

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

**NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

**(a) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS 134 (FRS 134):  
INTERIM FINANCIAL REPORTING**

**A1. Basis of reporting preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and Appendix 9B of the Listing Requirements.

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the FYE 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

**A2. Adoption of New and Revised Accounting Policies**

**New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards**

To converge with International Financial Reporting Standards (“IFRSs”) in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), which are mandatory for annual financial period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual period beginning on or after 1 January 2013. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for financial period beginning on or after 1 January 2012.

In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed its quantification of the financial effects of the differences between Financial Reporting Standards (“FRS”) and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the third quarter and financial period ended 30 September 2012 could be different if prepared under the MFRS Framework.

**A3. Auditors’ report**

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2011.

**A4. Seasonal or cyclical factors**

The operations of the Group were not significantly affected by seasonal or cyclical factors during the current financial quarter under review.

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**A5. Items of unusual nature and amount**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the quarter under review.

**A6. Material changes in estimates**

There were no changes in estimates that had a material effect in the current quarter and period to date results.

**A7. Profit for the period**

Profit for the current quarter and year-to-date ended 30 September 2012 is arrived at after charging/(crediting):

	<b>Quarter Ended 30 Sept 2012 RM'000</b>	<b>Year To Date Ended 30 Sept 2012 RM'000</b>
Other income including investment income	(89)	(193)
Interest expense	58	182
Depreciation	207	615
Provision for and write off of receivables	0	0
Inventories written down	37	110
Foreign exchange gain or loss	44	(55)

**A8. Segmental information**

The Group is organised into the following operating segments:-

- a) Trading
- b) Manufacturing

<b>Quarter ended 30 September 2012</b>	<b>Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue from</b>				
External customers	11,287	276	-	11,563
Inter-segment revenue	1,498	4,205	(5,703)	-
<b>Total revenue</b>	<u>12,785</u>	<u>4,481</u>	<u>(5,703)</u>	<u>11,563</u>
<b>Profit before tax</b>	999	65		1,064
Tax expense				468
<b>Profit for the period</b>				1,532

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**A8. Segmental Reporting (cont'd)**

<b>Period to Date ended 30 September 2012</b>	<b>Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue from</b>				
External customers	32,237	932	-	33,169
Inter-segment revenue	5,075	12,984	(18,059)	-
<b>Total revenue</b>	<b>37,312</b>	<b>13,916</b>	<b>(18,059)</b>	<b>33,169</b>
<b>Profit before tax</b>	<b>2,700</b>	<b>299</b>		<b>2,999</b>
Tax expense				(14)
<b>Profit for the period</b>				<b>2,985</b>

**A9. Valuation of property, plant and equipment**

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

**A10. Capital commitments**

As at the reporting date, there were no outstanding capital commitments not provided for in the interim financial report.

**A11. Material subsequent event**

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected.

**A12. Changes in composition of the Group**

There was no change in composition of the Group for the current quarter under review.

**A13. Contingent liabilities or contingent assets**

There were no contingent liabilities and contingent assets, which upon becoming enforceable may have a material effect on the net assets, profits or financial position of the Group for the current year to date.

**A14. Significant related party transactions**

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2011, there were no other significant related party transactions for the current quarter under review.

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

**ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS**

**B1. Review of performance**

For the current quarter

The Group's revenue for the current quarter of RM11.563 million which represents an increase of RM0.296 million or 2.63% as compared to the revenue of RM11.267 million in the previous year's corresponding quarter. The Group registered profit before tax of RM1.064 million for the quarter under review which represents an increase of RM0.165 million or 18.35% as compared to the Group's profit before tax of RM0.899 million reported in previous year's corresponding period. The improved revenue was due to higher trading and manufacturing sales achieved for the quarter under review.

For the current quarter, trading segment registered revenue of RM11.287 million and profit before tax of RM0.999 million as compared to RM10.546 million and RM0.808 million in the previous quarter. The increase in revenue/profit before tax was due to higher customer purchase from trading segment.

The manufacturing segment registered revenue of RM0.276 million from the external customers and RM4.205 million from inter-company transaction. The profit before tax for manufacturing segment was RM0.065 million. In the previous quarter, the Group achieved revenue of RM0.429 million from external customers and RM4.401 million (from inter-company transaction). The profit before tax for manufacturing segment was RM0.024 million. The increase in profit before tax for the current quarter was due to lower operating expenses.

For the financial year-to-date

As for the financial period ended 30 September 2012, the Group's recorded revenue of RM33.169 million which represent a decrease of RM1.072 million or 3.13% as compared to the revenue of RM 34.241 million in the previous year's corresponding period. The Group registered profit before tax of RM2.999 million which represents a decrease of RM0.708 million or 19.10% as compared to previous period. The decline was mainly due to lower sales volume and higher overheads incurred such as depreciations and increase of operational staff cost from manufacturing division.

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

For the quarter under review, the Group achieved an increase in revenue of 5.36% from RM10.975 million to RM11.563 million and profit before tax of 27.88% from RM0.832 million to RM1.064 million as compared to preceding quarter ended 30 June 2012. For the current quarter, trading segment achieved revenue of RM11.287 million and profit before tax of RM0.999 million as compared to revenue of RM10.546 million and profit before tax of RM0.808 million in the previous quarter. The improved revenue was mainly due to higher customer purchase from trading segment in the quarter under review.

**B3. Prospects**

The Malaysian animal feed additives market is expected to have a positive outlook with an expected compound annual growth rate ("CAGR") of 6.4% from 2010 to 2015 with market size growing to RM291.1 million in 2015. Barring any unforeseen circumstances, the Board of Directors expect that the Group able to maintain its financial performance for the current financial year.

**B4. Profit forecast**

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

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**B5. Tax expense**

	<b>Current quarter ended 30 September 2012 RM'000</b>	<b>Current year to-date 30 September 2012 RM'000</b>
Current tax	289	771
Deferred tax	<u>(757)</u>	<u>(757)</u>
	<u>(468)</u>	<u>14</u>

The Group's effective tax rate was lower than the statutory rate due to recognition of deferred tax assets of RM1.0 million for the unutilized tax allowances by a subsidiary.

**B6. Profit from sale of unquoted investments and/or properties**

There was no disposal of unquoted investments or properties for the current quarter under review.

**B7. Quoted securities**

There was no acquisition and/or disposal of quoted securities for the current quarter under review.

**B8. Status of corporate proposals**

There was no corporate proposal announced but not completed as at the date of this quarterly report.

**B9. Group borrowings and debts securities**

The Group's borrowings as at 30 September 2012 were as follows:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b><u>Short term borrowings:</u></b>			
Finance lease	-	72	72
Bank borrowings	<u>1,667</u>	<u>-</u>	<u>1,667</u>
Total	<u>1,667</u>	<u>72</u>	<u>1,739</u>
	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b><u>Long term borrowings:</u></b>			
Finance lease	-	99	99
Bank borrowings	<u>3,646</u>	<u>-</u>	<u>3,646</u>
Total	<u>3,646</u>	<u>99</u>	<u>3,745</u>

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

**B10. Off balance sheet financial instruments**

The Group does not have any financial instruments with off-balance sheet risk as at the date of this quarterly report.

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**B11. Material litigation**

As at the date of this announcement, neither the Company nor any of its subsidiary is engaged in any material litigation and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company or its subsidiaries.

**B12. Dividends**

No interim dividend has been recommended for the financial quarter ended 30 September 2012.

**B13. Earnings per share**

The basic and diluted earnings per share is calculated based on the Group's comprehensive income attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Quarter Ended		Year To Date Ended	
	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
Comprehensive income attributable to owners of the Company (RM'000)	1,582	362	3,019	2,340
Weighted average number of ordinary shares in issue ('000)	188,000	177,121	188,000	177,121
Earnings per share (sen)				
- Basic	0.84	0.20	1.61	1.32
- Diluted	0.84	0.20	1.61	1.32

**B14. Supplementary information on the disclosure of realised and unrealised profit**

The amount of realised and unrealised profits included in the retained profits of the Group are as follows:

	Unaudited as at 30 September 2012	Audited as at 31 December 2011
	RM'000	RM'000
- Realised	6,990	4,728
- Unrealised	<u>392</u>	<u>(365)</u>
	<u>7,382</u>	<u>4,363</u>

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

Date: 28 November 2012

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 September 2012 RM'000	Preceding Period Corresponding Quarter Ended 30 September 2011 RM'000	Current Period To Date Ended 30 September 2012 RM'000	Preceding Period To Date Ended 30 September 2011 RM'000
<b>Revenue</b>	11,563	11,267	33,169	34,241
Cost of sales	(8,642)	(8,208)	(24,680)	(24,707)
<b>Gross profit</b>	2,921	3,059	8,489	9,534
Other income	89	19	193	124
Selling and distribution expenses	(460)	(450)	(1,340)	(1,109)
Administration expenses	(1,377)	(1,498)	(4,008)	(4,322)
Other expenses	(51)	(167)	(153)	(278)
<b>Operating profit</b>	1,122	963	3,181	3,949
Finance cost	(58)	(64)	(182)	(242)
<b>Profit before tax</b>	1,064	899	2,999	3,707
Tax expense	468	(541)	(14)	(1,326)
<b>Profit for the period</b>	1,532	358	2,985	2,381
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	1,532	358	2,985	2,381
Total comprehensive income attributable to				
Owners of the Company	1,582	362	3,019	2,340
Non-controlling interests	(50)	(4)	(34)	41
	1,532	358	2,985	2,381
Weighted average no. of ordinary shares in issue ('000)	188,000	177,121	188,000	177,121
Earnings per share (sen):				
-Basic	0.84	0.20	1.61	1.32
-Diluted	0.84	0.20	1.61	1.32

## Note:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2012**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>30 September 2012</b>	<b>31 December 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current asset</b>		
Property, plant and equipment	12,379	12,902
	<u>12,379</u>	<u>12,902</u>
<b>Current assets</b>		
Inventories	6,004	5,935
Trade receivables	15,968	16,402
Other receivables	58	643
Tax recoverable	545	366
Cash and bank balances	2,412	2,520
	<u>24,987</u>	<u>25,866</u>
<b>TOTAL ASSETS</b>	<u><u>37,366</u></u>	<u><u>38,768</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	18,800	18,800
Share premium	2,691	2,691
Unappropriated profit	7,382	4,363
	<u>28,873</u>	<u>25,854</u>
Non-controlling interests	27	38
<b>Total equity</b>	<u><u>28,900</u></u>	<u><u>25,892</u></u>
<b>Non-current liabilities</b>		
Finance lease creditors	99	156
Borrowings	3,646	3,324
Deferred tax (assets)/ liabilities	(392)	365
	<u>3,353</u>	<u>3,845</u>
<b>Current liabilities</b>		
Trade payables	1,068	2,637
Other payables	2,304	2,882
Finance lease creditors	72	61
Borrowings	1,667	3,225
Bank overdraft	-	166
Tax payables	2	60
	<u>5,113</u>	<u>9,031</u>
<b>Total liabilities</b>	<u><u>8,466</u></u>	<u><u>12,876</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>37,366</u></u>	<u><u>38,768</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	15.37	13.77

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2011.



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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	Attributable to Equity Holders of the Company					
	<u>Non-Distributable</u>		<u>Distributable</u>		<b>Non-controlling interests RM'000</b>	<b>Total equity RM'000</b>
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Unappropriated Profits RM'000</b>	<b>Total RM'000</b>		
At 1 January 2011	17,300	-	2,673	19,973	-	19,973
Dividend of 0.5% per share	-	-	(940)	(940)	-	(940)
Total comprehensive income for the financial year	-	-	2,630	2,630	38	2,668
Issuance of shares - initial public offering	1,500	3,000	-	4,500	-	4,500
Listing expenses	-	(309)	-	(309)	-	(309)
At 31 December 2011 (Audited)	18,800	2,691	4,363	25,854	38	25,892
Additional acquisition of equity interest in a subsidiary company by non-controlling interests	-	-	-	-	23	23
Total comprehensive income for the financial period	-	-	3,019	3,019	(34)	2,985
At 30 September 2012 (Unaudited)	18,800	2,691	7,382	28,873	27	28,900

## Notes:

- 1) The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2011.
- 2) Non-controlling interest as at 1 January 2011 is amounted RM2.

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	<b>Current Period To Date Ended 30 September 2012 RM'000</b>	<b>Preceding Period To Date Ended 30 September 2011 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	2,999	3,707
Adjustments for:-		
- Non cash items	731	602
- Non-operating items	97	242
<b>Operating profit before working capital changes</b>	<b>3,827</b>	<b>4,551</b>
Changes in working capital		
Inventories	(178)	(1,453)
Receivables	1,012	289
Payables	(2,147)	(1,600)
Bill payables	(1,055)	-
<b>Cash generated from operations</b>	<b>1,459</b>	<b>1,787</b>
Interest paid	(182)	(232)
Tax expense paid	(1,009)	(1,773)
<b>Net cash used in operating activities</b>	<b>268</b>	<b>(218)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of PPE	85	-
Purchase of property, plant and equipment	(91)	(504)
Proceeds from acquisition of additional equity interest in a subsidiary company by non-controlling interests	23	-
<b>Net cash used in investing activity</b>	<b>17</b>	<b>(504)</b>
<b>FINANCING ACTIVITIES</b>		
Payment of listing expenses		(940)
Drawdown (Repayment) of term loan	(181)	763
Interest paid	-	(10)
Repayment of finance lease	(46)	(80)
Proceeds from public issue		4,500
<b>Net cash used in financing activities</b>	<b>(227)</b>	<b>4,233</b>
<b>Net Changes In Cash And Cash Equivalents</b>	<b>58</b>	<b>3,511</b>
<b>Cash And Cash Equivalents At The Beginning Of The Period</b>	<b>2,354</b>	<b>(542)</b>
<b>Cash And Cash Equivalents At The End Of The Period</b>	<b>2,412</b>	<b>2,969</b>

Note:

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2011.