

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31 March 2016 RM'000	Preceding Period Corresponding Quarter Ended 31 March 2015 RM'000	Current Period To Date Ended 31 March 2016 RM'000	Preceding Period To Date Ended 31 Mar 2015 RM'000
Revenue	20,058	16,983	20,058	16,983
Cost of sales	(16,206)	(13,212)	(16,206)	(13,212)
Gross profit	3,852	3,771	3,852	3,771
Other income	256	150	256	150
Selling and distribution expenses	(833)	(842)	(833)	(842)
Administration expenses	(1,914)	(1,988)	(1,914)	(1,988)
Other expenses	(454)	(164)	(454)	(164)
Operating profit	907	927	907	927
Finance cost	(86)	(96)	(86)	(96)
Profit before tax	821	831	821	831
Tax expense	(190)	(340)	(190)	(340)
Profit for the period	631	491	631	491
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	631	491	631	491
Total comprehensive income attributable to the Owners of the Company	631	492	631	492
Non-controlling interests	-	(1)	-	(1)
	631	491	631	491
Weighted average no. of ordinary shares in issue ('000)	206,800	188,000	206,800	188,000
Earnings per share (sen):				
-Basic	0.31	0.26	0.31	0.26
-Diluted	0.31	0.26	0.31	0.26

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 31 MARCH 2016**

	Unaudited	Audited
	As at	As at
	31 Mar 2016	31 December 2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	12,154	12,297
Deferred tax assets	95	95
	<u>12,249</u>	<u>12,392</u>
Current assets		
Inventories	9,602	10,820
Trade receivables	21,937	21,972
Other receivables	1,409	1,684
Cash and bank balances	5,151	3,634
	<u>38,099</u>	<u>38,110</u>
TOTAL ASSETS	<u><u>50,348</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	13,017	13,834
	<u>38,174</u>	<u>38,991</u>
Non-controlling interests	-	-
Total equity	<u><u>38,174</u></u>	<u><u>38,991</u></u>
Non-current liabilities		
Finance lease liabilities	556	322
Borrowings	2,046	2,046
Deferred tax liabilities	26	26
	<u>2,628</u>	<u>2,394</u>
Current liabilities		
Trade payables	2,656	3,051
Other payables	3,013	2,551
Finance lease liabilities	363	136
Borrowings	3,357	3,059
Tax payables	157	320
	<u>9,546</u>	<u>9,117</u>
Total liabilities	<u><u>12,174</u></u>	<u><u>11,511</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>50,348</u></u>	<u><u>50,502</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	18.46	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 FIRST QUARTER ENDED 31 MARCH 2016**

	Attributable to Equity Holders of the Company					
	<u>Non-Distributable</u>		<u>Distributable</u>		<u>Non-controlling interests</u>	<u>Total equity</u>
	<u>Share Capital</u>	<u>Share Premium</u>	<u>Unappropriated Profit</u>	<u>Total</u>		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	20,680	4,477	13,834	38,991	-	38,991
Total comprehensive income for the financial period	-	-	631	631	-	631
Dividend of 0.7% per share	-	-	(1,448)	(1,448)	-	(1,448)
At 31 March 2016 (Unaudited)	20,680	4,477	13,017	38,174	-	38,174
At 1 January 2015	18,800	2,691	11,434	32,925	(138)	32,787
Total comprehensive income for the financial period	-	-	491	491	(1)	490
Dividend of 0.5% per share	-	-	(940)	(940)	-	(940)
At 31 March 2015 (unaudited)	18,800	2,691	10,985	32,476	(139)	32,337

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 FIRST QUARTER ENDED 31 MARCH 2016**

	Current Period To Date Ended 31 Mar 2016 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 31 Mar 2015 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	821	831
Adjustments for:-		
- Non cash items	588	396
- Non-operating items	69	79
Operating profit before working capital changes	1,478	1,306
Changes in working capital		
Inventories	1,148	(861)
Receivables	221	(13)
Payables	426	(979)
Bill payables	407	2,243
Cash generated from operations	3,680	1,696
Tax expense paid	(353)	(145)
Interest received	16	17
Interest paid	(43)	(54)
Net cash from operating activities	3,300	1,514
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19)	(8)
Proceed from disposal of property, plant and equipment	25	-
Net cash used in investing activities	6	(8)
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	(1,448)	(940)
Interest paid	(43)	(41)
Repayment of term loan	(108)	(103)
Repayment of finance lease liabilities	(47)	(34)
Net cash used in financing activities	(1,646)	(1,118)
Net Changes In Cash And Cash Equivalents	1,660	388
Effect of exchange rate changes	(142)	-
Cash And Cash Equivalents At The Beginning Of The Period	3,633	4,214
Cash And Cash Equivalents At The End Of The Period	5,151	4,602

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 FIRST QUARTER ENDED 31 MARCH 2016

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 FIRST QUARTER ENDED 31 MARCH 2016 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 31 March 2016 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	31 Mar 2016 RM'000	31 Mar 2016 RM'000
Other income including investment income	(76)	(76)
Unrealised foreign exchange loss	216	216
Realised foreign exchange gain	(34)	(34)
Interest expense	86	86
Interest income	(16)	(16)
Depreciation	247	247
Gain on disposal of property, plant and equipment written off	(20)	(20)
Inventories written down	186	186
Reversal of inventories written down	(116)	(116)

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 31 Mar 2016	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	18,041	2,017	-	20,058
Inter-segment revenue	3,153	5,641	(8,794)	-
Total revenue	21,194	7,658	(8,794)	20,058
Profit before tax	542	279	-	821
Tax expense				(190)
Profit for the period				631

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 31 Mar 2016	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	18,041	2,017	-	20,058
Inter-segment revenue	3,153	5,641	(8,794)	-
Total revenue	21,194	7,658	(8,794)	20,058
Profit before tax	542	279	-	821
Tax expense				(190)
Profit for the period				631

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 31/3/2016	As at 31/12/2015
	RM'000	RM'000
Authorised and contracted for :		
- Plant & machinery	<u>2,963</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 31/3/2016	As at 31/12/2015
	RM'000	RM'000
Corporate guarantee given by the Company to financial Institutions for credit facilities granted to Subsidiaries		
- Utilised	5,403	5,105
- Limit	13,250	13,250

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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 FIRST QUARTER ENDED 31 MARCH 2016 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

The Group registered RM20.058 million revenue for the current quarter which represents an increase of RM3.075 million or 18.10% as compared to the revenue of RM16.983 million in the previous period's corresponding quarter. The Group registered profit before tax of RM0.8210 million for the quarter under review which represents decrease of RM0.01 million or 1.20% as compared to the Group's profit before tax of RM0.831 million reported in the previous period's corresponding quarter. Profit before tax decrease due to declining gross margin achieved arising from currency depreciation despite of higher gross revenue achieved.

For the current quarter, trading segment registered revenue of RM18.041 million from the external customers and RM3.153 million from inter-company transaction and reported profit before tax of RM0.542 million for the quarter under review. In the previous quarter, the group achieved revenue of RM18.280 million from the external customers and RM3.812 million from inter-company transaction and reported profit before tax of RM1.146 million for the trading segment. The decrease in profit before tax for the trading segment for the current quarter was mainly due to higher operating expenses incurred in tandem with higher revenue achieved and currency depreciation.

The manufacturing segment registered revenue of RM2.017 million from the external customers and RM5.641 million from inter-company transaction and reported profit before tax of RM0.279 million for the quarter under review. In the previous quarter, the Group achieved revenue of RM1.352 million from external customers and RM6.122 million from inter-company transaction and reported profit before tax of RM0.088 million for the manufacturing segment. The significant increase in profit before tax for the manufacturing segment for the current quarter was mainly attributable to higher revenue achieved couple with lower 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 increase in revenue of 2.17% from RM19.632 million to RM20.058 million and decrease in profit before tax of 33.46% from RM1.234 million to RM0.821 million as compared to preceding quarter ended 31 Dec 2015. The significant decrease in profit before tax was mainly attributable to lower gross margin achieved arising from currency depreciation as compared with previous quarter. For the current quarter, trading segment achieved revenue of RM18.041 million and profit before tax of RM0.542 million as compared to revenue of RM18.280 million and profit before tax of RM1.146 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM2.017 million and reported profit before tax of RM0.279 million as compared to revenue of RM1.352 million and profit before tax of RM0.088 million in the previous quarter.

B3. Prospects

As the Group moves forward into 2016, we will continue keeping 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 FIRST QUARTER ENDED 31 MARCH 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 31 Mar 2016 RM'000	Current year to-date 31 Mar 2016 RM'000
Income tax		
- Current period	190	190
-Deferred Tax	<u>-</u>	<u>-</u>
	<u>190</u>	<u>190</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. (a) Status of corporate proposals

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 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 initial public offering ("Proposed Special Bumiputera Issue"). The following applications have been submitted to the authorities in relation to the Proposed Special Bumiputera Issue:

- (i) an application to the SC(ECU) to comply with the Bumiputera equity requirement; and
- (ii) an application to the Ministry of International Trade and Industry for the identification of the Bumiputera investors.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016 (CONT'D)

(b) Status of utilisation of proceeds of Private Placement

The gross proceeds of RM3.666 million from the private placement exercise which was completed on 14 July 2015 have been utilised in the following manner:

Purposes	Proposed utilisation	Actual utilisation as at 31.03.2016	Balance to be utilised		Reasons for deviation
	RM'000	RM'000	RM'000	%	
(i) Working capital	3,566	3,577	11	0.31%	(1)
(ii) Estimated listing expenses	100	89	(11)	(11.00%)	(2)
	<u>3,666</u>	<u>3,666</u>	<u>0</u>	<u>0.00%</u>	

Notes:

- (1) The approved time frame for utilisation is within twelve (12) months from the date of listing i.e. by 13 July 2016.
- (2) The actual amount utilised to defray expenses was lower than the estimated expenses. The difference of RM11,000 shall be adjusted to be allocated for working capital.

B9. Group borrowings and debts securities

The Group's borrowings as at 31 Mar 2015 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:			
Finance lease liabilities	-	363	363
Bank borrowings	<u>3,357</u>	<u>-</u>	<u>3,357</u>
Total	<u>3,357</u>	<u>363</u>	<u>3,720</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings:			
Finance lease liabilities	-	556	556
Bank borrowings	<u>2,046</u>	<u>-</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.

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.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016 (CONT'D)

B12. Dividends

- a) No interim dividend has been recommended for the financial quarter ended 31 March 2016 and previous year's corresponding period ended 31 March 2015.
- b) An interim single-tier tax exempt dividend of 0.7 sen per ordinary share amounting to RM1.447 million, in respect of the FYE 31 December 2015 was paid on 30 March 2016 (a single-tier tax exempt dividend of 0.5 sen per ordinary share amounting to RM0.940 million, in respect of the FYE 31 December 2014 was paid on 25 February 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	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Comprehensive income attributable to owners of the Company (RM'000)	631	492	631	492
Weighted average number of ordinary shares in issue ('000)	206,800	188,000	206,800	188,000
Earnings per share (sen)				
- Basic	0.31	0.26	0.31	0.26
- Diluted	0.31	0.26	0.31	0.26

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 Mar 2016 RM'000	Audited as at 31 Dec 2015 RM'000
Realised retained earnings	26,388	27,023
Unrealised retained earnings	(147)	70
	26,241	27,093
Less: Consolidated adjustments	(13,224)	(13,259)
Total group retained earnings	<u>13,017</u>	<u>13,834</u>

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

Date: 30 May 2016