

PETERLABS HOLDINGS BERHAD (Company No. 201001025806 (909720-W))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31 December 2019 RM'000	Preceding Period Corresponding Quarter Ended 31 December 2018 RM'000	Current Period To Date Ended 31 December 2019 RM'000	Preceding Period To Date Ended 31 December 2018 RM'000
Revenue	24,368	23,697	96,234	90,419
Cost of sales	(19,818)	(19,351)	(78,282)	(72,810)
Gross profit	4,550	4,346	17,952	17,609
Other income	555	(30)	1,309	733
Selling and distribution expenses	(900)	(663)	(3,325)	(3,261)
Administration expenses	(2,187)	(2,009)	(8,879)	(8,599)
Other expenses	(379)	(30)	(826)	(236)
Operating profit	1,639	1,614	6,231	6,246
Finance cost	(135)	(180)	(522)	(797)
Profit before tax	1,504	1,434	5,709	5,449
Tax expense	(214)	(435)	(1,434)	(1,652)
Profit for the period	1,290	999	4,275	3,797
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,290	999	4,275	3,797
Total comprehensive income attributable to the Owners of the Company	1,290	999	4,275	3,797
Weighted average no. of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen):				
-Basic	0.60	0.47	1.99	1.77

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

PETERLABS HOLDINGS BERHAD (Company No. 201001025806 (909720-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Unaudited	Audited
	As at	As at
	31 December 2019	31 December 2018
	RM'000	RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	16,631	17,678
	<u>16,631</u>	<u>17,678</u>
Current assets		
Inventories	14,551	25,478
Trade receivables	26,339	23,079
Other receivables	390	810
Tax recoverable	39	169
Cash and bank balances	14,775	5,595
	<u>56,094</u>	<u>55,131</u>
TOTAL ASSETS	<u><u>72,725</u></u>	<u><u>72,809</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	27,459	27,459
Unappropriated profits	25,012	20,804
Total equity	<u>52,471</u>	<u>48,263</u>
Non-current liabilities		
Finance lease liabilities	-	917
Lease liabilities	1,133	-
Borrowings	16	3,444
Deferred tax liabilities	350	440
	<u>1,499</u>	<u>4,801</u>
Current liabilities		
Trade payables	5,851	7,787
Other payables	5,184	5,991
Finance lease liabilities	-	404
Lease liabilities	593	-
Borrowings	6,792	4,965
Tax payable	335	598
	<u>18,755</u>	<u>19,745</u>
Total liabilities	<u>20,254</u>	<u>24,546</u>
TOTAL EQUITY AND LIABILITIES	<u><u>72,725</u></u>	<u><u>72,809</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	24.43	22.48

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2018.

PETERLABS HOLDINGS BERHAD (Company No. 201001025806 (909720-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

	Attributable to Equity Holders of the Company		
	Non-Distributable	Distributable	
	Share Capital RM'000	Unappropriated Profit RM'000	Total equity RM'000
At 1 January 2019	27,459	20,804	48,263
Opening balance adjustment from adoption of MFRS 16	-	(67)	(67)
Total comprehensive income for the financial period	-	4,275	4,275
At 31 December 2019 (Unaudited)	<u>27,459</u>	<u>25,012</u>	<u>52,471</u>
At 1 January 2018	27,459	18,282	45,741
Effect of adopting MFRS 9	-	13	13
Total comprehensive income for the financial period	-	3,797	3,797
Dividend of RM0.6 sen per share in respect of financial year ended 31 December 2017 and paid on 9 February 2018	-	(1,288)	(1,288)
At 31 December 2018 (Audited)	<u>27,459</u>	<u>20,804</u>	<u>48,263</u>

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 2018.

PETERLABS HOLDINGS BERHAD (Company No. 201001025806 (909720-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

	Current Period To Date Ended 31 December 2019 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 31 December 2018 (Audited) RM'000
OPERATING ACTIVITIES		
Profit before tax	5,709	5,449
Adjustments for:-		
- Non cash items	2,511	1,697
- Non-operating items	379	703
Operating profit before working capital changes	8,599	7,849
Changes in working capital		
Inventories	10,516	(8,188)
Receivables	(2,950)	1,977
Payables	(2,757)	5,300
Revolving credit	3,349	-
Bill payables	(1,106)	(3,429)
Cash generated from operations	15,651	3,509
Tax expense paid	(1,765)	(1,618)
Tax refunded	107	-
Interest received	142	94
Interest paid	(354)	(417)
Net cash from operating activities	13,781	1,568
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22)	(201)
Proceed from disposal of property, plant and equipment	-	67
Net cash used in investing activities	(22)	(134)
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	-	(1,289)
Interest paid	(168)	(380)
Repayment of term loan	(3,844)	(884)
Repayment of finance lease liabilities	-	(344)
Repayment of lease liabilities	(576)	-
Net cash used in financing activities	(4,588)	(2,897)
Net Changes In Cash And Cash Equivalents	9,171	(1,463)
Effect of exchange rate changes	9	25
Cash And Cash Equivalents At The Beginning Of The Period	5,595	7,033
Cash And Cash Equivalents At The End Of The Period	14,775	5,595

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2018.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

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 2018 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 2018.

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 adopted new or revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2019.

The Directors anticipate that the adoption of new and revised MFRSs and IC Interpretations that are effective will have no material impact on the financial statements of the Group in the period of initial application, other than as disclosed below:

MFRS 16 “Leases”

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

The following table presents the impact of changes to the consolidated statement of financial position of the Group resulting from the adoption of MFRS 16 Leases as at 1 January 2019:

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 (CONT'D)

A2. Significant Accounting Policies (cont'd)

Group	As at 31 December 2018 RM'000	Changes RM'000	As at 1 January 2019 RM'000
Non-Current assets			
Property, plant and equipment	17,678	828	18,506
Non-current liabilities			
Lease liabilities	-	725	725
Current liabilities			
Lease liabilities	-	170	170
Equity			
Retain earnings	20,804	(67)	20,737

The Group recognised right-of-use of assets for employee hostel and factory leases, except for short-term leases and leases of low-value assets. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the weighted average incremental borrowing rate of the Group.

Subsequent to initial recognition, the Group measure the lease liabilities by increasing the carrying value to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

A3. Auditors' report

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2018.

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 flow 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.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 31 December 2019 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	31.12.2019 RM'000	31.12.2019 RM'000
Other income including investment income	(381)	(1,028)
Interest income	(55)	(142)
Expected credit losses on trade receivable (net)	6	5
Reversal of inventories written down	(92)	(111)
Net realised foreign exchange loss	21	134
Interest expense	135	522
Bad debts written off	35	140
Depreciation	628	1,983
Unrealised foreign exchange gain	(70)	(28)
Inventories written down	358	522

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 31 December 2019	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	23,845	523	-	24,368
Inter-segment revenue	1,665	6,922	(8,587)	-
Total revenue	25,510	7,445	(8,587)	24,368
Profit before tax	1,290	214	-	1,504
Tax expense				(214)
Profit for the period				1,290

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 30 December 2019	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	92,763	3,471	-	96,234
Inter-segment revenue	9,888	31,182	(41,070)	-
Total revenue	102,651	34,653	(41,070)	96,234
Profit/ (Loss) before tax	5,876	(167)	-	5,709
Tax expense				(1,434)
Profit for the period				4,275

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

There was no capital commitment as at date of this announcement.

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 31/12/2019	As at 31/12/2018
	RM'000	RM'000
Corporate guarantee given by the Company to financial institutions for credit facilities granted to Subsidiaries		
- Utilised	6,808	8,409
- Limit	21,897	33,450

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2018, 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 financial quarter under review.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

	4QFY19	4QFY18	Variance	FY 2019	FY 2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	24,368	23,697	2.8%	96,234	90,419	6.4%
Operating Profit	1,639	1,614	1.5%	6,231	6,246	-0.2%
Profit Before Interest And Tax	1,639	1,614	1.5%	6,231	6,246	-0.2%
Profit Before Tax	1,504	1,434	4.9%	5,709	5,449	4.8%
Profit After Tax	1,290	999	29.1%	4,275	3,797	12.6%
Profit Attributable to Ordinary Equity Holders Of The Parent	1,290	999	29.1%	4,275	3,797	12.6%

The Group registered RM24.368 million revenue for the current quarter which represents increase of RM671 million or 2.8% as compared to the revenue of RM23.697 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.504 million for the quarter under review which represents increase of RM0.070 million or 4.9% as compared to the Group's profit before tax of RM1.434 million reported in the previous period's corresponding quarter. Profit before tax increase due to higher revenue achieved.

For the current quarter, trading segment registered revenue of RM23.845 million from the external customers and RM1.665 million from inter-company transactions and reported profit before tax of RM1.290 million for the quarter under review. In the previous period's corresponding quarter, the group achieved revenue of RM22.679 million from the external customers and RM3.729 million from inter-company transactions and reported profit before tax of RM1.865 million for the trading segment. The decrease in profit before tax for the trading segment for the current quarter was mainly due to lower gross margin achieved despite increase in revenue.

The manufacturing segment registered revenue of RM0.523 million from the external customers and RM6.922 million from inter-company transactions and reported profit before tax of RM0.214 million for the quarter under review. In the previous period's corresponding quarter, the Group achieved revenue of RM1.018 million from external customers and RM9.532 million from inter-company transactions and reported loss before tax of RM0.431 million for the manufacturing segment. The increase in profit before tax for the manufacturing segment for the current quarter was mainly attributable to lower operation cost incurred.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 (CONT'D)

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

	4QFY19	3QFY19	Variance
	RM'000	RM'000	%
Revenue	24,368	24,309	0.2%
Operating Profit	1,639	1,517	8.0%
Profit Before Interest And Tax	1,639	1,517	8.0%
Profit Before Tax	1,504	1,415	6.3%
Profit After Tax	1,290	1,143	12.9%
Equity Holders Of The Parent	1,290	1,143	12.9%

For the quarter under review, the Group registered slight increase in revenue of 0.2% from RM24.309 million to RM24.368 million and increase in profit before tax of 6.3% from RM1.415 million to RM1.504 million as compared to preceding quarter ended 30 September 2019. The increase in profit before tax was mainly attributable to lower finance cost incurred couple with higher other income achieved. For the current quarter, trading segment achieved revenue of RM23.845 million and profit before tax of RM1.290 million as compared to revenue of RM23.329 million and profit before tax of RM1.494 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM0.523 million and reported profit before tax of RM0.214 million as compared to revenue of RM0.980 million and loss before tax of RM0.079 million in the previous quarter.

B3. Prospects

We are at challenging business environment that are influenced by factors such as implementation of sales and service tax, increase of minimal wages couple with weak consumer sentiment in the regional market and fluctuating currency, we will continue to uphold our healthy business practices to strive for our business sustainability and add value to our shareholders.

Barring any unforeseen circumstances, the Board of Directors is optimistic about the Group's prospect in this financial year ending 31 December 2020 remains positive with challenges ahead.

B4. Profit forecast

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 (CONT'D)

B5. Tax expense

	Current quarter ended 31.12.2019 RM'000	Current period-to-date 31.12.2019 RM'000
Income tax		
-Current period	279	1,724
-Over provision in previous year	(1)	(200)
-Deferred taxation	(64)	(90)
	<u>214</u>	<u>1,434</u>

The Group's effective tax rate for the current quarter is lower than the statutory rate mainly due to reversal of deferred tax.

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 other 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 31 December 2019 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Lease liabilities-(Finance)	-	428	428
Bank borrowings	<u>6,792</u>	<u>-</u>	<u>6,792</u>
Total	<u>6,792</u>	<u>428</u>	<u>7,220</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Lease liabilities- (Finance)	-	573	573
Bank borrowings	<u>16</u>	<u>-</u>	<u>16</u>
Total	<u>16</u>	<u>573</u>	<u>589</u>

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 (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

No interim dividend has been recommended for the financial quarter ended 31 December 2019 and previous year's corresponding period ended 31 December 2018.

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		Period To Date Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Comprehensive income attributable to owners of the Company (RM'000)	1,290	999	4,275	3,797
Weighted average number of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen)				
- Basic	0.60	0.47	1.99	1.77

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

Date: 28 February 2020