

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

**A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (MFRS 134): INTERIM FINANCIAL REPORTING**

**A1. Basis of reporting preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements ("ACE LR").

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

**A2. Significant Accounting Policies**

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the FYE 31 December 2012.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption of the MFRS on the financial statements of the Group.

The Group has also adopted all the relevant new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2013.

The Directors anticipate that the adoption of new and revised MFRSs and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

**A3. Auditors' report**

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2012.

**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 and current year-to-date.

**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 and current year-to-date.

**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.

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**A7. Profit for the period**

Profit for the current quarter and period-to-date ended 31 December 2013 is arrived at after charging / (crediting), amongst other items, the following:-

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	<b>31 Dec 2013 RM'000</b>	<b>31 Dec 2013 RM'000</b>
Other income including investment income	(114)	(211)
Reversal of inventories written down	(42)	(121)
Interest expense	5	267
Depreciation	213	841
Inventories written down	118	307
Foreign exchange gain	(45)	(245)

**A8. Segmental information**

The Group is organised into the following operating segments:-

- a) Trading
- b) Manufacturing

<b>Quarter ended 31 Dec 2013</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	12,536	863	-	13,399
Inter-segment revenue	2,624	4,494	(7,118)	-
<b>Total revenue</b>	<u>15,160</u>	<u>5,357</u>	<u>(7,118)</u>	<u>13,399</u>
<b>Profit/(loss) before tax</b>	1,183	(5)	-	1,178
Tax expense				(346)
<b>Profit for the period</b>				832

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NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013 (CONT'D)

**A8. Segmental information (cont'd)**

Period to Date ended 31 Dec 2013	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from External customers	48,254	2,058	-	50,312
Inter-segment revenue	11,078	16,143	(27,221)	-
<b>Total revenue</b>	<u>59,332</u>	<u>18,201</u>	<u>(27,221)</u>	<u>50,312</u>
<b>Profit/(loss) before tax</b>	3,831	(645)	-	3,186
Tax expense				(1,121)
<b>Profit for the period</b>				2,065

**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 2012, there were no other significant related party transactions for the current quarter under review.

**A15. Issuances, cancellations, repurchase, resale and repayment of debt and equity**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and current year-to-date under review.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (CONT'D)**

**B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR**

**B1. Review of performance**

The Group registered RM13.399 million revenue for the current quarter which represents an increase of RM0.464 million or 3.6% as compared to the revenue of RM12.935 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.178 million for the quarter under review which represents an increase of RM0.288 million or 32.3% as compared to the Group's profit before tax of RM0.890 million reported in the previous period's corresponding quarter. The improved revenue was due to higher manufacturing sales achieved for the quarter under review.

For the current quarter, trading segment registered revenue of RM12.536 million and profit before tax of RM1.183 million as compared to RM12.718 million and RM0.853 million in the previous quarter. The increase in profit before tax for the current quarter was mainly due to lower operating expenses incurred.

The manufacturing segment registered revenue of RM0.863 million from the external customers and RM4.494 million from inter-company transaction while reported loss of RM0.005 million for the quarter under review. In the previous quarter, the Group achieved revenue of RM0.462 million from external customers and RM4.032 million from inter-company transaction. The loss for manufacturing segment was RM0.177 million. The decrease in loss for the current quarter was mainly attributable to higher sales achieved and lower operating expenses incurred during the quarter under review.

For the financial period-to-date

As for the financial year ended 31 December 2013, the Group registered revenue of RM50.312 million which represent an increase of RM4.208 million or 9.1% as compared to the revenue of RM46.104 million in the previous financial year ended 31 December 2012. The Group registered profit before tax of RM3.186 million which represents a decrease of RM0.703 million or 18.1% as compared to previous financial year ended 31 December 2012 which reported RM3.889 million. The decline was mainly due to higher distribution cost to East Malaysia.

**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 registered an increase in revenue of 1.7% from RM13.180 million to RM13.399 million and increase in profit before tax of 74.3% from RM0.676 million to RM1.178 million as compared to preceding quarter ended 30 September 2013. The significant increase in profit before tax was mainly attributable to higher gross margin achieved and lower loss incurred from manufacturing segments. For the current quarter, trading segment achieved revenue of RM12.536 million and profit before tax of RM1.183 million as compared to revenue of RM12.718 million and profit before tax of RM0.853 million in the previous quarter.

**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 products. The Group has recently embarked on animal feed additives to export market countries such as Indonesia, Brunei, Taiwan and Cambodia. Despite the current challenging business environment, barring any unforeseen circumstances, the Board of Directors expects the Group's prospect to remain positive 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 2013 RM'000</b>	<b>Current year to-date 31 December 2013 RM'000</b>
Income tax		
- Current year	321	1,080
- Under provision in previous year	-	63
Deferred tax	<u>25</u>	<u>(22)</u>
	<u>346</u>	<u>1,121</u>

The Group's effective tax rate for the current quarter was higher than the statutory rate due to losses incurred by the holding company and a subsidiary from manufacturing segment.

**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 2013 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>			
Finance lease liabilities	-	88	88
Bank borrowings	<u>2,872</u>	-	<u>2,872</u>
Total	<u>2,872</u>	<u>88</u>	<u>2,960</u>
	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b><u>Long term borrowings:</u></b>			
Finance lease liabilities	-	75	75
Bank borrowings	<u>2,798</u>	-	<u>2,798</u>
Total	<u>2,798</u>	<u>75</u>	<u>2,873</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.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (CONT'D)

**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**

- a) The directors declared an interim single-tier tax exempt dividend of 0.3 sen per ordinary share amounting to RM0.564 million, in respect of the financial year ended 31 December 2013 (previous financial year ended 31 December 2012: declared a single-tier tax exempt dividend of 0.7 sen per ordinary share amounting to RM1.316 million which was paid on 29 March 2013). The interim dividend was paid on 14 February 2014.
- b) There was no dividend paid during the financial quarter ended 31 December 2013 and previous year's corresponding period ended 31 December 2012.

**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 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Comprehensive income attributable to owners of the Company (RM'000)	818	906	2,084	3,899
Weighted average number of ordinary shares in issue ('000)	188,000	188,000	188,000	188,000
Earnings per share (sen)				
- Basic	0.44	0.48	1.11	2.07
- Diluted	0.44	0.48	1.11	2.07

**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 31 December 2013 RM'000	Audited as at 31 December 2012 RM'000
- Realised	7,867	7,685
- Unrealised	<u>599</u>	<u>577</u>
	<u>8,466</u>	<u>8,262</u>

**PETERLABS HOLDINGS BERHAD (Company No: 909720-W)**

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (CONT'D)**

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

Date: 26 February 2014