

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

**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 2014 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 2014.

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 2015.

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 2014.

**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.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONT'D)

**A7. Profit for the period**

Profit for the current quarter and period-to-date ended 30 June 2015 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	<b>30 June 2015 RM'000</b>	<b>30 June 2015 RM'000</b>
Other income including investment income	(230)	(412)
Unrealised foreign exchange gain	(28)	(13)
Interest expense	96	192
Interest income	(17)	(34)
Depreciation	214	439
Inventories written down	40	197
Reversal of inventories written down	(148)	(148)

**A8. Segmental information**

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

<b>Quarter ended 30 June 2015</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	14,259	1,873	-	16,132
Inter-segment revenue	1,857	4,232	(6,089)	-
<b>Total revenue</b>	16,116	6,105	(6,089)	16,132
<b>Profit before tax</b>	786	93	-	879
Tax expense				(230)
<b>Profit for the period</b>				649

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONT'D)

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

Period to Date ended 30 June 2015	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue from</b> External customers	30,595	2,520	-	33,115
Inter-segment revenue	3,648	9,726	(13,374)	-
<b>Total revenue</b>	34,243	12,246	(13,374)	33,115
<b>Profit before tax</b>	1,546	164	-	1,710
Tax expense				(570)
<b>Profit for the period</b>				1,140

**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 quarter and current year-to-date under review.

**A14. Significant related party transactions**

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2014, 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 SECOND QUARTER ENDED 30 JUNE 2015 (CONT'D)**

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

**B1. Review of performance**

The Group registered RM16.132 million revenue for the current quarter which represents an increase of RM2.417 million or 17.62% as compared to the revenue of RM13.715 million in the previous period's corresponding quarter. The Group registered profit before tax of RM0.879 million for the quarter under review which represents an increase of RM0.064 million or 7.85% as compared to the Group's profit before tax of RM0.815 million reported in the previous period's corresponding quarter. Profit before tax improved due to higher revenue recorded despite of lower gross margin achieved.

For the current quarter, trading segment registered revenue of RM14.259 million from the external customers and RM1.857 million from inter-company transaction and reported profit before tax of RM0.786 million for the quarter under review. In the previous quarter, the group achieved revenue of RM16.336 million from the external customers and RM1.791 million from inter-company transaction and reported profit before tax of RM0.760 million for the trading segment. The increase in profit before tax for the trading segment for the current quarter was mainly due to lower operating expenses incurred in tandem with lower revenue achieved.

The manufacturing segment registered revenue of RM1.873 million from the external customers and RM4.232 million from inter-company transaction and reported profit before tax of RM0.093 million for the quarter under review. In the previous quarter, the Group achieved revenue of RM0.647 million from external customers and RM5.494 million from inter-company transaction and reported profit before tax of RM0.071 million for the manufacturing segment. The increase in profit before tax for the manufacturing segment for the current quarter was mainly attributable to lower operating expenses incurred in the manufacturing segment.

**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 decrease in revenue of 5.00% from RM16.983 million to RM14.259 million and increase in profit before tax of 5.78% from RM0.831 million to RM0.879 million as compared to preceding quarter ended 31 March 2015. The increase in profit before tax was mainly attributable to lower operating expenses incurred in tandem with lower revenue achieved as compared with previous quarter. For the current quarter, trading segment achieved revenue of RM16.336 million and profit before tax of RM0.786 million as compared to revenue of RM16.336 million and profit before tax of RM0.760 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM1.873 million and reported profit before tax of RM0.093 million as compared to revenue of RM0.647 million and profit before tax of RM0.071 million in the previous quarter.

**B3. Prospects**

While we are keeping a keen eye on the current projects that we have at hand we are still looking forwards the future as we continue focus on manufacturing, distribution and trading of animal health and nutrition products with but also further develop in the current market and pursue increased market share in the export market. We also intend to venture into aquaculture and ruminant sector and will continue to obtain GMP compliance to achieve higher quality standards for all products. Despite the current challenging business environment, barring any unforeseen circumstances, the Board of Directors expects the performance of the Group to remain satisfactory in the future.

**B4. Profit forecast**

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (CONT'D)

**B5. Tax expense**

	Current quarter ended 30 June 2015 RM'000	Current year to-date 30 June 2015 RM'000
Income tax		
- Current period	230	547
- Deferred Tax	<u>-</u>	<u>23</u>
	<u>230</u>	<u>570</u>

The Group's effective tax rate for the current quarter and current year-to-date were higher than the statutory rate due to losses incurred by the investment holding company and subsidiaries.

**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**

On 30 March 2015, RHB Investment Bank Berhad ('RHBIB') had, on behalf of the Board, announced that the Company proposes to undertake a private placement of up to 10 % of the issued and paid-up share capital of Peterlabs Holdings Berhad.

On 18 May 2015, RHBIB had, on behalf of the Board, announced that Bursa Malaysia Securities Berhad has, via its letter dated 18 May 2015, approved the listing of and quotation of up to 18,800,000 new ordinary shares of RM0.10 each to be issued pursuant to the Private Placement.

On 14 July 2015, the Private Placement has been completed following the listing of 18,800,000 Placement Shares on the ACE Market of Bursa Malaysia Securities Berhad.

**B9. Group borrowings and debts securities**

The Group's borrowings as at 30 June 2015 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b><u>Short term borrowings:</u></b>			
Finance lease liabilities	-	49	49
Bank borrowings	<u>5,543</u>	<u>-</u>	<u>5,543</u>
Total	<u>5,543</u>	<u>49</u>	<u>5,592</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<b><u>Long term borrowings:</u></b>			
Finance lease liabilities	-	183	183
Bank borrowings	<u>2,488</u>	<u>-</u>	<u>2,488</u>
Total	<u>2,488</u>	<u>183</u>	<u>2,671</u>

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (CONT'D)

**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 companies 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 subsidiary companies 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 subsidiary companies.

**B12. Dividends**

- a) No interim dividend has been recommended for the financial quarter ended 30 June 2015 and previous year's corresponding period ended 30 June 2014.
- b) There was no dividend paid during the financial quarter ended 30 June 2015 and previous year's corresponding period ended 30 June 2014.

**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	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Comprehensive income attributable to owners of the Company (RM'000)	650	635	1,142	873
Weighted average number of ordinary shares in issue ('000)	188,000	188,000	188,000	188,000
Earnings per share (sen)				
- Basic	0.35	0.34	0.61	0.46
- Diluted	0.35	0.34	0.61	0.46

**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 30 June 2015 RM'000	Audited as at 31 Dec 2014 RM'000
Realised retained earnings	21,687	21,369
Unrealized retained earnings	353	376
	22,040	21,745
Less: Consolidated adjustments	(10,404)	(10,311)
Total group retained earnings	<u>11,636</u>	<u>11,434</u>

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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (CONT'D)**

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

Date: 26 August 2015