

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2016

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 June 2016 RM'000	Preceding Period Corresponding Quarter Ended 30 June 2015 RM'000	Current Period To Date Ended 30 June 2016 RM'000	Preceding Period To Date Ended 30 June 2015 RM'000
Revenue	20,004	16,132	40,062	33,115
Cost of sales	(15,903)	(12,853)	(32,109)	(26,065)
Gross profit	4,101	3,279	7,953	7,050
Other income	144	232	400	382
Selling and distribution expenses	(875)	(773)	(1,708)	(1,615)
Administration expenses	(2,064)	(1,562)	(3,978)	(3,550)
Other expenses	(13)	(201)	(467)	(365)
Operating profit	1,293	975	2,200	1,902
Finance cost	(101)	(96)	(187)	(192)
Profit before tax	1,192	879	2,013	1,710
Tax expense	(385)	(230)	(575)	(570)
Profit for the period	807	649	1,438	1,140
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	807	649	1,438	1,140
Total comprehensive income attributable to the Owners of the Company	807	650	1,438	1,142
Non-controlling interests	-	(1)	-	(2)
	807	649	1,438	1,140
Weighted average no. of ordinary shares in issue ('000)	206,800	188,000	206,800	188,000
Earnings per share (sen):				
-Basic	0.39	0.35	0.70	0.61
-Diluted	0.39	0.35	0.70	0.61

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended ("FYE") 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Unaudited	Audited
	As at	As at
	30 June 2016	31 December 2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,283	12,297
Deferred tax assets	46	95
	<u>14,329</u>	<u>12,392</u>
Current assets		
Inventories	9,530	10,820
Trade receivables	21,118	21,972
Other receivables	2,563	1,684
Cash and bank balances	9,526	3,634
	<u>42,737</u>	<u>38,110</u>
TOTAL ASSETS	<u><u>57,066</u></u>	<u><u>50,502</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	20,680	20,680
Share premium	4,477	4,477
Unappropriated profits	13,824	13,834
	<u>38,981</u>	<u>38,991</u>
Non-controlling interests	-	-
Total equity	<u>38,981</u>	<u>38,991</u>
Non-current liabilities		
Finance lease liabilities	556	322
Borrowings	2,046	2,046
Deferred tax liabilities	36	26
	<u>2,638</u>	<u>2,394</u>
Current liabilities		
Trade payables	3,624	3,051
Other payables	5,748	2,551
Finance lease liabilities	307	136
Borrowings	5,559	3,059
Tax payables	209	320
	<u>15,447</u>	<u>9,117</u>
Total liabilities	<u>18,085</u>	<u>11,511</u>
TOTAL EQUITY AND LIABILITIES	<u><u>57,066</u></u>	<u><u>50,502</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	18.85	18.85

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2015.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Attributable to Equity Holders of the Company					
	<u>Non-Distributable</u>		<u>Distributable</u>		Non-controlling interests RM'000	Total equity RM'000
	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000		
At 1 January 2016	20,680	4,477	13,834	38,991	-	38,991
Total comprehensive income for the financial period	-	-	1,438	1,438	-	1,438
Dividend of 0.7% per share	-	-	(1,448)	(1,448)	-	(1,448)
At 30 June 2016 (Unaudited)	20,680	4,477	13,824	38,981	-	38,981
At 1 January 2015	18,800	2,691	11,434	32,925	(138)	32,787
Total comprehensive income for the financial period	-	-	1,140	1,140	-	1,140
Dividend of 0.5% per share	-	-	(940)	(940)	-	(940)
At 30 June 2015 (Unaudited)	18,800	2,691	11,634	33,125	(138)	32,987

Note:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2015.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Current Period To Date Ended 30 June 2016 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 30 June 2015 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	2,013	1,710
Adjustments for:-		
- Non cash items	720	588
- Non-operating items	115	155
Operating profit before working capital changes	2,848	2,453
Changes in working capital		
Inventories	1,382	(1,239)
Receivables	(158)	(849)
Payables	3,138	(794)
Bill payables	2,718	2,312
Cash generated from operations	9,928	1,883
Tax expense paid	(627)	(333)
Interest received	50	34
Interest paid	(101)	(110)
Net cash from operating activities	9,250	1,474
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,411)	(995)
Proceed from disposal of property, plant and equipment	25	10
Net cash used in investing activities	(1,386)	(985)
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	(1,448)	(940)
Interest paid	(86)	(82)
Repayment of term loan	(218)	(207)
Repayment of finance lease liabilities	(104)	(62)
Net cash used in financing activities	(1,856)	(1,291)
Net Changes In Cash And Cash Equivalents	6,008	(802)
Effect of exchange rate changes	(116)	-
Cash And Cash Equivalents At The Beginning Of The Period	3,634	4,214
Cash And Cash Equivalents At The End Of The Period	9,526	3,412

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2015.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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

A1. Basis 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 2015 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 2015.

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 not early adopted new or revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 July 2016.

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 2015.

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 2016 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 30 June 2016 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date</i>
	30 June 2016	30 June 2016
	RM'000	RM'000
Other income including investment income	(73)	(149)
Unrealised foreign exchange loss	(36)	180
Realised foreign exchange gain	26	(8)
Interest expense	101	187
Interest income	(34)	(50)
Depreciation	256	503
Gain on disposal of property, plant and equipment written off	-	(20)
Inventories written down	-	186
Reversal of inventories written down	(161)	(277)

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 30 June 2016	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	18,497	1,507	-	20,004
Inter-segment revenue	3,325	7,242	(10,567)	-
Total revenue	21,822	8,749	(10,567)	20,004
Profit before tax	997	195	-	1,192
Tax expense				(385)
Profit for the period				807

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 30 June 2016	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	36,538	3,524	-	40,062
Inter-segment revenue	6,478	12,883	(19,361)	-
Total revenue	43,016	16,407	(19,361)	40,062
Profit before tax	1,539	474	-	2,013
Tax expense				(575)
Profit for the period				1,438

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

	Group	
	As at 30/6/2016 RM'000	As at 31/12/2015 RM'000
Authorised and contracted for :		
- Plant & machinery	2,963	2,963
- Factory building	<u>4,650</u>	<u>-</u>
	<u>7,613</u>	<u>2,963</u>

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

	Company	
	As at 30/6/2016 RM'000	As at 31/12/2015 RM'000
Corporate guarantee given by the Company to financial Institutions for credit facilities granted to Subsidiaries		
- Utilised	7,605	5,105
- Limit	13,250	13,250

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016 (CONT'D)

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2015, 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 2016 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

The Group registered RM20.004 million revenue for the current quarter which represents an increase of RM3.872 million or 24.01% as compared to the revenue of RM16.132 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.192 million for the quarter under review which represents increase of RM0.313 million or 35.61% as compared to the Group's profit before tax of RM0.879 million reported in the previous period's corresponding quarter. Profit before tax increase due to higher gross revenue achieved coupled with higher gross margin achieved.

For the current quarter, trading segment registered revenue of RM18.497 million from the external customers and RM3.325 million from inter-company transactions and reported profit before tax of RM0.997 million for the quarter under review. In the previous quarter, the group achieved revenue of RM18.041 million from the external customers and RM3.153 million from inter-company transactions and reported profit before tax of RM0.542 million for the trading segment. The increase in profit before tax for the trading segment for the current quarter was mainly due to higher gross revenue achieved.

The manufacturing segment registered revenue of RM1.507 million from the external customers and RM7.242 million from inter-company transactions and reported profit before tax of RM0.195 million for the quarter under review. In the previous quarter, the Group achieved revenue of RM2.017 million from external customers and RM5.641 million from inter-company transactions and reported profit before tax of RM0.279 million for the manufacturing segment. The decrease in profit before tax for the manufacturing segment for the current quarter was mainly attributable to lower revenue achieved coupled with higher operating expenses incurred.

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 0.27% from RM20.058 million to RM20.004 million and significance increase in profit before tax of 45.19% from RM0.821 million to RM1.192 million as compared to preceding quarter ended 31 Mac 2016. The significant increase in profit before tax was mainly attributable to higher gross margin achieved as compared with previous quarter. For the current quarter, trading segment achieved revenue of RM18.497 million and profit before tax of RM0.997 million as compared to revenue of RM18.041 million and profit before tax of RM0.542 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM1.507 million and reported profit before tax of RM0.195 million as compared to revenue of RM2.017 million and profit before tax of RM0.279 million in the previous quarter.

B3. Prospects

As the Group moves forward, we will continue to keep a keen eye on our current projects as we seek out new opportunities to expand the business into both domestic and foreign markets. With the new plants, we look forward to developing and maintaining both our current and new markets.

In the future, the Group looks to development in expanding its range of biological products as well to obtain Good Manufacturing Practice ("GMP") Resources accreditation to achieve higher quality standards for all our products. The Group will continue to look out for opportunities to expand its business in Malaysia and overseas.

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.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016 (CONT'D)

B4. Profit forecast

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

B5. Tax expense

	Current quarter ended 30 June 2016 RM'000	Current year to-date 30 June 2016 RM'000
Income tax		
- Current period	326	516
-Deferred Tax	<u>59</u>	<u>59</u>
	<u>385</u>	<u>575</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 subsidiaries and certain expenses which were not deductible for tax purposes.

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

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this report:

- a) On 27 April 2016 and 28 April 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced that the Company proposes to undertake a special Bumiputera issue by topping up the difference between the prescribed equity requirement of 12.50% of the Company's enlarged issued and paid-up share capital and the percentage of equity interest which had been allocated to its Bumiputera investors via public balloting when the Company was listed on 26 July 2011 for the purposes of complying with the Bumiputera equity condition which was imposed by the Securities Commission Malaysia (Equity Compliance Unit) ("SC(ECU)") via its approval letter dated 22 December 2010 for the Company's initial public offering ("Proposed Special Bumiputera Issue").

Further to the above, on 6 June 2016 and 7 June 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced further details on the Proposed Special Bumiputera Issue and the approval received from the SC(ECU), via its letter dated 3 June 2016 which was received on 6 June 2016, approving the Proposed Special Bumiputera Issue.

Subsequently, on 28 June 2016, the shareholders of the Company had approved the renewal of the Company's authority to issue Shares pursuant to Section 132D of the Companies Act, 1965 which will be utilised for the Proposed Special Bumiputera Issue.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016 (CONT'D)

B8. Status of corporate proposals (cont'd)

In addition to that, on 30 June 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced that MITI has, via its letter dated 29 June 2016 taken note and has no objection for the Company to undertake the special Bumiputera issue of up to 19,270,000 new PLabs Shares (“Special Bumiputera Shares”) to comply with the Bumiputera Equity Requirement, representing approximately 8.52% of the new enlarged issued and paid-up share capital of PLabs to Bumiputera investors to be identified by the Company and/or MITI and approved by MITI at an issue price to be determined later.

Further to the above, on 29 July 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced that the additional listing application in relation to the Proposed Special Bumiputera Issue has been submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”).

On 5 August 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced that Bursa Securities had, via its letter dated 4 August 2016, approved the listing and quotation of up to 19,270,000 Special Bumiputera Shares to be issued pursuant to the Proposed Special Bumiputera Issue.

- b) On 21 June 2016, the Company announced that its wholly-owned subsidiary, Osmosis Nutrition Sdn Bhd, had on 20 June 2016 entered into a Sale and Purchase Agreement with In-Cube Kitchen Sdn Bhd (Company No. 743765-K) for the acquisition of one (1) unit of 3-Storey Semi Detached Office Block cum Factory Unit in the development project known as Excellent Technology Park for a total purchase consideration of Ringgit Malaysia Four Million Six Hundred and Fifty Thousand (RM4,650,000.00) to be financed through a combination of internally generated funds and/or bank borrowings.
- c) On 8 August 2016 the company announced that on 3 August 2016, the Company received notices from Companies Commission of Malaysia (“CCM”) in respect of its wholly-owned subsidiaries, Biojava Sdn Bhd and OMS Aquaculture Sdn Bhd, being struck off from CCM under Section 308(1) of the Companies Act, 1965 with effect from 19 April 2016 and 29 April 2016 respectively. Accordingly Biojava Sdn Bhd and OMS Aquaculture Sdn Bhd shall cease to be the subsidiaries of the Company with effect from the date hereof.

B9. Group borrowings and debts securities

The Group’s borrowings as at 30 June 2016 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Finance lease liabilities	-	307	307
Bank borrowings	<u>5,559</u>	-	<u>5,559</u>
Total	<u>5,559</u>	<u>307</u>	<u>5,866</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Finance lease liabilities	-	556	556
Bank borrowings	<u>2,046</u>	-	<u>2,046</u>
Total	<u>2,046</u>	<u>556</u>	<u>2,602</u>

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016 (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 2016 and previous year's corresponding period ended 30 June 2015.
- b) There was no dividend paid during the financial quarter ended 30 June 2016 and previous year's corresponding period ended 30 June 2015.

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 2016	30 June 2015	30 June 2016	30 June 2015
Comprehensive income attributable to owners of the Company (RM'000)	807	650	1,438	1,142
Weighted average number of ordinary shares in issue ('000)	206,800	188,000	206,800	188,000
Earnings per share (sen)				
- Basic	0.39	0.35	0.70	0.61
- Diluted	0.39	0.35	0.70	0.61

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016 (CONT'D)

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 2016 RM'000	Audited as at 31 Dec 2015 RM'000
Realised retained earnings	27,225	27,023
Unrealised retained earnings	(177)	70
	27,048	27,093
Less: Consolidated adjustments	(13,224)	(13,259)
Total group retained earnings	<u>13,824</u>	<u>13,834</u>

By Order of the Board
PeterLabs Holdings Berhad
Wong Yuet Chyn (MAICSA 7047163)
Company Secretary
Kuala Lumpur

Date: 29 August 2016