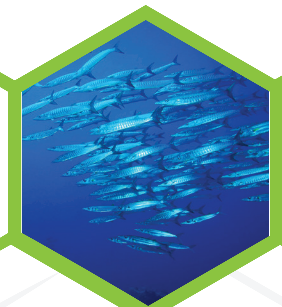
PETERLABS HOLDINGS BERHAD
(909720-W)

PeterLabs
Always **S.H.A.R.E**



ANNUAL REPORT
2014

Vision

- Customers are main priority
- Quality control at its best
- Safe and environmental friendly products

Mission

- Always strive to improve our products
- Always provide exceptionally good services to our customers by maintaining a personal relationship and dealing directly with the customers
- Always provide nutrition and veterinary pharmaceutical products to the satisfaction of our customers

Value

- "PeterLabs always SHARE…"

Sustainability - We recognize that sustainability has broad environmental, economic and social impacts, thus we are focusing our efforts on the long-term viability in building a business for today and tomorrow; working to minimize our impact on the environment; and securing a positive future for our Company, our people and the communities in which we live.

Honesty - Our Company is committed to being honest and fair, and doing what is right for our associates and customers. Our Company conducts our business with adherence to the law. Our employees hold themselves to the highest standards of honesty, both internally and externally, when dealing with colleagues, clients or vendors.

Accountability - The services provided by our Company are "customer-driven" and aim at providing convenience and various choices to our customers. We hope to improve the quality of our service at all time.

Responsibility - We believe that our responsibility is to those who use our products and services. Everything we do is of high quality and benefits our customers.

Efficiency - Our Company focuses on maximizing efficiency and producing the best solutions for our customers.

Contents

CORPORATE **PROFILE**

PeterLabs Holdings Berhad was incorporated under the Companies Act, 1965 (“Act”) on 28 July 2010 as a private limited company under the name of PeterLabs Holdings Sdn Bhd. The Company subsequently converted into a public limited company and assumed our present name on 29 October 2010 to facilitate our listing on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products, which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals.

The establishment of our Group can be traced back to the founding of Chern Tek Dinamik Sdn Bhd (“Chern Tek”) on 20 December 1989 by Teo Chin Heng, Lim Swee Hwa and Tan Chin Tee and Benuser Sdn Bhd (“Benuser”) on 3 December 1990 by Lim Tong Seng, Teo Chin Heng, Tan Chin Tee and Chan Eng Nai. In 1992, Dr. Teo Kooi Cheng joined Chern Tek as the Technical Director. Chern Tek was principally involved in the trading of animal health and nutrition products whilst Benuser was involved in the manufacturing and distribution of animal health and nutrition products.

Due to personal reasons, Tan Chin Tee, one of the original shareholders of Benuser and Chern Tek wanted to withdraw from both companies. This led Teo Chin Heng to initiate the idea of forming PeterLabs Sdn Bhd (“PeterLabs”) and Osmosis Nutrition Sdn Bhd (“Osmosis Nutrition”) with equity participation from all remaining shareholders of both Benuser and Chern Tek thereby streamlining the shareholdings of both companies under a group of common shareholders. PeterLabs and Osmosis Nutrition were subsequently incorporated on 4 October 2002 to capitalise on the growing demand of animal feed additives from the local livestock industry.

PeterLabs and Osmosis Nutrition obtained the necessary licenses in 2002 to engage in manufacturing, distribution and trading of animal health and nutrition products.

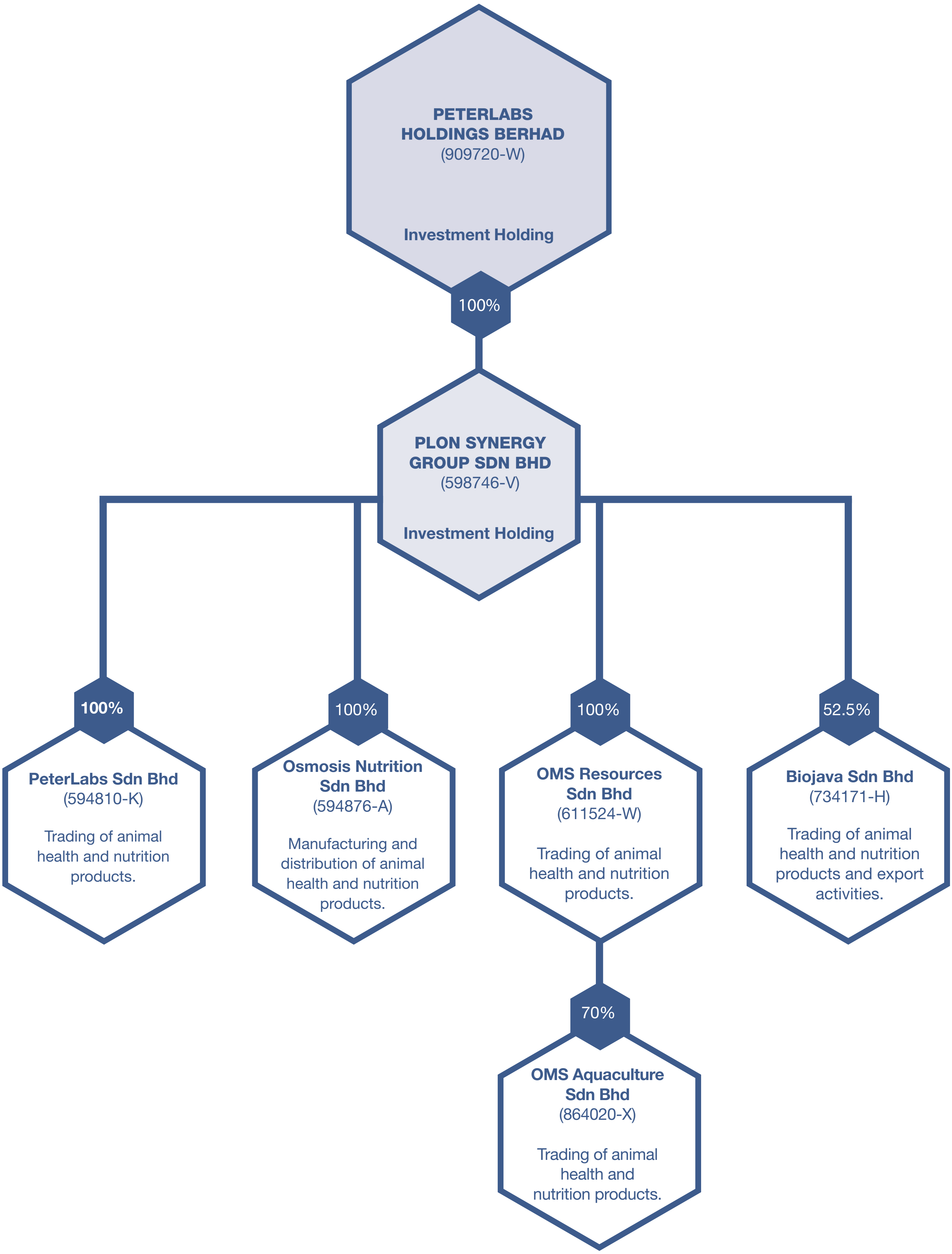
Following the above, PLON Synergy Group Sdn Bhd (“PLON Synergy”) was incorporated on 13 November 2002 and become the common holding company of PeterLabs and Osmosis Nutrition on 7 October 2003, with an initial 51% equity interest in both companies. Upon the formation of the PLON Synergy group of companies, Chern Tek and Benuser ceased operations in 2002 and were dissolved on 30 January 2007. On 25 September 2008, PeterLabs and Osmosis Nutrition became wholly-owned subsidiary companies of PLON Synergy. Subsequently, Tan Chin Tee rejoined the PLON Synergy Group of companies in 2008.

Our founders have accumulated over 30 years’ experience in the livestock industry. Lim Tong Seng, Dr. Teo Kooi Cheng and Teo Chin Heng have also been directly involved in the business operations of PLON Synergy and its subsidiary companies since its incorporation in 2002.

On 8 April 2003, our founders formed Zeus Biotech (Asia) Sdn Bhd (now known as OMS Resources Sdn Bhd (“OMS Resources”)) (“Zeus”) to distribute, amongst others, products from Zeus. We acquired OMS Resources on 10 June 2010. OMS Resources currently distributes the Group’s products such as Compound Feed Additive.

Due to low activities in both group subsidiaries - OMS Aquaculture Sdn Bhd (“OMS Aquaculture”) and Biojava Sdn Bhd (“Biojava”), the Group have decided to strike off these two subsidiaries in the coming financial year.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Hon Choon Kim
Independent Non-Executive Chairman

Lim Tong Seng
Managing Director

Teo Chin Heng
Executive Director

Dr. Teo Kooi Cheng
Executive Director

Lau Yeng Khuan
Executive Director

Prof. Dr. Paul Cheng Chai Liou
Senior Independent Non-Executive Director

Dr. Vijaya Raghavan A/L M P Nair
Independent Non-Executive Director

Azman bin Abdul Jalil
Independent Non-Executive Director

AUDIT COMMITTEE
Prof. Dr. Paul Cheng Chai Liou *(Chairman)*
Dato' Hon Choon Kim
Encik Azman bin Abdul Jalil

NOMINATION COMMITTEE
Encik Azman bin Abdul Jalil *(Chairman)*
Dr. Vijaya Raghavan A/L M P Nair
Dato' Hon Choon Kim

REMUNERATION COMMITTEE
Dr. Vijaya Raghavan A/L M P Nair *(Chairman)*
Dr. Teo Kooi Cheng
Dato' Hon Choon Kim

COMPANY SECRETARY
Wong Keo Rou *(MAICSA 7021435)*

REGISTERED OFFICE
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50480 Kuala Lumpur
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Fax : (603) 6201 3121/5959

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Lot 16014 (PT No. 24341), Jalan Nilam 3
Bandar Nilai Utama, 71800 Nilai
Negeri Sembilan Darul Khusus
Tel : (606) 7999 090
Fax : (606) 7997 070
Email : info@peterlabs.com.my

CORPORATE WEBSITE
www.peterlabs.com.my

SHARE REGISTRAR
ShareWorks Sdn Bhd
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Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : (603) 6201 1120
Fax : (603) 6201 3121

AUDITORS
SJ Grant Thornton (AF 0737)
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Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : (603) 2692 4022
Fax : (603) 2732 5119

PRINCIPAL BANKERS
Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad
Affin Bank Berhad

STOCK EXCHANGE LISTING
ACE Market of
Bursa Malaysia Securities Berhad
Stock Name : PLABS
Stock Code : 0171
(Listed on 26 July 2011)

MILESTONES AND **ACHIEVEMENTS**

Our key achievements and milestones since inception are as follows:

YEAR	KEY ACHIEVEMENTS AND MILESTONES
2005	Special Recognition Award from CAB Cakaran Corporation Bhd ("CAB Cakaran"), a company listed on the Main Market of Bursa Securities - In recognition of PeterLabs' continuous technical support and supply of quality animal health and nutrition products to CAB Cakaran. CAB Cakaran is a leading integrated poultry producer with operations throughout Malaysia. PeterLabs has established a good business relationship with CAB Cakaran since 2002. We had conducted farmer forum and technical services for CAB Cakaran's contracted farmers in the past.
2007	PeterLabs collaborated with Novus International Inc, USA and introduced a series of eco-friendly animal feed additives, such as Activate DA and Mintrex. These 'green products' have been incorporated in our animal feed additive premix to enhance the Group's product performance namely feed intake, growth rate and feed conversion ratio ("FCR").
2009	PeterLabs collaborated with Hangzhou KingTechina Feed Co Ltd, China to launch and market a series of Microencapsulate feed additives. The process of microencapsulation will increase the product stability, palatability and bioavailability. The microencapsulated product has been incorporated into our animal feed additives to increase the therapeutic index. It has been proven to have a positive and synergistic effect with PeterLabs's product.
2009	Recognition Award from Novus International (M) Sdn Bhd ("Novus Malaysia") - In recognition of PeterLabs successfully introducing and creating a market in Malaysia for non-antibiotic animal feed additives under the brand name of Novus such as Activate DA and Mintrex.
2009	Recognition Award from In Vivo NSA S.A, France - In recognition of PeterLabs' successful marketing of animal feed additive products under the brand name of Neovia in the local market.
2004 to 2009	Recognition Award from Zeus Biotech Limited, India (continuously from 2004 to 2009) - In recognition of PeterLabs' successful marketing of probiotics and enzymes feed additives in the Malaysian market and achieving good sales performance.
2010	PeterLabs collaborated with Novus Malaysia to conduct the 1st PigLIVE workshop: "Sustainable Sow Management Programme" at Genting Highlands in August 2010. The workshop was attended by approximately 140 participants from East and West Malaysia, mainly pig farm owners and technical support staff.
2011	Awards and achievements in year 2011 - On 27 January 2011, the Company had received a letter from National Pharmaceutical Control Bureau ("NPCB") of the Ministry of Health, Malaysia, which stated our plant is Good Manufacturing Practice ("GMP") compliant. - Malaysian Livestock Industry Awards 2011 – Outstanding Animal Health Provider. - Best @ Show Awards – Most Popular Booth at Livestock Asia Expo & Forum 2011 Kuala Lumpur. - Named to the International Business Times List of 2011 Top 1000 World's Fastest Growing Companies. - SME 100 Malaysia's Fast Moving Companies 2011.
2013	Recognition Award for outstanding contribution made to the Livestock industry - Outstanding Product Innovation: Animal Health Product.

DIRECTORS' **PROFILE**

Dato' Hon Choon Kim
Malaysian, aged 67
Independent Non-Executive Chairman

Dato' Hon was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He was redesignated as Independent Non-Executive Chairman on 2 January 2012. He graduated with a Bachelor of Social Sciences (Econ) in 1976 from University Sciences Malaysia (USM). In 1977, he started his career in the government's statistical department. In 1986, he was elected as state assemblyman and was appointed as a state executive councilor of Negeri Sembilan. He was then elected to be a member of the Parliament in 1995 and was appointed as the Deputy Minister of Education in 1999, a position that he holds till 2008. He is also the Vice President of NSCMH Medical Centre, a non-profit making organisation in Seremban.

Lim Tong Seng
Malaysian, aged 56
Managing Director

Lim Tong Seng was appointed to the Board on 28 July 2010 as a Director and subsequently redesignated as the Managing Director of our Group on 1 September 2010. He completed his secondary school education in 1977 and has since accumulated over 33 years of experience in the livestock industry, mainly in the animal health and nutrition sector. He is also a committee member of the Malaysian Animal Health and Nutrition Industries Association.

Mr Lim's career in the livestock industry began when he joined the feedmill division of Industrial Farm Pte Ltd, a Singapore commercial pig farm in 1978 as a Feedmill Executive. In 1984, he assumed the position of Production Executive at Agrinuser (M) Sdn Bhd, a feed additive premix manufacturing company. In 1989, he founded Benuser and spearheaded the company's operations in manufacturing various feed additives and premixes for the livestock industry.

In 2002, Mr Lim left Benuser and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy together with two (2) directors from Chern Tek, namely Teo Chin Heng and Dr. Teo Kooi Cheng. Mr Lim was appointed as the Executive Director of PeterLabs in 2002 and subsequently was promoted to Managing Director in 2008.

Teo Chin Heng
Malaysian, aged 62
Executive Director

Teo Chin Heng was appointed to the Board on 1 September 2010 as an Executive Director and is currently heading the Supply Chain Department. He graduated from National Chengchi University in Taiwan with a Bachelor of Economics in 1978 and has since accumulated over 30 years of experience in the animal health and nutrition industry.

Mr Teo began his career in his family's porcelain manufacturing business in 1979 and subsequently joined Wellchem (M) Sdn Bhd in 1981 as a Sales Executive in the veterinary division. In 1986, he co-founded Chern Tek, a company involved in trading of animal health and nutrition products, where he assumed the position of Executive Director and was responsible for the company's sales and marketing activities.

In 2002, Mr Teo left Chern Tek and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy. Mr Teo was appointed as the Executive Director of PeterLabs and Sales and Marketing Director of Osmosis Nutrition in 2002.

DIRECTORS' PROFILE (CONT'D)

Lau Yeng Khuan
Malaysian, aged 55
Executive Director

Lau Yeng Khuan is one of our Group's Sales and Marketing Director and was appointed as an Executive Director on 1 September 2010. He completed his high school education in 1977 and has since accumulated over 30 years of sales and business development experience in the livestock industry.

Mr Lau started his career with N.A.M Trading (Ipoh) Sdn Bhd as a Sales Executive in 1978 and subsequently joined Chern Tek in 1997 as a Sales Manager. He left the company to join our Group in 2002 as an Area Sales Manager. He is responsible for overseeing our Group's sales and business development activities in Perak where his roles include sales, co-ordinating and liaising with customers. He is also responsible for all public relation matters as well as providing professional advice to our customers in the swine and poultry sector.

Dr. Teo Kooi Cheng
Malaysian, aged 56
Executive Director

Dr. Teo Kooi Cheng, a veterinarian, was appointed to the Board on 28 July 2010 as a Director and redesignated to Executive Director on 1 September 2010 and is currently heading our Group's Technical Department. He graduated from National Taiwan University, with a Bachelor of Veterinary Medicine in 1983 and has since accumulated 28 years of experience in the livestock industry, both as a veterinarian and as well as a farm manager.

Dr. Teo's career in the livestock industry began when he joined Tai Yue Pig Farm in 1983 as a veterinarian and subsequently joined Industrial Farm Pte Ltd, a Singapore commercial pig farm in 1985 as a Deputy Farm Manager. In 1988, he joined Coopers Animal Health (M) Sdn Bhd as a Techno Commercial Executive, where he was responsible for technical backup and product development. Subsequently in 1992, he assumed the position of Technical Director at Chern Tek, a company involved in trading of animal health and nutrition products. In 1999, during the Nipah virus outbreak, he was involved in a large scale Nipah virus screening test of livestock in Malaysia.

In 2002, Dr. Teo left Chern Tek and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy. Dr. Teo was appointed as the Executive Director of PeterLabs and Technical Director of Osmosis Nutrition in 2002.

Prof. Dr. Paul Cheng Chai Liou
Malaysian, aged 68
Senior Independent Non-Executive Director

Prof. Dr. Paul Cheng was appointed to the Board of PeterLabs Holdings Berhad on 1 November 2010. Currently he serves as a Senior Independent Non-Executive Director and as the Chairman of the Audit Committee.

Prof. Dr. Paul Cheng distinguished himself in practice as an auditor and a tax consultant. He is the founder and currently the senior partner of Cheng & Co, a Chartered Accountants Firm established in 1993.

He is also an Adjunct Professor in the University Tun Abdul Razak since February 2011. In addition, he lectures on Mandatory Accreditation Program (MAP) for directors of public listed companies in Malaysia.

Prof. Dr. Paul Cheng holds a Bachelor of Business degree (1990) from the University of Southern Queensland, Australia. He also possesses a Master of Business Administration degree (1991) and a Doctor of Commercial Sciences degree (1996) both from the Oklahoma City University, USA. In addition, he holds a Doctor of Business Administration degree (2007) from the University of Newcastle, Australia.

He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA), a member of the Malaysian Institute of Certified Public Accountants (MICPA), a member of the Malaysian Institute of Management (MIM), and a member of the Malaysian National Computer Confederation (MNCC). He is a fellow member of CPA Australia and The Chartered Tax Institute of Malaysia (CTIM), a Chartered Management Accountant (CIMA, UK), a Chartered Tax Practitioner with the Chartered Tax Institute of Malaysia, and a Chartered Member of the Institute of Internal Auditors (IIA Malaysia).

DIRECTORS' **PROFILE** (CONT'D)

Dr. Vijaya Raghavan A/L M P Nair
Malaysian, aged 76
Independent Non-Executive Director

Dr. Vijaya was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He is a veterinarian with a Degree of Doctor of Veterinary Medicine from East Pakistan Agricultural University (currently known as Bangladesh Agriculture University). He graduated with a first class degree in 1970. In 1974, he obtained a PhD in Animal Nutrition from the Royal School of Veterinary Medicine in Hannover, Germany.

After his return from Germany, Dr. Vijaya started his career as a Research officer at the Institut Haiwan, Kluang, Johor for two years. He then joined the feed milling industry as a nutritionist and worked for two (2) related companies, namely Sin Heng Chan (M) Sdn Bhd and Federal Flour Mills Bhd for 35 years before becoming a freelance consultant for a few multinational companies in the field of poultry production, nutrition and staff training.

As a nutritionist, he has pioneered various research projects that are published in various international journals. Dr. Vijaya is also the chairman of the Technical Committee of Animal Feeds of Standards and Industrial Research Institute of Malaysia ("SIRIM"). In SIRIM, he spearheaded the development of various types of animal feed for the livestock industry. Dr. Vijaya was awarded the Livestock Asia 2013 Award by the Ministry of Agriculture on his outstanding contribution to Malaysian Feed Milling Industry. This is the third award which he has received from the Ministry of Agriculture ever since the Livestock show started in 2001. He was also honoured by the Malaysian Society of Animal Production for his contribution to the feed industry in 1996 and by our Ministry of Science and Technology for his contribution in the development of various standards for feeding livestock in 1997.

Dr. Vijaya's other achievements include the Livestock Industry Achievement Award and Lifetime Achievement Award, both awarded by the Ministry of Agriculture in 2002 and 2007 respectively. In 2006, he was appointed as the speaker of the Bureau of World Poultry Science Association, in which he delivered lectures and conducted research papers in various international meetings. In 2008, he was made a fellow by the World Poultry Science Association for the Malaysian Branch. He is also a member of various professional bodies both locally and internationally. He is also the Technical Chairman of the Malaysian Feed Millers Association.

Aside from being a freelance consultant, Dr. Vijaya currently lectures in several local and foreign universities.

Azman bin Abdul Jalil
Malaysian, aged 55
Independent Non-Executive Director

Encik Azman was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He obtained his Bachelors of Pharmacy (Honours) from University of El-Mansourah, Egypt, in 1983. He is a registered pharmacist with the Malaysian Pharmacy Board since 1984. Upon graduation, he joined the Ministry of Health of Malaysia as a Pharmacy Enforcement Officer.

In 1992, he left the Ministry of Health of Malaysia and joined Xepa Soul Pattinson (M) Sdn Bhd as a pharmacist. In 1995, he joined Kotra Pharma (M) Sdn Bhd, a pharmaceutical manufacturer and distributor, as a Quality Assurance Manager and was later promoted to Plant Manager in 2001. He left the company in 2003, and thereafter he joined Applied Chemie (M) Sdn Bhd as a Technical and Training Director.

In 2006, Encik Azman started his own consultancy firm, A1 Consultancy & Integrated Services Sdn Bhd, specializing in providing pharmaceutical consultancy services as well as training and registration of medicinal drugs, traditional (herbal) medicines, health supplements, cosmetics, and veterinary medicinal products.

Encik Azman is a member of Malaysian Pharmaceutical Society, Parenteral Drug Association, and Institute of Validation Technology. He is also an exco-member of the International Society of Pharmaceutical Engineering (ISPE) of the Malaysian Affiliate.

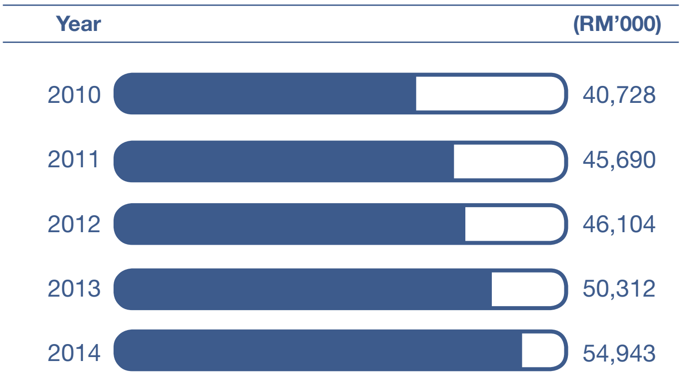
OTHER INFORMATION ON DIRECTORS

None of the Directors have any family relationship with any other Director or major shareholder of PeterLabs Holdings Berhad. None of the Directors have any conflict of interest with PeterLabs Holdings Berhad nor any conviction for offences (other than traffic offences, if any) for the past ten (10) years.

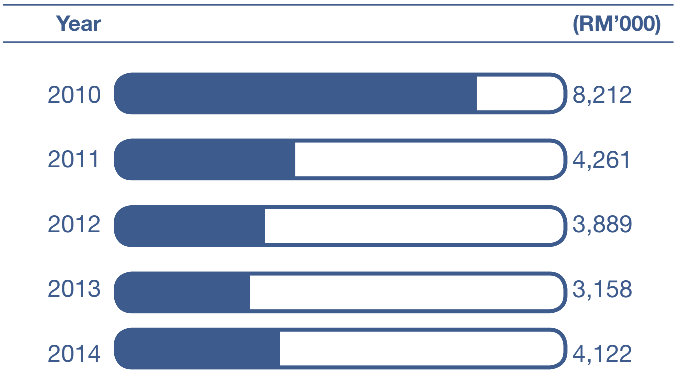
FIVE-YEAR FINANCIAL HIGHLIGHTS

	2010	2011	2012	2013	2014
Revenue (RM'000)	40,728	45,690	46,104	50,312	54,943
Profit Before Taxation (RM'000)	8,212	4,261	3,889	3,158	4,122
Profit After Taxation (RM'000)	5,948	2,669	3,761	2,008	2,982
Shareholders' Equity (RM'000)	19,973	25,892	29,676	30,368	32,786
Total Assets (RM'000)	33,372	38,768	39,261	39,895	43,856
Earnings Per Share (Sen)	3.44	1.46	2.07	1.08	1.61
Net Assets Per Share (Sen)	12	14	16	16	17

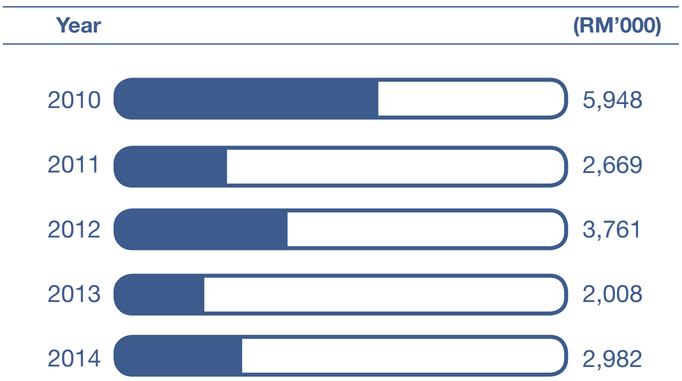
REVENUE



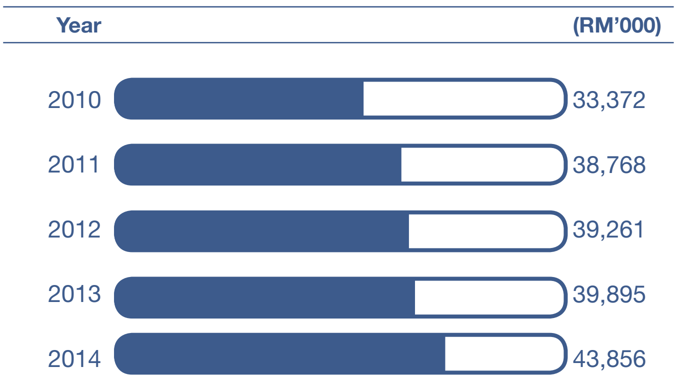
PROFIT BEFORE TAXATION



PROFIT AFTER TAXATION



TOTAL ASSETS



CHAIRMAN'S
STATEMENT

Dear Valued Stakeholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Audited Financial Statement of PeterLabs Holdings Berhad for the financial year ended 31 December 2014.

OVERVIEW

After a year filled with challenges, I am proud to announce that the Group has managed to achieve its goals that were set before us. After listing ourselves on the ACE Market of Bursa Malaysia Securities Berhad in 2011, we have gone from strength to strength both locally and internationally.

On the international front, the Group continues its ambition to widen its reach globally and will continue to expand into neighboring regions nearby as the Group continues to invest in exploring the overseas markets. As the Group looks forward, we will to continue to implement strict measures to control costs and re-engineer some of the working processes to garner better efficiency to mitigate the challenges in the weakening of the Malaysian Ringgit, the advent of GST and the rising interest rate are key challenges for the Group in 2015.

FINANCIAL PERFORMANCE

I am pleased to announce that the Group achieved a revenue of RM 54.94 million in financial year ended 2014, an increase of 9.20% against a revenue of RM 50.31 million in financial year ended 2013. Coinciding with the higher revenue and as a result of a more cautious operational efficiency, we have managed to register a higher profit before tax ("PBT") of RM 4.12 million, which is an increase of RM 0.97 million compared to the previous year. This increase was mainly contributed by the increment of revenue, savings in financial costs and interest income earned. Profit after tax ("PAT") came up to a revenue RM 2.98 million.

Due to this significant increase, the gross profit percentage has managed to rise from 21.12% to 22.44%, an increase in revenue that was contributed much from the domestic market and new customers from Korea. The lower tax expense was due to the utilization of RM 1.3 million tax allowances in year 2014.

DIVIDEND

As announced on 15 January 2015, the Group declared an interim single tier dividend of 0.5 sen per share which in hand represents a 31.52% payout ratio of PAT for the Group for the financial year ended 31 December 2014. The dividend was paid on 25 February 2015.

The Group did not recommend any final dividend for the financial year ended 31 December 2014.

OPERATION REVIEW

In 2014 along with our extensive ambition to continue to progress forward and venture into new horizons, the Group has managed to penetrate into additional newly developed export countries such as Korea besides the Philippines, Singapore, Indonesia, Taiwan, Pakistan, Nepal, Bangladesh and Thailand which the Group had ventured earlier.

As the Group continues to achieve growth and progress, the Group will continue to focus on expanding and strengthening our core business to create better economy of scale in our operation so as to place the Group in a more competitive position.

CHAIRMAN'S STATEMENT (CONT'D)

FUTURE PROSPECTS

While we are keeping a keen eye on the current projects that we have at hand we are still looking forward towards the future as we continue to focus on manufacturing, distribution and trading of animal health and nutrition products but also further develop in current market and pursue increased market share in export market. We also intend to venture into aquaculture and ruminant sector and continuing to obtain GMP accreditation to achieve higher quality standards for all our products.

CORPORATE SOCIAL RESPONSIBILITY

In tandem with our corporate growth we put great emphasis on our social responsibility. This year alone we have made a contribution to the local farmers association and the primary and secondary school education fund and charity fair.

At the same time we have also provided various training programs for employees to enhance and upgrade their skill set which will prove beneficiary to not only them but to the Group as a whole.

CORPORATE GOVERNANCE

It is great importance for us to uphold transparency, accountability and protection of our shareholders interest thus it is great importance for us to practice the highest standards of corporate governance. Our statement regarding corporate governance can be found in our later pages.

ACKNOWLEDGEMENT

I would like to give my most humble appreciation and thanks towards the management and staff for their commitment, dedication, contribution and loyalty towards the growth and continued success of the Group.

I too would like to extend my gratitude towards our shareholders, valued customers, business associates, bankers, suppliers, regulatory bodies for their continued confidence and support.

Finally, I wish to give my deepest appreciation to the Executive Director, Dr. Teo Kooi Cheng who has indicated that he will not seek re-election at the forthcoming AGM and will retire at the said AGM accordingly. Our most sincere of thanks for your profound effort and courage towards the Group and wish you well on all of your future endeavors.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and maintaining high standards of corporate governance and effective application of the principles and best practices set out in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) throughout the Group as a fundamental part of discharging its responsibilities to enhance long-term shareholders’ value and investors’ interest.

Pursuant to Rule 15.25 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“AMLR”), the Board is pleased to outline below the manner in which the Group has applied the Principles and Recommendations of Corporate Governance set out in the MCCG 2012. The Board of Directors supports the 8 principles and 26 recommendations stated in MCCG 2012 in promoting best corporate governance through structures, systems, processes in self-promoting good practices and development of a corporate governance culture and environment. The Board of Directors will continue the existing corporate governance practices and will undertake appropriate action in promoting the principles and recommendations of the MCCG 2012 into the existing Corporate Governance framework.

The Board is pleased to report below on the extent to which the principles and best practices of the MCCG 2012 were applied throughout the financial year ended 31 December 2014.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Group recognises the important role played by the Board in the stewardship of the Group’s direction and operations, and ultimately, the enhancement of long-term shareholders’ value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Management is primarily responsible for implementing the plans chartered out and the day to day management of the Group, with clear authority delegated by the Board.

1.2 Board’s Roles and Responsibilities

The Board’s roles and responsibilities are as follows:

a. Oversee and set the strategic direction of the Group and to ensure the Group operates efficiently and sustains continuous growth.

b. Overseeing the conduct of the Group’s business to ensure the business is properly managed in conformity with ethical values, integrity, fairness, trust and high performance.

c. Identify the business risks and established an appropriate system to reduce and minimize the risks that affects the performance of the Group and the interest of the stakeholders.

d. Ensuring an appropriate succession plan is in place including the appointment, training and fixing compensation of and where appropriate for the Board, Managing Director and the Management of the Company.

e. Developing and implementing an investor relations programme that creates better communication between the Company and shareholders as well as other stakeholders.

f. Reviewing the adequacy and the integrity of the Group’s internal control system and information system, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

1.3 Formalised Ethical Standards Through Code of Conduct

The Group has in place codes of ethics for Directors and employees which is based on four elements, which are sincerity, integrity, responsibility and corporate responsibility. In the performance of the directors' duties, the Board should at all times observe the following codes:

a. Should have a clear understanding of the aims and purpose, capabilities and capacity of the Group;

b. Should devote time and effort to attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions;

c. Should ensure at all times that the Group is properly managed and effectively controlled;

d. Should stay abreast of the affairs of the Group and be kept informed of the Group's compliance with the relevant legislation and contractual requirements;

e. Should insist on being kept informed on all matters of importance to the Group in order to be effective in corporate management;

f. Should have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;

g. Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Group;

h. Should disclose immediately all contractual interests whether directly or indirectly with the Group;

i. Should neither divert to his own advantage any business opportunity that the Group is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;

j. Should at all times act with utmost good faith towards the Group in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;

k. Should be conscious of the interest of shareholders, employees, creditors and customers of the Group;

l. Should at all times promote professionalism and improve the competency of management and employees;

m. Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace; and

n. Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities.

1.4 Strategies Promoting Sustainability

The Board of Directors exercises annual reviews of the strategic directions of the Company, by making necessary assessment on the sustainability of the Group's strategic directions, with due consideration over the progress of the long term and short term plan, changes in business and political environment, level of competition, update in risk factors and any other factors which could affect the sustainability of the Group's strategic directions.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1.5 Access to Information and Advice

The Directors whether as full Board or in their individual capacity, have full and unrestricted access to all information within the Group and direct access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. At each meeting of the Board, the Company Secretary appraises the Board on the Group's compliance obligations and highlights non-compliances with legal, regulatory and statutory rules and guidelines, if any.

The Directors are also regularly updated and advised on new regulations, guidelines or directive issued by Bursa Securities, Securities Commission of Malaysia and other relevant regulatory authorities.

The Board also avails itself of independent professional advice as and when necessary in furtherance of their duties, at the Company's expense. Additionally, the Board invites the senior management to brief the Board from time to time on matters being deliberated as they are able to help bring insight into these matters.

1.6 Qualified and Competent Company Secretaries

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company. The Company Secretary also keeps abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training.

1.7 Board Charter

The Board is guided by a Charter which was adopted on 27 August 2013. The Board Charter sets out the principal roles of the Board, the functions, roles and responsibilities of the Board and its various committees.

The Board Charter would act as a source reference and primary induction literature, provide insights to prospective Board members as well as assist the Board in the assessment of its own performance and that of its individual Directors.

The Board Charter will be reviewed periodically and updated in accordance with the needs of the Group and any new regulations.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee ("NC") is to identify, assess and recommend new nominees to the Board and Board Committees. The NC assists the Board in reviewing the Board's required mix of expertise, skill, experiences, qualifications and to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. The Committee met on two (2) occasions in the financial year 2014.

The Board delegates specific responsibilities to the respective Committees of the Board namely the Audit Committee, Nomination Committee and Remuneration Committee in order to enhance business and corporate efficiency and effectiveness. The Chairman of the respective Committees will brief the Board on the matters discussed at the Committee meetings and minutes of these meetings are circulated to the full Board.

The Board has established a Nomination Committee, consisting of three (3) Directors who are Independent Non-Executive Directors of the Company as follows:

Name	Designation	Directorship
Azman bin Abdul Jalil	Chairman	Independent Non-Executive Director
Dr. Vijaya Raghavan A/L M P Nair	Member	Independent Non-Executive Director
Dato' Hon Choon Kim	Member	Independent Non-Executive Director

This Committee is responsible for making recommendations on the appointment of any new Directors. New appointees will be considered and evaluated by the Board and the Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The Nomination Committee also annually reviews the effectiveness of the Board as a whole, its committees and the contribution of each individual Director, as well as the Managing Director. The Nomination Committee will ensure that all assessments and evaluations carried out are properly documented and filed.

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors, shall retire from office, at least once in three (3) years. The retiring Directors can offer themselves for re-election. The Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointments. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with section 129(6) of the Companies Act, 1965.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished.

2.2 Recruitment Process, Annual Assessment and Gender Diversity Policy

Recruitment Process

The Board believes in a right composition of Board members with balance of qualifications, skills, experiences and diversity among its Board members.

As defined as one of the function of the NC, NC is periodically reviewing and making recommendation to the Board on Board composition matters and recommendations, which includes identification and selection of high caliber candidates who will be able to meet the present and future needs of the company.

For the year under review, the Board is satisfied with its current mix of qualification, skills, experiences, expertise and strength, in discharging its duties effectively.

Annual Assessment

The NC will also be responsible in undertaking an annual evaluation of Directors, Board Committees as well as the Board performance as a whole. Such evaluation will be used as a tool to evaluate the strength, to identify the gaps or areas for improvement which would give rise to the requirement for new recruitments of board members, if necessary.

The Board annual evaluation process is being conducted by cross evaluation among the Board members, of which the criteria of evaluation are predetermined as below:

a. Board Structure;

b. Board operation and communication;

c. Board roles and responsibilities;

d. Undertaking of roles and assignments;

e. Mix of roles and knowledge;

f. Commitment of members; and

g. Depth of contribution.

The results of the evaluation are compiled into a report to be deliberated by both NC and the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Gender Diversity Policy

The Board steadily recognises the challenge and is encouraging initiatives to improve gender diversity in the Board. Currently, the Board has no specific policy on setting targets on female candidates to be appointed to the Board. The evaluation of the suitability of candidates is solely based on candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

2.3 Remuneration Policies

In compliance with the MCCG 2012, the Board has established a Remuneration Committee, consisting of two (2) Independent Non-Executive Directors and one (1) Executive Director as follows:

Name	Designation	Directorship
Dr. Vijaya Raghavan A/L M P Nair	Chairman	Independent Non-Executive Director
Dato' Hon Choon Kim	Member	Independent Non-Executive Chairman
Dr. Teo Kooi Cheng	Member	Executive Director

The remuneration of the Executive Directors is structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibility undertaken by the particular Non-Executive Director concerned. The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director abstains from the Board decision on his own remuneration.

The details of the remuneration of the Directors of the Company for the financial year under review are as follows:

The aggregate remuneration of the Directors categorised into appropriate components are as follows:

	Basic Salary & other Emoluments RM'000	Fees RM'000	Bonuses RM'000	EPF (Employer) RM'000	Total RM'000
Executive Directors	914	-	187	112	1,213
Non-Executive Directors	-	96	-	-	96
Total	**914**	**96**	**187**	**112**	**1,309**

The numbers of Directors whose total remuneration falls within the following bands is set out as follows:

Band of Remuneration	Executive	Non-Executive
Less than RM50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	3	-

The Disclosure of directors' remuneration is made in accordance with Appendix 9C, item 12 of the Bursa Securities, AMLR. This method of disclosure represents a deviation from the Best Practices set out in the MCCG 2012, which suggests separate disclosure of each director's remuneration. The Board of Directors is of the opinion that separate disclosure will impinge upon the directors' right of privacy and would not add value significantly to the understanding of shareholders and other interested investors in this area.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

3. REINFORCE INDEPENDENCE

3.1 Assessment of Independence Annually

The Board strives on the independency of the non-executive directors, who shall have the ability to exercise their duties and make decisions which are in the best interests of the shareholders, unfettered by any business or other relationship with the executive directors, ownership and any other interest in the operation of the company. The Board conducts annual reviews on the independence of each and every of the Directors, in addition to the responsibility of each Director in making immediate declaration over their interest and independency to the Board at any time during his tenure of service.

The Company currently has four (4) independent non-executive directors, who fulfill the criteria of "Independence" as prescribed under Rule 1.01 of the AMLR.

3.2 Tenure of Independent Directors

The Board has adopted the recommendation of MCCG 2012 that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as non-independent director or to obtain shareholders' approval in the event it retains as an independent.

3.3 Shareholders' Approval for the Re-appointment of Independent

For the year under review, none of the current independent Board members had served the Company for more than nine (9) years cumulatively. However, if the tenure of the independent director exceeds nine (9) years, the said Board member would be re-designated as a non-independent director after the said nine (9) years of service. In the event that the said Board member is being retained as an independent director, he is to be officially re-elected by the shareholders at the general meeting.

3.4 Separate Positions of the Chairman and CEO

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The roles of the Chairman and the Managing Director are separated and clearly defined. The Chairman is responsible for ensuing Board effectiveness and conduct whilst the Managing Director has overall responsibilities over the Group's operating units, organisational effectiveness and implementation of Board policies and decisions.

3.5 Composition of the Board

The current Board has eight (8) members comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director, three (3) Executive Directors and three (3) Independent Non-Executive Directors, which is in compliance with Rule 15.02(1) of the AMLR.

The Board comprises professionals drawn from various backgrounds, bringing in-depth and diversity in experience, expertise and perspectives to the Group's business operations. The Board is satisfied that the current Board composition facilitate effective decision making and independent judgment where no individual shall dominate the Board's decision making. The profiles of the members of the Board are set out in this Annual Report on pages 6 to 8.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

4. FOSTER COMMITMENT

4.1 Commitment of the Board Members

The Board meets regularly on a quarterly basis and as and when required. During the financial year under review, the Board held five (5) meetings. A summary of the attendance of each Director at the Board meetings held during the financial year are as follows:

Name of Directors	Meetings Attended	Percentage of Attendance (%)
Dato' Hon Choon Kim	5/5	100
Lim Tong Seng	4/5	80
Teo Chin Heng	5/5	100
Dr. Teo Kooi Cheng	5/5	100
Lau Yeng Khuan	5/5	100
Prof. Dr. Paul Cheng Chai Liou	5/5	100
Dr. Vijaya Raghavan A/L M P Nair	5/5	100
Azman bin Abdul Jalil	5/5	100

All the Directors have complied with the minimum attendance at Board meetings of at least 50% attendance as stipulated by the AMLR during the financial year.

The notices of meetings and board papers are distributed to the Directors prior to Board meetings to provide Directors with sufficient time to deliberate on issues to be raised at the Board meetings. All proceedings and resolution pass at each meeting are properly minuted and filed by Company Secretary.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before the beginning of every year. The Directors are required to submit and update on their other directorships and shareholdings to the Company Secretary whenever there is a change.

4.2 Training

All members of the Board have attended the Mandatory Accreditation Programme as prescribed by the AMLR. The Directors are also encouraged to attend any relevant training programme to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

List of training attended by the Directors during the financial year are as follows:

SEMINAR	DATE	ORGANISER	ATTENDEE(S)
Managing the Change, Surviving in New Era	22 March 2014	The Associate Chinese Chambers of Commerce and Industry of Malaysia	Mr. Teo Chin Heng
Workshop - Management Accounting Part 3	23 April 2014	Paul Cheng & Co. Chartered Accountants (Malaysia)	Dr. Teo Kooi Cheng Mr. Lau Yeng Khuan Dr. Vijaya Raghavan A/L M P Nair Mr. Teo Chin Heng Mr. Lim Tong Seng Dato' Hon Choon Kim Mr. Azman Bin Abdul Jalil

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SEMINAR	DATE	ORGANISER	ATTENDEE(S)
Workshop - Management Accounting Part 4	28 May 2014	Paul Cheng & Co. Chartered Accountants (Malaysia)	Dr. Teo Kooi Cheng Mr. Lau Yeng Khuan Dr. Vijaya Raghavan A/L M P Nair Mr. Teo Chin Heng Mr. Lim Tong Seng Dato' Hon Choon Kim Mr. Azman Bin Abdul Jalil
Nominating Committee Programme	17 June 2014	Bursa Malaysia Berhad	Mr. Azman Bin Abdul Jalil
The Role of The Chairman	23 June 2014	Bursa Malaysia Berhad	Mr. Teo Chin Heng
Goods and Services Tax	27 August 2014	Paul Cheng & Co. Chartered Accountants (Malaysia)	Dr. Teo Kooi Cheng Mr. Lau Yeng Khuan Dr. Vijaya Raghavan A/L M P Nair Mr. Teo Chin Heng Mr. Lim Tong Seng Dato' Hon Choon Kim Mr. Azman Bin Abdul Jalil Prof. Dr. Paul Cheng Chai Liou
Tax Planning for Employers and HR Managers	16 & 17 October 2014	Malaysian Institute of Accountants	Prof. Dr. Paul Cheng Chai Liou
GST Seminar	20 November 2014	Malaysia Animal Health & Nutrition Industries Association	Mr. Lim Tong Seng Dr. Teo Kooi Cheng
Customised Workshop of GST	27 November 2014	YYC GST Consultants Sdn Bhd	Mr. Lim Tong Seng Mr. Teo Chin Heng Dr. Teo Kooi Cheng Mr. Lau Yeng Khuan

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board takes the responsibility for presenting a clear, balanced and comprehensive assessment of the Group's position and prospects in its presentation of the annual financial statements and quarterly announcements of its results.

The Board is responsible for keeping proper maintenance of accounting records of the Group and that the financial reporting and disclosure are clearly completed to the highest standards. The Audit Committee assists the Board by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy and recommends the same for consideration and approval by the Board.

5.2 Assessment of Suitability and Independence of External Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the authority to communicate directly with the external auditors. The external auditors in turn are able to highlight matters requiring the attention of the Board effectively to the Audit Committee in terms of compliance with the accounting standards and other related regulatory requirements.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

6. RECOGNISE AND MANAGE RISKS

6.1 Framework to Manage Risks

The Board has the overall responsibility for maintaining a system of internal controls, which provides reasonable assessments of effective and efficient operations, internal controls and compliance with laws and regulations.

6.2 Internal Audit Function

Details of the Company's internal audit function are set out in the statement on risk management and internal control on page 26 and 27 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board strives to comply with corporate disclosure requirements set by Bursa Securities and adopted the following forms of information disclosure:

a. Continuous disclosure – the core disclosure obligation and primary method of informing the market and shareholders.
b. Periodical disclosure – quarterly reporting of financial results, annual audited accounts and annual report.
c. Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of Bursa releases.

All information made available to Bursa Securities is immediately available to shareholders, stakeholders and the public on the Company's Investor Relations section of the website: www.peterlabs.com.my.

7.2 Leverage on Information Technology

The Board continue to leverage the use of information technology to disseminate information to shareholders. The Group's website was developed and maintained by IT professional to ensure the website is up to date and secured. The website has a dedicated section to provide information such as the Board Charter, share price announcements made to Bursa Securities and copies of the annual report.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholder Participation at General Meetings

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's annual report twenty one (21) days before the meeting. All shareholders are encouraged to participate in discussions with the Board on matters relating to the Group's operations and performance at the Company's AGM.

8.2 Encourage Poll Voting

There were no substantive resolutions put forth for shareholders' approval at the previous AGM held on 25 June 2014. As such, all resolutions tabled for shareholders' approval were voted by a show of hands.

Nevertheless, the Company would conduct poll voting if demanded by shareholders at the general meeting. The Board recognises that effective 1 June 2013, poll voting is mandated for related party transactions that require specific shareholders' approval.

8.3 Communication and Engagements with Shareholders

The Group recognises the importance of keeping shareholders informed of the Group's business and corporate developments. Such information is disseminated via the Group's annual reports, quarterly financial results and announcements made from time to time. The Company's announcements made to Bursa Securities and other relevant information is also available at the Group's website at www.peterlabs.com.my.

COMPLIANCE WITH THE CODE

The Board considers that the Group has substantially complied with the best practices as stipulated in the Principles and Recommendations of the MCCG 2012 throughout the financial year ended 31 December 2014.

AUDIT
COMMITTEE REPORT

MEMBERS OF AUDIT COMMITTEE

The Audit Committee of the Company comprises the following members:

Prof. Dr. Paul Cheng Chai Liou
Chairman, Senior Independent Non-Executive Director

Dato' Hon Choon Kim
Member, Independent Non-Executive Chairman

Encik Azman bin Abdul Jalil
Member, Independent Non-Executive Director

Attendance at Meetings

The record of attendance of the members of the Audit Committee for meetings held during the financial year ended 31 December 2014 is as follows:

	NO.OF AUDIT COMMITTEE MEETINGS HELD DURING MEMBER'S TENURE IN OFFICE	NO.OF AUDIT COMMITTEE MEETINGS ATTENDED BY MEMBERER
Prof. Dr. Paul Cheng Chai Liou	5	5/5
Dato' Hon Choon Kim	5	5/5
Azman bin Abdul Jalil	5	5/5

The quorum of the meeting is two (2) who shall be Independent Non-Executive Directors.

TERMS OF REFERENCE

Composition of the Audit Committee

Composition

The Audit Committee is comprised of three (3) members who are Directors of the Company. In compliance with the AMLR and the MCCG 2012, the Audit Committee is comprised of not less than three members, all of whom are Independent Non-Executive Directors.

Prof. Dr. Paul Cheng Chai Liou meets the requirement of Rule 15.09 (1)(c)(i) of AMLR in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

MEETINGS AND MINUTES

Meetings

The Audit Committee will meet at least four (4) times a year although additional meetings may be called at any time at the discretion of the Committee. The record of attendance of the members of the Audit Committee is shown above.

The meetings are pre-scheduled and are timed just before the Company's Board meetings. The Agenda carries matters that need to be deliberated, reviewed or decided on and reported to the Board. Notices and Audit Committee papers are circulated to all members prior to the meeting with sufficient time allocated for them to prepare themselves for deliberation on the matters being raised.

If the need arises, the Chairman has the discretion to call for the attendance of Management, internal auditors and external auditors during such meetings.

The Audit Committee shall meet the external auditors in private sessions without the presence of Management to discuss audit related matters that the auditors wish to raise directly with the Committee. During the financial year ended 31 December 2014, the Committee met twice with the external auditors.

AUDIT COMMITTEE REPORT (CONT'D)

Minutes

The Company Secretary shall be the Secretary of the Audit Committee which shall provide the necessary administrative and secretarial services for the effective functioning of the Committee. The minutes of the meetings are circulated to the Committee and to all members of the Board.

OBJECTIVES AND AUTHORITY

Objectives

The objectives of the Audit Committee are:

i. To relieve the full Board of Directors from detailed involvement in the review of the results of internal and external audit activities and to ensure that audit findings are brought up to the highest level for consideration;

ii. To comply with the AMLR and other specified financial standards, required disclosure policies, regulations, rules, directives or guidelines developed and administered by Bursa Securities; and

iii. To provide forum for dialogue or meetings as a direct line of communication between the Board of Directors and the external auditors, internal auditors and Management.

Authority of Audit Committee

The Audit Committee is authorised by the Board to:

i. To have explicit authority to investigate any matters within its terms of reference;

ii. To have the resources which are required to perform its duties;

iii. To have full, free and unrestricted access to the chief executive officer and chief financial officer and to any information, records, properties from both internal and external auditors and any employee(s) of the Group;

iv. To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity, if any;

v. To have the rights to obtain external legal or other independent professional advice whenever necessary in furtherance of their duties; and

vi. To be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed company, whenever deemed necessary.

Duties of the Audit Committee

The duties of the Audit Committee shall be:

i. To recommend the nomination of person or persons as external auditors.

ii. To consider the external auditors for appointment, audit fees and review any letter of resignation or dismissal and proposal for re-appointment of external auditors or whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment.

iii. To review the nature and scope of the audit with the internal and external auditors before the audit commences and ensure co-ordination where more than one audit firm is involved;

iv. To review the evaluation of the system of internal controls with the auditors;

v. To review the assistance given by the Group's Management to the external auditors;

vi. To review any appraisal or assessment of the performance of the internal auditors;

AUDIT
COMMITTEE REPORT (CONT'D)

vii. To review the quarterly results and annual financial statements, prior to the approval by the Board of Directors, focusing particularly on:

- any changes in accounting policies and practices;
- significant adjustments arising from the audit;
- any other significant and unusual events;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

viii. To review the external auditor's management letter and management's response;

ix. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

x. To review the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;

xi. To review and recommend to the Board of Directors the Corporate Governance Statement and Risk Management and Internal Control Statement in relation to internal control and the management of risk included in the annual report;

xii. To consider the report, major findings and management's response on any internal investigations carried out by the internal auditors;

xiii. To review the adequacy and effectiveness of risk management, internal control and governance systems;

xiv. To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

xv. To carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board of Directors from time to time.

No member of the Audit Committee shall have a relationship which in the opinion of the Board of Directors will interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The main activities carried out by the Committee during the financial year were as follows:

a. Reviewed the quarterly unaudited financial results of the Company and Group before recommending to the Board for consideration and approval;

b. Reviewed the audited financial statements of the Company and Group prior to submission to the Board for consideration and approval. The review was to ensure that these financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards;

c. Reviewed the external auditors' scope of work and audit plan for the year;

d. Reviewed with the external auditors, the results of the annual audit, audit report, including the management's response;

e. Reviewed with the internal auditor, the internal audit plans, the internal audit reports, their evaluation of system of internal controls and the follow-up on the audit findings; and

f. Reviewed related party transactions within the Group.

AUDIT
COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional service team i.e. the internal auditor.

The internal auditor reports directly to the Audit Committee on a quarterly basis by presenting its Internal Audit Reports during the Audit Committee meetings, whereby relevant issues identified in the Internal Audit Reports will be discussed with the Management in the meeting. Rectification work, if necessary will be performed and follow-up will be carried out by internal auditor for the purpose of reporting at the subsequent Audit Committee meeting.

During the financial year ended 31 December 2014, the internal auditor reviewed the adequacy and integrity of the Group's system of internal control covering both financial as well as non-financial controls. The audits focused on key controls to manage risks, safeguard assets, secure the accuracy and reliability of records, comply with policies, procedures, laws and regulations and promote efficiency of operations. For year 2014, the cost incurred for internal audit function was RM33,750.

ADDITIONAL COMPLIANCE INFORMATION

The following additional compliance information is provided in accordance with Rule 9.25 of the AMLR:

1. **Material Contracts**

   There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests still subsisting at the end of the financial year or entered into since the end of the previous financial year.

2. **Non-audit Fees**

   There were non-audit fees of RM23,000 paid to the external auditors by the Group in providing their taxation services and reviewing of the Statement on Risk Management and Internal Control for the financial year ended 31 December 2014.

3. **Variation in Results**

   There were no variation in results of 10% or more between the profits stated in the announced unaudited financial statements and the audited financial statements for the financial year ended 31 December 2014.

4. **Sanctions and/or Penalties**

   There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

Board Responsibility

The Board of Directors is responsible for determining the nature and extent of the significant risks that the Group is willing to take to achieve its strategic objectives and for maintaining sound risk management and internal control systems. With the support of the Audit Committee, it carries out a review of the effectiveness of the Group's risk management and internal control systems and reports to the Board of Directors on quarterly basis that it has done so. Such review covers all materials controls including financial, operations, management information systems and compliance controls and risk management systems.

The Group maintains its systems of risk management and internal control with a view to safeguard assets of the Group and shareholders' interest, to identify and manage risks affecting the Group, to ensure compliance with regulatory requirements and to ensure operational results are closely monitored and substantial variances are promptly explained.

The Board of Directors is aware of the limitations that are inherent in any systems of internal control and risk management, as such systems being designed to manage, rather than eliminate, the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable combination of preventive, detective and corrective measures but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations.

The Group's risk management and internal control framework is an ongoing process, and has been in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

Risk Management Framework

The Group has an embedded process for the identification, evaluating, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries. Risk registers, based on a standardised methodology, are used at the Group to identify, assess and monitor the key risks faced by the Group. Information based on prevailing trends, for example whether a risk is considered to be increasing or decreasing over time, is provided in relation to each risk and all identified risks are assessed at four levels (significant/high/moderate/low) by reference to their impact and likelihood. Mitigation plans are required to be in place to manage the risks identified. The mitigation plans are reviewed on a regular basis.

Internal Audit Structure

The Group has outsourced its internal audit function to a professional service team. The internal audit function reports directly to the Audit Committee. Four (4) reports on the internal audit findings were issued to the Audit Committee during the year. The internal audit function reviews critical business processes and identifies internal controls gaps, assesses the effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.

The internal audit plays a critical role in the objective assessment of the Group's business processes by providing the Audit Committee with reasonable independent assurance on the effectiveness and integrity of the Group's system of risk management and internal control.

Organisation Structure

Key responsibilities and lines of accountability within the Group are defined, with clear reporting lines up to the Management of the Group and to the Board of Director. The Group's delegation of authority sets out the decisions that need to be taken and the appropriate authority levels of Management including matters that require the Board approval.

Financial Reporting Controls

The Group has defined policies, practices and controls to ensure the reporting of complete and accurate financial information. These procedures and controls include obtaining authority for transactions and ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and tagging.

Operational Monitoring and Controls

The monitoring and control procedures, which are incorporated into day to day operational procedures, are regularly reviewed by the Executive Directors responsible for reporting to the Board. These are supplemented by comprehensive and independent reviews undertaken by the internal audit function on the controls in operation in each individual business and independently report to the Audit Committee of the outcome and findings.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Performance Measurement Controls

The Group has in place a proper control environment which emphasizes on quality and performance of the Group's employees through the development and implementation of human resource policies and programmes designed to enhance the effectiveness and efficiency of the individual and the organisation.

Annual training and appraisal systems are also implemented for the employees at all levels within the Group to ensure continuous assessment on the employees' performance is carried out.

Conclusion

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control for the financial year under review. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

The Board has received assurance from the Executive Directors that the Company's risk management and internal control system is in place and operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group. The Board is satisfied that the system of risk management and internal control is in accordance with the MCCG 2012.

As required by paragraph 15.23 of AMLR. The external auditor has reviewed this Statement on Risk Management and Internal Control.

This Statement is made in accordance with the resolution of the Board dated 22 April 2015.

STATEMENT OF
DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flow of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:

(a) selected suitable accounting policies and applied them consistently;

(b) ensured that all applicable accounting standards have been followed;

(c) made judgements and estimates that are reasonable and prudent; and

(d) prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made the necessary enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility in ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements is in compliance with the Companies Act, 1965, the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the AMLR.

The Directors have the overall responsibilities for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

FINANCIAL **STATEMENT**

DIRECTORS' **REPORT**

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	2,982,271	1,021,033
Attributable to:-		
Owners of the Company	3,024,973	1,021,033
Non-controlling interests	(42,702)	-
	2,982,271	1,021,033

DIVIDENDS

The amount of dividends declared and paid since the end of the last financial year were as follows:-

	RM
In respect of the financial year ended 31 December 2013 and paid on 14 February 2014:-	
Interim single tier dividend of 0.3 sen per share	564,000

Subsequent to the end of the reporting period, an interim single tier dividend, in respect of the financial year ended 31 December 2014, of 0.5 sen per share on 188,000,000 ordinary shares, amounting to RM940,000 had been declared and paid on 25 February 2015. This declared dividend is not reflected in the current year's financial statements. Such dividend will be accounted for in shareholders' equity as an appropriation of unappropriated profits in the financial year ending 31 December 2015.

The Directors do not recommend any final dividend payment for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year, other than those disclosed in the financial statements.

DIRECTORS

The Directors in office since the date of the last report are:-

Dato' Hon Choon Kim (Independent Non-Executive Chairman)
Lim Tong Seng (Managing Director)
Teo Chin Heng (Executive Director)
Dr. Teo Kooi Cheng (Executive Director)
Lau Yeng Khuan (Executive Director)
Prof. Dr. Paul Cheng Chai Liou (Senior Independent Non-Executive Director)
Dr. Vijaya Raghavan A/L M P Nair (Independent Non-Executive Director)
Azman Bin Abdul Jalil (Independent Non-Executive Director)

DIRECTORS (CONT'D)

In accordance with Article 90 of the Company's Articles of Association, Dr. Teo Kooi Cheng and Prof. Dr. Paul Cheng Chai Liou will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129(6) of the Companies Act, 1965, Dr. Vijaya Raghavan A/L M P Nair will retire at the forth coming Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year (including their spouses or children) in shares of the Company were as follows:-

	Ordinary shares of RM0.10 each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
Direct interest				
Lim Tong Seng	18,943,238	1,000,000	-	19,943,228
Teo Chin Heng	25,565,245	-	-	25,565,245
Dr. Teo Kooi Cheng	19,198,238	-	-	19,198,238
Lau Yeng Khuan	8,900,645	-	-	8,900,645
Azman Bin Abdul Jalil	30,000	-	-	30,000
Indirect Interest				
Dato' Hon Choon Kim	100,000	-	-	100,000
(Deemed interest by virture of the shares held by his spouse)				

By virtue of their interest in shares of the Company, Mr. Lim Tong Seng, Mr. Teo Chin Heng, Dr. Teo Kooi Cheng, Mr. Lau Yeng Khuan and Azman bin Abdul Jalil are deemed to have interest in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

Other than the above, no other Directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the Note to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company of which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

There were no new shares or debentures issued during the financial year.

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and all known bad debts had been written off; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year which secure the liability of any other person; or

(b) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

The event after the reporting period is disclosed in Note 29 to the financial statements.

AUDITORS

The Auditors, Messrs SJ Grant Thornton, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

………………………………………………	)	
LIM TONG SENG	)	
	)	DIRECTORS
………………………………………………	)	
TEO CHIN HENG	)	

Kuala Lumpur
22 April 2015

STATEMENT BY **DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 37 to 81 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out on page 82 had been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

……………………………………………… ………………………………………………
LIM TONG SENG TEO CHIN HENG

Kuala Lumpur
22 April 2015

STATUTORY **DECLARATION**

I, Thong Swee Hean, being the Officer primarily responsible for the financial management of PeterLabs Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 37 to 81 and the financial information set out on page 82 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
22 April 2015) ………………………………………………
THONG SWEE HEAN

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PETERLABS HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of PeterLabs Holdings Berhad, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 81.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PETERLABS HOLDINGS BERHAD (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 82 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

FOO LEE MENG
(NO: 3069/07/15(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
22 April 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	11,305,929	11,766,208	-	-
Deferred tax assets	5	394,000	515,000	-	-
Investment in subsidiary companies	6	-	-	17,299,900	17,299,900
Total non-current assets		11,699,929	12,281,208	17,299,900	17,299,900
Current assets					
Inventories	7	7,635,319	5,660,160	-	-
Trade receivables	8	18,853,974	16,878,108	-	-
Other receivables	9	1,452,547	1,956,273	1,000	42,200
Amount due from subsidiary companies	6	-	-	3,868,153	3,468,153
Tax recoverable		-	458	-	-
Cash and bank balances	10	4,214,300	3,118,777	1,489,131	1,378,738
Total current assets		32,156,140	27,613,776	5,358,284	4,889,091
TOTAL ASSETS		43,856,069	39,894,984	22,658,184	22,188,991
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	11	18,800,000	18,800,000	18,800,000	18,800,000
Share premium	12	2,690,914	2,690,914	2,690,914	2,690,914
Unappropriated profits	13	11,433,773	8,972,800	1,123,833	666,800
		32,924,687	30,463,714	22,614,747	22,157,714
Non-controlling interests		(137,974)	(95,272)	-	-
Total equity		32,786,713	30,368,442	22,614,747	22,157,714
LIABILITIES					
Non-current liabilities					
Finance lease liabilities	14	183,529	81,442	-	-
Borrowings	15	2,487,868	2,971,076	-	-
Deferred tax liabilities	5	18,000	9,000	-	-
Total non-current liabilities		2,689,397	3,061,518	-	-
Current liabilities					
Trade payables	16	3,257,346	2,160,835	-	-
Other payables	17	1,355,141	1,490,952	43,275	31,277
Finance lease liabilities	14	110,779	80,629	-	-
Borrowings	15	3,437,953	2,699,167	-	-
Tax payables		218,740	33,441	162	-
Total current liabilities		8,379,959	6,465,024	43,437	31,277
TOTAL LIABILITIES		11,069,356	9,526,542	43,437	31,277
TOTAL EQUITY AND LIABILITIES		43,856,069	39,894,984	22,658,184	22,188,991

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	18	54,942,799	50,312,268	1,400,000	1,000,000
Cost of sales		(42,612,905)	(39,690,579)	-	-
Gross profit		12,329,894	10,621,689	1,400,000	1,000,000
Other income		846,991	445,259	740	-
Selling and distribution expenses		(2,333,617)	(2,096,217)	-	-
Administration expenses		(6,050,198)	(5,267,207)	(379,545)	(401,229)
Other expenses		(398,902)	(278,752)	-	-
Operating profit		4,394,168	3,424,772	1,021,195	598,771
Finance cost		(271,780)	(267,152)	-	-
Profit before tax	19	4,122,388	3,157,620	1,021,195	598,771
Tax expense	20	(1,140,117)	(1,149,278)	(162)	-
Profit for the financial year		2,982,271	2,008,342	1,021,033	598,771
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial year		2,982,271	2,008,342	1,021,033	598,771
Profit for the financial year and total comprehensive income attributable to:-					
- Owners of the Company		3,024,973	2,027,064	1,021,033	598,771
- Non-controlling interests		(42,702)	(18,722)	-	-
Total profit and total comprehensive income for the financial year		2,982,271	2,008,342	1,021,033	598,771
Earnings per share attributable to owners of the Company	21				
- basic (sen)		1.61	1.08		
- diluted (sen)		1.61	1.08		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company					
	Non-distributable		Distributable			
	Share capital RM	Share premium RM	Unappropriated profits RM	Total RM	Non-controlling interests RM	Total equity RM
Group						
Balance at 1 January 2013	18,800,000	2,690,914	8,261,736	29,752,650	(76,550)	29,676,100
Profit for the financial year	-	-	2,027,064	2,027,064	(18,722)	2,008,342
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	2,027,064	2,027,064	(18,722)	2,008,342
	18,800,000	2,690,914	10,288,800	31,779,714	(95,272)	31,684,442
Transaction with owners:-						
In respect of the financial year ended 31 December 2012: - Dividend of 0.7 sen per share, paid on 27 March 2013	-	-	(1,316,000)	(1,316,000)	-	(1,316,000)
Balance at 31 December 2013	18,800,000	2,690,914	8,972,800	30,463,714	(95,272)	30,368,442
Profit for the financial year	-	-	3,024,973	3,024,973	(42,702)	2,982,271
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	3,024,973	3,024,973	(42,702)	2,982,271
	18,800,000	2,690,914	11,997,773	33,488,687	(137,974)	33,350,713
Transaction with owners:-						
In respect of the financial year ended 31 December 2013: - Dividend of 0.3 sen per share, paid on 14 February 2014	-	-	(564,000)	(564,000)	-	(564,000)
Balance at 31 December 2014	18,800,000	2,690,914	11,433,773	32,924,687	(137,974)	32,786,713

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

	Attributable to owners of the Company					
	Non-distributable		Distributable			
	Share capital RM	Share premium RM	Unappropriated profits RM	Total RM	Non-controlling interests RM	Total equity RM
Company						
Balance at 1 January 2013	18,800,000	2,690,914	1,384,029	22,874,943	-	22,874,943
Profit for the financial year	-	-	598,771	598,771	-	598,771
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	598,771	598,771	-	598,771
	18,800,000	2,690,914	1,982,800	23,473,714	-	23,473,714
Transaction with owners:-						
In respect of the financial year ended 31 December 2012: - Dividend of 0.7 sen per share, paid on 27 March 2013	-	-	(1,316,000)	(1,316,000)	-	(1,316,000)
Balance at 31 December 2013	18,800,000	2,690,914	666,800	22,157,714	-	22,157,714
Profit for the financial year	-	-	1,021,033	1,021,033	-	1 ,021,033
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	1,021,033	1,021,033	-	1,021,033
	18,800,000	2,690,914	1,687,833	23,178,747	-	23,178,747
Transaction with owners:-						
In respect of the financial year ended 31 December 2013: - Dividend of 0.3 sen per share, paid on 14 February 2014	-	-	(564,000)	(564,000)	-	(564,000)
Balance at 31 December 2014	18,800,000	2,690,914	1,123,833	22,614,747	-	22,614,747

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
OPERATING ACTIVITIES					
Profit before tax		4,122,388	3,157,620	1,021,195	598,771
Adjustments for:-					
Bad debts written off		10,954	45,605	-	-
Depreciation		847,227	840,772	-	-
Dividend income		-	-	(1,400,000)	(1,000,000)
Gain on disposal of previous property, plant and equipment written off		(10,000)	-	-	-
Impairment loss on trade receivables		178,956	5,600	-	-
Impairment loss on trade receivables no longer required		(500)	(45,649)	-	-
Interest expenses		271,780	267,152	-	-
Interest income		(67,972)	(18,774)	(740)	-
Inventories written down		295,863	244,827	-	-
Property, plant and equipment written off		75,281	-	-	-
Reversal of inventories written down		(326,643)	(58,593)	-	-
Unrealised loss/(gain) on foreign exchange		33,714	(24,006)	-	-
Operating profit/(loss) before working capital changes		5,431,048	4,414,554	(379,545)	(401,229)
Changes in working capital:-					
Inventories		(1,944,379)	714,099	-	-
Receivables		(1,695,264)	(1,182,917)	41,200	10,300
Payables		960,700	(384,057)	11,998	1,253
Bills payable		657,000	553,000	-	-
Cash generated from/(used in) operations		3,409,105	4,114,679	(326,347)	(389,676)
Tax paid		(842,978)	(813,332)	-	-
Tax refund		18,618	-	-	-
Interest paid		(102,044)	(96,634)	-	-
Interest received		67,972	18,774	740	-
Net cash from/(used in) operating activities		2,550,673	3,223,487	(325,607)	(389,676)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	(222,229)	(166,729)	-	-
Proceeds from disposal of previous property, plant and equipment		10,000	-	-	-
Dividend received		-	-	1,400,000	1,000,000
(Advances to)/Repayment from subsidiary companies		-	-	(400,000)	2,081,000
Net cash (used in)/from investing activities		(212,229)	(166,729)	1,000,000	3,081,000

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
FINANCING ACTIVITIES					
Dividend paid		(564,000)	(1,316,000)	(564,000)	(1,316,000)
Drawndown of term loan		-	3,497,000	-	-
Interest paid		(169,736)	(170,518)	-	-
Repayment of term loan		(401,422)	(3,513,753)	-	-
Repayment of finance lease liabilities		(107,763)	(92,455)	-	-
Net cash used in financing activities		(1,242,921)	(1,595,726)	(564,000)	(1,316,000)
CASH AND CASH EQUIVALENTS					
Net changes		1,095,523	1,461,032	110,393	1,375,324
Brought forward		3,118,777	1,657,745	1,378,738	3,414
Carried forward	10	4,214,300	3,118,777	1,489,131	1,378,738

NOTE TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment with an aggregate cost of RM462,229 (2013: RM216,729) of which RM240,000 (2013: RM50,000) was acquired by means of finance lease. Cash payment of RM222,229 (2013: RM166,729) was made to the purchase property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur and the principal place of business of the Company is located at Lot 16014 (PT No.24341), Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus.

The Company is principally engaged in investment holding activities.

The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 April 2015.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements of the Group and of the Company are prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 2 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurement are categorised into Level 1, 2 or 3 based on the degree to which it inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement, in its entirely, which are described below:-

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for the asset or liability either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the assets or liability.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (“RM”) which is the Company’s functional currency and all values are rounded to the nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Malaysian Financial Reporting Standards ("MFRSs")

2.4.1 Adoption of New or Revised MFRSs, Amendments/Improvements to MFRSs and IC Interpretations ("IC Int")

The accounting policies adopted by the Group and by the Company are consistent with those of the prior financial year except for the new and revised MFRSs and IC Interpretations approved by Malaysian Accounting Standards Board ("MASB") and applicable for current financial year. Application of the new and revised MFRSs and interpretations has no material impact on the financial statements of the Group and of the Company.

Several other amendments are effective for the first time in financial year ended 31 December 2014. However, they do not impact the annual financial statements of the Group and of the Company.

The nature and impact of the new standards and amendments are described below.

Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)

These amendments provided an exception to the consolidation requirement for entities meeting the definition of an investment entity under MFRS 10 and the exception is applicable retrospectively, subject to certain transitional relief. The exception to consolidation requires investment entities to account for subsidiary companies at fair value through profit or loss.

The amendments have no impact on the Group because none of the entities in the Group qualifies as an investment entity under MFRS 10.

Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

The amendments clarified the meaning of 'currently has a legally enforceable right of set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and the amendments is applicable retrospectively.

These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets

The amendments clarified that the disclosure requirements in MFRS 136 that are applicable to value in use are also applicable to fair value less costs of disposal when there has been a material impairment loss or impairment reversal in the period.

The amendments affected disclosures in the financial statements only and do not have material impact on the financial statements of the Group and of the Company.

2.4.2 Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the MASB that are not yet effective, and have not been adopted by the Group and the Company. Information on those expected to be relevant to the Group's and the Company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, amendments and interpretations to existing standards not either adopted or listed below are not expected to have a material impact on the Group's and the Company's financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

2.4.2 Standards Issued But Not Yet Effective (cont'd)

Amendments to MFRS 3 Business Combinations

The amendments clarified that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial instruments: Presentation that is classified as an asset and liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

Amendments to MFRS 8 Operating Segments

The amendments require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. The amendment further classifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed if that amount is regularly provided to the chief operating decision maker.

MFRS 9 Financial Instruments

MFRS 9 is issued during the financial year, which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transaction.

The Group and the Company are currently examining the financial impact of adopting MFRS 9.

Amendments to MFRS 13 Fair Value Measurement

The amendments specified the scope of the exception that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis if the entity manages that group of financial assets and financial liabilities on the basis of its net exposure to either market risk or credit risk (referred to as portfolio exception). It clarifies that the portfolio exception applies to all contracts within the scope of MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 9 Financial Instruments, regardless of whether they meet the definitions of financial assets or liabilities as defined in MFRS 132 Financial Instruments: Presentation.

The adoption of this amendment has no effect on the Group's and Company's financial statements as the portfolio exception does not apply to the Group and the Company.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments clarified the accounting for accumulated depreciation when an asset is revalued. The determination of accumulated depreciation does not depend on the selection of the valuation technique. It clarifies that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account for accumulated impairment losses.

The adoption of this amendment will have no effect on the Group's and the Company's financial position and results.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

2.4.2 Standards Issued But Not Yet Effective (cont'd)

Amendments to MFRS 124 Related Party Disclosures

The amendments extend the definition of "related party" to include an entity, or any member of a group of which it is a part that provides key management personnel services to the reporting entity or to the parent of the reporting entity. Separate disclosure of transactions for the provisions of key management personnel services is required.

The adoption of this amendment has no effect on the Group's and the Company's current financial statements as the Group and the Company do not have personnel services provided by the management service entity.

2.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Key Sources Of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in which the Group operates are also carefully taken into consideration.

If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

The carrying value of the Group's deferred tax assets as at 31 December 2014 was RM394,000 (2013: RM515,000) as disclosed in Note 5 to the financial statements.

Income Tax/Deferred Liabilities

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

Significant Management Judgement

The following are significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group or the Company. Control exists when the Group or the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group or the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiary companies is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basic of Consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basic of Consolidation (cont'd)

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.1.3 Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the fair value at acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in acquire (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. For instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

3.1.4 Loss of Control

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of the equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-Controlling Interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, Plant and Equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Building	2%
Motor vehicles	20%
Plant and machinery	10%
Office equipment	10%
Computer equipment	20%
Furniture and fittings	10%
Air-conditioners	10%
Renovation	5%
Laboratory	10%

Capital work-in-progress consists of buildings, computer systems, plant and machinery under construction/ installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use. Assets under construction are not depreciated until it is completed and ready for their intended use.

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3.3 Inventories

Inventories are stated at lower of cost and net realisable value ("NRV") after adequate write down has been made by Directors for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials is determined using weighted average method and finished goods include direct materials, labour and an appropriate proportion of manufacturing overheads.

Cost of trading goods are determined using first-in-first-out method. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Inventories (cont'd)

Net realisable value represents estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

When inventories are sold and revenue is recognised, the carrying amount of those inventories is recognised as cost-of-goods-sold. Write-down to NRV and inventory losses are also recognised as an expense when they occur. Any reversal is recognised in the profit or loss in the period in which the reversal occurs.

3.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Finance Lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating Leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the lease assets are not recognised on the statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.5 Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.5.1 Financial Assets – Categorisation and Subsequent Measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

a) loans and receivables;
b) financial assets at fair value through profit or loss;
c) held-to-maturity investments; and
d) available-for-sale financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.1 Financial Assets – Categorisation and Subsequent Measurement (cont'd)

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial assets or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

At the reporting date, the Group and the Company have not designated any financial assets at fair value through profit or loss, held-to-maturity investments and available- for-sale financial assets. The Group and the Company carry only loans and receivables on their statements of financial position.

<u>Loans and Receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognitions, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, amount due from subsidiary companies, trade and most of other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

3.5.2 Financial Liabilities – Categorisation and Subsequent Measurement

After the initial recognition, financial liability is classified as financial liability at fair value through profit loss, other financial liabilities measured at amortised cost using the effective interest method or financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss. The Group and the Company carry only other financial liabilities measured at amortised cost on their statements of financial position.

<u>Other Financial Liabilities Measured at Amortised Cost</u>

The Group's and the Company's other financial liabilities include borrowings, finance lease liabilities, trade and other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting date.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.2 Financial Liabilities – Categorisation and Subsequent Measurement (cont'd)

Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 Impairment of Assets

3.6.1 Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable date indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an provision account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated provision are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent financial year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the provision account.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of Assets (cont'd)

3.6.2 Non-financial Assets

At each reporting date, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication of impairment. Non-financial asset is tested for impairment annually at financial period end or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash generating unit is less than its carrying amount. Recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in profit and loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3.7 Foreign Currency Transactions And Balances

Transactions in foreign currencies are recorded in the respective functional currency of the Company and its subsidiary companies at exchange rates approximating those ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at reporting date. Non-monetary items that are measured at historical cost are translated at the dates of the initial transactions and those items measured at fair value in foreign currency are translated at the date when the fair value was determined.

Gains and losses resulting from settlement of such transactions and conversion of short term assets and liabilities, whether realised or unrealised, are included in profit or loss as they arise.

3.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and bank balances which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Equity, Reserves and Distribution to Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Equity, Reserves and Distribution to Owners (cont'd)

Unappropriated profits include all current and prior period unappropriated profits.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the assets to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable are recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

3.10 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.11 Contingent Liabilities

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Employee Benefits

3.13.1 Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees which increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

3.13.2 Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as expenses in profit or loss as incurred. As required by law, the Group makes such contributions to the Employees Provident Fund ("EPF").

3.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue from sale of goods is recognised upon delivery of goods sold and customer acceptance, net of returns and trade discounts. Revenue is not recognised to the extend where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

Dividend income is recognised at the time the right to receive payment is established.

Interest income is recognised using effective interest method.

3.15 Income Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current Tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Income Tax (cont'd)

Deferred Tax (cont'd)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, are recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available to offset against the unutilised tax incentive credit.

3.16 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are show in Note 28.

3.17 Related Parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group and the Company if that person:-

- (i) Has control or joint control over the Group and the Company;
- (ii) Has significant influence over the Group and the Company; or
- (iii) Is a member of the key management personnel of the ultimate holding company or the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the Group or the Company.
- (iii) Both Group or the Company and the entity are joint ventures of the same third party.
- (iv) The Group or the Company is a joint venture of a third entity and the entity is an associate of the same third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or the Company or an entity related to the Group and the Company.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company of the entity or the entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Earnings per Ordinary Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company based on the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company based on the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Group

Cost	Freehold land RM	Building RM	Motor vehicles RM	Plant and machinery RM	Office equipment RM	Computer equipment RM	Capital work-in-progress RM	Furniture and fittings RM	Air-conditioners RM	Renovation RM	Laboratory RM	Total RM
At 1 January 2013	1,467,419	5,882,546	418,995	4,855,459	103,675	35,108	108,500	-	94,403	34,979	525,967	13,527,051
Additions	-	-	94,102	-	71,221	20,675	-	6,700	-	24,031	-	216,729
Transfer (to)/from capital work-in-progress/property, plant and equipment	-	-	-	-	-	-	(108,500)	108,500	-	-	-	-
At 31 December 2013	1,467,419	5,882,546	513,097	4,855,459	174,896	55,783	-	115,200	94,403	59,010	525,967	13,743,780
Additions	-	19,800	413,079	-	-	-	-	-	-	13,000	16,350	462,229
Written off	-	-	(94,102)	-	-	-	-	-	-	-	-	(94,102)
At 31 December 2014	1,467,419	5,902,346	832,074	4,855,459	174,896	55,783	-	115,200	94,403	72,010	542,317	14,111,907
Accumulated depreciation												
At 1 January 2013	-	230,869	81,705	676,583	24,981	7,023	-	-	19,236	2,094	94,309	1,136,800
Charge for the financial year	-	117,651	128,231	493,406	17,942	9,332	-	9,544	9,544	2,525	52,597	840,772
At 31 December 2013	-	348,520	209,936	1,169,989	42,923	16,355	-	9,544	28,780	4,619	146,906	1,977,572
Charge for the financial year	-	118,014	128,425	493,406	19,288	11,171	-	11,520	9,395	3,275	52,733	847,227
Written off	-	-	(18,821)	-	-	-	-	-	-	-	-	(18,821)
At 31 December 2014	-	466,534	319,540	1,663,395	62,211	27,526	-	21,064	38,175	7,894	199,639	2,805,978
Net carrying amount												
At 31 December 2014	1,467,419	5,435,812	512,534	3,192,064	112,685	28,257	-	94,136	56,228	64,116	342,678	11,305,929
At 31 December 2013	1,467,419	5,534,026	303,161	3,685,470	131,973	39,428	-	105,656	65,623	54,391	379,061	11,766,208

The Group's net carrying amount of property, plant and equipment which are under finance lease arrangement amounted to RM405,650 (2013: RM263,960).

Freehold land and building are charged as security for banking facilities granted to the Group as disclosed in the Note 15 to the financial statements.

5. DEFERRED TAX (ASSETS)/LIABILITIES

Group

	2014 Asset	2014 Liabilities	2014 Net	2013 Asset	2013 Liabilities	2013 Net
At 1 January	(1,182,000)	676,000	(506,000)	(1,059,000)	482,000	(577,000)
Recognised in profit or loss	114,000	16,000	130,000	(123,000)	194,000	71,000
At 31 December	(1,068,000)	692,000	(376,000)	(1,182,000)	676,000	(506,000)

	2014 RM	2013 RM
Presented as follows as disclosed in the statements of financial position:-		
Deferred tax assets	(394,000)	(515,000)
Deferred tax liabilities	18,000	9,000
	(376,000)	(506,000)

The deferred tax balances are made up of temporary differences arising from:-

	2014 RM	2013 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	692,000	676,000
Unabsorbed capital allowances	(193,000)	(307,000)
Unutilised reinvestment allowance	(875,000)	(875,000)
	(376,000)	(506,000)

The corporate tax rate will be reduced to 24% for the year of assessment 2016 as announced in Malaysia Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

Deferred tax assets have not been recognised in respect of the following item:-

	2014 RM	2013 RM
Unabsorbed business losses	141,027	38,049

The potential tax benefit at 24% (2013: 24%) not recognised in the statements of profit or loss and other comprehensive income is approximately RM33,846 (2013: RM9,132) as it is not probable that future taxable profits will be available in which subsidiary company can utilised the benefits.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (CONT'D)

6. SUBSIDIARY COMPANIES

Investment in subsidiary companies

	Company 2014 RM	2013 RM
Unquoted shares, at cost	17,299,900	17,299,900

Details of the subsidiary companies are as follows:-

Name of companies	Ownership effective interest and voting interest (%) 2014	(%) 2013	Principal activities	Principal place of business/ country of incorporation
Plon Synergy Group Sdn. Bhd.	100	100	Investment holding company	Malaysia
Subsidiary companies of Plon Synergy Group Sdn. Bhd.				
1. PeterLabs Sdn. Bhd.	100	100	Trading of animal health and nutrition products	Malaysia
2. Osmosis Nutrition Sdn. Bhd	100	100	Manufacturing and distribution of animal health and nutrition products	Malaysia
3. OMS Resources Sdn. Bhd.	100	100	Trading of animal health and nutrition products	Malaysia
Subsidiary company of OMS Resources Sdn. Bhd.				
3.1 OMS Aquaculture Sdn. Bhd.	70	70	Trading of animal health and nutrition products	Malaysia
4. Biojava Sdn. Bhd.	52.50	52.50	Trading of soluble and liquid animal health and nutrition products and export activities	Malaysia

All the above subsidiary companies are audited by SJ Grant Thornton.

Non-controlling interests in subsidiary companies

The Group's subsidiary companies that have material non-controlling interests are as follows:-

2014

	OMS Aquaculture Sdn. Bhd.	Biojava Sdn. Bhd.	Total
Percentage of ownership interest and voting interest (%)	30%	47.50%	
Carrying amount of non-controlling interests (RM)	(7,234)	(130,739)	(137,973)
Loss allocated to non-controlling interests (RM)	(1,241)	(41,461)	(42,702)

6. SUBSIDIARY COMPANIES (CONT'D)

Non-controlling interests in subsidiary companies (cont'd)

2013

	OMS Aquaculture Sdn. Bhd.	Biojava Sdn. Bhd.	Total
Percentage of ownership interest and voting interest (%)	30%	47.50%	
Carrying amount of non-controlling interests (RM)	(5,993)	(89,279)	(95,272)
Loss allocated to non-controlling interests (RM)	(1,264)	(17,458)	(18,722)

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests are as below:-

	2014	
	OMS Aquaculture Sdn. Bhd. RM	Biojava Sdn. Bhd. RM
Financial position as at 31 December		
Non-current assets	-	-
Current assets	4,275	10,873
Non-current liabilities	-	-
Current liabilities	(28,389)	(286,113)
Net liabilities	(24,114)	(275,240)
Summary of financial performance for the financial year ended 31 December		
Loss for the financial year	(4,137)	(87,287)
Other comprehensive income	-	-
Total comprehensive loss	(4,137)	(87,287)
Included in the total comprehensive loss is:		
Revenue	-	325,694
Summary of cash flows for the financial year ended 31 December		
Net cash inflow from operating activities	22,938	11,534
Net cash outflow from investing activities	-	-
Net cash inflow from financing activities	(18,796)	(79,429)
Net cash inflow/(outflow)	4,142	(67,895)

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

6. SUBSIDIARY COMPANIES (CONT'D)

Non-controlling interests in subsidiary companies (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests are as below (cont'd):-

	2013	
	OMS Aquaculture Sdn. Bhd. RM	Biojava Sdn. Bhd. RM
Financial position as at 31 December		
Non-current assets	-	78,418
Current assets	133	385,824
Non-current liabilities	-	(21,785)
Current liabilities	(20,110)	(630,412)
Net liabilities	(19,977)	(187,955)
Summary of financial performance for the financial year ended 31 December		
Loss for the financial year	(4,213)	(36,753)
Other comprehensive income	-	-
Total comprehensive loss	(4,213)	(36,753)
Included in the total comprehensive loss is:		
Revenue	-	2,893,673
Summary of cash flows for the financial year ended 31 December		
Net cash (outflow)/inflow from operating activities	(4,340)	90,412
Net cash outflow from investing activities	-	(44,102)
Net cash inflow from financing activities	4,104	11,038
Net cash (outflow)/inflow	(236)	57,348

Significant restrictions

No significant restriction is imposed on the financial control of the subsidiary companies.

Amount due from subsidiary companies

Amount due from subsidiary companies is non-trade related, unsecured, bears no interest and repayable on demand.

7. INVENTORIES

	Group	
	2014 RM	2013 RM
Raw materials	2,216,082	1,294,459
Finished goods	856,804	429,495
Trading goods	4,562,433	3,936,206
At carrying amount	7,635,319	5,660,160
Recognised in profit or loss:-		
Inventories written down	295,863	244,827
Reversal of inventories written down	(326,643)	(58,593)

The reversal of inventories written down was made when the related inventories were sold above their carrying amount.

8. TRADE RECEIVABLES

	Group 2014 RM	Group 2013 RM
Trade receivables	19,038,030	16,883,708
Less: Allowance for impairment losses	(184,056)	(5,600)
	18,853,974	16,878,108

(a) The trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. The normal credit terms granted to the customers ranged from 30 to 120 days (2013: 30 to 120 days). Other credit terms are assessed and approved by the management on case-by-case basis.

(b) The foreign currency exposure profile of trade receivables is as follows:-

	Group 2014 RM	Group 2013 RM
US Dollar	104,105	148,559

(c) The ageing analysis of trade receivables of the Group are as follows:-

	Group 2014 RM	Group 2013 RM
Neither past due nor impaired	13,219,963	10,309,437
<u>Past due, not impaired</u>		
Past due 1-30 days	2,665,097	2,860,485
Past due 31-60 days	1,161,804	992,153
Past due 61-90 days	456,036	638,335
Past due more than 90 days	1,351,074	2,077,698
	5,634,011	6,568,671
Past due and impaired	184,056	5,600
Gross trade receivables	19,038,030	16,883,708

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are due from creditworthy customers with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounting to RM5,634,011 (2013: RM6,568,671) that are past due at the reporting date but not impaired. The Directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

8. TRADE RECEIVABLES (CONT'D)

(c) The ageing analysis of trade receivables of the Group are as follows (cont'd):-

Receivables that are impaired

The Group's trade receivables that are past due and impaired at the end of reporting period are as follows:-

	Group	
	2014 RM	2013 RM
Trade receivables, gross	184,056	5,600
Less : Allowance for impairment		
- Individually impaired	(184,056)	(5,600)
	-	-

(d) The reconciliation of movement in allowance for impairment losses of trade receivables:-

	Group	
	2014 RM	2013 RM
Brought forward	5,600	45,649
Charge for financial year	178,956	5,600
Impairment loss no longer required	(500)	(44)
Bad debts written off	-	(45,605)
Carried forward	184,056	5,600

Trade receivables that are individually determined to be impaired at the reporting date relate to customers that have significant financial liabilities and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(e) Information on financial risk of trade receivables is disclosed in Note 25 to the financial statements.

9. OTHER RECEIVABLES

	Group	
	2014 RM	2013 RM
Advance to suppliers	1,334,976	1,831,259
Deposits	42,628	66,104
Prepayment	74,943	58,910
	1,452,547	1,956,273

	Company	
	2014 RM	2013 RM
Deposits	1,000	1,000
Prepayment	-	41,200
	1,000	42,200

9. OTHER RECEIVABLES (CONT'D)

The foreign currency exposure profile of other receivables is as follows:-

	Group	
	2014 RM	2013 RM
US Dollar	650,433	1,260,536
Euro	217,224	-
China Renminbi	142,936	-
Sterling Pound	33,000	30,867

10. CASH AND BANK BALANCES

Included in the cash and bank balances is the foreign currency exposure profile as follows:-

	Group	
	2014 RM	2013 RM
US Dollar	53,845	60,307

11. SHARE CAPITAL

	Group and Company			
	2014 Unit	2013 Unit	2014 RM	2013 RM
Authorised:-				
Ordinary shares of RM0.10 each	250,000,000	250,000,000	25,000,000	25,000,000
Issued fully paid:				
Ordinary shares of RM0.10 each	188,000,000	188,000,000	18,800,000	18,800,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

12. SHARE PREMIUM

Group and Company

Share premium represents the excess of the consideration received over the nominal value of shares issued by the Company. It is not to be distributed by way of cash dividends and its utilisation shall be in the manner as set out in Section 60(3) of the Companies Act, 1965.

13. UNAPPROPRIATED PROFITS

The Single Tier Income Tax system is adopted in which the Company may declare the payment of the dividends out of its entire unappropriated profits of which subject to the availability of profits.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

14. FINANCE LEASE LIABILITIES

	Group 2014 RM	Group 2013 RM
Minimum lease payments		
- not later than 1 year	123,459	87,445
- later than 1 year but not later than 5 years	189,771	82,265
- more than 5 years	5,246	5,246
	318,476	174,956
Less: Future finance charges on finance lease	(24,168)	(12,885)
	294,308	162,071

	Group 2014 RM	Group 2013 RM
Present value of finance lease liabilities		
- not later than 1 year	110,779	80,629
- later than 1 year but not later than 5 years	178,403	76,316
- more than 5 years	5,126	5,126
	183,529	81,442
	294,308	162,071

The effective interest rates of finance lease facilities are ranged from 5.07% to 6.60% (2013: 2.75% to 6.60%) per annum.

15. BORROWINGS

	Group 2014 RM	Group 2013 RM
Secured:-		
Non-current		
Term loan	2,487,868	2,971,076
Current		
Term loan	418,953	337,167
Bankers' acceptance	3,019,000	2,362,000
	3,437,953	2,699,167
Total borrowings	5,925,821	5,670,243

The above borrowings are secured by means of the following:-

i) letter of negative pledged; and
ii) a legal charge over the Group's freehold land and building.

The term loan bears interest at rates ranging from 5.10% to 5.35% (2013: 3.75% to 5.21%) per annum and is repayable by 96 equal monthly installments commencing after the full release of the loan.

The bankers' acceptance of the Group bears interest at rates ranging from 4.75% to 5.13% (2013: 4.40% to 4.48%) per annum.

16. TRADE PAYABLES

The trade payables are non-interest bearing and the normal credit terms granted by the trade payables ranged from 30 to 60 days (2013: 30 to 60 days).

The foreign currency exposure profile of trade payables is as follows:-

	Group	
	2014 RM	2013 RM
US Dollar	1,342,313	433,302
Singapore Dollar	116,549	49,488
Euro	-	81,331
Thai Baht	10,654	-

17. OTHER PAYABLES

	Group	
	2014 RM	2013 RM
Commission payables	253,298	426,149
Non-trade payables	371,553	288,829
Accruals of expenses	730,290	775,974
	1,355,141	1,490,952

	Company	
	2014 RM	2013 RM
Non-trade payables	16,938	2,570
Accruals of expenses	26,337	28,707
	43,275	31,277

The foreign currency exposure profile of other payables is as follows:-

	Group	
	2014 RM	2013 RM
Singapore Dollar	2,077	1,018
Thai Baht	10,916	19,589

18. REVENUE

Group

Revenue represents invoiced value of goods sold, net of discounts and allowances.

Company

Revenue represents dividend income.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

19. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration				
- current year provision	70,000	65,000	11,500	11,000
- others	22,200	27,800	2,500	2,000
Bad debts recovered	-	(3,200)	-	-
Bad debts written off	10,954	45,605	-	-
Bank overdraft interest	-	10	-	-
Bankers' acceptance interest	102,044	96,624	-	-
Depreciation	847,227	840,772	-	-
Directors' remuneration				
- fee	96,000	96,000	96,000	96,000
- other emoluments	1,213,003	1,177,660	-	-
Dividend income from unquoted shares in Malaysia - subsidiary company	-	-	(1,400,000)	(1,000,000)
Finance lease interest	6,930	11,306	-	-
Gain on disposal of previous property, plant and equipment written off	(10,000)	-	-	-
Impairment loss on trade receivables	178,956	5,600	-	-
Impairment loss on trade receivables no longer required	(500)	(45,649)	-	-
Interest income	(67,972)	(18,774)	(740)	-
Inventories written down	295,863	244,827	-	-
Property, plant and equipment written off	75,281	-	-	-
Term loan interest	162,806	159,212	-	-
Rental expenses	72,000	72,000	-	-
Realised gain on foreign exchange	(265,250)	(241,661)	-	-
Reversal of inventories written down	(326,643)	(58,593)	-	-
Unrealised loss/(gain) on foreign exchange	33,714	(24,006)	-	-

20. TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax				
- current year	1,037,724	1,015,609	162	-
- (over)/under provision in prior year	(27,607)	62,669	-	-
Total current tax recognised in profit or loss	1,010,117	1,078,278	162	-
Deferred tax				
- origination and reversed at temporary differences	179,000	(161,160)	-	-
- (Over)/under provision in prior years	(49,000)	90,160	-	-
Total deferred tax recognised in profit or loss	130,000	71,000	-	-
Total income tax expense	1,140,117	1,149,278	162	-

Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profit for the financial year.

20. TAX EXPENSE (CONT'D)

Reconciliation of tax expense at statutory tax rate and effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax	4,122,388	3,157,620	1,021,195	598,771
Tax at Malaysian statutory tax rate of 25%	1,030,597	789,405	255,299	149,693
Tax effects in respect of:-				
Expenses not deductible for tax purposes	385,427	377,468	94,863	100,307
Deferred tax assets (over)/under recognised in prior year	(49,000)	90,160	-	-
Deferred tax assets not recognised	24,714	1,680	-	-
Income not subject to tax	(224,014)	(195,144)	(350,000)	(250,000)
(Over)/under provision of tax expense in prior year	(27,607)	62,669	-	-
Change in opening deferred tax rate	-	23,040	-	-
Effective tax expense	1,140,117	1,149,278	162	-

The Group's unutilised capital allowances, unabsorbed business losses and unutilised reinvestment allowance which can be carried forward to offset against future taxable profit amounted to approximately RM803,000 (2013: RM1,300,000), RM141,027 (2013: RM56,000) and RM3,647,000 (2013: RM3,647,000) respectively.

However, the above amounts are subject to the acceptance of the Inland Revenue Board of Malaysia.

21. EARNINGS PER SHARE

Group

Basic earnings per ordinary share

The basic earnings per share has been calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company of RM3,024,973 (2013: RM2,027,064) to the weighted average number of shares issued during the financial year of 188,000,000 (2013: 188,000,000).

Diluted earnings per ordinary share

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reporting date.

22. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries, wages and other emoluments	4,722,404	4,320,439	96,000	96,000
Social security contributions	29,459	29,084	-	-
Defined contributions plans	468,208	466,506	-	-
	5,220,071	4,816,029	96,000	96,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

22. EMPLOYEE BENEFITS EXPENSE (CONT'D)

The remuneration received and receivable by the Directors are categorised as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive Directors:-				
Existing Directors of the Company				
Salaries and other emoluments	914,000	879,400	-	-
Bonus	187,247	186,588	-	-
Defined contribution plans	111,756	111,672	-	-
Total Executive Directors' remuneration	1,213,003	1,177,660	-	-
Non-Executive Directors:-				
Existing Directors of the Company				
Fees	96,000	96,000	96,000	96,000
Total Non-executive Directors' remuneration	96,000	96,000	96,000	96,000
Total	1,309,003	1,273,660	96,000	96,000

Group

Included in the employee benefits expense is defined contribution plan of RM468,208 (2013: RM466,506).

23. CONTINGENT LIABILITY

The Directors are of the opinion that provisions are not required in respect of these matters as it is not probable that a future sacrifice of economic benefits will be required.

	Company	
	2014 RM	2013 RM
Unsecured:-		
Corporate guarantee given for banking facilities granted to subsidiary companies		
- Utilised	4,807,821	5,670,243
- Limit	13,250,000	13,250,000

24. RELATED PARTY DISCLOSURES

(a) The significant related party transactions during the financial year are as follows:-

	Company	
	2014 RM	2013 RM
Dividend income received from subsidiary company	1,400,000	1,000,000
Professional fee charged by a company in which Director has interest	2,255	5,150

(b) The remuneration of key management personnel is same with Directors' remuneration as disclosed in Notes 19 and 22 to the financial statements. The Company has no other members of key management personnel apart from the Board of Directors.

(c) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Note 6 to the financial statements.

25. FINANCIAL INSTRUMENTS

Risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. It has established policies and procedures to ensure effective management of credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections explain key risks faced by the Group and its management. Financial assets and liabilities of the Group are summarised in Note 3.5.1 and 3.5.2 respectively.

(a) Credit risk

Credit risk refers to the risk that a counter party will default in its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing with customers of appropriate standing to mitigate credit risk and customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts. For other financial assets, the Group adopts the policy of dealing with reputable institutions.

Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date as summarised below:-

	Group	
	2014 RM	2013 RM
Classes of financial assets:-		
Cash and bank balances	4,214,300	3,118,777
Trade receivables	18,853,974	16,878,108
Other receivables	1,377,604	1,897,363
Carrying amount	24,445,878	21,894,248

	Company	
	2014 RM	2013 RM
Classes of financial assets:-		
Cash and bank balances	1,489,131	1,378,738
Other receivables	1,000	1,000
Amount due from subsidiary companies	3,868,153	3,468,153
Carrying amount	5,358,284	4,847,891

The Group continuously monitors credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's financial assets are secured by collateral or other credit enhancements and none of the carrying amount of financial assets whose terms have been renegotiated that would otherwise be past due or impaired.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration

Concentration of credit risk

The credit risk concentration profile by geographical on trade receivables of the Group as at the reporting date is as follows:-

	Group	
	2014	**2013**
	RM	**RM**
By country:-		
Malaysia	18,906,277	16,767,826
Pakistan	104,105	115,882
Thailand	27,648	-
	19,038,030	16,883,708

In respect of trade and other receivables, the Group is not subjected to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics, except below mentioned.

	Group			
	2014		**2013**	
	RM	**%**	**RM**	**%**
Top 3 customers	4,822,915	26	3,324,757	20

Trade receivables consists of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are past due but not impaired to be good.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 8 to the financial statements.

Financial assets that are either pass due or impaired

Information regarding financial assets that are either pass due or impaired is disclosed in Note 8 to the financial statements.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 8 to the financial statements.

25. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial guarantee/Corporate guarantee

The maximum exposure to credit risk as disclosed in Note 23 to the financial statements representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies. As at the end of the reporting period, there was no indication that any subsidiary company would default on repayment.

The corporate guarantee does not have a determinable effect on the term of the credit facilities due to the bank requiring parent's guarantees as a pre-condition for approving the banking facilities granted to subsidiary companies. The actual terms of the credit facilities are likely to be the best indicator of "at market" term and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiary companies. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

(b) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises particularly from payables, loans and borrowings and it maintains a level of cash and cash equivalents and bank credit facilities deemed adequate by management to ensure it has sufficient liquidity to meet its obligations as and when they fall due.

Analysis of financial instruments by remaining contractual maturities

The following financial liabilities of the Group and of the Company are subjected to liquidity risk:-

		Contractual cash flows		
		Current	Non-current	
2014	**Carrying amount**	**Within 1 year**	**2 to 5 years**	**More than 5 years**
Group	**RM**	**RM**	**RM**	**RM**
Non-derivative financial liabilities				
Borrowings	5,925,821	3,583,228	2,256,912	846,342
Finance lease liabilities	294,308	123,459	189,771	5,246
Trade payables	3,257,346	3,257,346	-	-
Other payables	1,355,141	1,355,141	-	-
Total undiscounted financial liabilities	10,832,616	8,319,174	2,446,683	851,588
Company				
Non-derivative financial liabilities				
Other payables	43,275	43,275	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

2013 Group	Carrying amount RM	Contractual cash flows: Current Within 1 year RM	Contractual cash flows: Non-current 2 to 5 years RM	Contractual cash flows: Non-current More than 5 years RM
Non-derivative financial liabilities				
Borrowings	5,670,243	2,926,228	2,256,912	1,410,570
Finance lease liabilities	162,071	87,445	82,265	5,246
Trade payables	2,160,835	2,160,835	-	-
Other payables	1,490,952	1,490,952	-	-
Total undiscounted financial liabilities	9,484,101	6,665,460	2,339,177	1,415,816
Company				
Non-derivative financial liabilities				
Other payables	31,277	31,277	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

(c) Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instruments of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowings at variable interest rates are exposed to the risk of change in cash flow due to changes in interest rate. Short term receivables and payables are not significantly exposed to interest rate risk.

Interest rate sensitivity analysis

At 31 December 2014, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's short term placement is considered immaterial.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date is as follows:-

	Group 2014 RM	Group 2013 RM
Fixed rate instruments		
Financial liabilities		
Bankers' acceptance	3,019,000	2,362,000
Finance lease liabilities	294,308	162,071
	3,313,308	2,524,071
Floating rate instruments		
Financial liability		
Term loan	2,906,821	3,308,243

25. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 50 (2013: +/-50) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group	
	2014 RM	2013 RM
Effect on profit for the year/Equity		
+ 50bp	(14,534)	(16,541)
- 50bp	14,534	16,541

(d) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group's entities. The currencies giving rise to this risk are primarily US Dollar (USD), EURO (EUR), Sterling Pound (GBP), Singapore Dollar (SGD), Thai Baht (THB) and China Renminbi (RMB).

Carrying amounts of the Group's exposure to foreign currency risk are as follows:-

	USD RM	EUR RM	GBP RM	SGD RM	THB RM	RMB RM
2014						
Financial assets	808,383	217,224	33,000	-	-	142,936
Financial liabilities	(1,342,313)	-	-	(118,626)	(21,570)	-
Net exposure	(533,930)	217,224	33,000	(118,626)	(21,570)	142,936

	USD RM	EUR RM	GBP RM	SGD RM	THB RM	RMB RM
2013						
Financial assets	1,469,402	-	30,867	-	-	-
Financial liabilities	(433,302)	(81,331)	-	(50,506)	(19,589)	-
Net exposure	1,036,100	(81,331)	30,867	(50,506)	(19,589)	-

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/EUR exchange rate, RM/GBP exchange rate, RM/SGD exchange rate, RM/THB exchange rate, RM/RMB exchange rate and 'all other things being equal.

It assumes a +/- 1% (2013: 1%) change of the RM/USD, RM/EUR, RM/GBP, RM/SGD, RM/THB and RM/RMB exchange rate for the financial year end. These percentages have been determined based on average market volatility in exchange rates in the previous 12 months.

The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

If the RM had strengthened against the USD, EUR, GBP, SGD, THB and RMB by 1% (2013: 1%) then this would be the impact:-

	Effect on profit for the year/Equity					
	USD RM	EUR RM	GBP RM	SGD RM	THB RM	RMB RM
31 December 2014	(5,339)	2,172	330	(1,186)	(216)	1,429
31 December 2013	10,361	813	309	(505)	(196)	-

If RM had weakened against the USD, EUR, GBP, SGD, THB and RMB by 1% (2013: 1%) respectively then the impact to profit for the year/equity would be the opposite effect.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature, insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group does not intend to dispose of these investments in the near future.

The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases that market rate on interest is determined by reference to similar lease agreements.

The interest rates used to discount estimated cash flows, when applicable are as follows:-

Group	2014 %	2013 %
Bankers' acceptance	4.75 – 5.13	4.40 – 4.48
Finance lease liabilities	5.07 – 6.60	2.75 – 6.60
Term loan	5.10 – 5.35	3.75 – 5.21

<u>Fair value hierarchy</u>

No fair value hierarchy had been disclosed for financial assets and financial liabilities as the Group and the Company do not have financial instruments at fair value.

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and financially prudent capital ratios in order to support its current business as well as future expansion so as to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions including the interest rate movements. To maintain and adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders, issue new shares or adjust bank borrowings level. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which are the total interest bearing borrowings over owners' equity. The Group's policy is to keep the gearing ratio below 0.75. The gearing is however allowed to move up when the Company incurs major capital expenditure and long-term borrowing is available to finance the capital investment. Under such circumstance, the cash flow to be generated from the capital expenditure will be used to repay the borrowing over a longer period of time, thus, justifying the higher gearing ratio.

The borrowings include finance lease creditors, term loan, bankers' acceptance and bank overdraft while owners' equity refers to the equity attributable to the owners of the Group.

	Group	
	2014 RM	2013 RM
Interest bearing borrowings		
- Finance lease liabilities	294,308	162,071
- Bankers' acceptance	3,019,000	2,362,000
- Term loan	2,906,821	3,308,243
Total interest bearing borrowings	6,220,129	5,832,314
Owners' equity	32,924,687	30,463,714
Gearing ratio	0.19	0.19

There were no changes in the Group's approach to capital management during the financial year.

28. OPERATING SEGMENTS – GROUP

Management currently identifies the Group's manufacturing and trading as their operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:-

Manufacturing : Manufacture of animal health and nutrition products
Trading : Trading and distribute of animal health and nutrition products

Other non-reportable segments comprise operations related to investment holding.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

Transfer prices between operating segments are on an arms' length basis in a similar manner to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

28. OPERATING SEGMENTS – GROUP (CONT'D)

	Note	Manufacturing RM	Trading RM	Others RM	Adjustments and eliminations RM	Total RM
2014						
Revenue						
External revenue		3,047,855	51,894,944	-	-	54,942,799
Intersegment revenue	A	16,893,062	10,431,124	1,500,000	(28,824,186)	-
Total revenue		19,940,917	62,326,068	1,500,000	(28,824,186)	54,942,799
Results						
Interest income		10,340	57,632	-	-	67,972
Finance cost		(230,490)	(41,290)	-	-	(271,780)
Depreciation		(745,704)	(101,523)	-	-	(847,227)
Other non-cash income/(expenses)	B	123,131	(381,756)	-	-	(258,625)
Tax expense		(124,378)	(1,015,739)	-	-	(1,140,117)
Segment profit	C	819,266	2,467,648	2,470,427	(2,571,262)	3,186,079
Assets						
Additions to non-current assets	D	64,450	397,779	-	-	462,229
Segment assets	E	13,244,291	27,164,905	3,061,485	(8,612)	43,462,069
Liabilities						
Segment liabilities	F	1,416,081	3,147,365	49,041	-	4,612,487
2013						
Revenue						
External revenue		2,057,742	48,254,526	-	-	50,312,268
Intersegment revenue	A	16,143,192	11,078,004	2,100,000	(29,321,196)	-
Total revenue		18,200,934	59,332,530	2,100,000	(29,321,196)	50,312,268
Results						
Interest income		3,174	15,600	-	-	18,774
Finance cost		(210,616)	(56,536)	-	-	(267,152)
Depreciation		(741,508)	(99,264)	-	-	(840,772)
Other non-cash income/(expenses)	B	(180,010)	12,226	-	-	(167,784)
Tax expense		(61,091)	(1,088,187)	-	-	(1,149,278)
Segment profit	C	(499,097)	3,212,407	1,621,149	(2,077,739)	2,256,720
Assets						
Additions to non-current assets	D	36,200	180,529	-	-	216,729
Segment assets	E	12,133,335	24,354,732	2,942,686	(51,227)	39,379,526
Liabilities						
Segment liabilities	F	1,417,139	2,197,817	36,831	-	3,651,787

28. OPERATING SEGMENTS – GROUP (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

A. Intersegment revenues are eliminated on consolidation.

B. Other material non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:-

	2014 RM	2013 RM
Bad debts written off	(10,954)	(45,605)
Inventories written down	(295,863)	(244,827)
Impairment loss on trade receivables	(178,956)	(5,600)
Gain on disposal of previous property, plant and equipment written off	10,000	-
Property, plant and equipment written off	(75,281)	-
Impairment loss on trade receivables no longer required	(500)	45,649
Reversal of inventories written down	326,643	58,593
Unrealised (loss)/gain on foreign exchange	(33,714)	24,006
	(258,625)	(167,784)

C. The following items are added to/(deducted from) segment profit to arrive at "profit after tax" presented in the consolidated statement of profit or loss and other comprehensive income:-

	2014 RM	2013 RM
Segment profit	3,186,079	2,256,720
Interest income	67,972	18,774
Finance costs	(271,780)	(267,152)
Profit after tax	2,982,271	2,008,342

D. Additions to non-current assets consist of:-

	2014 RM	2013 RM
Property, plant and equipment	462,229	216,729

E. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

	2014 RM	2013 RM
Segment assets	43,462,069	39,379,526
Deferred tax assets	394,000	515,000
Tax recoverable	-	458
Total assets	43,856,069	39,894,984

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONT'D)

28. OPERATING SEGMENTS – GROUP (CONT'D)

F. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

	2014 RM	2013 RM
Segment liabilities	4,612,487	3,651,787
Deferred tax liabilities	18,000	9,000
Finance lease liabilities	294,308	162,071
Borrowings	5,925,821	5,670,243
Tax payable	218,740	33,441
Total liabilities	11,069,356	9,526,542

Geographical segment

Revenue and non-current assets information based on the geographical location of the customers and assets respectively are as follows:-

Group	Revenue	Non-current Assets
2014	**RM**	**RM**
Bangladesh	2,168,755	-
Indonesia	462,294	-
Pakistan	258,094	-
Malaysia*	51,532,981	11,305,929
Others#	520,675	-
	54,942,799	11,305,929
2013		
Bangladesh	1,823,092	-
Indonesia	1,603,095	-
Pakistan	291,333	-
Malaysia*	46,109,979	11,766,208
Others#	484,769	-
	50,312,268	11,766,208

*Company's home country
#Less than 1% for each individual country

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:-

	2014 RM	2013 RM
Property, plant and equipment	11,305,929	11,766,208

28. OPERATING SEGMENTS – GROUP (CONT'D)

Major customers

The following are major customers with revenue equal or more than 10 percent of the Group revenue:-

	2014		2013	
	RM	**%**	**RM**	**%**
1 customer	8,063,230	15	9,312,221	19

29. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, an interim single tier dividend, in respect of the financial year ended 31 December 2014, of 0.5 sen per share on 188,000,000 ordinary shares, amounting to RM940,000 had been declared and paid on 25 February 2015. This declared dividend is not reflected in the current year's financial statements. Such dividend will be accounted for in shareholders' equity as an appropriation of unappropriated profit in the financial year ending 31 December 2015.

SUPPLEMENTARY **INFORMATION**

31 DECEMBER 2014

REALISED AND UNREALISED PROFITS

Bursa Malaysia Securities Berhad has on 25 March 2010 and 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdowns of unappropriated profits as at the reporting date that has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings of the Company and its subsidiary companies:-				
- Realised	21,368,834	19,160,888	1,123,833	666,800
- Unrealised	376,000	506,000	-	-
	21,744,834	19,666,888	1,123,833	666,800
Consolidation adjustments	(10,311,061)	(10,694,088)	-	-
Total Group retained earnings as per consolidated financial statements	11,433,773	8,972,800	1,123,833	666,800

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

ANALYSIS OF SHAREHOLDINGS
AS AT 5 MAY 2015

SHARE CAPITAL

Authorised Share Capital	: RM25,000,000 divided into 250,000,000 ordinary shares of RM0.10 each
Issued and Fully Paid-up Capital	: RM18,800,000 divided into 188,000,000 ordinary shares of RM0.10 each
Class of Shares	: Ordinary shares of RM0.10 each
Voting Rights	: One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
11	Less than 100	681	*
83	100 to 1,000	67,239	0.04
365	1,001 to 10,000	2,644,400	1.41
855	10,001 to 100,000	32,637,031	17.36
184	100,001 to less than 5% of issued shares	92,198,928	49.04
3	5% and above of the issued shares	60,451,721	32.15
1,501	**TOTAL**	**188,000,000**	**100**

** Less than 0.01%*

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Teo Chin Heng	25,565,245	13.60
2.	Lim Tong Seng	19,943,238	10.61
3.	Teo Kooi Cheng	14,943,238	7.95
4.	Lau Yeng Khuan	7,900,645	4.20
5.	Kho Siaw Sua	7,900,000	4.20
6.	Chan Bee Chuan	7,600,000	4.04
7.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Swee Hwa*	3,989,900	2.12
8.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Hock Sing*	2,835,000	1.51
9.	Hii Lay Yieng	1,810,100	0.96
10.	Goh Chee Hoh	1,400,000	0.74
11.	Loh Sin Chin	1,380,000	0.73
12.	Kong Hieng Hung	1,270,000	0.68
13.	Gan Kim Cheong	1,250,000	0.66
14.	Chan Kim Hoon	1,200,000	0.64
15.	Chieng Yew Mang	1,119,000	0.60
16.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Hii Lay Yieng*	1,022,000	0.54
17.	Wong Wah Peng	1,000,000	0.53
18.	Loo Boon Lek	1,000,000	0.53
19.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Yeong Ming Lung (Langkap)*	1,000,000	0.53
20.	Ong Kah Huat	1,000,000	0.53

ANALYSIS OF **SHAREHOLDINGS**
AS AT 5 MAY 2015 (CONT'D)

	Name of Shareholders	No. of Shares Held	Percentage (%)
21.	Goh Soo Chian	1,000,000	0.53
22.	Lau Yeng Khuan	1,000,000	0.53
23.	Chieng Yew Heng	1,000,000	0.53
24.	Yap Lee Hsia	964,864	0.51
25.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged securities account for Ho Yock Main (Rem 857-Margin)*	964,000	0.51
26.	HLB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Ching Ling*	900,000	0.48
27.	Lim Hock Sing	800,000	0.43
28.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged securities account for Seow Soon Fat*	775,000	0.41
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities a/c for Teo Kooi Cheng (E-BPJ)*	755,000	0.40
30.	Eng Ah Hong	744,400	0.40
	TOTAL	114,031,630	60.63

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

		NO. OF SHARES HELD			
	NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
1.	Teo Chin Heng	25,565,245	13.60	-	-
2.	Lim Tong Seng	19,943,238	10.61	-	-
3.	Teo Kooi Cheng	15,698,238	8.35	-	-

DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

		NO. OF SHARES HELD			
	NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
1.	Dato' Hon Choon Kim	-	-	*50,000	0.03
2.	Teo Chin Heng	25,565,245	13.60	-	-
3.	Lim Tong Seng	19,943,238	10.61	-	-
4.	Teo Kooi Cheng	15,698,238	8.35	-	-
5.	Lau Yeng Khuan	8,900,645	4.73	-	-
6.	Azman bin Abdul Jalil	30,000	0.02	-	-

* Deemed interested by virtue of the shares held by his spouse.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2014

Title No./ Location	Tenure	Land Area/ Build-Up Area (Sq. Ft.)	Description	Approximate Age of Building	Net Book Value (RM'000)	Date of acquisition
GRN 212756/ Lot 16014 (PT No.24341), Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan.	Freehold	141,276 / 52,474	Industrial land erected upon with building which consist of 1 storey factory/ warehouse and attached with 3 storey office area which houses the Group's manufacturing plant and office.	4 year	6,903	22 April 2008

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting ('5th AGM') of **PETERLABS HOLDINGS BERHAD** will be held at Springs I, Nilai Springs Resort Sdn Bhd, PT4770, Nilai Springs, 71800 Putra Nilai, Negeri Sembilan on **Thursday, 25 June 2015** at **11.30 a.m**. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2014 and the Directors' and Auditors' Reports thereon. **(Ordinary Resolution 1)**

2. To approve the payment of Directors' fees of RM96,000 in respect of the financial year ended 31 December 2014. **(Ordinary Resolution 2)**

3. To re-elect Prof. Dr. Paul Cheng Chai Liou, who is retiring under Article 90 of the Company's Articles of Association and being eligible, offers himself for re-election. **(Ordinary Resolution 3)**

   Dr. Teo Kooi Cheng who retires pursuant to Article 90 of the Company's Article of Association, has expressed his intention of not seeking re-election. Hence, he will retain office until the conclusion of the 5th AGM.

4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965:

   "**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Dr. Vijaya Raghavan a/l M P Nair who is over the age of 70 years and retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company." **(Ordinary Resolution 4)**

5. To re-appoint Messrs SJ Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution:

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

   "**THAT**, pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company and the Directors be and are also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 6)**

7. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act, 1965.

By Order of the Board
PETERLABS HOLDINGS BERHAD

WONG KEO ROU (MAICSA 7021435)
Company Secretary

Kuala Lumpur
29 May 2015

NOTICE OF
ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

3. Where a member is an authorised nominee as defined under the Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

4. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.

6. To be valid the proxy form duly completed must be deposited at the registered office not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

7. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 16 June 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 5th AGM.

Explanatory Notes on Special Business

Ordinary Resolution 6 – Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company ("Share Mandate"). This Share Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company. The Share Mandate sought for issue of shares is a renewal Share Mandate.

As at the date of this Notice, no shares had been issued and allotted since the Share Mandate granted to the Directors at the last Annual General Meeting held on 25 June 2014 and this authority will lapse at the conclusion of the 5th Annual General Meeting of the Company.

This Share Mandate will provide flexibility of the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

PETERLABS HOLDINGS BERHAD
(909720-W)
(Incorporated in Malaysia)

FORM OF PROXY

CDS ACCOUNT NO.				-				-									
No. OF SHARES HELD																	

I/We ....
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Company Registration No.: ....)

of ....
(FULL ADDRESS)

being a member/members of **PETERLABS HOLDINGS BERHAD**, hereby appoint ....

.... NRIC No. /Passport No.:..
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

or failing him...NRIC No./Passport No.: ....
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Springs I, Nilai Springs Resort Sdn Bhd, PT4770, Nilai Springs, 71800 Putra Nilai, Negeri Sembilan on **Thursday, 25 June 2015** at **11.30 a.m.** and at any adjournment thereof.

ORDINARY RESOLUTION		FOR	AGAINST
1.	Receive the Audited Financial Statements and Directors' and Auditors' Reports		
2.	Payment of Directors' Fees		
3.	Re-election of Prof. Dr. Paul Cheng Chai Liou		
4.	Re-appointment of Dr. Vijaya Raghavan a/l M P Nair		
5.	Re-appointment of Auditors		
6.	Authority to issue shares under Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ....day of .... 2015.

....
Signature(s) of member(s)

Notes:-

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

3. Where a member is an authorised nominee as defined under the Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

4. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.

6. To be valid the proxy form duly completed must be deposited at the registered office not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

7. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 16 June 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 5th Annual General Meeting.

FOLD HERE

Affix
Stamp

The Company Secretary
PeterLabs Holdings Berhad (909720-W)
2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

FOLD THIS FLAP FOR SEALING

PETERLABS
HOLDINGS
BERHAD
(909720-W)

PETERLABS HOLDINGS BERHAD (909720-W)
Lot 16014 (PT NO. 24341), Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai,
Negeri Sembilan Darul Khusus.
Telephone: (606) 7999 090 | Fax: (606) 7997 070 | Email: info@peterlabs.com.my

www.peterlabs.com.my