

PETERLABS HOLDINGS BERHAD (Registration No: 201001025806 (909720-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 June 2023 RM'000	Preceding Period Corresponding Quarter Ended 30 June 2022 RM'000	Current Period To Date Ended 30 June 2023 RM'000	Preceding Period To Date Ended 30 June 2022 RM'000
Revenue	45,740	41,407	93,607	82,400
Cost of sales	(39,968)	(35,628)	(82,111)	(71,000)
Gross profit	5,772	5,779	11,496	11,400
Other income	129	310	346	591
Selling and distribution expenses	(1,660)	(1,374)	(3,137)	(2,462)
Administration expenses	(2,664)	(2,697)	(5,420)	(5,333)
Other expenses	(415)	(630)	(529)	(740)
Operating profit	1,162	1,388	2,756	3,456
Finance cost	(177)	(135)	(346)	(243)
Profit before tax	985	1,253	2,410	3,213
Tax expense	(282)	(334)	(705)	(909)
Profit for the period	703	919	1,705	2,304
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	703	919	1,705	2,304
Total comprehensive income attributable to the Owners of the Company	610	848	1,442	2,082
Non-controlling interests	93	71	263	222
	703	919	1,705	2,304
Weighted average no. of ordinary shares in issue ('000)	275,214	275,214	275,214	275,214
Earnings per share (sen):				
-Basic	0.22	0.31	0.52	0.76

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	UNAUDITED As at 30 JUNE 2023	AUDITED As at 31 DEC 2022
	RM'000	RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	16,398	16,971
Investment properties	982	987
Deferred tax asset	407	441
Goodwill	9,957	9,957
	<u>27,744</u>	<u>28,356</u>
Current assets		
Inventories	24,261	23,207
Trade receivables	35,048	34,712
Other receivables, deposits & prepayment	6,315	8,959
Tax recoverable	700	693
Cash and bank balances	15,084	10,298
	<u>81,408</u>	<u>77,869</u>
TOTAL ASSETS	<u><u>109,152</u></u>	<u><u>106,225</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	40,401	40,401
Unappropriated profit	35,412	33,970
	<u>75,813</u>	<u>74,371</u>
Non-controlling interests	2,296	2,033
Total equity	<u>78,109</u>	<u>76,404</u>
Non-current liabilities		
Lease liabilities	2,506	2,824
Borrowings	561	1,009
Deferred tax liabilities	1,029	1,043
	<u>4,096</u>	<u>4,876</u>
Current liabilities		
Trade payables	7,063	11,036
Others payables & accruals	5,286	5,368
Lease liabilities	1,109	1,063
Borrowings	13,473	7,476
Tax payables	16	2
	<u>26,947</u>	<u>24,945</u>
Total liabilities	<u>31,043</u>	<u>29,821</u>
TOTAL EQUITY AND LIABILITIES	<u><u>109,152</u></u>	<u><u>106,225</u></u>

Net assets per share attributable to ordinary equity holders of the Company (sen) 27.55 27.02

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	Attributable to Equity Holders of the Company				
	<u>Non-Distributable</u> Share Capital RM'000	<u>Distributable</u> Unappropriated Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 1 January 2023	40,401	33,970	74,371	2,033	76,404
Total comprehensive income for the financial period	-	1,442	1,442	263	1,705
At 30 June 2023 (Unaudited)	40,401	35,412	75,813	2,296	78,109
At 1 January 2022	40,401	32,018	72,419	1,608	74,027
Total comprehensive income for the financial period	-	2,082	2,082	222	2,304
At 30 June 2022 (Unaudited)	40,401	34,100	74,501	1,830	76,331

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 2022.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

	Current Period To Date Ended 30 June 2023 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 30 June 2022 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	2,410	3,213
Adjustments for:-		
- Non cash items	1,393	1,380
- Non-operating items	229	168
Operating profit before working capital changes	4,032	4,761
Changes in working capital		
Inventories	(1,137)	779
Receivables	2,017	1,627
Payables	(4,079)	(2,064)
Bill payables	-	(1,095)
Cash generated from operations	833	4,008
Tax paid	(679)	(1,035)
Tax refunded	-	1
Net cash from operating activities	154	2,974
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(204)	(85)
Interest received	117	75
Proceed from disposal of property, plant and equipment	53	95
Net cash (used in) / from investing activities	(34)	85
FINANCING ACTIVITIES		
Repayment of bankers' acceptance	(20,098)	-
Drawdown of bankers' acceptance	26,081	-
Interest paid	(346)	(243)
Repayment of term loans	(434)	(179)
Repayment of lease liabilities	(571)	(490)
Net cash from / (used in) financing activities	4,632	(912)
Net changes in cash and cash equivalents	4,752	2,147
Effect of exchange rate changes	35	5
Cash and cash equivalents at the beginning of the period	10,297	14,150
Cash and cash equivalents at the end of the period	15,084	16,302

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2022.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

A1. Basis of 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 (“AMLR”).

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2022 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 2022 except for the adoption of the following Amendments to Malaysian Financial Reporting Standards (“MFRSs”) during the current financial period:

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts Initial Application of MFRS 17 and MFRS 9- Comparative Information
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112 International Tax Reform – Pillar Two Model Rules

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and has no significant effect on these interim financial statements.

As at the date of authorisation of these interim financial statements, the following amendments to MFRSs which were in issue but not yet effective and have not been early adopted by the Group:

MFRSs and amendments to MFRSs beginning on or after		Effective for annual periods
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between on Investor and its Associate or Joint Venture	Deferred until further notice

The adoption of these amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group in the period of initial application.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONT'D)

A3. Auditors' report

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2022.

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 period-to-date.

A5. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence for the quarter under review and current period-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.

A7. Profit for the period

Profit for the current quarter and period-to-date ended 30 June 2023 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	30.06.2023 RM'000	30.06.2023 RM'000
Other income including investment income	(51)	(162)
Interest income	(67)	(117)
Expected credit losses on trade receivables (net)	246	301
Inventory written down	58	85
Reversal of inventory written down	-	(1)
Gain on disposal of property, plant and equipment	(45)	(45)
Interest expense	177	346
Depreciation	447	1,089
Net realised foreign exchange loss	96	108
Net unrealised foreign exchange gain	(18)	(21)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONT'D)

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 30 June 2023	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from External customers	44,052	1,688	-	45,740
Inter-segment revenue	790	4,519	(5,309)	-
Total revenue	44,842	6,207	(5,309)	45,740
Profit before tax	656	329	-	985
Tax expense				(282)
Profit for the period				703

Period to Date ended 30 June 2023	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from External customers	90,767	2,840	-	93,607
Inter-segment revenue	1,579	9,578	(11,157)	-
Total revenue	92,346	12,418	(11,157)	93,607
Profit before tax	1,969	441	-	2,410
Tax expense				(705)
Profit for the period				1,705

A9. Valuation of property, plant and equipment

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONT'D)

A10. Capital commitments

The material capital commitments of the Group as at 30 June 2023 are as follow:

	RM'000
Additions of Industrial Land	6,750

A11. Material subsequent events

There were no material events subsequent to the reporting date up to the date of this report.

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 30/06/2023	As at 31/12/2022
	RM'000	RM'000
Corporate guarantee given by the Company to financial institutions for credit facilities granted to Subsidiaries		
- Utilised	14,034	8,485
- Limit	44,239	44,239

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2022, 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 or repayment of debt and equity securities, share buy-back, share cancellations, share held as treasury shares and resale of treasury shares during the quarter and financial period under review.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE AMLR

B1. Review of performance

	2QFY23	2QFY22	Variance	FY2023	FY2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	45,740	41,407	10.46%	93,607	82,400	13.60%
Operating Profit	1,162	1,388	-16.28%	2,756	3,456	-20.25%
Profit Before Interest And Tax	1,162	1,388	-16.28%	2,756	3,456	-20.25%
Profit Before Tax	985	1,253	-21.39%	2,410	3,213	-24.99%
Profit After Tax	703	919	-23.50%	1,705	2,304	-26.00%
Profit Attributable to Ordinary Equity Holders Of The Parent	610	848	-28.07%	1,442	2,082	-30.74%

The Group registered RM45.740 million revenue for the current quarter which represents increase of RM4.333 million or 10.46% as compared to the revenue of RM41.407 million in the previous period's corresponding quarter. The Group registered profit before tax of RM0.985 million for the quarter under review which represents decrease of RM0.268 million or 21.39% as compared to the Group's profit before tax of RM1.253 million reported in the previous period's corresponding quarter. Despite higher revenue achieved by the Group, profit before tax decreased due to lower gross profit margin coupled with increased selling & distribution expenses.

For the current quarter, trading segment registered revenue of RM44.052 million from the external customers and RM0.790 million from inter-company transactions and reported profit before tax of RM0.656 million for the quarter under review. In the previous period's corresponding quarter, the group achieved revenue of RM39.982 million from the external customers and RM0.743 million from intercompany transactions and reported profit before tax of RM0.937 million for the trading segment. Despite higher revenue, profit before tax for the trading segment for the current quarter was lower mainly due to lower gross profit margin resulting from product mix of the trading goods.

The manufacturing segment registered revenue of RM1.688 million from the external customers and RM4.519 million from inter-company transactions and reported profit before tax of RM0.329 million for the quarter under review. In the previous period's corresponding quarter, the Group achieved revenue of RM1.425 million from external customers and RM4.061 million from inter-company transactions and reported profit before tax of RM0.316 million for the manufacturing segment. The increase in profit before tax for the manufacturing segment for the current quarter was mainly due to higher revenue coupled with higher gross profit margin resulting from better product mix.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)

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

	2QFY23	1QFY23	Variance
	RM'000	RM'000	%
Revenue	45,740	47,867	-4.44%
Operating Profit	1,162	1,594	-27.10%
Profit Before Interest And Tax	1,162	1,594	-27.10%
Profit Before Tax	985	1,425	-30.88%
Profit After Tax	703	1,002	-29.84%
Profit Attributable to Ordinary Equity Holders Of The Parent	610	832	-26.68%

For the quarter under review, the Group 's revenue decreased 4.44% from RM47.867 million to RM45.740 million and profit before tax decreased 30.88% from RM1.425 million to RM0.985 million compared with the preceding quarter ended 31 March 2023.

The decrease in profit before tax was mainly attributable to lower revenue and lower gross profit achieved.

For the current quarter, the trading segment achieved revenue of RM44.052 million and profit before tax of RM0.656 million compared with revenue of RM46.715 million and profit before tax of RM1.313 million in the previous quarter. The manufacturing segment achieved revenue of RM1.688 million and profit before tax of RM0.329 million compared with revenue of RM1.152 million and profit before tax of RM0.112 million in the previous quarter.

B3. Prospects

The Group is adopting a cautious approach while remaining flexible in executing strategic plan in expanding our existing business and identifying new business opportunities to ensure adequate funding and sustainable profitability throughout the unprecedented time.

The Board views that this year to be a challenging year with the outbreak of animal diseases in Malaysia affecting our customers coupled with a rising interest rate environment and the inflationary pressures impacting the cost of living and households purchasing power.

Despite the uncertain market condition, the Group is optimistic to deliver a reasonable performance for the financial year ending 31 December 2023.

Barring any unforeseen circumstances, the Group is committed to the fulfillment of its obligations to steer through these tough times.

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 2023 (CONT'D)

B5. Tax expense

	Current quarter ended 30.06.2023 RM'000	Current period-to-date 30.06.2023 RM'000
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Income tax

-Current period	258	686
-Deferred taxation	24	19
	282	705

The Group's effective tax rate for the current quarter is higher than the statutory rate mainly due to certain expenses 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

There were no corporate proposals announced but not completed as at the date of this report:

B9. Group borrowings and debts securities

The Group's borrowings as at 30 June 2023 were as follows:

	Total RM'000
<u>Short-term borrowings (secured):</u>	
Lease liabilities	1,109
Bank borrowings	<u>13,473</u>
Total	<u>14,582</u>
	Total RM'000
<u>Long-term borrowings (secured):</u>	
Lease liabilities	2,506
Bank borrowings	<u>561</u>
Total	<u>3,067</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 SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)

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

No interim dividend has been recommended for the financial quarter ended 30 June 2023 and previous year's corresponding period ended 30 June 2022.

B13. Earnings per share

The basic 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>Quarter Ended</u>		<u>Period To Date Ended</u>	
	<u>30.06.2023</u>	<u>30.06.2022</u>	<u>30.06.2023</u>	<u>30.06.2022</u>
Comprehensive income attributable to owners of the Company (RM'000)	610	848	1,442	2,082
Weighted average number of ordinary shares in issue ('000)	275,214	275,214	275,214	275,214
Earnings per share (sen)				
- Basic	0.22	0.31	0.52	0.76

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

Date: 30 August 2023