

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 2020

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 June 2020 RM'000	Preceding Period Corresponding Quarter Ended 30 June 2019 RM'000	Current Period To Date Ended 30 June 2020 RM'000	Preceding Period To Date Ended 30 June 2019 RM'000
Revenue	19,128	24,408	40,905	47,557
Cost of sales	(15,591)	(19,753)	(33,310)	(39,019)
Gross profit	3,537	4,655	7,595	8,538
Other income	613	176	834	659
Selling and distribution expenses	(586)	(452)	(1,222)	(1,135)
Administration expenses	(2,205)	(2,859)	(4,305)	(4,747)
Other expenses	(103)	(146)	(236)	(240)
Operating profit	1,256	1,374	2,666	3,075
Finance cost	(77)	(127)	(165)	(285)
Profit before tax	1,179	1,247	2,501	2,790
Tax expense	(415)	(408)	(826)	(948)
Profit for the period	764	839	1,675	1,842
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	764	839	1,675	1,842
Total comprehensive income attributable to the Owners of the Company	764	839	1,675	1,842
Weighted average no. of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen):				
-Basic	0.36	0.39	0.78	0.86

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Unaudited	Audited
	As at	As at
	30 June 2020	31 December 2019
	RM'000	RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	15,990	16,630
	<u>15,990</u>	<u>16,630</u>
Current assets		
Inventories	12,091	14,550
Trade receivables	23,867	26,347
Other receivables	472	390
Tax recoverable	46	39
Cash and bank balances	21,280	14,775
	<u>57,756</u>	<u>56,101</u>
TOTAL ASSETS	<u><u>73,746</u></u>	<u><u>72,731</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	27,459	27,459
Unappropriated profits	26,686	25,011
Total equity	<u>54,145</u>	<u>52,470</u>
Non-current liabilities		
Lease liabilities	1,224	1,133
Borrowings	-	16
Deferred tax liabilities	408	350
	<u>1,632</u>	<u>1,499</u>
Current liabilities		
Trade payables	5,540	5,851
Other payables	5,657	5,192
Lease liabilities	491	593
Borrowings	5,900	6,791
Tax payable	381	335
	<u>17,969</u>	<u>18,762</u>
Total liabilities	<u>19,601</u>	<u>20,261</u>
TOTAL EQUITY AND LIABILITIES	<u><u>73,746</u></u>	<u><u>72,731</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	25.21	24.43

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2019.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	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 2020	27,459	25,011	52,470
Total comprehensive income for the financial period	-	1,675	1,675
At 30 June 2020 (Unaudited)	<u>27,459</u>	<u>26,686</u>	<u>54,145</u>
At 1 January 2019	27,459	20,804	48,263
Total comprehensive income for the financial period	-	1,842	1,842
At 30 June 2019 (Unaudited)	<u>27,459</u>	<u>22,646</u>	<u>50,105</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 2019.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	Current Period To Date Ended 30 June 2020 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 30 June 2019 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	2,501	2,790
Adjustments for:-		
- Non cash items	835	972
- Non-operating items	(71)	232
Operating profit before working capital changes	3,265	3,994
Changes in working capital		
Inventories	2,638	1,451
Receivables	2,355	(1,524)
Payables	163	(1,658)
Revolving credit	-	3,348
Bill payables	65	1,427
Cash generated from operations	8,486	7,038
Tax expense paid	(729)	(893)
Interest received	187	52
Interest paid	(57)	(204)
Net cash from operating activities	7,887	5,993
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(85)	(9)
Proceed from disposal of property, plant and equipment	71	-
Net cash used in investing activities	(14)	(9)
FINANCING ACTIVITIES		
Interest paid	(108)	(81)
Repayment of Revolving credit	(700)	-
Repayment of term loan	(272)	(3,580)
Repayment of lease liabilities	(313)	(198)
Net cash used in financing activities	(1,393)	(3,859)
Net Changes In Cash And Cash Equivalents	6,480	2,125
Effect of exchange rate changes	25	9
Cash And Cash Equivalents At The Beginning Of The Period	14,775	5,595
Cash And Cash Equivalents At The End Of The Period	21,280	7,729

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2019.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

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 (“ACE LR”).

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2019 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 2019 except for the adoption of the following Amendments to MFRSs during the current financial period:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

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:

Amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between on Investor and its Associate or Joint Venture	Yet to be confirmed

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.

A3. Auditors’ report

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2019.

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.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D)

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.

A7. Profit for the period

Profit for the current quarter and period-to-date ended 30 June 2020 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	30.06.2020 RM'000	30.06.2020 RM'000
Other income including investment income	(305)	(399)
Interest income	(96)	(187)
Expected credit losses on trade receivables (net)	(10)	(21)
Gain on disposal of property, plant and equipment	(35)	(48)
Reversal of inventories written down	(167)	(179)
Interest expense	77	165
Depreciation	505	1,004
Net realised foreign exchange loss	101	161
Net unrealised foreign exchange (gain) / loss	(43)	26

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 30 June 2020	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	17,247	1,881	-	19,128
Inter-segment revenue	1,361	5,713	(7,074)	-
Total revenue	18,608	7,594	(7,074)	19,128
Profit before tax	869	310	-	1,179
Tax expense				(415)
Profit for the period				764

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 30 June 2020	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	37,673	3,232	-	40,905
Inter-segment revenue	2,241	12,359	(14,600)	-
Total revenue	39,914	15,591	(14,600)	40,905
Profit before tax	1,877	624	-	2,501
Tax expense				(826)
Profit for the period				1,675

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

Corporate guarantee given by the Company to financial institutions for credit facilities granted to Subsidiaries	Company	
	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
- Utilised	5,900	6,807
- Limit	21,897	21,897

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D)

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2019, 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 SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

	2QFY20	2QFY19	Variance	FY2020	FY2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	19,128	24,408	-21.63%	40,905	47,557	-13.99%
Operating Profit	1,256	1,374	-8.59%	2,666	3,075	-13.30%
Profit Before Interest And Tax	1,256	1,374	-8.59%	2,666	3,075	-13.30%
Profit Before Tax	1,179	1,247	-5.45%	2,501	2,790	-10.36%
Profit After Tax	764	839	-8.94%	1,675	1,842	-9.07%
Profit Attributable to ordinary Equity Holders Of The Parent	764	839	-8.94%	1,675	1,842	-9.07%

The Group registered RM19.128 million revenue for the current quarter which represents decrease of RM5.280 million or 21.63% as compared to the revenue of RM24.408 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.179 million for the quarter under review which represents decrease of RM0.068 million or 5.45% as compared to the Group's profit before tax of RM1.247 million reported in the previous period's corresponding quarter. Profit before tax decreased due to lower revenue achieved.

For the current quarter, trading segment registered revenue of RM17.247 million from the external customers and RM1.361 million from inter-company transactions and reported profit before tax of RM0.869 million for the quarter under review. In the previous period's corresponding quarter, the group achieved revenue of RM23.558 million from the external customers and RM4.429 million from inter-company transactions and reported profit before tax of RM1.296 million for the trading segment. The decrease in profit before tax for the trading segment for the current quarter was mainly due to lower revenue achieved.

The manufacturing segment registered revenue of RM1.881 million from the external customers and RM5.713 million from inter-company transactions and reported profit before tax of RM0.310 million for the quarter under review. In the previous period's corresponding quarter, the Group achieved revenue of RM0.850 million from external customers and RM9.668 million from inter-company transactions and reported loss before tax of RM0.049 million for the manufacturing segment. The increase in profit before tax for the manufacturing segment for the current quarter was mainly due to higher gross profit margin achieved couple with lower operating expenses incurred.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

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

	2QFY20	1QFY20	Variance
	RM'000	RM'000	%
Revenue	19,128	21,777	-12.16%
Operating Profit	1,256	1,410	-10.92%
Profit Before Interest And Tax	1,256	1,410	-10.92%
Profit Before Tax	1,179	1,322	-10.82%
Profit After Tax	764	911	-16.14%
Equity Holders Of The Parent	764	911	-16.14%

For the quarter under review, the Group registered decrease in revenue of 12.16% from RM21.777 million to RM19.128 million and decrease in profit before tax of 10.82% from RM1.322 million to RM1.179 million as compared to preceding quarter ended 30 March 2020. The decrease in profit before tax was mainly attributable to lower revenue achieved coupled with lower gross profit margin achieved. For the current quarter, trading segment achieved revenue of RM17,247 million and profit before tax of RM0.869 million as compared to revenue of RM20.426 million and profit before tax of RM1.008 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM1.881 million and reported profit before tax of RM0.310 million as compared to revenue of RM1.351 million and profit before tax of RM0.314 million in the previous quarter.

B3. Prospects

Disruption from the COVID-19 situation is expected to persist throughout the next few months, compounded by some pressure from unfavorable exchange rates, higher prices for some raw material and slow collection.

The Group ensures its business's long-term survival by adapting to the constant market demand change wherever possible, while remaining cautious to potential reverberation from the economic impact already caused by the COVID-19 pandemic.

The Group is committed to continuously improve its business operational efficiency and maintain sufficient cash flows in the year 2020.

We remain fully confident in Malaysia's potential and we are confident to see a return to economic growth once the current COVID-19 crisis is behind us, we will continue to uphold our healthy business practices to strive for our business sustainability and add value to our shareholders.

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 2020 (CONT'D)

B5. Tax expense

	Current quarter ended 30.06.2020 RM'000	Current period-to-date 30.06.2020 RM'000
Income tax		
-Current period	363	768
-Deferred taxation	52	58
	415	826

The Group's effective tax rate for the current quarter is higher than the statutory rate mainly due to losses incurred by subsidiary 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 13 July 2020, Alliance Investment Bank Berhad ("AIBB") had, on behalf of the Board, announced that the Company proposes to undertake a private placement of up to 21,473,990 new ordinary shares in Peterlabs Holdings Berhad ("PHB"), representing approximately ten percent (10%) of the total number of issued shares of PHB ("Proposed Private Placement")

Further to the above, on 14 July 2020 Alliance Investment Bank Berhad had, on behalf of the Board of Directors of PHB, announced that the additional listing application for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad on 14 July 2020.

In addition to that, on 21 July 2020, AIBB had on behalf of the Board provided additional information in relation to the utilisation of proceeds from the Proposed Private Placement as follows:

Details of utilisation	RM'000	Estimated timeframe for utilisation (from the date of listing of the Placement Shares)
Investment in new business	3,000	Within 12 months
Working capital	1,165	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	130	Upon completion of the Proposed Private Placement
Total gross proceeds raised from the Proposed Private Placement	4,295	

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

B8. Status of corporate proposals (cont'd)

In additional to that, on behalf of the Board of Directors of PHB, Alliance Investment Bank Berhad ("AIBB") announced on 23 July 2020 that the Bursa Malaysia Security Berhad ("Bursa Securities") had approved up to 21,473,990 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:

(i) PHB and AIBB must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed Private Placement;

(ii) PHB and AIBB to inform Bursa Securities upon the completion of the Proposed Private Placement; and

(iii) PHB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

b) On behalf of the Board of Directors of PHB ("Board"), Alliance Investment Bank Berhad ("AIBB") announced on 22 July 2020 that the Company proposes to undertake:-

(i) the proposed acquisition of 60% equity interest in Thye On Tong Trading Sdn Bhd ("TOT") from the Vendors for a purchase consideration of RM10,800,000 to be satisfied via combination of Cash Consideration and issuance of the Consideration Shares; and

(ii) the proposed diversification of the existing business of PHB Group to include the distribution of consumer goods in conjunction with the Proposed Acquisition.

The Proposals are subject to the following approvals being obtained from the following parties:-

(i) Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, in relation to the Proposed Acquisition;

(ii) the shareholders of the Company for the issuance of the Consideration Shares at an EGM to be convened, in relation to the Proposed Acquisition;

(iii) the shareholders of the Company for the Proposed Diversification; and

(iv) any other relevant authorities, if required.

The Proposed Acquisition and the Proposed Diversification are inter-conditional. However, the Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

B9. Group borrowings and debts securities

The Group's borrowings as at 30 June 2020 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Lease liabilities - (Finance)	-	414	414
Bank borrowings	5,900	-	5,900
Total	<u>5,900</u>	<u>414</u>	<u>6,314</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Lease liabilities - (Finance)	-	664	664
Total	<u>-</u>	<u>664</u>	<u>664</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.

B12. Dividends

No interim dividend has been recommended for the financial quarter ended 30 June 2020 and previous year's corresponding period ended 30 June 2019.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

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	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Comprehensive income attributable to owners of the Company (RM'000)	764	839	1,675	1,842
Weighted average number of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen)				
- Basic	0.36	0.39	0.78	0.86

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

Date: 10 Aug 2020