Act 2009, which purports to ensure animal welfare, food safety and human health, was only very recently enacted in January 2010. The Feed Act 2009 provides for the quality control of animal feed, and the control of antibiotics, hormones and chemicals as feed additives for livestock.

c. Potential for scientific advancement in 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. Due to its ability to counter public health and environmental concerns, advancement and scientific developments are able to generate sufficient interest and further market expansion. Scientific research and development in the area of non-antibiotic feed additives is still far from reaching the maturity stage, and the potential market for such products is promising.

With continued efforts in research and development, the Malaysian market is expected to see the entrance of new products in the long term, which will further drive value creation for the market. This is predominantly due to 2 different reasons – firstly, the gradual replacement of antibiotic feed additives which are at present the main type of feed additives used in the Malaysian livestock industry, and secondly, the higher premium attached to non-antibiotic feed additives.

d. Disease outbreaks affecting livestock industry

Disease outbreaks affecting livestock result in culling. While this has only a moderate effect and is constrained to a short time period, it nonetheless affects demand within the market. The avian flu outbreak and more recently the H1N1 swine flu pandemic in 2009 has to some extent made consumers wary about the consumption of chicken and pork respectively. In either case, local livestock production was hampered, leading to a falling demand for animal feed and feed additives. Such outbreaks in the future could have similar effects on livestock demand and supply, as well as the demand for animal feed additives.

(Source: extracts from IMR Report prepared by Protégé Associates)

(ii) Tax consideration

The following table sets out the comparison between our effective and statutory tax rate for the four (4) FYE 31 December 2007 to 2010:

	Proforma Audited FYE 31 December			
	2007	2008	2009	2010
	%	%	%	%
Effective tax rate	26.0	28.9	24.2	27.6
Statutory tax rate	27.0	26.0	25.0	25.0

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

The effective tax rate for FYE 31 December 2007 was slightly lower than the statutory tax rates due to the preferential tax rate for small and medium enterprises enjoyed by PeterLabs, OMS Resources and Osmosis Nutrition. The effective tax rate for FYE 31 December 2008 was higher than that of the statutory tax rate as certain expenses were not tax deductible such as provision for commission and legal fees.

The effective tax rate for FYE 31 December 2009 was slightly lower than the statutory tax rate mainly due to a deferred tax adjustment in respect of a prior year provision and allowable expenses on commission paid. The effective tax rate for the FYE 31 December 2010 was slightly higher than the statutory tax rate as certain expenses were not tax deductible such as provision on professional fees, legal fees, bonus and commission.

(iii) Competitive Strengths

Our founders collectively have an average of over 28 years of experience and valuable knowledge in the livestock industry. Besides having a strong management team, we also have a strong technical team to support our day-to-day operations. Together with the services of these highly skilled professionals and a strong management direction, our Group strive to bring our organization to the next level of achievement and success.

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 to cater to the needs of both our existing and potential customers. In addition to our in-house product development, we are currently collaborating with UPM and will also collaborate with foreign partners in the future to introduce and/or develop potential animal health and nutrition products.

Our Group has a strong distribution network which spans Malaysia. All areas are serviced by either our dedicated regional sales personnel or non-exclusive distributors. Both our sales team and appointed non-exclusive distributors are organised and work cohesively to acts as an effective distribution network to serve all our existing and potential customers throughout Malaysia.

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

We are currently distributing a diverse range of products under the four (4) segments of animal health and nutrition market, namely, animal feed additives, veterinary pharmaceuticals, environment maintenance products and biologicals which reduces our reliance on any single product. Our Group is planning to expand our product range to ruminant and aquaculture animal health and nutrition products.

The Group provides end-to-end solutions to our customers, namely, supply of products (consists of animal feed additives and nutrition and medication premixes), 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.

Please refer to Section 6.5 of this Prospectus for further information on our competitive strengths.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(iv) General Business Risks**a. Competitive environment**

The environment within which we operate is highly competitive. We face competition from the existing competitors as well as potential new players entering into the market. Currently there are more than 50 market players which include local product manufacturers, distributors and subsidiaries of international product manufacturers. To compete and grow in the industry, we offer quality products at competitive prices.

b. Long-term contract

We do not have any long-term contract with our customers, hence continuous sales and marketing efforts are required to ensure we continuously secure business from our customers. To mitigate this, we establish long-term relationships with our customers as well as have strong distribution network with dedicated regional sales personnel in Perak, Penang and Johor.

c. 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. In order to limit our dependence on the local market, we have diversified our geographical reach to Taiwan, Nepal, Pakistan and Thailand.

d. 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. It is expected that our Group's new plant will commence operations in the third quarter of FYE 31 December 2011. 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.

Please refer to Section 4 of this Prospectus for further information on risks.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.2 RESULTS OF OPERATIONS

The following is a segmental analysis of our results for the four (4) FYE 31 December 2007 to 2010 based on the assumption that our current Group structure has been in existence throughout the financial years under review.

12.2.1 Segmental Analysis of Revenue

(i) By company

	<----- Proforma audited FYE 31 December ----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PeterLabs	22,565	92.00	26,894	94.58	32,873	96.64	39,825	97.78
Osmosis Nutrition	11,847	48.31	12,818	45.08	15,448	45.41	16,939	41.59
OMS Resources	2,321	9.46	3,237	11.39	3,595	10.57	3,916	9.62
Biojava	-	-	-	-	-	-	-	-
OMS Laboratory	-	-	-	-	-	-	-	-
PLON Synergy	-	-	-	-	-	-	-	-
	36,733	149.77	42,949	151.05	51,916	152.62	60,680	148.99
Less: Inter-company elimination	(12,207)	(49.77)	(14,515)	(51.05)	(17,900)	(52.62)	(19,952)	(48.99)
	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00

By company (net of inter-company sales)

	<----- Proforma audited FYE 31 December ----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PeterLabs	22,565	92.00	26,894	94.58	32,873	96.64	39,825	97.78
Osmosis Nutrition	11,847	48.31	12,818	45.08	15,448	45.41	16,939	41.59
OMS Resources	2,321	9.46	3,237	11.39	3,595	10.57	3,916	9.62
Biojava	-	-	-	-	-	-	-	-
OMS Laboratory	-	-	-	-	-	-	-	-
PLON Synergy	-	-	-	-	-	-	-	-
	36,733	149.77	42,949	151.05	51,916	152.62	60,680	148.99

Less: Inter-company elimination

PeterLabs	(1,136)	(4.63)	(1,445)	(5.08)	(1,586)	(4.66)	(4,707)	(12.14)
Osmosis Nutrition	(9,642)	(39.31)	(10,922)	(38.41)	(13,275)	(39.03)	(15,193)	(39.18)
OMS Resources	(1,429)	(5.83)	(2,148)	(7.55)	(3,039)	(8.93)	(52)	(0.13)
Biojava	-	-	-	-	-	-	-	-
OMS Laboratory	-	-	-	-	-	-	-	-
PLON Synergy	-	-	-	-	-	-	-	-
	(12,207)	(49.77)	(14,515)	(51.05)	(17,900)	(52.62)	(19,952)	(51.45)

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

External revenue after inter-company elimination	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00
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(ii) By activities

	<----- Proforma audited FYE 31 December ----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trading	24,886	101.47	30,131	105.97	36,468	107.21	43,741	107.40
Manufacturing	11,847	48.30	12,818	45.08	15,448	45.41	16,939	41.59
	36,733	149.77	42,949	151.05	51,916	152.62	60,680	148.99
Less: Inter-company elimination	(12,207)	(49.77)	(14,515)	(51.05)	(17,900)	(52.62)	(19,952)	(48.99)
	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00

By activities (net of inter-company sales)

	<----- Proforma audited FYE 31 December ----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trading	24,886	101.47	30,131	105.97	36,468	107.21	43,741	107.40
Manufacturing	11,847	48.30	12,818	45.08	15,448	45.41	16,939	41.59
	36,733	149.77	42,949	151.05	51,916	152.62	60,680	148.99

Less: Inter-company elimination

Trading	(2,565)	(10.46)	(3,593)	(12.64)	(4,625)	(13.60)	(5,034)	(12.36)
Manufacturing	(9,642)	(39.31)	(10,922)	(38.41)	(13,275)	(39.03)	(14,918)	(36.63)
	(12,207)	(49.77)	(14,515)	(51.05)	(17,900)	(52.62)	(19,952)	(48.99)

External revenue after inter-company elimination	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00
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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(iii) By geographical location

	<----- Proforma audited FYE 31 December ----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic	24,207	98.70	28,394	99.86	33,907	99.68	39,890	97.94
Exports	319	1.30	40	0.14	109	0.32	838	2.06
	<u>24,526</u>	<u>100.00</u>	<u>28,434</u>	<u>100.00</u>	<u>34,016</u>	<u>100.00</u>	<u>40,728</u>	<u>100.00</u>

(iv) By product groups

	<----- Proforma audited FYE 31 December ----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Animal feed additives	22,809	93.00	26,159	92.00	30,274	89.00	30,608	75.15
Environment maintenance products	74	0.30	85	0.30	102	0.30	141	0.35
Veterinary pharmaceuticals	1,643	6.70	2,190	7.70	3,640	10.70	9,979	24.50
	<u>24,526</u>	<u>100.00</u>	<u>28,434</u>	<u>100.00</u>	<u>34,016</u>	<u>100.00</u>	<u>40,728</u>	<u>100.00</u>

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.2.2 Segmental Analysis of GP

(i) By company and activities

	<----- Proforma audited FYE 31 December ----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PeterLabs	5,575	72.08	6,986	74.27	6,360	60.17	9,485	70.12
Osmosis Nutrition	1,835	23.72	1,926	20.48	3,750	35.48	3,638	26.89
OMS Resources	325	4.20	494	5.25	460	4.35	404	2.99
Biojava	-	-	-	-	-	-	-	-
OMS Laboratory	-	-	-	-	-	-	-	-
PLON Synergy	-	-	-	-	-	-	-	-
	7,735	100.0	9,406	100.0	10,570	100.0	13,527	100.0

Note:

(i) Analysis of GP margins by activities:

	<----- Proforma audited FYE 31 December ----->			
	2009		2010	
	RM'000	%	RM'000	%
<u>Revenue:</u>				
Trading	18,568	54.59	23,789	58.41
Manufacturing	15,448	45.41	16,939	41.59
	34,016	100.0	40,728	100.0
<u>GP:</u>				
Trading	3,020	28.57	4,858	35.91
Manufacturing	7,550	71.43	8,669	64.09
	10,570	100.0	13,527	100.0
<u>GP Margin (%):</u>				
- Trading	16.26		20.42	
- Manufacturing	48.87		51.18	

Segmental analysis of GP and GP margin by activities for the FYE 31 December 2007 and 2008 are not readily available as the breakdown of GP is not readily available for our Group.

(ii) By geographical location and product groups

Segmental analysis of GP by geographical location and product groups are not readily available as the breakdown of GP by geographical location and product groups are not readily available for our Group.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.2.3 Segmental Analysis of PBT

(i) By company

	←----- Proforma audited FYE 31 December ----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PeterLabs Holdings	-	-	-	-	-	-	(53)	(0.65)
PeterLabs	1,623	59.34	2,601	61.87	2,563	43.89	5,106	62.18
Osmosis Nutrition	930	34.00	1,250	29.73	2,752	47.12	2,901	35.33
OMS Resources	241	8.81	438	10.42	395	6.77	322	3.92
Biojava	(3)	(0.11)	(1)	(0.02)	(1)	(0.02)	(2)	(0.02)
OMS Laboratory	-	-	-	-	-	-	(7)	(0.09)
PLON Synergy	486	17.77	544	12.94	(45)	(0.77)	1,945	23.68
	3,277	119.81	4,832	114.94	5,664	96.99	10,212	124.35
Less: Inter-company elimination	(542)	(19.81)	(628)	(14.94)	176	3.01	(2,000)	(24.35)
	2,735	100.0	4,204	100.0	5,840	100.0	8,212	100.0

Notes:

- (i) Whilst Biojava is a dormant company, it has incurred necessary expenses for the maintenance of the company such as secretarial and audit fees.
- (ii) OMS Laboratory was incorporated on 10 July 2009 and has yet to commence operations and remains dormant as at 31 December 2010.

(ii) By geographical location and product groups

Segmental analysis for PBT by activities, geographical location and product groups are not readily available as the breakdown of PBT by activities, geographical location and product groups are not readily available for our Group.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.2.4 Commentary on our Group's Past Operating Results

(i) FYE 31 December 2007 compared to FYE 31 December 2006

Revenue

For the FYE 31 December 2007, our Group's revenue grew by 14.25% or approximately RM3.06 million from RM21.47 million in FYE 31 December 2006 to RM24.53 million in FYE 31 December 2007. The introduction of additional trading products from Novus International (animal feed additives - MHA) and Behn Meyer Nutri-Vet Sdn Bhd (animal feed additives - Premulac-L and Premulac-P) contributed to approximately RM3.00 million of the increase in revenue for the financial year. Further, the Group also expanded marketing activities into the northern region by dedicating a sales person to serve the region.

Cost of Sales

Despite our revenue increasing by 14.25%, cost of sales increased by approximately RM2.88 million or 20.70% from RM13.91 million in FYE 31 December 2006 to RM16.79 million in FYE 31 December 2007. The increase of 20.70% was higher than the revenue growth of 14.25% as a result of the increase in the cost of our raw materials such as minerals and vitamins which ranges from 25% to 30%, were not fully passed on to our customers.

GP

GP improved marginally by approximately RM0.18 million or 2.38% from RM7.55 million in FYE 31 December 2006 to RM7.73 million in FYE 31 December 2007. The lower growth of 2.38% of GP as compared to revenue growth of 14.25% was due to our GP margin declining from 35.19% in FYE 31 December 2006 to 31.54% in FYE 31 December 2007. The lower GP margin results from the lower margin received from newly introduced trading products. Further cost increases which were attributable to general industry cost hikes were not passed onto our customers as explained above.

Operating Expenses

Our Group's operating expenses which comprise selling and distribution expenses and administrative and general expenses decreased by approximately RM1.09 million or 18.08% from RM6.03 million in FYE 31 December 2006 to RM4.94 million in FYE 31 December 2007. The decrease in operating expenses which was attributable to lower directors' fees paid in the financial year (FYE 31 December 2007: RM1.15 million; FYE 31 December 2006: RM1.54 million) together with the exclusion of impairment loss on trade receivables recorded for the financial year as compared to FYE 31 December 2006 of approximately RM0.15 million. Additionally, the commencement of business by OMS Resources resulted in additional operating/marketing expenses amounting to approximately RM0.08 million.

Finance Expenses

Our Group had minimal borrowings during the FYE 31 December 2006 and FYE 31 December 2007. The interest expense was approximately RM0.04 million for the FYE 31 December 2006 and approximately RM0.06 million in the FYE 31 December 2007.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

PAT

As a result of higher sales and lower operating expenses, our Group recorded an improved PAT of RM2.02 million in FYE 31 December 2007 as compared to RM1.71 million in the previous financial year. This represents an improvement of 18.13% or RM0.31 million from the FYE 31 December 2006. PAT margin improved from 7.96% to 8.25% correspondingly.

(ii) FYE 31 December 2008 compared to FYE 31 December 2007

Revenue

Our revenue increased by 15.90% or approximately RM3.90 million during FYE 31 December 2008 from RM24.53 million recorded in FYE 31 December 2007. The growth was attributable to the overall growth in the industry and mainly due to the following:

- Trading - Introduction of additional Novus products (animal feed additives - Acidomix AFG, Acidomix Protect, Activate DA and Activate WD) by PeterLabs which contributed approximately RM2.00 million to our Group's revenue
- Manufacturing - Introduction of FMG 100, FMG111 and FMG500 under the FMG Series which contributed to an increase in revenue by approximately RM1.00 million

Cost of Sales

Our cost of sales increased by 13.34% or RM2.24 million from RM16.79 million in FYE 31 December 2007 to RM19.03 million in FYE 31 December 2008 in line with our growth in revenue.

GP

Whilst our revenue grew by approximately 15.90%, our GP increased by RM1.67 million or 21.58% as compared to FYE 31 December 2007. Our GP margin increased marginally from 31.54% in FYE 31 December 2007 to 33.08% in FYE 31 December 2008 as revenue increases were mainly in our trading products.

Operating Expenses

Our operating expenses increased by approximately RM0.20 million or 4.05% to RM5.14 million in the financial year under review is contributed by an increase in the selling expenses of approximately RM0.36 million and saving from administrative expenses of approximately RM0.16 million.

Finance Expenses

Our interest expense remained relatively stable at RM0.06 million for the Group's borrowings.

PAT

Our PAT increased by approximately RM0.97 million or 48.02% from RM2.02 million reported in FYE 31 December 2007 to RM2.99 million recorded in the current year. This is attributable to the higher revenue and GP generated whilst operating expenses were reduced. PAT margin improved from 8.25% to 10.51% in the current financial year as compared to FYE 31 December 2007.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

(iii) FYE 31 December 2009 compared to FYE 31 December 2008

Revenue

Our Group's revenue increased from RM28.43 million in FYE 31 December 2008 to RM34.02 million in FYE 31 December 2009. The growth of approximately RM5.59 million or 19.66% is due to an overall increase in the sales to our top ten (10) customers which increased by approximately RM2.30 million. Additionally, sales to new and existing customers contributed approximately RM2.80 million to our Group's revenue. The increases were mainly attributable to:

- Trading - Introduction of additional Hangzhou King products (animal feed additives amongst others CM3000 and King CS Series) which contributed to an increase of revenue of approximately RM2.50 million
- Manufacturing - Increased in the sale of products under the FMG and CT series which contributed approximately RM2.50 million to our Group's revenue

Cost of Sales

Our increase in sales has increased our cost of sales by RM4.42 million or 23.23% from RM19.03 million in FYE 31 December 2008 to RM23.45 million in FYE 31 December 2009. The increase in the cost of our raw materials such as minerals and vitamins which ranges from 20% to 30% was in tandem with the general price increase of raw materials for the year.

GP

Despite an increase in the cost of sales, GP improved by 12.33% to RM10.57 million in the FYE 31 December 2009 as compared to RM9.41 million in the previous FYE 31 December 2008. The lower growth in our GP of 12.33% as compared to revenue growth of 19.66% was due to cost increases being partially absorbed by our Group. This resulted in our GP margin reducing slightly from 33.08% to 31.07% in the FYE 31 December 2009. .

Operating Expenses

The Group's operating expenses declined to RM4.66 million from RM5.14 million in FYE 31 December 2008. This difference of approximately RM0.48 million or 9.34% was a result of savings coming from lower directors' fees paid (FYE 31 December 2009: RM0.25 million as compared to FYE 31 December 2008: RM0.51 million) and lower sales commission paid to our sales team (FYE 31 December 2009: RM0.25 million; FYE 31 December 2008: RM1.07 million).

Finance Expenses

We incurred additional interest costs of approximately RM0.02 million for the financial year as compared to FYE 31 December 2008. The higher finance expense of RM0.08 million incurred in FYE 31 December 2009 was due to the drawdown of a term loan amounting to RM2.04 million to finance the construction of our new manufacturing plant in Nilai.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

PAT

PAT for FYE 31 December 2009 increased to RM4.43 million from RM2.99 million in FYE 2008. The increase of RM1.44 million or 48.16% was attributable to the higher revenue recorded for the year. Additionally, the statutory tax charge on our profits was reduced from 26% to 25% in the financial year. We achieved a PAT margin of 13.02% in the current financial year as compared to 10.51% in the FYE 31 December 2007.

(iv) FYE 31 December 2010 compared to FYE 31 December 2009

Revenue

Our Group's revenue increased from RM34.02 million in FYE 31 December 2009 to RM40.73 million in FYE 31 December 2010. The growth of approximately RM6.71 million or 19.72% is attributable to the increase in sales to new customers of approximately RM0.76 million whilst we have been able to improve our sales to existing top ten (10) customers and other existing customers by approximately RM4.00 million and RM1.95 million respectively. These increases were mainly attributable to:

- Trading - Increases in the sales of Hangzhou King products introduced in 2009, Di-Calcium Phosphate, B-Safe, Activate DA, Premulac, Fishmeal and Hi-Prolac of approximately RM2.10 million, RM0.73 million, RM 0.43 million, RM0.30 million, RM0.33 million RM0.38 million and RM0.50 million respectively
- Manufacturing - New and existing customers were introduced to our products under Best Data Mix, PEC and OMS Series which contributed to approximately RM1.95 million increase in revenue

Cost of Sales

For the FYE 31 December 2010, the cost of sales increased by RM3.75 million or 16.00% from RM23.45 million in FYE 31 December 2009 to RM27.20 in FYE 31 December 2010 in line with the increase in the revenue generated by the Group.

GP

For the FYE 31 December 2010, the Group recorded a GP of RM13.53 million representing an improvement of approximately RM2.96 million or 28.0% from FYE 31 December 2009 of RM10.57 million. The increase in the GP was due to an increase in revenue as stated above and a reduction in the purchase price of raw materials mainly as a result of the strengthening of RM against USD (FYE 31 December 2009 average mid rate for USD:RM3.5189; FYE 31 December 2010 average mid rate USD:RM3.2186. Information sourced from Bank Negara Malaysia) throughout the FYE 31 December 2010. This improved our GP margin to 33.21% in FYE 31 December 2010 from 31.07% in FYE 31 December 2009.

Other Income

A total of RM0.66 million was recorded as other income during the FYE 31 December 2010 as compared with approximately RM0.01 million reported in the previous FYE 31 December 2009. The substantial increase in our other income results from foreign exchange gains amounting to RM0.14 million and our change of accounting estimation method in providing for the impairment of our trade receivable from general provision to specific provision which resulted in a reversal of our trade receivables provision by RM0.46 million.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

Operating Expenses

Operating expenses incurred for the FYE 31 December 2010 amounted to RM5.57 million. This represents an increase of approximately RM0.91 million or 19.53% as compared to FYE 31 December 2009 of RM4.66 million. The increase was mainly due to the provisions for staff bonus of RM0.30 million, commissions of RM0.30 million and inventories written down of RM0.10 million and increase in payroll cost of RM0.20 million.

Finance Expenses

Finance expenses for the FYE 31 December 2010 increased to RM0.12 million from RM0.08 million incurred in the FYE 31 December 2009. The increase in finance expenses was mainly due to the increase in the utilisation of banking facilities such as bankers' acceptances and overdraft facilities drawn upon for operations.

PAT

The Group achieved a PAT of RM5.95 million for the FYE 31 December 2010. This represents an increase of RM1.52 million or 34.31% compared with that of FYE 31 December 2009 of RM4.43 million. Our PAT margin increased to 14.60% in the FYE 31 December 2010 as compared to 13.02% in FYE 31 December 2009.

(v) General information for the FYE 31 December 2007 to 2010

Impact from foreign currency exchange rates

Based on the FYE 31 December 2010, our Group's export sales to Pakistan, Nepal, Taiwan and Thailand contributed less than 2.1% of our Group's revenue whilst we purchased approximately 21.87% of our raw materials and trading products from overseas suppliers. However, our exposure to foreign exchange risks is minimal as most of the value of our transactions is fixed upon purchase being made as we enter into foreign exchange spot contracts. We have not experienced any significant gains or losses on foreign exchange rates in the financial years under review other than in FYE 31 December 2010 where we recognised a gain of RM0.14 million due to the appreciating RM against the USD during the period in question.

Impact from interest rates

The Group's gearing stands at 0.35 times as at 31 December 2010 and all our borrowings are interest bearing obligations. Bank Negara Malaysia has thus far in 2010 increased the Overnight Policy Rate several times to prevent any overheating in the economy fuelled by growth in the property industry. Any interest rate hike will affect businesses and hence we will monitor and plan for any alternative financing options should the need arise. During the past four (4) years FYE 31 December 2007 to 2010, our results were not adversely affected by interest rate fluctuations. Nevertheless, we have planned to repay our commitments to financial institutions from funds raised through this Public Issue as explained in Section 3.6 of this Prospectus.

Impact from commodity prices

Commodity prices fluctuations impact the raw material costs of the Group. During the past four (4) years FYE 31 December 2007 to 2010, our results were not significantly affected by commodity price fluctuations even after our Group had partially absorbed the price hikes for raw materials such as minerals and vitamins as opposed to passing them on to our customers as can be seen from our GP margins for those years under review.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

Impact of inflation

Our Group's financial performance during the past four (4) FYE 31 December 2007 to 2010 were not significantly affected by the impact of inflation although the Group absorbed part of the inflation cost without passing on the full impact to our customers. Notwithstanding that, we are confident of passing on the effect of higher production costs due to inflation to our customers in the future. However, there is no assurance that our business will not be adversely affected by the impact of inflation in the future.

Government, economic, fiscal or monetary policies

Risks relating to political, economic and regulatory policies which may materially affect our business and financial performance are set out in Section 4.1 of this Prospectus.

Save for a change in government regulations in relation to the products we sell, there is no material impact arising from government, economic, fiscal or monetary policies that could materially affect our operations and financial performance.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working Capital

Our business operations have been financed by a combination of internal and external sources of funds. Internal funds are mainly shareholders' equity and cash generated from the operations while the external sources are the various banking facilities extended to us by financial institutions.

As at FYE 31 December 2010, our Group's total current assets amounted to approximately RM21.66 million comprising inventories, receivables and cash and bank balances and our current ratio is 2.67 times. In addition, we have banking facilities amounting to RM11.50 million of which RM7.05 million have been utilised thus far resulting in a gearing level of 0.35 times as at 31 December 2010 whilst our interest coverage is 67.90 times. Further details of our Group's borrowings can be found in Section 12.3.3 of this Prospectus.

With our Group's profitability, the Board is confident that we will be able to generate sufficient working capital and/or secure necessary financing facilities to meet any of our further operations and future plans.

Our Directors are of the opinion that, after taking into account the cash and bank equivalents, the banking facilities made available to the Group as well as the net proceeds to be raised from the Public Issue to repay our overdraft facilities, we will have adequate working capital to meet our present and foreseeable requirements for a period of twelve (12) months from the date of this Prospectus.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.3.2 Cash Flow Summary

The following table sets out the summary of our proforma consolidated statement of cash flows for the FYE 31 December 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 year under review 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.

	RM'000
Net cash from operating activities	8,408
Net cash used in investing activities	(7,084)
Net cash from financing activities	2,840
Net decrease in cash and cash equivalents	4,164
Cash and cash equivalents at the beginning of financial year	(1,075)
Cash and cash equivalents at the end of financial year	3,089

Net cash from operating activities

During the FYE 31 December 2010, our Group generated a cash inflow of RM8.41 million from our operating activities on the back of a PBT of RM8.21 million after adjusting for amongst others the following:

- working capital changes of RM1.98 million; and
- tax and interest paid of RM1.92 million and RM0.07 million respectively.

Net cash used in investing activities

During the FYE 31 December 2010, we incurred a net cash outflow of RM7.08 million in investing activities and it was employed mainly for the expenditure on property, plant and equipment which resulted in cash outflows of RM7.13 million.

Net cash used in financing activities

During the FYE 31 December 2010, we received a net cash inflow of RM2.84 million from financing activities which is a drawdown on a term loan to finance the construction of our new manufacturing plant amounting to RM1.35 million. In terms of cash payments, dividend amounting to RM1.63 million was paid during the year while RM0.22 million was used to repay advances from Directors.

Save as disclosed in Section 12.7 of this Prospectus, there is no legal, financial or economic restriction on the ability of our subsidiary companies to transfer funds to our Company in the form of cash dividends. Thus, we are confident we can meet our cash obligations as and when the need arises.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.3.3 Borrowings

As at FYE 31 December 2010, all our borrowings are secured local borrowings and interest bearing, details of which are as follows:

	Note	Proforma Group		Total RM'000
		Payable within twelve (12) months RM'000	Payable after twelve (12) months RM'000	
Bank overdraft	(i)	1,991	-	1,991
Bankers' acceptances	(ii)	1,403	-	1,403
Hire purchase creditors	(iii)	98	176	274
Term loan	(iv)	331	3,050	3,381
Total		3,823	3,226	7,049
Gearing	*			0.35

Notes:

- (i) Bank overdraft obtained for working capital purposes.
- (ii) Bankers' acceptance obtained for working capital purposes.
- (iii) Hire purchase was utilised to finance motor vehicles.
- (iv) Term loan was obtained to finance the new manufacturing plant in Nilai.
- * Calculated based on proforma shareholders' funds before our Public Issue.

The details of the types of financial instruments that we use and its balances as at LPD are as follows:

Type of financial instruments	Tenure	Interest Rates	Balance as at LPD RM'000
Bank overdraft granted between December 2002 to May 2009	Revolving	Between 0.50% above fixed deposit rate and 1.50% above bank's base lending rate*	2,268
Bankers' acceptances granted between July 2006 to August 2008	Between 60 to 120 days	0.8% above bankers' acceptances' commission rate charged	2,147
Bank guarantee granted in November 2010	1 year	Commission rate of 0.1% per month	2
Hire purchase taken between August 2006 to May 2010	Ranging from 3 to 5 years	Between 2.60% to 5.66%	229
Term loan taken in October 2008	96 months installment commencing from first drawdown date of each drawdown	1.50% above bank's cost of funds for the first five (5) years. Thereafter 1.25% above three (3) months' effective cost of funds	4,182
			8,828

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Note:

- * *The interest rate is lower than the market as the overdraft facility was secured by third party fixed deposit pledge.*

Whenever available, internally generated funds will be utilised to finance our operations and business expansion to keep borrowings to the minimum. As at the LPD, our Group has a cash and bank balances of RM1.33 million.

As at the LPD, our Group do not have any non-interest bearing borrowings or foreign borrowings. We have not defaulted on any payment of either principal sum and/or interest in relation to our borrowings during FYE 31 December 2007 to 2010 and up to the LPD.

As at the LPD, neither our Company nor any of our subsidiary companies is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of securities in us.

12.3.4 Material Capital Commitments

Save as disclosed below, as at the LPD, there is no material capital commitment incurred or known to be incurred by us or our subsidiary companies, which upon become enforceable, may have a material impact on our financial position:

Company	Purpose	Outstanding Amount RM'000
Osmosis Nutrition	Retention sum as settlement for the completion of the construction of the factory and office building which forms part of the manufacturing plant in Nilai	128
		<u>128</u>

12.3.5 Material Litigation

As at the LPD, neither we nor our subsidiary companies are engaged in any litigation or arbitration, either as plaintiff or defendant, which may have a material and/or adverse effect on our financial position or business.

12.3.6 Contingent Liabilities

As at the LPD, our Board is not aware of any other indirect and/or material contingent liability which has become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Group to meet our obligations as and when they fall due.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.4 FINANCIAL INSTRUMENTS FOR HEDGING

As at the LPD, our Group does not use any financial instruments for hedging purposes.

12.5 KEY FINANCIAL RATIOS

12.5.1 Trade Receivables

A summary of trade receivables of the proforma Group for the past four (4) FYE 31 December 2007 to 2010 is set out below:

	Proforma audited FYE 31 December			
	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Trade receivables	11,237	12,061	14,644	16,628
Turnover	24,526	28,434	34,016	40,728
Percentage of trade receivables to turnover (%)	45.82	42.42	43.05	40.83
Trade receivables turnover period (days)	167.23	154.82	157.13	149.02

The normal credit period generally granted to our customers is between 30 days to 120 days. Our credit terms to customers are assessed and approved on a case-by-case basis. Our trade receivables turnover period has historically been higher than our Group's credit period granted to our customers. This is within reasonable expectation and industry norm that a grace period is provided to the customers to settle their amount outstanding. Our Group will assess the impairment of trade receivable on individual customer basis and impair trade receivable balances which have been outstanding of more than six (6) months. We provide for impairment loss for trade receivables in the financial years under review (where required) and have written off bad debts amounting to RM0.12 million up to the LPD.

Notwithstanding that, we had set-up a credit control committee in December 2010 of which will oversee the operation of credit control including performance background checks of all our new customers. Additionally, the committee will set/review credit limits for each of our customers and subsequently monitor ageing of these customers which will be reported in periodic meetings held together with our Directors.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

As at 31 December 2010, the net trade receivables of our Group amounted to approximately RM15.04 million which can be analysed as follows:

	<----- Within credit period (days) ----->				Exceeding credit period	
	0 - 30	31 - 60	61 - 90	91 - 120	Over 120 days	Total
Trade receivables (RM'000)	3,933	3,388	2,017	2,352	3,396	15,086
Less: Impairment of loss (RM'000)	-	-	-	-	(49)	(49)
Net trade receivables	3,933	3,388	2,017	2,352	3,347	15,037
% of total trade receivables	26.16%	22.53%	13.41%	15.64%	22.26%	100.0%
Subsequent collections as at the LPD (RM'000)	2,769	2,402	1,856	2,187	2,671	11,885
Trade receivables net of subsequent collections (RM'000)	1,164	986	161	165	676	3,152
% of trade receivables net of subsequent collections	36.93%	31.28%	5.11%	5.23%	21.45%	100.0%
Turnover	40,728	40,728	40,728	40,728	40,728	40,728
% of trade receivables to turnover	2.86%	2.42%	0.40%	0.41%	1.66%	7.74%

12.5.2 Trade Payables

A summary of trade payables of the proforma Group for the past four (4) FYE 31 December 2007 to 2010 is set out below:

	<-----Proforma audited FYE 31 December ----->			
	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000
Trade payables	1,994	2,097	3,246	3,088
Cost of sales	16,791	19,028	23,446	27,200
Percentage of trade payables to cost of sales (%)	11.88	11.02	13.84	11.35
Trade payables turnover period (days)	43.35	40.23	50.53	41.44

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

The normal credit terms granted to our Group by our suppliers ranges from 30 days to 60 days. The trade payables turnover period ranged from approximately 40 days to 51 days during the financial years under review.

The short trade payables will allow the Group to enjoy an earlier payment settlement discount ranges from approximately 3% to 5%. We believe that timely settlement of trade purchase invoices will benefit the Group in terms of favourable pricing as well as reputation. It also helps us to foster close relationship with our suppliers so that our Group will be able to enjoy any discounts/favourable pricing offered by our suppliers.

Post listing, the Group intends to minimize the usage of overdraft facilities for its operations. As such and subject to cash flows, the Group may not be enjoying as much discount for early settlement to our trade payables compared to the present time. However, the interest savings on overdraft facilities is expected to go towards compensating for the reduced discounts received.

As at 31 December 2010, the trade payables of our Group amounted to approximately RM3.09 million which can be analysed as follows:

	< --- Within credit period (days) --- >		Exceeding credit period	Total
	0 – 30	31 – 60	Over 60 days	
Trade payables (RM'000)	1,846	1,031	211	3,088
% of total trade payables	59.78%	33.39%	6.83%	100.0%

As at 31 December 2010, all trade payables outstanding are within the credit period extended by our suppliers save for RM0.21 million which represents 6.83% which are over the credit term granted by our suppliers.

12.5.3 Inventories

A summary of inventories of the proforma Group for the past four (4) FYE 31 December 2007 to 2010 is set out below:

	<----- Proforma audited FYE 31 December ----->			
	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Raw materials	786	814	610	1,163
Finished goods	1,202	2,087	1,412	1,852*
	1,988	2,901	2,022	3,015
Cost of sales	16,791	19,028	23,446	27,200
Percentage of inventories to cost of sales (%)	11.84	15.25	8.62	11.08
Inventories turnover period (days)	43.21	55.65	31.48	40.46

Notes:

* Net of allowance for slow moving inventories of RM0.10 million

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Our inventory consists of raw materials and finished goods. Our Group considers inventory management an important aspect of our operations. Reducing inventory holding period would reduce the working capital requirement however it could increase the likelihood of an out-of-stock situation.

The Group constantly reviews our inventory turnover as an integral part of operational efficiency and provides for inventories which have been produced or purchased for more than one (1) year. The normal inventory holding period for the Group is approximately 40 to 41 days. The increase by approximately 13 days in the inventory holding period for FYE 31 December 2008 as compared to FYE 31 December 2007 was mainly due to the Group's increase in trading products at the end of the financial year. This is in anticipation of an increase in prices which resulted from strengthening of the USD against RM. For the FYE 31 December 2009, the inventory holding period decreased to approximately 31 days from approximately 56 days in FYE 31 December 2008 due to increased demand for our products. For FYE 31 December 2010, the inventory holding period increased to approximately 41 days mainly due to the higher amount of raw materials held as a result of bulk purchase in order to obtain better pricing. As at the LPD, the raw material balances is RM1.32 million and inventory of finished goods amounted to RM2.18 million. Our Board is of the opinion that our inventories turnover periods are reasonable despite RM0.10 million provided for slow moving inventories in the FYE 31 December 2010.

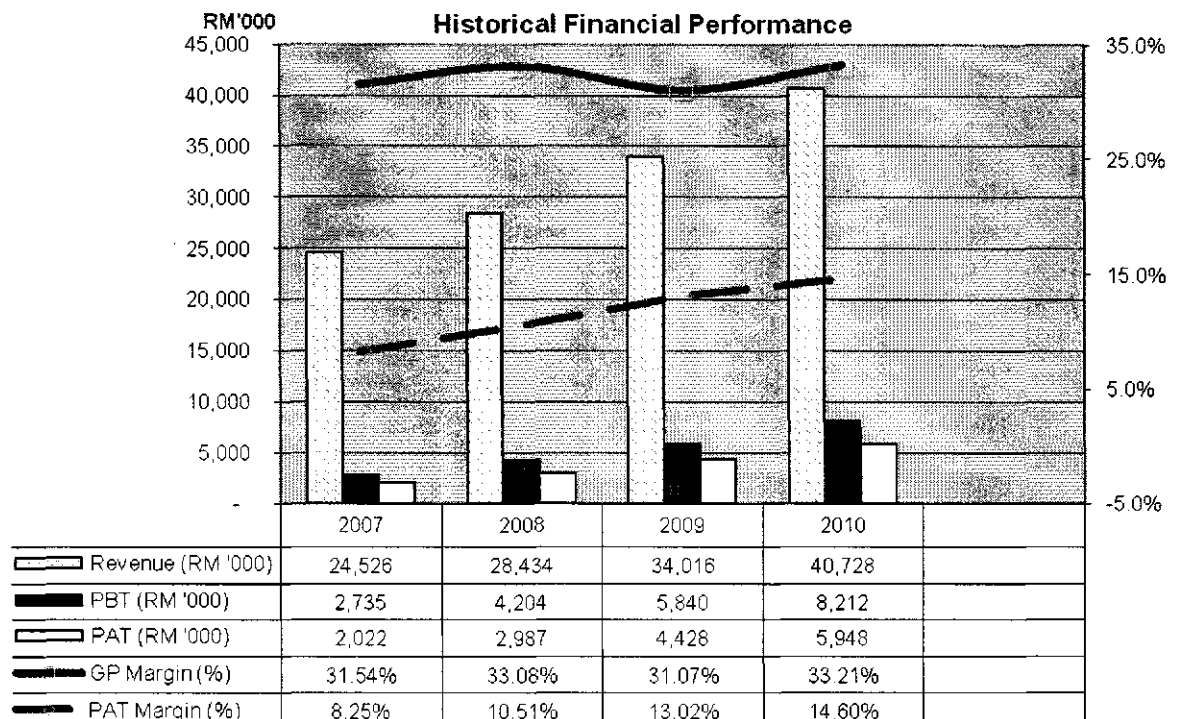
The Group is required to stock up on raw materials and finished goods (mainly consists of finished goods for trading products) due to delivery time from overseas suppliers which is normally between 4 to 6 weeks. As such, the Group needs to maintain a buffer stock of approximately 1 month.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.6 SIGNIFICANT TRENDS

12.6.1 Revenue and Business and Financial Prospects

Based on the financial performance and business operations of the Group over the past four (4) FYE 31 December 2007 to 2010, the following trends were observed:



The Group recorded a growth in revenue from RM24.53 million in FYE 31 December 2007 to RM40.73 million in FYE 31 December 2010.

The revenue growth of 15.93% or approximately RM3.90 million in FYE 31 December 2008 was due to the introduction of new third party products carried by the Group whilst our manufacturing activities have also increased by approximately RM1.00 million or 8.20% as sales of products such as FMG 100, FMG111 and FMG500 introduced under the FMG series.

The growth in the FYE 31 December 2009 was due to an increase in sales of our own and third party products to RM34.02 million or approximately 19.63% attributable to increases in sale of new trading products under the Hangzhou King brand of approximately RM2.50 million whilst sales of products under our FMG and CT series increased by approximately RM2.50 million.

The Group's turnover continue to increase to RM40.73 million or approximately 19.72% in FYE 31 December 2010 which is attributable to the increase in sales to new customers of approximately RM0.76 million whilst we have been able to improve our sales to existing top ten (10) customers and other existing customers by approximately RM4.00 million and RM1.95 million respectively. These increases were mainly attributable to:

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

- | | |
|---------------|---|
| Trading | - Increases in the sales of Hangzhou King products introduced in 2009, Di-Calcium Phosphate, B-Safe, Activate DA, Premulac, Fishmeal and Hi-Prolac of approximately RM2.10 million, RM0.73 million, RM 0.43 million, RM0.30 million, RM0.33 million RM0.38 million and RM0.50 million respectively. |
| Manufacturing | - New and existing customers were introduced to our products under Best Data Mix, PEC and OMS Series which contributed to approximately RM1.95 million increase in revenue |

The overall increase in business volume is in line with the growth of the livestock industry. The Board believes that the growth momentum is sustainable in the next few years based on the following factors:

- According to the market research conducted by Protégé Associates, the total revenue of the animal feed additives market in Malaysia stood at RM213.5 million in 2010 and this is expected to grow to RM291.1 million, representing a CAGR of 6.40% over the next five (5) years.
- With the completion of our new manufacturing plant in Nilai, we will be increasing our production capacity from 160 tonnes per month to 344 tonnes per month.

Our GP margin has been relatively stable and ranged from 31.54% to 33.21% in FYE 31 December 2007 to 2010. Our GP margin of 31.07% in FYE 31 December 2009 is 6.07% lower than achieved in the previous financial year. The prices of our raw materials such as minerals and vitamins has increased and to foster good relationships and for long term business with our customers, we have discussed the price increases with our customers and subsequently to partially absorb the costs. The increase in GP margin in FYE 31 December 2010 to 33.21% from 31.07% in FYE 31 December 2009 was mainly due to the reduction in the purchase price of raw materials in RM, as a result of the strengthening of RM against USD.

The PAT margin of the Group had also increased to 14.60% for FYE 31 December 2010 as compared to 13.02% for FYE 31 December 2009, partly due to the favourable exchange rate that resulted in a higher GP margin as discussed above as well as due to one-off other income items recognised by the Group in relation impairment loss on trade receivables no longer required of RM0.46 million.

The Board expects growth in our GP margin resulting from the growth in the livestock industry as well as contributions from our expanded capacity from the new manufacturing plant in Nilai.

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 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.

Please refer to Section 7 of this Prospectus for further information on our industry's prospects.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.6.2 Production

Our Group has spent approximately RM11.76 million in the past three (3) years until 31 December 2010 on construction of our new manufacturing plant in Nilai. This amount is inclusive of land acquisition and necessary equipments purchased to produce and to enable GMP compliance for our new manufacturing plant as follows:

	<----- FYE 31 December ----->			
	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000
Plant & Machinery ⁽¹⁾	-	-	806	3,949
Office & Factory Building ⁽²⁾	-	387	2,397	2,754
Freehold Land ⁽³⁾	-	1,467	-	-
Total expenditures	-	1,854	3,203	6,703

Notes:

- (1) The purchase of plant and machinery in the past three (3) FYE 31 December 2008 to 2010 were financed by internally generated funds.
- (2) The construction of the office and factory building in the past three (3) FYE 31 December 2008 to 2010 were financed by a term loan.
- (3) The acquisition of the freehold land in the FYE 31 December 2008 was financed by internally generated funds.

Our further capital commitment amounting to approximately RM0.13 million will be required to complete the manufacturing plant. Please refer to Section 12.3.4 of this Prospectus for further information on our material capital commitments.

Our current production capacity of approximately 160 tonnes per month will be increased to 344 tonnes per month upon the commencement of production in the new manufacturing plant which is expected to be operational within first half 2011.

We have not had any production insufficiency for the FYE 31 December 2007 to 2010. Please refer to Section 6.2.1 of this Prospectus for further information on our production capacity.

12.6.3 Order Book

Due to the nature of our business, our Group does not enter into any long term contract with the customers.

12.6.4 Directors' Declaration on our Group's Financial Performance

As at the LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have a material impact on our financial performance, position and operations other than those discussed in this section and Sections 4, 6 and 7 of this Prospectus;
- (ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this section and Section 4 of this Prospectus;

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

- (iii) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our revenue and/or profits, save for those that have been disclosed in this section and Sections 4, 6 and 7 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material impact on our liquidity and capital resources other than those discussed in this section and Sections 4, 6 and 7 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of our future financial performance and position other than those discussed in this section and Section 4 of this Prospectus.

Based on the outlook of the animal health and nutrition market and in particular the animal feed additives market in Malaysia as set out in Sections 7 and 14 of this Prospectus, our Group's competitive strengths as set out in Section 6.5 of this Prospectus and our future plans as set out in Section 6.15 of this Prospectus, our Board is optimistic about the future prospects of our Group.

12.7 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.

12.8 FUTURE FINANCIAL INFORMATION

There is no future financial information for the FYE 31 December 2011 which has been prepared for the inclusion in to this Prospectus.

Our Board is not aware of material adverse information or known facts about our liquidity, capital resources and future results of operations which would reasonably have any material adverse effect on the financial condition and results of Group which would make the historical information herein irrelevant to investors' evaluation.

13. ACCOUNTANTS' REPORT



(PREPARED FOR INCLUSION IN THIS PROSPECTUS)

Date: 13 June 2011

The Board of Directors
PeterLabs Holdings Berhad
Lot 16014, Jalan Nilam 3
Nilai Utama Enterprise Park
Bandar Nilai Utama
71800 Nilai
Negeri Sembilan Darul Khusus

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Dear Sirs,

ACCOUNTANTS' REPORT

**PETERLABS HOLDINGS BERHAD ("PETERLABS HOLDINGS" OR "THE COMPANY")
AND ITS SUBSIDIARY COMPANIES ("PETERLABS HOLDINGS GROUP" OR "THE
GROUP")**

1. INTRODUCTION

This report has been prepared by us, an Approved Company Auditor, for inclusion in this Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on the Official List of Bursa Securities and should not be relied upon for any other purposes.

2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

PeterLabs Holdings	PeterLabs Holdings Berhad
PLON Synergy	Plon Synergy Group Sdn. Bhd.
PeterLabs	PeterLabs Sdn. Bhd., a subsidiary company of PLON Synergy
Osmosis Nutrition	Osmosis Nutrition Sdn. Bhd., a subsidiary company of PLON Synergy
OMS Resources	OMS Resources Sdn. Bhd. (formerly known as Zeus Biotech (Asia) Sdn. Bhd.), a subsidiary company of PLON Synergy
Biojava	Biojava Sdn. Bhd., a subsidiary company of PLON Synergy
OMS Laboratory	OMS Laboratory Sdn. Bhd. (formerly known as Zeus Biotech (M) Sdn. Bhd.), a subsidiary company of OMS Resources
PLON Synergy Group	PLON Synergy and its subsidiary companies, namely PeterLabs, Osmosis Nutrition, OMS Resources, OMS Laboratory and Biojava
PeterLabs Holdings Group	PeterLabs Holdings and its subsidiary company, namely PLON Synergy Group
FYE	Financial year ended
FPE	Financial period ended
RM	Ringgit Malaysia

13. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION****3.1 Background of PeterLabs Holdings**

The Company was incorporated on 28 July 2010 and domiciled in Malaysia under the Companies Act, 1965, as a private limited liability company under the name of PeterLabs Holdings Sdn. Bhd..

Subsequently, it was converted to a public company on 29 October 2010 and assumed its present name as PeterLabs Holdings Berhad.

3.1.1 Flotation scheme

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings, PeterLabs Holdings undertook the flotation scheme that involves the following:-

(i) Initial Public Offering in conjunction with the Listing of PeterLabs Holdings on the ACE Market of Bursa Securities which involves:-**(a) Public Issue**

Public Issue of 15,000,000 new PeterLabs Holdings Shares at an issue price of RM0.30 per ordinary shares of RM0.10 each in PeterLabs Holdings ("Peterlabs Holdings Shares").

15,000,000 of PeterLabs Holdings Shares representing 7.98% of the enlarged issued and paid-up share capital after Public Issue will be made available for application by the public.

(b) Offer for Sale

The offerors will implement an offer for sale of 35,903,000 existing PeterLabs Holdings Shares to identified investors, subject to terms and conditions contained in Prospectus.

(ii) Listing and Quotation on the ACE Market of Bursa Securities

In conjunction with the flotation exercise, PeterLabs Holdings seeks the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings comprising 188,000,000 PeterLabs Holdings Shares on the Official List of the ACE Market of Bursa Securities.

The gross proceeds arising from the Public Issue amounting to RM4,500,000 are expected to be fully utilised by Peterlabs Holdings Group in the following manner:-

	RM	%
Repayments of bank overdrafts*	3,000,000	67%
Estimated listing expenses	1,500,000	33%
	<u>4,500,000</u>	<u>100%</u>

* Total bank overdrafts outstanding as at 31 December 2010 was amounted to RM1,991,367, the remaining amount of RM1,008,633 will be utilised as working

13. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.2 Share capital**

The changes in PeterLabs Holdings' authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value RM	Cumulative total RM
28 July 2010	100,000	1	100,000
12 October 2010	250,000,000	0.10	25,000,000

The changes in PeterLabs Holdings' issued and fully paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value RM	Consideration	← Cumulative total → RM	No. of ordinary shares
28 July 2010	2	1	Subscribers' share	2	2
12 October 2010	18	0.10	Share split	2	20
13 October 2010	980	0.10	Cash	100	1,000
15 October 2010	172,999,000	0.10	Share issued as consideration for the acquisitions of PLON Synergy Group	17,300,000	173,000,000

3.3 Principal activity

PeterLabs Holdings' principal activity is investment holding.

The subsidiary companies of PeterLabs Holdings are as follows:-

Name of company	Effective ownership	Principal activities	Date and place of incorporation
Plon Synergy Group Sdn. Bhd.	100%	Investment holding company	13 November 2002, Malaysia
Subsidiary companies of PLON Synergy			
PeterLabs Sdn. Bhd.	100%	Trading of animal health and nutrition products	4 October 2002, Malaysia
Osmosis Nutrition Sdn. Bhd.	100%	Manufacturing and distribution of animal health and nutrition products	4 October 2002, Malaysia

13. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.3 Principal activity (cont'd)**

The subsidiary companies of PeterLabs Holdings are as follows (cont'd):-

Name of company	Effective ownership	Principal activities	Date and place of incorporation
------------------------	----------------------------	-----------------------------	--

Subsidiary companies of PLON Synergy (cont'd)

OMS Resources Sdn. Bhd. (formerly known as Zeus Biotech (Asia) Sdn. Bhd.)	100%	Trading of animal health and nutrition products	8 April 2003, Malaysia
Biojava Sdn. Bhd.	52.5%	Dormant	19 May 2006, Malaysia

Subsidiary company of OMS Resources

OMS Laboratory Sdn. Bhd. (formerly known as Zeus Biotech (M) Sdn. Bhd.)	70%	Dormant	10 July 2009, Malaysia
--	-----	---------	------------------------

3.4 Share capital history of subsidiary companies**3.4.1 PLON Synergy**

The changes in PLON Synergy's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
13 November 2002	5,000,000	1	5,000,000	5,000,000

The changes in PLON Synergy's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
13 November 2002	2	1	Subscribers' share	2	2
7 October 2003	2,040,000	1	Cash	2,040,002	2,040,002
24 September 2008	1,959,998	1	Exchange subsidiaries' ordinary shares	4,000,000	4,000,000

13. ACCOUNTANTS' REPORT (Cont'd)



3. GENERAL INFORMATION (CONT'D)

3.4 Share capital history of subsidiary companies (cont'd)

3.4.2 PeterLabs

The changes in PeterLabs' authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
4 October 2002	5,000,000	1	5,000,000	5,000,000

The changes in PeterLabs' issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
4 October 2002	2	1	Subscribers' share	2	2
18 December 2002	500,000	1	Cash	500,002	500,002
7 October 2003	1,999,998	1	Cash	2,500,000	2,500,000

3.4.3 Osmosis Nutrition

The changes in Osmosis Nutrition's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
4 October 2002	1,000,000	1	1,000,000	1,000,000
8 September 2003	4,000,000	1	5,000,000	5,000,000

The changes in Osmosis Nutrition's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
4 October 2002	2	1	Subscribers' share	2	2
18 December 2002	500,000	1	Cash	500,002	500,002
7 October 2003	1,000,000	1	Cash	1,500,002	1,500,002

13. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.4 Share capital history of subsidiary companies (cont'd)****3.4.4 OMS Resources**

The changes in OMS Resources' authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
8 April 2003	100,000	1	100,000	100,000

The changes in OMS Resources' issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
				RM	No. of ordinary shares
8 April 2003	4	1	Subscribers' share	4	4

3.4.5 Biojava

The changes in Biojava's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
19 May 2006	100,000	1	100,000	100,000

The changes in Biojava's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
19 May 2006	2	1	Subscribers' share	2	2
4 October 2010	998	1	Cash	1,000	1,000

13. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.4 Share capital history of subsidiary companies (cont'd)****3.4.6 OMS Laboratory**

The changes in OMS Laboratory's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
10 July 2009	100,000	1	100,000	100,000

The changes in OMS Laboratory's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
10 July 2009	4	1	Subscribers' share	4	4
1 October 2010	96	1	Cash	100	100

4. FINANCIAL STATEMENTS AND AUDITORS

The auditors of PeterLabs Holdings and its subsidiaries for the relevant financial years/period are as follows:-

Company	FPE/FYE	Auditors	Auditors' Report
PeterLabs Holdings	FPE 31 December 2010	SJ Grant Thornton	Appendix I
PLON Synergy	FYE 31 December 2007	Tan Tin & Co.	Appendix II
	FYE 31 December 2008	Tan Tin & Co.	Appendix III
	FYE 31 December 2009	Tan Tin & Co.	Appendix IV
	FYE 31 December 2010	SJ Grant Thornton	Appendix V
PeterLabs	FYE 31 December 2007	Tan Tin & Co.	Appendix VI
	FYE 31 December 2008	Tan Tin & Co.	Appendix VII
	FYE 31 December 2009	Tan Tin & Co.	Appendix VIII
	FYE 31 December 2010	SJ Grant Thornton	Appendix IX

13. ACCOUNTANTS' REPORT (Cont'd)**4. FINANCIAL STATEMENTS AND AUDITORS (CONT'D)**

The auditors of PeterLabs Holdings and its subsidiaries for the relevant financial year/period are as follows (cont'd):-

Company	FPE/FYE	Auditors	Auditors' Report
Osmosis Nutrition	FYE 31 December 2007	Tan Tin & Co.	Appendix X
	FYE 31 December 2008	Tan Tin & Co.	Appendix XI
	FYE 31 December 2009	Tan Tin & Co.	Appendix XII
	FYE 31 December 2010	SJ Grant Thornton	Appendix XIII
OMS Resources	FYE 31 December 2007	Tan Tin & Co.	Appendix XIV
	FYE 31 December 2008	Tan Tin & Co.	Appendix XV
	FYE 31 December 2009	Tan Tin & Co.	Appendix XVI
	FYE 31 December 2010	SJ Grant Thornton	Appendix XVII
Biojava	FPE 30 June 2007	S.P. Lee & Co.	Appendix XVIII
	FYE 30 June 2008	S.P. Lee & Co.	Appendix XIX
	FYE 30 June 2009	S.P. Lee & Co.	Appendix XX
	FYE 30 June 2010	S.P. Lee & Co.	Appendix XXI
	FPE 31 December 2010	SJ Grant Thornton	Appendix XXII
OMS Laboratory	FPE 30 June 2010	SJ Grant Thornton	Appendix XXIII
	FPE 31 December 2010	SJ Grant Thornton	Appendix XXIV

For the purpose of this report, the financial information of the following is presented:-

Company	Audited
PeterLabs Holding Berhad	FPE 31 December 2010
PLON Synergy Group	FYE 31 December 2007
	FYE 31 December 2008
	FYE 31 December 2009
OMS Resources	FYE 31 December 2007
	FYE 31 December 2008
	FYE 31 December 2009
	FYE 31 December 2010
Biojava	FPE 30 June 2007
	FYE 30 June 2008
	FYE 30 June 2009
	FYE 30 June 2010
	FPE 31 December 2010
OMS Laboratory	FPE 30 June 2010
	FPE 31 December 2010

13. ACCOUNTANTS' REPORT *(Cont'd)*



4. FINANCIAL STATEMENTS AND AUDITORS (CONT'D)

For the FPE 31 December 2010, the individual financial information of PeterLabs Holdings, PLON Synergy, PeterLabs and Osmosis Nutrition are not shown separately as they have been consolidated and presented in the consolidated financial statements of PeterLabs Holdings Group.

For the past three (3) FYE 31 December 2007 to 2009, the individual financial information of PLON Synergy, PeterLabs and Osmosis Nutrition are not shown separately as they have been consolidated and presented in the consolidated financial statements of PLON Synergy Group.

This report is prepared on a basis consistent with the Group accounting policies adopted by PeterLabs Holdings and its subsidiary companies as disclosed in Section 7 of this report and comply with Financial Reporting Standards in Malaysia.

All the respective financial statements included in this report were reported without any audit qualification.

13. ACCOUNTANTS' REPORT (Cont'd)**5. BASIS OF PREPARATION****5.1 Adoption of New or Revised Financial Reporting Standards (FRSs)**

The following new and revised FRSs and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2010:-

- | | | |
|-----|-----------------------|---|
| 1) | Amendment to FRS 1 | - First-time Adoption of Financial Reporting Standards (Revised) |
| 2) | FRS 7 | - Financial Instruments: Disclosures |
| 3) | Amendments to FRS 7 | - Financial Instruments: Disclosures |
| 4) | FRS 8 | - Operating Segments |
| 5) | Amendments to FRS 8 | - Operating Segments |
| 6) | FRS 101 | - Presentation of Financial Statements |
| 7) | Amendment to FRS 101 | - Presentation of Financial Statements |
| 8) | Amendment to FRS 107 | - Statement of Cash Flows |
| 9) | Amendment to FRS 108 | - Accounting Policies, Changes in Accounting Estimates and Errors |
| 10) | Amendment to FRS 110 | - Events After The Reporting Period |
| 11) | Amendment to FRS 116 | - Property, Plant and Equipment |
| 12) | Amendment to FRS 117 | - Leases |
| 13) | Amendment to FRS 118 | - Revenue |
| 14) | Amendment to FRS 119 | - Employee Benefits |
| 15) | FRS 123 | - Borrowing Costs (Revised) |
| 16) | Amendments to FRS 123 | - Borrowing Costs |
| 17) | Amendments to FRS 127 | - Consolidated and Separate Financial Statements |
| 18) | Amendments to FRS 132 | - Financial Instruments: Presentation |
| 19) | Amendments to FRS 136 | - Impairment of Assets |
| 20) | FRS 139 | - Financial Instruments: Recognition and Measurement |
| 21) | Amendment to FRS 139 | - Financial Instruments: Recognition and Measurement |

The following new and revised FRSs and IC Interpretations which mandatory for annual financial periods beginning on or after 1 January 2010, are not applicable to the Group and the Company's operations:-

- | | | |
|----|----------------------|--|
| 1) | Amendments to FRS 2 | - Share-based Payment |
| 2) | FRS 4 | - Insurance Contracts |
| 3) | Amendments to FRS 5 | - Non-current Assets Held for Sale and Discontinued Operations |
| 4) | Amendment to FRS 120 | - Accounting for Government Grants and Disclosure of Government Assistance |
| 5) | Amendment to FRS 128 | - Investment in Associates |

13. ACCOUNTANTS' REPORT (Cont'd)**5. BASIS OF PREPARATION (CONT'D)****5.1 Adoption of New or Revised Financial Reporting Standards (FRSs) (cont'd)**

The following new and revised FRSs and IC Interpretations which mandatory for annual financial periods beginning on or after 1 January 2010, are not applicable to the Group and the Company's operations (cont'd):-

- | | | | |
|-----|-----------------------|---|--|
| 6) | Amendment to FRS 129 | - | Financial Reporting in Hyperinflationary Economies |
| 7) | Amendments to FRS 131 | - | Interest in Joint Ventures |
| 8) | Amendments to FRS 134 | - | Interim Financial Reporting |
| 9) | Amendment to FRS 138 | - | Intangible Assets |
| 10) | Amendment to FRS 140 | - | Investment Property |
| 11) | IC Interpretation 9 | - | Reassessment of Embedded Derivatives |
| 12) | IC Interpretation 10 | - | Interim Financial Reporting and Impairment |
| 13) | IC Interpretation 11 | - | FRS 2 – Group and Treasury Share Transactions |
| 14) | IC Interpretation 13 | - | Customer Loyalty Programmes |
| 15) | IC Interpretation 14 | - | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |

The initial application of the above standards, amendments and interpretation did not have any material impact on the financial statements of the Group and of the Company except for the following:-

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of qualitative and quantitative information about the significance of financial instruments for the Group and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114₂₀₀₄ Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

13. ACCOUNTANTS' REPORT (Cont'd)**5. BASIS OF PREPARATION (CONT'D)****5.1 Adoption of New or Revised Financial Reporting Standards (FRSs) (cont'd)**

The initial application of the above standards, amendments and interpretation did not have any material impact on the financial statements of the Group and of the Company except for the following (cont'd):-

FRS 101 Presentations of Financial Statements

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company has elected to present this statement as one single statement.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The revised standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions.

5.2 Standards issued but not yet effective

The following standards and IC Interpretations are not yet effective and have not been early adopted by the Group and the Company:-

			<u>Effective date</u>
1)	FRS 1	- First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
2)	Amendments to FRS 1	- First-time Adoption of Financial Reporting Standards	1 January 2011
3)	Amendments to FRS 2	- Share-Based Payment	1 July 2010

13. ACCOUNTANTS' REPORT (Cont'd)**5. BASIS OF PREPARATION (CONT'D)****5.2 Standards issued but not yet effective (cont'd)**

The following standards and IC Interpretations are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

		<u>Effective date</u>
4)	Amendments to FRS 2 - Share-Based Payment. Group Cash-settled Share-based Payment Transactions	1 January 2011
5)	FRS 3 - Business Combinations (Revised)	1 July 2010
6)	Amendments to FRS 3 - Business Combinations	1 January 2011
7)	Amendments to FRS 5 - Non-Current Assets Held for Sale and Discontinued Operations	1 July 2010
8)	Amendments to FRS 7 - Financial Instruments: Disclosures	1 January 2011
9)	Amendments to FRS 101 - Presentation of Financial Statements	1 January 2011
10)	Amendments to FRS 121 - The Effects of Changes in Foreign Exchange Rates	1 January 2011
11)	FRS 124 - Related Party Disclosures (Revised)	1 January 2012
12)	FRS 127 - Consolidated and Separate Financial Statements (Revised)	1 July 2010
13)	Amendments to FRS 128 - Investment in Associates	1 January 2011
14)	Amendments to FRS 131 - Interests in Joint Ventures	1 January 2011
15)	Amendments to FRS 132 - Financial Instruments: Presentation	1 March 2010
16)	Amendments to FRS 132 - Financial Instruments: Presentation	1 January 2011
17)	Amendments to FRS 134 - Interim Financial Reporting	1 January 2011
18)	Amendments to FRS 138 - Intangible Assets	1 July 2010
19)	Amendments to FRS 139 - Financial Instruments: Recognition and Measurement	1 January 2011
20)	IC Interpretation 4 - Determining Whether an Arrangement contains a Lease	1 January 2011
21)	Amendments to IC Interpretation 9 - Reassessment of Embedded Derivatives	1 July 2010
22)	IC Interpretation 12 - Service Concession Arrangements	1 July 2010
23)	Amendments to IC Interpretation 13 - Customer Loyalty Programmes	1 January 2011

13. ACCOUNTANTS' REPORT (Cont'd)**5. BASIS OF PREPARATION (CONT'D)****5.2 Standards issued but not yet effective (cont'd)**

The following standards and IC Interpretations are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

		<u>Effective date</u>
24)	Amendment to IC Interpretation 14 - Prepayments of a Minimum Funding Requirement	1 July 2011
25)	Amendment to IC Interpretation 15 - Agreements for the Construction of Real Estate	1 January 2012
26)	IC Interpretation 16 - Hedges of Net Investment in a Foreign Operation	1 July 2010
27)	IC Interpretation 17 - Distributions of Non-Cash Assets to Owners	1 July 2010
28)	IC Interpretation 18 - Transfers of Assets from Customers	*
29)	IC Interpretation 19 - Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

* During the financial year, MASB approved and issued IC Interpretation 18 - Transfers of Assets from Customers and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

The existing FRS 1, FRS 124 and FRS 127 will be withdrawn upon the adoption of the new requirements. IC Interpretation 15 will replace FRS 201₂₀₀₄. IC Interpretation 8 and IC Interpretation 11 will be withdrawn upon the application of Amendments to FRS 2 – Company Cash-settled Share-based Payment Transactions.

The above FRS 1, FRS 2, FRS 5, FRS 128, FRS 131, FRS 134, FRS 138, IC Interpretation 4, 9, 12, 13, 14, 15, 16, 18 and 19 are not applicable to the Group and the Company's operations.

The Directors anticipate that the adoption of these new/revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the following:-

FRS 3 Business Combination (Revised)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the Statement of Comprehensive Income. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

13. ACCOUNTANTS' REPORT (Cont'd)**5. BASIS OF PREPARATION (CONT'D)****5.2 Standards issued but not yet effective (cont'd)**

The Directors anticipate that the adoption of these new/revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the following (cont'd):-

FRS 124 Related Party Disclosures (Revised)

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group and the Company because the Group and the Company is not a government-related entity. However, disclosures regarding related party transactions and balance in this financial statement may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

IC Interpretation 17 Distributions of Non-Cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Group and the Company should measure the dividend payable at the fair value of the assets to be distributed when the dividend is appropriately authorised and is no longer at the discretion of the Group and of the Company. On settlement of the dividend, the difference between the dividend paid and the carrying amount of the assets distributed is recognised in profit or loss. If the dividend remains unpaid at the end of the financial year end, the dividend payable carrying amount is reviewed with any changes recognised in equity.

5.3 Financial Risk Management Policies

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Head of Finance.

It is, and has been, throughout the current financial year and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

13. ACCOUNTANTS' REPORT (Cont'd)**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****5.3 Financial Risk Management Policies (cont'd)**

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

5.3.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. As for the cash and bank balances, the Group minimises credit risk by dealing with reputable financial institutions.

The Group's objective is to seek sustainable revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit assessment. Additionally, receivable balances are reviewed on an ongoing basis.

5.3.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to achieve a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's liquidity risk management policy is that long-term assets are financed via long-term financing so that the cash to be generated by the assets are sufficient to repay the financing over the economic lives of the assets. While short-term financing facility is only used to finance the short-term working capital gap.

5.3.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of the changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings at variable interest rates.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. Presently, due to the Group entered into Multi Option Loan, no interest rate hedging arrangement is used. Should the amount of borrowings at variable rates increase to a level which requires hedging arrangement to achieve the desired mix of fixed and variable interest debts, interest rate swaps will be used to meet the objective.

13. ACCOUNTANTS' REPORT (Cont'd)**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****5.3 Financial Risk Management Policies (cont'd)****5.3.4 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the functional currency of the Company which is RM. The foreign currencies in which these transactions are denominated are mainly US Dollar.

The Group is not exposed to currency translation risk as it does not have any investment in foreign operations.

5.4 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

5.4.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at each reporting date. At 31 December 2010, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

13. ACCOUNTANTS' REPORT (Cont'd)



5. BASIS OF PREPARATION (CONT'D)

5.4.1 Key sources of estimation uncertainty (cont'd)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the Statement of Financial Position and the amount of unrecognised tax losses and unrecognised temporary differences.

Impairment of loans and receivable

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Impairment of property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generated unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the financial statements at their fair values. In measuring fair value, management uses estimates about future cash flows and discount rates, however, the results may vary.

13. ACCOUNTANTS' REPORT (Cont'd)**5. BASIS OF PREPARATION (CONT'D)****5.4.2 Significant management judgement**

The significant management judgements in applying the accounting policies of the Group and the Company that have the most significant effect on the financial statements are as follows:-

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group and the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group and the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

6. FLOTATION EXERCISE

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings, PeterLabs Holdings undertook a flotation exercise that involves the following:-

(i) Public Issue

Public Issue of 15,000,000 new PeterLabs Holdings Shares at an issue price of RM0.30 per PeterLabs Holdings Shares.

15,000,000 of PeterLabs Holdings Shares representing 7.98% of the enlarged issued and paid-up share capital after the Public Issue will be made available for application by the public.

(ii) Offer for Sale

The offerors will implement an offer for sale of 35,903,000 existing PeterLabs Holdings Shares to identified investors, subject to terms and conditions contained in Prospectus.

(iii) Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad

In conjunction with the flotation exercise, PeterLabs Holdings seeks the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings comprising 188,000,000 PeterLabs Holdings Shares on the Official List of the ACE Market of Bursa Malaysia Securities Berhad.

13. ACCOUNTANTS' REPORT (Cont'd)**6. FLOTATION EXERCISE (CONT'D)****(iii) Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad (cont'd)**

The gross proceeds arising from the Public Issue amounting to RM4,500,000 are expected to be fully utilised for the core business of PeterLabs Holdings Group in the following manner:-

	RM
Repayment of bank overdrafts*	3,000,000
Estimated listing expenses	1,500,000
	<u>4,500,000</u>

* Total bank overdrafts outstanding as at 31 December 2010 was amounted to RM1,991,367, the remaining amount of RM1,008,633 will be utilised as working capital.

The listing expenses relating to the flotation exercise amounting to RM282,553 will be charged to share premium account. The balance of RM1,217,447 will be charged to profit or loss. For the purpose of this Proforma, these expenses are assumed to be settled using the proceeds from the Public Issue.

7.0 SIGNIFICANT ACCOUNTING POLICIES**7.1 Basis of consolidation**

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

Unrealised gains and losses on transactions between Group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Business combinations are accounted for using the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any cost directly attributable to the business combination. Adjustments to those fair values relating to previously held interest are treated as a revaluation and recognised in other comprehensive income.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill on the Statement of Financial Position.

13. ACCOUNTANTS' REPORT (Cont'd)**7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.1 Basis of consolidation (cont'd)**

Any excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit or loss on the date of acquisition.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are separately disclosed in the profit or loss of the Group, and within the equity in the consolidated Statements of Financial Position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill on acquisition and exchange differences.

7.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is calculated to write off the cost of the property, plant and equipment to their residual values on the straight line method over their expected useful lives. The annual rates used are as follows:-

Building	2%
Motor vehicles	20%
Computer equipment	20%
Plant and machinery	10%
Office equipment	10%
Air-conditioners	10%
Furniture and fittings	10%
Renovation	5%

No amortisation is provided on the plant, plant and equipment under construction/installation for intended use as production facilities.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

13. ACCOUNTANTS' REPORT (Cont'd)**7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.2 Property, plant and equipment (cont'd)**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year in which the asset is derecognised.

7.3 Capital work-in-progress

Capital work-in-progress consists of property, plant and equipment under construction/installation for intended use as production facilities. The amount is stated at cost.

7.4 Leases – Finance lease

In accordance with FRS 117 *Leases*, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

7.5 Impairment of non-financial assets

At each reporting date, the Group and the Company reviews carrying amounts of assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in the profit or loss immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

13. ACCOUNTANTS' REPORT (Cont'd)**7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.5 Impairment of non-financial assets (cont'd)**

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in the profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit or loss is treated as revaluation increase. After such a reversal, depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

7.6 Subsidiary companies

A subsidiary company is a company in which the Group or the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiary company is stated at cost or in accordance with FRS 139 less any impairment losses in the Company's financial position.

7.7 Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

7.7.1 Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- (a) loans and receivables;
- (b) financial assets at fair value through profit or loss;
- (c) held to maturity investments; and
- (d) available-for-sale financial assets.

13. ACCOUNTANTS' REPORT (Cont'd)**7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.7.1 Financial assets (cont'd)**

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least once at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the commit to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current

Other than loans and receivables, the Group and the Company do not have any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

7.7.2 Financial liabilities

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss or other financial liabilities measure at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.7.2 Financial liabilities (cont'd)****Other financial liabilities**

The Group's financial liabilities include trade payables and other payables.

The Company's financial liabilities include other payables and amount due to subsidiary company.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

7.8 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence indicating a financial assets might be impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.9 Inventories**

Inventories, consist of trading goods, are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damage, obsolete and slow-moving inventories.

The inventories are determined using first-in-first out method. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs necessary to make the sale.

7.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance with bank which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statement of financial position.

7.11 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Unappropriated profit include all current and prior period unappropriated profit.

All transactions with shareholder are recorded separately within equity.

7.12 Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

7.13 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

13. ACCOUNTANTS' REPORT (Cont'd)**7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.13 Provisions (cont'd)**

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

7.14 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

7.15 Employee benefits**7.15.1 Short term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

7.15.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current period.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, the Group made such contributions to the Employees Provident Fund ("EPF").

13. ACCOUNTANTS' REPORT (Cont'd)**7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.15.3 Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

7.16 Revenue recognition

Revenue is recognised upon delivery of goods sold and customer acceptance and is shown net of returns and trade discounts.

7.17 Income tax**7.17.1 Current tax**

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial period and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised in financial position as liability (or asset) to the extent that it is unpaid (or refundable). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

7.17.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statement of financial position and its tax base including unused tax losses and capital allowances.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

13. ACCOUNTANTS' REPORT (Cont'd)**7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.17.2 Deferred tax (cont'd)**

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

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

7.18 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates, whether realised or unrealised, are recognised in profit or loss.

7.19 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs such that outflow is probable and can be measured reliably, they will then be recognised as a provision.

7.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

7.21 Intersegment transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are on negotiated basis. These transfers are eliminated on consolidation.

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION****8.1 PeterLabs Holdings Group****8.1.1 Consolidated statement of comprehensive income**

The following table sets out the summary of the financial results prepared based on the audited financial statements of PeterLabs Holdings Group for the period from 28 July 2010 (date of incorporation) to FPE 31 December 2010:-

Period ended	Note	28/7/2010 to 31/12/2010 RM
Revenue	8.1.5	7,707,264
Gross profit		2,485,746
Profit before amortisation, depreciation, interest and tax		3,920,482
Amortisation		-
Depreciation		(50,261)
Interest expense		(18,476)
Profit before tax but after amortisation, depreciation and interest ("PBT")	8.1.6	3,851,745
Tax expense	8.1.7	(1,179,193)
Profit after tax ("PAT")		2,672,552
Gross profit margin (%)		32.25
PBT margin (%)		49.98
PAT margin (%)		34.68
Effective tax rate (%)		30.61
Weighted average number of ordinary shares issued		85,949,067
Gross earnings per share ("EPS") #		0.04
Net EPS #		0.03

Notes:-

- (i) There were no exceptional items in the financial period under review.
 - (ii) There were no accounting policies which are peculiar to PeterLabs Holdings Group due to the nature of business or industry it is involved in and that would affect the determination of PeterLabs Holdings Group's income or financial position.
- # Based on weighted average number of ordinary shares issued during the financial period.

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.2 Consolidated statement of financial position

The following table sets out the summary of the consolidated statement of financial position prepared based on the audited financial statements of PeterLabs Holdings Group for the FPE 31 December 2010:-

Period ended	Note	31/12/2010 RM
ASSETS		
Non-current asset		
Property, plant and equipment	8.1.8	12,716,620
Total non-current asset		12,716,620
Current assets		
Inventories	8.1.9	3,015,516
Trade receivables	8.1.10	15,036,549
Other receivables	8.1.11	1,154,201
Cash and bank balances		1,449,308
Total current assets		20,655,574
TOTAL ASSETS		33,372,194
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	8.1.12	17,300,000
Unappropriated profit		2,672,552
		19,972,552
Non-controlling interests		2
Total equity		19,972,554
Non-current liabilities		
Hire purchase creditors	8.1.13	176,589
Borrowings	8.1.14	3,050,316
Deferred tax liabilities	8.1.15	58,900
Total non-current liabilities		3,285,805
Current liabilities		
Trade payables	8.1.16	3,087,975
Other payables	8.1.17	2,662,970
Hire purchase creditors	8.1.13	97,603
Borrowings	8.1.14	1,733,878
Bank overdraft	8.1.18	1,991,367
Tax payable		540,042
Total current liabilities		10,113,835

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.2 Consolidated statement of financial position (cont'd)

The following table sets out the summary of the consolidated statement of financial position prepared based on the audited financial statements of PeterLabs Holdings Group for the FPE 31 December 2010 (cont'd):-

Period ended	Note	31/12/2010 RM
TOTAL LIABILITIES		<u>13,399,640</u>
TOTAL EQUITY AND LIABILITIES		<u>33,372,194</u>
Net tangible asset ("NTA")		19,972,554
Number of ordinary shares		173,00,000
NTA per share		0.12

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION (CONT'D)****8.1 PeterLabs Holdings Group (cont'd)****8.1.3 Consolidated statement of cash flows**

The following table sets out the summary of cash flows prepared based on the audited financial statements of PeterLabs Holdings Group for the period from 28 July 2010 (date of incorporation) to FPE 31 December 2010:-

Period ended	Note	28/7/2010 to 31/12/2010 RM
OPERATING ACTIVITIES		
Profit before tax		3,851,745
Adjustments for:-		
Inventories written down		57,836
Interest expense		18,476
Depreciation		50,261
Impairment loss on trade receivables		19,808
Property, plant and equipment written off		136,087
Loss on disposal of property, plant and equipment		8,040
Excess of fair value of subsidiary company acquired over the cost of investment		(2,743,372)
Impairment loss on trade receivables no longer required		(70,235)
Operating profit before working capital changes		1,328,646
Changes in working capitals:-		
Inventories		(189,994)
Receivables		(859,649)
Payables		1,195,148
Bills payable		(728,489)
Cash generated from operations		745,662
Tax paid		(590,322)
Interest paid		(7,568)
Net cash from operating activities		147,772
INVESTING ACTIVITIES		
Acquisition of subsidiary company, net of cash acquired	A	854,357
Proceeds from disposal of property, plant and equipment		15,000
Purchase of property, plant and equipment		(1,496,547)
Net cash used in investing activities		(627,190)
FINANCING ACTIVITIES		
Interest paid		(45,042)
Proceeds from issuance shares		100
Repayment of hire-purchase installments		(17,699)
Net cash used in financing activities		(62,641)
CASH AND CASH EQUIVALENTS		
Net changes/Carried forward	B	(542,059)

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.3 Consolidated statement of cash flows (cont'd)

Notes to the consolidated statement of cash flows

A. Acquisition of subsidiary company, net of cash acquired

The fair value of the identified assets and liabilities of PLON Synergy Group at date of acquisition were as follows:-

Period ended	31/12/2010 RM
Property, plant and equipment	11,395,327
Inventories	2,883,358
Receivables	15,280,674
Tax recoverable	33,497
Cash and bank balances	2,110,272
Payables	(4,555,797)
Hire purchase creditors	(291,891)
Borrowings	(5,512,683)
Deferred tax liabilities	(43,568)
Bank overdraft	(1,255,915)
Net assets acquired	20,043,274
Non-controlling interests	(2)
Excess of fair value of subsidiary company acquired over the cost of investment	(2,743,372)
	17,299,900
Less: Non-cash consideration – share capital	(17,299,900)
Group's cash flow on acquisition	-
Less: Cash and cash equivalents acquired	
- Cash and bank balances	2,110,272
- Bank overdraft	(1,255,915)
Group's cash inflow on acquisition, net of cash and cash equivalents acquired	854,357

B. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:-

Period ended	31/12/2010 RM
Cash and bank balances	1,449,308
Bank overdraft	(1,991,367)
	(542,059)

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.4 Consolidated statement of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of PeterLabs Holdings Group for the period from 28 July 2010 (date of incorporation) to FPE 31 December 2010:-

	Attributable to equity holders			Non-controlling interests	Total equity
	Share capital RM	Unappropriated profit RM	Total RM	RM	RM
Date of incorporation	2	-	2	-	2
Issued shares during the financial period					
- working capital	98	-	98	-	98
- acquisition of subsidiary company	17,299,900	-	17,299,900	-	17,299,900
Arising from acquisition of subsidiary company	-	-	-	2	2
Total comprehensive income for the financial period	-	2,672,552	2,672,552	-	2,672,552
Balance at 31 December 2010	17,300,000	2,672,552	19,972,552	2	19,972,554

8.1.5 Revenue

Revenue represents invoiced value of goods sold, net of discounts and allowances.

8.1.6 Profit before tax but after amortisation, depreciation and interest

Profit before tax has been arrived at after charging/(crediting):-

Period ended	28/7/2010 to 31/12/2010 RM
Inventories written down	57,836
Auditors' remuneration	35,345
Bank overdraft interest	8,151
Bankers' acceptance interest	7,568
Depreciation	50,261
Directors' emoluments	127,460
Hire-purchase interest	2,757
Impairment loss on trade receivables	19,808
Loss on disposal of property, plant and equipment	8,040
Property, plant and equipment written off	136,087
Rental expense	48,000
Impairment loss on trade receivables no longer required	(70,235)
Realised gain on foreign exchange	(1,825)
Excess of fair value of subsidiary company acquired over the cost of investment	(2,743,372)

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.7 Tax expense

Period ended	28/7/2010 to 31/12/2010 RM
Current period provision	1,163,737
Transferred to deferred tax liabilities	15,332
Underprovision of tax in prior year	124
Total tax expense	1,179,193

Reconciliation of income tax expense of statutory tax rate and effective tax rate of PeterLabs Holdings Group is as follows:-

Period ended	28/7/2010 to 31/12/2010 RM
Profit before tax	3,851,745
Tax at Malaysia statutory tax rate of 25%	962,936
Expenses not deductible for tax purposes	871,082
Underprovision of deferred tax liabilities in prior year	24,388
Losses of Company no allowable for group relief	13,306
Income not subject to tax	(692,643)
Underprovision of tax in prior year	124
Total tax expense	1,179,193

8.1.8 Property, plant and equipment

Period ended	31/12/2010 RM
Net carrying amount	
Freehold land	1,467,419
Building	5,538,110
Motor vehicles	339,466
Office equipment	28,992
Air-conditioners	6,403
Furniture and fittings	339
Computer equipment	8,345
Plant and machinery	146,719
Renovation	27,825
Capital work-in-progress	5,153,002
	12,716,620
Under hire-purchase creditors	339,466

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.8 Property, plant and equipment (cont'd)

The above freehold land and building are charged to financial institution for banking facilities granted to PeterLabs Holdings Group.

Interest capitalised in capital work-in-progress amounted to RM34,134 during the FPE 31 December 2010.

8.1.9 Inventories

Period ended	31/12/2010 RM
Cost	
Raw materials	1,163,329
Net realisable value	
Finished goods	1,852,187
	<u>3,015,516</u>
Inventories written down	<u>57,836</u>

8.1.10 Trade receivables

Period ended	31/12/2010 RM
Trade receivables	15,086,017
Less: Allowance for impairment	
Addition through acquisition of subsidiary company	99,895
Addition	19,808
No longer required	(70,235)
Carried forward	<u>49,468</u>
Net trade receivables	<u>15,036,549</u>

The normal credit terms granted by PeterLabs Holdings Group to the customers are ranging from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables is as follows:-

Period ended	31/12/2010 RM
US Dollar	<u>57,065</u>

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.11 Other receivables

Period ended	31/12/2010 RM
Non-trade receivables	38,768
Advances to suppliers	316,219
Deposits	168,322
Prepayment listing expenses	630,892
	<u>1,154,201</u>

Included in non-trade receivables is an amount of RM38,768 due from a company in which certain Directors have interest. The amount due is unsecured, bears no interest and repayable on demand.

The foreign currency exposure profile of other receivables is as follows:-

Period ended	31/12/2010 RM
Sterling Pound	29,765
US Dollar	<u>244,454</u>

8.1.12 Share capital

Period ended	31/12/2010		
	No. of shares	Par value RM	Value RM
Authorised:-			
Created at date of incorporation	100,000	1.00	100,000
Subdivision of shares	1,000,000	0.10	100,000
Created during the period	249,000,000	0.10	24,900,000
Carried forward	250,000,000	0.10	<u>25,000,000</u>
Issued and fully paid up share capital:-			
Issued at date of incorporation	2	1.00	2
Subdivision of shares	20	0.10	2
Issued during the period	980	0.10	98
Issued of shared to acquired subsidiary company	172,999,000	0.10	17,299,900
Carried forward	173,00,000	0.10	<u>17,300,000</u>

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION (CONT'D)****8.1 PeterLabs Holdings Group (cont'd)****8.1.13 Hire purchase creditors**

Period ended	31/12/2010 RM
Minimum lease payment	
- not later than 1 year	110,329
- later than 1 year but not later than 5 years	191,645
Future finance charges on hire purchase creditors	301,974
Less: Future finance charges on hire purchase	(27,782)
	<u>274,192</u>
Present value of hire purchase creditors	
- not later than 1 year	97,603
- later than 1 year and not later than 5 years	176,589
	<u>274,192</u>

The effective interest rate of the hire purchase facility is 6.09% per annum.

8.1.14 Borrowings

Period ended	31/12/2010 RM
Secured:-	
Current	
Term loan	330,367
Bankers' acceptance	1,403,511
	<u>1,733,878</u>
Non-current	
Term loan	<u>3,050,316</u>
Total borrowings	<u>4,784,194</u>

The above borrowings are secured by means of following:-

- a legal charge over the PeterLabs Holdings Group's freehold land and building;
- joint and several guarantees by all the Directors of Peterlabs Holdings and all Directors of the subsidiary company.

The term loan bears interest at the rates ranging from 7.55% to 8.80% per annum and is repayable by 96 equal monthly installments commencing after the full release of the loan.

The bankers' acceptance bears interest at the rates ranging from 0.80% to 1.50% per annum above the lending banks' cost of funds.

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION (CONT'D)****8.1 PeterLabs Holdings Group (cont'd)****8.1.15 Deferred tax liabilities**

Period ended	31/12/2010 RM
Addition through acquisition of subsidiary company	43,568
Recognised in profit or loss	15,332
Carried forward	58,900

The above deferred tax liabilities arose principally from accelerated capital allowances claimed on Peterlabs Holdings Group's property, plant and equipment over their accounting depreciation charges.

8.1.16 Trade payables

The normal credit terms granted by suppliers are ranging from 30 to 90 days.

The foreign currency exposure profile of trade payables is as follows:-

Period ended	31/12/2010 RM
US Dollar	111,895

8.1.17 Other payables

Period ended	31/12/2010 RM
Accruals of expenses	840,820
Non-trade payables	1,094,383
Provision for commission payables	721,052
Amount due to non-controlling interests	6,715
	2,662,970

Amount due to non-controlling interests is unsecured, bears no interest and repayable on demand.

The foreign currency exposure profile of other payables is as follows:-

Period ended	31/12/2010 RM
Singapore Dollar	8,508

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.18 Bank overdraft

The bank overdraft bears interest at the rates ranging from 5.55% to 6.50% per annum. The bank overdraft is secured by fixed deposits from the Directors and certain shareholders of PeterLabs Holdings and a third party.

8.1.19 Capital commitment

Period ended	31/12/2010 RM
Authorised and contracted for plant and machinery	279,120

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION (CONT'D)****8.2 PLON Synergy Group****8.2.1 Consolidated statements of comprehensive income**

The following table sets out the summary of the financial results prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

Year ended	Note	2007 RM	2008 RM	2009 RM
Revenue	8.2.5	23,634,218	27,344,295	33,459,758
Gross profit		7,410,813	8,912,611	10,110,050
Profit before amortisation, depreciation, interest and tax		2,806,419	4,080,784	5,775,803
Amortisation		-	-	-
Depreciation		(245,176)	(251,228)	(253,453)
Interest expense		(64,525)	(62,471)	(76,309)
Profit before tax but after amortisation, depreciation and interest ("PBT")	8.2.6	2,496,718	3,767,085	5,446,041
Tax expense	8.2.7	(663,491)	(1,128,415)	(1,331,588)
Profit after tax ("PAT")		1,833,227	2,638,670	4,114,453
Gross profit margin (%)		31.36	32.59	30.22
PBT margin (%)		10.56	13.78	16.28
PAT margin (%)		7.76	9.65	12.30
Effective tax rate (%)		26.57	29.95	24.45
Weighted average number of ordinary shares issued		2,040,002	2,571,618	4,000,000
Gross earnings per share ("EPS") #		1.22	1.46	1.36
Net EPS #		0.90	1.03	1.03

Notes:-

- (i) There were no exceptional items in the financial years under review.
- (ii) There were no accounting policies which are peculiar to PLON Synergy Group due to the nature of business or industry it is involved in and that would affect the determination of PLON Synergy Group's income or financial position.

Based on weighted average number of ordinary shares issued during the financial year.

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.2 Consolidated statements of financial position

The following table sets out the summary of the consolidated statements of financial position prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

Year ended	Note	2007 RM	2008 RM	2009 RM
ASSETS				
Non-current asset				
Property, plant and equipment	8.2.8	908,911	2,718,673	5,688,053
Total non-current asset		908,911	2,718,673	5,688,053
Current assets				
Inventories	8.2.9	1,988,331	2,890,235	1,990,493
Trade receivables	8.2.10	10,622,732	11,413,686	13,660,459
Other receivables	8.2.11	31,666	16,938	966,056
Tax recoverable		83,787	67,833	-
Cash and bank balances		451,803	180,850	455,163
Total current assets		13,178,319	14,569,542	17,072,171
TOTAL ASSETS		14,087,230	17,288,215	22,760,224
EQUITY AND LIABILITIES				
Equity attributable to owner of the Company				
Share capital	8.2.12	2,040,002	4,000,000	4,000,000
Share premium	8.2.13	-	2,508,377	2,508,377
Unappropriated profit		2,814,040	4,864,708	8,579,161
		4,854,042	11,373,085	15,087,538
Non-controlling interests		4,468,375	-	-
Total equity		9,322,417	11,373,085	15,087,538
Non-current liabilities				
Hire purchase creditors	8.2.14	141,597	165,141	81,198
Borrowings	8.2.15	-	-	2,035,598
Deferred tax liabilities	8.2.16	51,897	44,363	43,568
Total non-current liabilities		193,494	209,504	2,160,364

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.2 Consolidated statements of financial position (cont'd)

The following table sets out the summary of the consolidated statements of financial position prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

Year ended	Note	2007 RM	2008 RM	2009 RM
Current liabilities				
Trade payables	8.2.17	1,428,442	1,708,784	2,815,364
Other payables	8.2.18	564,388	1,277,618	559,461
Amount due to Directors	8.2.19	1,478,320	640,143	223,600
Hire purchase creditors	8.2.14	133,118	104,732	83,943
Borrowings	8.2.15	142,000	169,000	-
Bank overdraft	8.2.20	665,162	1,684,063	1,636,068
Tax payable		159,889	121,286	193,886
Total current liabilities		4,571,319	5,705,626	5,512,322
TOTAL LIABILITIES		4,764,813	5,915,130	7,672,686
TOTAL EQUITY AND LIABILITIES		14,087,230	17,288,215	22,760,224
Net tangible asset ("NTA")		9,322,417	11,373,085	15,087,538
Number of ordinary shares		2,040,002	4,000,000	4,000,000
NTA per share		4.57	2.84	3.77

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.3 Consolidated statements of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

Year ended	Note	2007 RM	2008 RM	2009 RM
OPERATING ACTIVITIES				
Profit before tax		2,496,718	3,767,085	5,446,041
Adjustments for:-				
Interest expense		64,525	62,471	76,309
Depreciation		245,176	251,228	253,453
Property, plant and equipment written off		-	-	13,437
Loss on disposal of property, plant and equipment		375	-	-
Operating profit before working capital changes		2,806,794	4,080,784	5,789,240
Changes in working capitals:-				
Inventories		(781,169)	(901,904)	899,742
Receivables		(1,214,478)	(743,254)	(3,211,169)
Payables		1,013,674	960,601	438,036
Bills payable		-	27,000	(169,000)
Cash generated from operations		1,824,821	3,423,227	3,746,849
Tax paid		(777,984)	(1,208,050)	(1,226,286)
Tax refund		-	49,451	-
Net cash from operating activities		1,046,837	2,264,628	2,520,561
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment		18,000	-	-
Purchase of property, plant and equipment	A	(292,690)	(1,930,990)	(3,236,269)
Net cash used in investing activities		(274,690)	(1,930,990)	(3,236,269)
FINANCING ACTIVITIES				
Dividend paid		(464,365)	(588,002)	(400,000)
Interest paid		(64,525)	(62,471)	(76,309)
Repayment of hire-purchase installments		(155,865)	(134,842)	(104,732)
Advance from/(Repayment to) Directors		314,545	(838,177)	(416,543)
Drawdown of term loan		-	-	2,035,598
Net cash (used in)/from financing activities		(370,210)	(1,623,492)	1,038,016
CASH AND CASH EQUIVALENTS				
Net changes		401,937	(1,289,854)	322,308
Brought forward		(615,296)	(213,359)	(1,503,213)
Carried forward	B	(213,359)	(1,503,213)	(1,180,905)

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.3 Consolidated statements of cash flows (cont'd)

Notes to the consolidated statements of cash flows

A. Purchase of property, plant and equipment

Year ended	2007 RM	2008 RM	2009 RM
Cash payment	292,690	1,930,990	3,236,269
Hire purchase	-	130,000	-
	<u>292,690</u>	<u>2,060,990</u>	<u>3,236,269</u>

B. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:-

Year ended	2007 RM	2008 RM	2009 RM
Cash and bank balances	451,803	180,850	455,163
Bank overdraft	(665,162)	(1,684,063)	(1,636,068)
	<u>(213,359)</u>	<u>(1,503,213)</u>	<u>(1,180,905)</u>

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.4 Consolidated statements of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

	Non-distributable Attributable to equity holders		Distributable		
	Share capital RM	Share premium RM	Unappropriated profit RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2007	2,040,002	-	2,142,827	3,902,917	8,085,746
Total comprehensive income for the financial year	-	-	924,377	908,850	1,833,227
Transaction with owner					
Interim dividend paid	-	-	(253,164)	(343,392)	(596,556)
Total transaction with owner	-	-	(253,164)	(343,392)	(596,556)
Balance at 31 December 2007	2,040,002	-	2,814,040	4,468,375	9,322,417
Total comprehensive income for the financial year	-	-	2,638,670	-	2,638,670
Acquisition of non-controlling interests	-	-	-	(4,468,375)	(4,468,375)
Transaction with owner					
Issuance of share	1,959,998	2,508,377	-	-	4,468,375
Interim dividend paid	-	-	(588,002)	-	(588,002)
Total transaction with owner	1,959,998	2,508,377	(588,002)	-	3,880,373
Balance at 31 December 2008	4,000,000	2,508,377	4,864,708	-	11,373,085
Total comprehensive income for the financial year	-	-	4,114,453	-	4,114,453
Transaction with owner					
Interim dividend paid	-	-	(400,000)	-	(400,000)
Total transaction with owner	-	-	(400,000)	-	(400,000)
Balance at 31 December 2009	4,000,000	2,508,377	8,579,161	-	15,087,538

8.2.5 Revenue

Revenue represents invoiced value of goods sold, net of discounts and allowances.

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.6 Profit before tax but after amortisation, depreciation and interest

Profit before tax has been arrived at after charging:-

Year ended	2007 RM	2008 RM	2009 RM
Auditors' remuneration	15,000	18,220	24,100
Bank overdraft interest	42,843	50,729	38,739
Depreciation	245,176	251,228	253,453
Directors' emoluments			
- fees	1,145,908	506,413	244,560
- other emoluments	590,304	674,128	692,160
Loss on disposal of property, plant and equipment	375	-	-
Loss on foreign exchange	5,269	-	-
Property, plant and equipment written off	-	-	13,437
Rental of premises	278,933	288,000	288,000
Hire-purchase interest	21,682	11,742	12,713
Term loan interest	-	-	24,857

8.2.7 Tax expense

Year ended	2007 RM	2008 RM	2009 RM
Current year provision	625,554	1,137,792	1,332,383
Transferred from/(to) deferred tax liabilities	37,937	(7,534)	(795)
Over provision in prior year	-	(1,843)	-
Total tax expense	663,491	1,128,415	1,331,588

Reconciliation of income tax expense of statutory tax rate and effective tax rate of PLON Synergy Group is as follows:-

Year ended	2007 RM	2008 RM	2009 RM
Profit before tax	2,496,718	3,767,085	5,446,041
Income tax at rate of 27%, (2008: 26% and 2009: 25%)	674,114	979,442	1,361,510
Expenses not deductible for tax purposes	50,772	208,178	52,185
Effect of preferential tax rate for small and medium scale enterprises	(104,250)	(42,345)	(44,325)
Effect of change in tax rate	-	(1,375)	(1,186)
Taxable temporary differences under/(over) taken up in prior year	42,855	(13,642)	(36,596)
Over provision in prior year	-	(1,843)	-
Total tax expense	663,491	1,128,415	1,331,588

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.8 Property, plant and equipment

Year ended	2007 RM	2008 RM	2009 RM
Net carrying amount			
Freehold land	-	1,467,419	1,467,419
Motor vehicles	412,452	402,760	226,156
Office equipment	89,822	83,082	71,418
Air-conditioners	9,391	7,990	6,589
Furniture and fittings	55,231	39,683	23,742
Computer equipment	18,487	40,766	46,453
Plant and machinery	251,933	223,504	195,145
Renovation	71,595	66,550	61,507
Capital work-in-progress	-	386,919	3,589,624
	908,911	2,718,673	5,688,053
Under hire-purchase creditors	378,027	385,548	169,556

The above freehold land and capital work-in-progress which is buildings under construction are charged to financial institution for banking facilities granted to PLON Synergy Group.

8.2.9 Inventories

Year ended	2007 RM	2008 RM	2009 RM
At cost:-			
Raw materials	786,186	814,079	610,105
Finished goods	1,202,145	2,076,156	1,380,388
	1,988,331	2,890,235	1,990,493

8.2.10 Trade receivables

Year ended	2007 RM	2008 RM	2009 RM
Trade receivables	11,081,519	11,872,473	14,119,246
Less: Allowance for impairment	(458,787)	(458,787)	(458,787)
Net trade receivables	10,622,732	11,413,686	13,660,459

The normal credit terms granted by PLON Synergy Group to the customers are ranging from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.11 Other receivables

Year ended	2007 RM	2008 RM	2009 RM
Non-trade receivables	-	-	668,321
Amount due from companies in which certain Directors have interest	-	2,700	33,121
Deposits	11,100	12,010	264,614
Prepayment	20,566	2,228	-
	31,666	16,938	966,056

The amount due from companies in which certain Directors have interest is unsecured, bears no interest and repayable on demand.

8.2.12 Share capital

Year ended	2007		2008		2009	
	No. of shares	Value RM	No. of shares	Value RM	No. of shares	Value RM
Authorised:- Ordinary share of RM1.00 each	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid up share capital:- Ordinary share of RM1.00 each						
Brought forward	2,040,002	2,040,002	2,040,002	2,040,002	4,000,000	4,000,000
Issued during the year	-	-	1,959,998	1,959,998	-	-
Carried forward	2,040,002	2,040,002	4,000,000	4,000,000	4,000,000	4,000,000

8.2.13 Share premium

Year ended	2007 RM	2008 RM	2009 RM
Brought forward	-	-	2,508,377
Share premium arising from issuance of shares	-	2,508,377	-
Carried forward	-	2,508,377	2,508,377

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION (CONT'D)****8.2 PLON Synergy Group (cont'd)****8.2.14 Hire purchase creditors**

Year ended	2007 RM	2008 RM	2009 RM
Minimum lease payment			
- not later than 1 year	144,405	117,446	91,044
- later than 1 year but not later than 5 years	148,900	176,705	85,661
Future finance charges on hire purchase creditors	293,305	294,151	176,705
Less: Future interest	(18,590)	(24,278)	(11,564)
	<u>274,715</u>	<u>269,873</u>	<u>165,141</u>
Present value of hire purchase creditors			
- not later than 1 year	133,118	104,732	83,943
- later than 1 year and not later than 5 years	141,597	165,141	81,198
	<u>274,715</u>	<u>269,873</u>	<u>165,141</u>

The effective interest rates of the hire purchase facility ranging from 4.75% to 8.45% (2008: 4.75% to 8.45% and 2009: 3.01% to 4.92%) per annum.

8.2.15 Borrowings

Year ended	2007 RM	2008 RM	2009 RM
Secured:-			
Term loan	-	-	2,035,598
Bankers' acceptance	142,000	169,000	-
	<u>142,000</u>	<u>169,000</u>	<u>2,035,598</u>
Current	142,000	169,000	-
Non-current	-	-	2,035,598
	<u>142,000</u>	<u>169,000</u>	<u>2,035,598</u>

The above borrowings are secured by means of following:-

- a legal charge over the PLON Synergy Group's buildings which is under construction;
- a legal charge over the freehold land of PLON Synergy;
- corporate guarantees from PLON Synergy and Osmosis Nutrition; and
- joint and several guarantees by all the Directors of PLON Synergy and certain Directors of Osmosis Nutrition and PeterLabs.

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION (CONT'D)****8.2 PLON Synergy Group (cont'd)****8.2.15 Borrowings (cont'd)**

The term loan for FYE 2010 bears interest at the rates ranging from 7.55% to 8.80% per annum and is repayable by 96 equal monthly installments commencing after the full release of the loan.

The bankers' acceptance bears interest at rates ranging from 0.80% to 1.00% (2008: 0.8% to 1.00%; 2009: Nil) per annum above the lending banks' cost of funds.

8.2.16 Deferred tax liabilities

Year ended	2007 RM	2008 RM	2009 RM
Brought forward	13,960	51,897	44,363
Transfer from/(to) profit or loss	37,937	(7,534)	(795)
Carried forward	51,897	44,363	43,568

The above deferred tax liabilities arose principally from accelerated capital allowances claimed on PLON Synergy Group's property, plant and equipment over their accounting depreciation charges.

8.2.17 Trade payables

The normal credit terms granted by suppliers are ranging from 30 days to 90 days.

The foreign currency exposure profile of trade payables is as follows:-

Year ended	2007 RM	2008 RM	2009 RM
US Dollar	523,707	446,013	772,366

8.2.18 Other payables

Year ended	2007 RM	2008 RM	2009 RM
Accruals of expenses	18,750	558,310	48,103
Non-trade payables	217,467	161,186	81,043
Provision for commission payables	328,171	558,122	430,315
	564,388	1,277,618	559,461

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION (CONT'D)****8.2 PLON Synergy Group (cont'd)****8.2.19 Amount due to Directors**

The amount due to Directors is unsecured, bears no interest and repayable on demand.

8.2.20 Bank overdraft

The bank overdraft bears interest at the rates ranging from 3.72% to 8.30% (2008: 3.72% to 8.05%; 2009: 5.55% to 6.05%) per annum. The bank overdraft is secured by third party fixed deposit and as per items disclosed in Note 8.2.15.

8.2.21 Capital commitment

Year ended	2007 RM	2008 RM	2009 RM
Authorised and contracted for:-			
- Plant and machinery	-	-	805,989
- Factory and office building	-	-	2,788,886
	-	-	<u>3,594,875</u>

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.3 OMS Resources

8.3.1 Statements of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of OMS Resources for the past four (4) FYE 31 December 2007 to 2010:-

Year ended	Note	2007 RM	2008 RM	2009 RM	2010 RM
Revenue	8.3.5	2,321,232	3,237,478	3,595,106	3,915,953
Gross profit		324,511	493,527	460,052	403,973
Profit before amortisation, depreciation, interest and tax		241,259	438,348	395,449	321,680
Amortisation		-	-	-	-
Depreciation		-	-	-	-
Interest expense		-	-	-	-
Profit before tax but after amortisation, depreciation, and interest ("PBT")	8.3.6	241,259	438,348	395,449	321,680
Tax expense	8.3.7	(48,684)	(88,448)	(79,893)	(82,577)
Profit after tax ("PAT")		192,575	349,900	315,556	239,103
Gross profit margin (%)		13.98	15.24	12.80	10.32
PBT margin (%)		10.39	13.54	11.00	8.21
PAT margin (%)		8.30	10.81	8.78	6.11
Effective tax rate (%)		20.18	20.18	20.20	25.67
Weighted average number of ordinary shares issued		4	4	4	4
Gross earnings per share ("EPS") #		60,315	109,587	98,862	80,420
Net EPS #		48,144	87,475	78,889	59,776

Notes:-

- (i) There were no exceptional items in the financial years under review.
- (ii) There were no accounting policies which are peculiar to OMS Resources due to the nature of business or industry it is involved in and that would affect the determination of OMS Resources' income or financial position.

Based on weighted average number of ordinary shares issued during the financial year.

13. ACCOUNTANTS' REPORT (Cont'd)



8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.3 OMS Resources (cont'd)

8.3.2 Statements of financial position

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of OMS Resources for the past four (4) FYE 31 December 2007 to 2010:-

Year ended	Note	2007 RM	2008 RM	2009 RM	2010 RM
ASSETS					
Non-current asset					
Investment in subsidiary company	8.3.8	-	-	-	70
Total non-current asset		-	-	-	70
Current assets					
Inventories	8.3.9	-	10,500	31,425	-
Trade receivables	8.3.10	614,008	647,543	983,850	958,177
Amount due from subsidiary company	8.3.11	-	-	-	641
Cash and bank balances		165,899	114,969	106,003	447,610
Total current assets		779,907	773,012	1,121,278	1,406,428
TOTAL ASSETS		779,907	773,012	1,121,278	1,406,498
EQUITY AND LIABILITIES					
Equity attributable to owner of the Company					
Share capital	8.3.12	4	4	4	4
Unappropriated profit		182,332	352,232	667,788	906,891
Total equity		182,336	352,236	667,792	906,895
Current liabilities					
Trade payables	8.3.13	160,187	14,550	8,726	5,592
Other payables	8.3.14	3,100	4,100	4,500	25,795
Amount due to related companies	8.3.11	405,600	373,678	422,243	463,724
Tax payables		28,684	28,448	18,017	4,492
Total current liabilities		597,571	420,776	453,486	499,603
TOTAL EQUITY AND LIABILITIES		779,907	773,012	1,121,278	1,406,498
Net tangible asset ("NTA")		182,336	352,236	667,792	906,895
Number of ordinary shares		4	4	4	4
NTA per share		45,584	88,059	166,948	226,724

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION (CONT'D)****8.3 OMS Resources (cont'd)****8.3.3 Statements of cash flows**

The following table sets out the summary of cash flows prepared based on the audited financial statements of OMS Resources for the past four (4) FYE 31 December 2007 to 2010:-

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
OPERATING ACTIVITIES				
Profit before tax/Operating profits before working capital changes	241,259	438,348	395,449	321,680
Changes in working capital:-				
Inventories	-	(10,500)	(20,925)	31,425
Receivables	(614,008)	(33,535)	(336,307)	25,673
Payables	148,104	(144,637)	(5,424)	18,161
Cash (used in)/generated from operation	(224,645)	249,676	32,793	396,939
Tax paid	(20,000)	(88,684)	(90,324)	(96,102)
Net cash (used in)/from operating activities	(244,645)	160,992	(57,531)	300,837
INVESTING ACTIVITY				
Investment in subsidiary company	-	-	-	(70)
Net cash used in investing activity	-	-	-	(70)
FINANCING ACTIVITIES				
Advances to subsidiary company	-	-	-	(641)
Advances from/(to) related companies	405,600	(31,922)	48,565	41,481
Dividends paid	-	(180,000)	-	-
Net cash from/(used in) financing activities	405,600	(211,922)	48,565	40,840
CASH AND CASH EQUIVALENTS				
Net changes	160,955	(50,930)	(8,966)	341,607
Brought forward	4,944	165,899	114,969	106,003
Carried forward	165,899	114,969	106,003	447,610

13. ACCOUNTANTS' REPORT (Cont'd)**8. HISTORICAL FINANCIAL INFORMATION (CONT'D)****8.3 OMS Resources (cont'd)****8.3.4 Statements of changes in equity**

The following table sets out the summary of changes in equity prepared based on the audited financial statements of OMS Resources for the past four (4) FYE 31 December 2007 to 2010:-

	Non-distributable	Distributable	
	<u>Share capital</u>	(Accumulated loss)/ Unappropriated profit	<u>Total</u>
	RM	RM	RM
Balance at 1 January 2007	4	(10,243)	(10,239)
Total comprehensive income for the year	-	192,575	192,575
Balance at 31 December 2007	4	182,332	182,336
Total comprehensive income for the year	-	349,900	349,900
Transaction with owner			
Tax exempt interim dividend	-	(180,000)	(180,000)
Total transaction with owner	-	(180,000)	(180,000)
Balance at 31 December 2008	4	352,232	352,236
Total comprehensive income for the year	-	315,556	315,556
Balance at 31 December 2009	4	667,788	667,792
Total comprehensive income for the year	-	239,103	239,103
Balance at 31 December 2010	4	906,891	906,895

8.3.5 Revenue

Revenue represents invoiced value of goods sold, net of discounts and allowances.

8.3.6 Profit before tax but after amortisation, depreciation and interest

Profit before tax has been arrived at after charging:-

Year ended	2007	2008	2009	2010
	RM	RM	RM	RM
Auditors' remuneration	1,900	2,900	3,100	6,000