

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011

(a) **NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS 134 (FRS 134):  
INTERIM FINANCIAL REPORTING**

**A1. Basis of reporting preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and Appendix 9B of the Listing Requirements.

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the FYE 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

**A2. Adoption of New and Revised Accounting Policies**

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the Proforma Consolidated Financial Information and the Accountants' Report for the FYE 31 December 2010 as disclosed in the Prospectus of the Company dated 30 June 2011.

**FRSs, Interpretations and amendments effective for financial periods beginning on or after 1 March 2010**

Amendments to FRS 132 Classification of Rights Issues

**FRSs, Interpretations and amendments effective for financial periods beginning on or after 1 July 2010**

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

**FRSs, Interpretations and amendments effective for financial periods beginning on or after 1 January 2011**

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Amendments to FRSs	'Improvements to FRSs (2010)'

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**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:

**FRSs, Interpretations and amendments effective for financial periods beginning on or after 1 July 2011**

Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

**FRSs, Interpretations and amendments effective for financial periods beginning on or after 1 January 2012**

Amendment to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First time Adopters
Amendment to FRS 7	Disclosures – Transfers of Financial Assets
Amendment to FRS 112	Deferred tax : Recovery of Underlying Assets
FRS 124	Related Party Disclosures (revised)
IC Interpretation 15	Agreements for the Construction of Real Estate

**FRSs, Interpretations and amendments effective for financial periods beginning on or after 1 July 2012**

Amendment to FRS 101	Presentation of Items of Other Comprehensive Income Adopters
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The abovementioned standards which are applicable will be adopted by the Company on their respective effective dates.

The management do not anticipate that the application of the above new FRSs and IC Interpretations, when they are effective, will have a material impact on the results and the financial position of the Group.

**Malaysia Financial Reporting Standards (MFRS)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued the new Malaysia Financial Reporting Standards (MFRS) framework, consisting of accounting standards which are in line with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). This MFRS framework is effective for annual periods beginning on or after 1 January 2012. As at 31 December 2011, all the FRSs issued under the existing FRS framework are the same as the MFRS issued under the MFRS framework, except for differences in relation to the transitional provisions as well as differences in effective dates contained in certain of the existing FRSs.

The MFRS Framework is to be applied by all the Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture.

The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company. The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the

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year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 January 2012 to amounts reflecting the application of MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

**A3. Auditors' report**

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2010.

**A4. Seasonal or cyclical factors**

The operations of the Group were not significantly affected by seasonal or cyclical factors during the current financial quarter under review.

**A5. Items of unusual nature and amount**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the quarter under review.

**A6. Material changes in estimates**

There were no changes in estimates that had a material effect in the current quarter and period to date results.

**A7. Issuance, cancellations, repurchase, resale and repayment of debt and equity securities**

In conjunction with and as an integral part of the listing of PeterLabs Holdings Berhad ("PeterLabs") on the ACE Market of Bursa Securities, the Company undertook the following transactions:

- a) On 15 October 2010, the Company acquired the entire issued and paid-up share capital of PLON Synergy Group Sdn Bhd comprising 4,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM17,299,900, which was wholly satisfied by the issuance of 172,999,000 new ordinary shares of RM0.10 each in PeterLabs (allotted on 15 October 2010); and
- b) Public issue of 15,000,000 new ordinary shares of RM0.10 each in PeterLabs at an issue price of RM0.30, representing approximately 7.98% of our enlarged issued and paid-up share capital, which have been reserved for application by the public (allotted on 18 July 2011).

Upon completion of the public issue, the entire issued and paid-up share capital of PeterLabs of RM18,800,000 comprising 188,000,000 shares were listed and quoted on the ACE Market of Bursa Securities on 26 July 2011.

**A8. Dividend paid**

There were no dividends paid in the current quarter under review.

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**A9. Profit for the period**

Profit for the period is arrived at after charging/(crediting):

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter</u>	<u>Preceding Period</u>	<u>Current Period</u>	<u>Preceding Period</u>
	<u>Ended</u>	<u>Corresponding</u>	<u>to Date Ended</u>	<u>to Date</u>
	<u>31 December 2011</u>	<u>Quarter Ended</u>	<u>31 December 2011</u>	<u>Ended</u>
	<u>RM'000</u>	<u>31 December 2010</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	-	N/A	-	N/A
Other income including investment income	23	N/A	147	N/A
Interest expense	79	N/A	321	N/A
Depreciation and amortization	204	N/A	569	N/A
Provision for and write off of receivables	(2)	N/A	121	N/A
Provision for and write off of inventories	26	N/A	(36)	N/A
Provision for and write off of fixed assets	(13)	N/A	136	N/A
Gain or loss on disposal of quoted or unquoted investments or properties	-	N/A	-	N/A
Impairment of assets	-	N/A	-	N/A
Foreign exchange gain or loss	14	N/A	97	N/A
Gain or loss on derivatives	-	N/A	-	N/A
Exceptional items	-	N/A	-	N/A

**A10. Segmental information**

The Group is organised into the following operating segments:-

- a) Trading
- b) Manufacturing

Segmental Reporting

<b>Quarter ended</b> <b>31 December 2011</b>	<b>Trading</b> <b>RM'000</b>	<b>Manufacturing</b> <b>RM'000</b>	<b>Eliminations</b> <b>RM'000</b>	<b>Consolidated</b> <b>RM'000</b>
<b>Revenue from</b>				
External customers	11,116	333	-	11,449
Inter-segment revenue	2,119	4,558	(6,677)	-
<b>Total revenue</b>	<u>13,235</u>	<u>4,891</u>	<u>(6,677)</u>	<u>11,449</u>
<b>Profit before tax</b>	510	187		697
Tax expense				(628)
<b>Profit for the period</b>				69

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<b>Year to Date ended 31 December 2011</b>	<b>Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue from</b>				
External customers	45,355	335	-	45,690
Inter-segment revenue	5,806	19,083	(24,889)	-
<b>Total revenue</b>	<u>51,161</u>	<u>19,418</u>	<u>(24,889)</u>	<u>45,690</u>
<b>Profit before tax</b>	3,371	1,033		4,404
Tax expense				(1,954)
<b>Profit for the period</b>				2,450

**A11. Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment in the current quarter under review.

**A12. Capital commitments**

As at the reporting date, there were no outstanding capital commitments not provided for in the interim financial report.

**A13. Material subsequent event**

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected.

**A14. Changes in composition of the Group**

There was no change in composition of the Group for the current quarter under review.

**A15. Contingent liabilities or contingent assets**

There were no contingent liabilities and contingent assets, which upon becoming enforceable may have a material effect on the net assets, profits or financial position of the Group for the current year to date.

**A16. Significant related party transactions**

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2010, there were no other significant related party transactions for the current quarter under review.

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**ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS**

**B1. Review of performance**

**Current Quarter**

The Group achieved revenue of RM11.449 million and profit before tax of RM0.697 million for the current quarter ended 31 December 2011. For the current quarter, trading segment achieved revenue of RM11.116 million and profit before tax of RM0.510 million as compared to revenue of RM11.272 million and profit before tax of RM0.591 million in the previous quarter. The decrease in profit before tax was due to lower revenue and higher selling and distribution expenses of RM0.373 million as compared to the previous quarter.

The manufacturing segment registered a revenue of RM0.333 million from external customers and a revenue of RM4.558 million from inter-company transaction. After deducting inter-company revenue, the profit before tax for manufacturing segment was RM0.187 million. In the previous quarter, the Group achieved a revenue of RM4.781 million and profit before tax of RM0.308 million (solely from inter-company transaction). The profit before tax decrease despite the increase of revenue which was attributed to higher raw material cost.

**Current Financial Year**

The Group achieved revenue of RM45.690 million and profit before tax of RM4.404 million for the financial year ended 31 December 2011.

For the current Year-to-Date, trading segment achieved revenue of RM45.355 million and profit before tax of RM3.371 million whereas the manufacturing segment achieved revenue of RM0.335 million from external customers and RM19.083 million from inter-company transaction. After deducting revenue from inter-company transaction of RM19.083 million, the profit before tax of RM1.033 million achieved for the segment. Saved for the listing expenses of RM1.832 million incurred by our Group in the third quarter, there is no other major one-off expense incurred by our Group for the current financial year.

**B2. Material changes in the current quarter's results compared to the results of the immediate preceding quarter**

The Group's revenue for the current quarter of RM11.449 million which represents an increase of RM0.182 million or 1.62% as compared to the revenue of RM11.267 million for the preceding quarter. The increase in revenue was due to higher manufacturing sales achieved for the quarter under review. The Group registered profit before tax of RM0.697 million for the quarter under review which represents a decrease of RM0.202 million or 22.47% as compared to the Group's profit before tax of RM0.899 million reported in the preceding quarter. The decrease was due to lower gross profit margin caused by higher raw materials cost.

**B3. Prospects**

The Malaysian animal feed additives market is expected to have a positive outlook with an expected compound annual growth rate ("CAGR") of 5.9% from 2009 to 2014 with market size growing to RM270.8 million in 2014. Barring any unforeseen circumstances, the Board of Directors is optimistic about the Group's prospect in the future.

**B4. Profit forecast**

No profit forecast has been issued by the Group previously in any public document.

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**B5. Tax expense**

	<b>Current quarter ended 31 December 2011 RM'000</b>	<b>Current period to-date 31 December 2011 RM'000</b>
Current tax	58	1,384
Deferred tax	<u>570</u>	<u>570</u>
	<u>628</u>	<u>1,954</u>

The Group's effective tax rate for the current quarter was 90.1% and year to date 44.4% which was higher than the statutory rate due to higher deferred tax liability incurred.

**B6. Profit from sale of unquoted investments and/or properties**

There was no disposal of unquoted investments or properties for the current quarter under review.

**B7. Quoted securities**

There was no acquisition and/or disposal of quoted securities for the current quarter under review.

**B8. (a) Status of corporate proposals**

There was no corporate proposal announced but not completed as at the date of this quarterly report.

**(b) Status of utilisation of proceeds of public issue**

Subsequent to the listing on the ACE Market of Bursa Securities, the gross proceeds from the public issue amounting to RM4.5 million have been utilised in the following manner:

<b>Purposes</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Deviation* RM'000</b>	<b>(%)</b>
(i) Repayment of borrowings	3,000	1,500	1,500	50
(ii) Estimated listing expenses	<u>1,500</u>	<u>1,832</u>	<u>(332)</u>	<u>22</u>
	<u>4,500</u>	<u>3,332</u>	<u>-</u>	<u>-</u>

Note \* The excess from the repayment of borrowings were used to pay off the expenses of approximately RM332,000 and the balance was utilised as the Group's working capital.

**B9. Group borrowings and debts securities**

The Group's borrowings as at 31 December 2011 were as follows:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b><u>Short term borrowings:</u></b>			
Hire Purchase	-	58	58
Bank Borrowings	<u>2,722</u>	<u>-</u>	<u>2,722</u>
Total	<u>2,722</u>	<u>58</u>	<u>2,780</u>

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	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b><u>Long term borrowings:</u></b>			
Hire Purchase	-	159	159
Bank Borrowings	3,951	-	3,951
Total	<u>4,110</u>	<u>159</u>	<u>4,110</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

**B10. Off balance sheet financial instruments**

The Group does not have any financial instruments with off-balance sheet risk as at the date of this quarterly report.

**B11. Material litigation**

As at the date of this announcement, neither the Company nor any of its subsidiary is engaged in any material litigation and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company or its subsidiaries.

**B12. Dividends**

An interim single tier tax exempt dividend of 0.5 sen per share amounting to RM940,000 was declared in respect of FYE 31 December 2011 and was paid on 16 January 2012. The Board does not recommend any final dividend for the FYE 31 December 2011.

**B13. Earnings per share**

The basic and diluted earnings per share is calculated based on the Group's comprehensive income attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter Ended 31 December 2011 RM'000</u>	<u>Preceding Period Corresponding Quarter Ended 31 December 2010 RM'000</u>	<u>Current Period to Date Ended 31 December 2011 RM'000</u>	<u>Preceding Period to Date Ended 31 December 2010 RM'000</u>
Comprehensive income ordinary attributable to equity holders of Company (RM)	69	N/A	2,450	N/A
Weighted average number of ordinary shares in issue ('000)	179,863	N/A	179,863	N/A
Earnings per share (sen)				
- Basic	0.04	N/A	1.36	N/A
- Diluted	0.04	N/A	1.36	N/A



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**B14. Supplementary information on the disclosure of realised and unrealised profit**

The amount of realised and unrealised profits included in the retained profits of the Group are as follows:

	<b>Unaudited as at 31 December 2011</b>	<b>Audited as at 31 December 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
- Realised	4,182	2,672
- Unrealised	-	-
	<u>4,182</u>	<u>2,672</u>

By Order of the Board  
PeterLabs Holdings Berhad  
Wong Keo Rou (MAICSA 7021435)  
Company Secretary  
Kuala Lumpur

Date: 27 February 2012