

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012

**(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 2011 and the accompanying explanatory notes attached to the interim financial report.

A2. Adoption of New and Revised Accounting Policies

New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards

To converge with International Financial Reporting Standards (“IFRSs”) in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), which are mandatory for annual financial period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual period beginning on or after 1 January 2013. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for financial period beginning on or after 1 January 2012.

In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed its quantification of the financial effects of the differences between Financial Reporting Standards (“FRS”) and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2012 could be different if prepared under the MFRS Framework.

A3. Auditors’ report

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2011.

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.

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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. Profit for the period

Profit for the current quarter and year-to-date ended 31 December 2012 is arrived at after charging/ (crediting):

	Quarter Ended 31 Dec 2012 RM'000	Year To Date Ended 31 Dec 2012 RM'000
Other income including investment income	93	(286)
Interest expense	53	235
Depreciation	209	824
Provision for and write off of receivables	0	0
Inventories written down	(41)	69
Foreign exchange gain or loss	(55)	(110)

A8. Segmental information

The Group is organised into the following operating segments:-

- a) Trading
- b) Manufacturing

Quarter ended 31 December 2012	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	12,610	325	-	12,935
Inter-segment revenue	2,154	4,402	(6,556)	-
Total revenue	<u>14,764</u>	<u>4,727</u>	<u>(6,556)</u>	<u>12,935</u>
Profit before tax	1,087	(258)	61	890
Tax expense				(88)
Profit for the period				802

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A8. Segmental Reporting (cont'd)

Period to Date ended 31 December 2012	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	44,847	1,257	-	46,104
Inter-segment revenue	7,229	17,386	(24,615)	-
Total revenue	52,076	18,643	(24,615)	46,104
Profit before tax	3,787	41	61	3,889
Tax expense				(102)
Profit for the period				3,787

A9. Valuation of property, plant and equipment

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

A10. Capital commitments

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

A11. Material subsequent event

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

A12. Changes in composition of the Group

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

A13. 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.

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2011, 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

For the current quarter

The Group's revenue for the current quarter of RM12.935 million which represents an increase of RM1.486 million or 13.0% as compared to the revenue of RM11.449 million in the previous year's corresponding quarter. The Group registered profit before tax of RM0.890 million for the quarter under review which represents an increase of RM0.336 million or 60.6% as compared to the Group's profit before tax of RM0.554 million reported in previous year's corresponding period. The improved revenue was due to higher trading and manufacturing sales achieved for the quarter under review.

For the current quarter, trading segment registered revenue of RM12.610 million and profit before tax of RM1.087 million as compared to RM11.287 million and RM0.999 million in the previous quarter. The increase in revenue/profit before tax was due to higher customer purchase from trading segment.

The manufacturing segment registered revenue of RM0.325 million from the external customers and RM4.402 million from inter-company transaction while reported loss of RM0.258 million for the quarter under review. In the previous quarter, the Group achieved revenue of RM0.276 million from external customers and RM4.205 million (from inter-company transaction). The profit before tax for manufacturing segment was RM0.065 million. The decrease in profit before tax for the current quarter was due to higher operating expenses and provision of slow moving stock of RM0.087 was made during the quarter under review.

For the financial year-to-date

As for the financial year ended 31 December 2012, the Group's recorded revenue of RM46.104 million which represent an increase of RM0.414 million or 0.9% as compared to the revenue of RM 45.690 million in previous year. The Group registered profit before tax of RM3.889 million which represents a decrease of RM0.372 million or 8.7% as compared to previous year which reported at RM4.261 million. The decline was mainly due to higher overheads incurred such as depreciations and increase of operational staff cost from manufacturing division.

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

For the quarter under review, the Group achieved an increase in revenue of 11.9% from RM11.563 million to RM12.935 million and decrease in profit before tax of 16.3% from RM1.064 million to RM0.890 million as compared to preceding quarter ended 30 September 2012. The decline in profit before tax was mainly due to higher administration cost as compare to previous quarter. For the current quarter, trading segment achieved revenue of RM12.610 million and profit before tax of RM1.087 million as compared to revenue of RM11.287 million and profit before tax of RM0.999 million in the previous quarter. The improved revenue was mainly due to higher customer purchase from trading segment in the quarter under review.

B3. Prospects

The Group will continue to focus on its manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biological. The Group has recently embarked on animal feed additives to exports market countries such as Indonesia, Brunei, Taiwan, Thailand and Cambodia. The Group expects the prospect of the Malaysian animal health and nutrition products to be positive. Barring any unforeseen circumstances, the Board of Directors is optimistic about the Group's prospect in the future.

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B4. Profit forecast

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

B5. Tax expense

	Current quarter ended 31 December 2012 RM'000	Current year to-date 31 December 2012 RM'000
Income tax		
- Current year	403	1,174
- Over provision in previous year	(124)	(124)
Deferred tax	<u>(191)</u>	<u>(948)</u>
	<u>88</u>	<u>102</u>

The Group's effective tax rate was lower than the statutory rate due to recognition of deferred tax assets of RM1.0 million for the unutilized tax allowances by a subsidiary.

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. Status of corporate proposals

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

B9. Group borrowings and debts securities

The Group's borrowings as at 31 December 2012 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Finance lease	-	90	90
Bank borrowings	<u>2,320</u>	<u>-</u>	<u>2,320</u>
Total	<u>2,320</u>	<u>90</u>	<u>2,410</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Finance lease	-	113	113
Bank borrowings	<u>2,757</u>	<u>-</u>	<u>2,757</u>
Total	<u>2,757</u>	<u>113</u>	<u>2,870</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.

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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 0.7 sen per share amounting to RM1.316 million was declared in respect of FYE 31 December 2012 and will be paid on 29 March 2013.

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:

	Quarter Ended		Year To Date Ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Comprehensive income attributable to owners of the Company (RM'000)	906	291	3,925	2,631
Weighted average number of ordinary shares in issue ('000)	188,000	179,863	188,000	179,863
Earnings per share (sen)				
- Basic	0.48	0.16	2.09	1.46
- Diluted	0.48	0.16	2.09	1.46

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:

	Unaudited as at	Audited as at
	31 December 2012	31 December 2011
	RM'000	RM'000
- Realised	6,388	4,728
- Unrealised	<u>584</u>	<u>(365)</u>
	<u>6,972</u>	<u>4,363</u>

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

Date: 21 February 2013