

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31 Dec 2015 RM'000	Preceding Period Corresponding Quarter Ended 31 Dec 2014 RM'000	Current Period To Date Ended 31 Dec 2015 RM'000	Preceding Period To Date Ended 31 Dec 2014 RM'000
Revenue	19,632	15,972	73,481	54,943
Cost of sales	(15,939)	(12,438)	(58,455)	(42,622)
Gross profit	3,693	3,534	15,026	12,321
Other income	236	294	998	627
Selling and distribution expenses	(692)	(579)	(3,245)	(2,443)
Administration expenses	(1,830)	(1,464)	(6,812)	(5,932)
Other expenses	(105)	297	(433)	(179)
Operating profit	1,302	2,082	5,534	4,394
Finance cost	(68)	(77)	(369)	(272)
Profit before tax	1,234	2,005	5,165	4,122
Tax expense	(344)	(404)	(1,513)	(1,117)
Profit for the period	890	1,601	3,652	3,005
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	890	1,601	3,652	3,005
Total comprehensive income attributable to the Owners of the Company	888	1,552	3,654	3,048
Non-controlling interests	2	49	(2)	(43)
	890	1,601	3,652	3,005
Weighted average no. of ordinary shares in issue ('000)	196,756	188,000	196,756	188,000
Earnings per share (sen):				
-Basic	0.45	0.83	1.86	1.62
-Diluted	0.45	0.83	1.86	1.62

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended ("FYE") 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Unaudited	Audited
	As at	As at
	31 Dec 2015	31 December 2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	12,301	11,306
Deferred tax assets	246	394
	<u>12,547</u>	<u>11,700</u>
Current assets		
Inventories	10,816	7,635
Trade receivables	21,972	18,854
Other receivables	1,529	1,453
Cash and bank balances	3,634	4,214
	<u>37,951</u>	<u>32,156</u>
TOTAL ASSETS	<u><u>50,498</u></u>	<u><u>43,856</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	20,680	18,800
Share premium	4,477	2,691
Unappropriated profits	14,148	11,434
	<u>39,305</u>	<u>32,925</u>
Non-controlling interests	(140)	(138)
Total equity	<u>39,165</u>	<u>32,787</u>
Non-current liabilities		
Finance lease liabilities	308	183
Borrowings	2,006	2,488
Deferred tax liabilities	31	18
	<u>2,345</u>	<u>2,689</u>
Current liabilities		
Trade payables	2,997	3,257
Other payables	2,444	1,355
Finance lease liabilities	151	111
Borrowings	3,099	3,438
Tax payables	297	219
	<u>8,988</u>	<u>8,380</u>
Total liabilities	<u>11,333</u>	<u>11,069</u>
TOTAL EQUITY AND LIABILITIES	<u><u>50,498</u></u>	<u><u>43,856</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	19.98	17.51

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2014.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

	Attributable to Equity Holders of the Company					
	<u>Non-Distributable</u>		<u>Distributable</u>		Non-controlling interests RM'000	Total equity RM'000
	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000		
At 1 January 2014	18,800	2,691	8,973	30,464	(96)	30,368
Total comprehensive income for the financial period	-	-	1,496	1,496	(92)	1,404
Rounding adjustment	-	-	-	-	1	1
Dividend of 0.3% per share	-	-	(564)	(564)	-	(564)
At 31 Dec 2014 (Unaudited)	18,800	2,691	9,905	31,396	(187)	31,209
At 1 January 2015	18,800	2,691	11,434	32,925	(138)	32,787
Private Placement	1,880	1,786	-	3,666	-	3,666
Total comprehensive income for the financial period	-	-	3,654	3,654	(2)	3,652
Dividend of 0.5% per share	-	-	(940)	(940)	-	(940)
At 31 Dec 2015 (unaudited)	20,680	4,477	14,148	39,305	(140)	39,165

Note:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2014.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

	Current Period To Date Ended 31 Dec 2015 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 31 Dec 2014 (Audited) RM'000
OPERATING ACTIVITIES		
Profit before tax	5,165	4,122
Adjustments for:-		
- Non cash items	(340)	1,105
- Non-operating items	281	204
Operating profit before working capital changes	5,106	5,431
Changes in working capital		
Inventories	(3,252)	(1,945)
Receivables	(3,586)	(1,695)
Payables	1,940	961
Bill payables	(402)	657
Cash generated from operations	(194)	3,409
Tax expense paid	(1,273)	(843)
Tax refunded	-	19
Interest paid	(209)	(102)
Net cash from operating activities	(1,676)	2,483
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,341)	(222)
Proceed from disposal of property, plant and equipment	43	10
Interest received	84	67
Net cash used in investing activities	(1,214)	(145)
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	(940)	(564)
Interest paid	(160)	(170)
Proceeds from issuance of shares pursuant to private placement	3,666	-
Repayment of term loan	(419)	(401)
Repayment of finance lease liabilities	163	(108)
Net cash used in financing activities	2,310	(1,243)
Net Changes In Cash And Cash Equivalents	(580)	1,095
Cash And Cash Equivalents At The Beginning Of The Period	4,214	3,119
Cash And Cash Equivalents At The End Of The Period	3,634	4,214

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2014.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements ("ACE LR").

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

A2. Significant Accounting Policies

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the FYE 31 December 2014.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption of the MFRS on the financial statements of the Group.

The Group has not early adopted new or revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 July 2014.

The Directors anticipate that the adoption of new and revised MFRSs and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

A3. Auditors' report

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2014.

A4. Seasonal or cyclical factors

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

A5. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the quarter under review and current year-to-date.

A6. Material changes in estimates

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 31 Dec 2015 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	31 Dec 2015 RM'000	31 Dec 2015 RM'000
Other income including investment income	(166)	(725)
Unrealised foreign exchange gain	(144)	(1)
Interest expense	68	369
Interest income	(25)	(84)
Depreciation	226	881
Inventories written down	(33)	164
Reversal of inventories written down	97	(92)

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 31 Dec 2015	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	18,280	1,352	-	19,632
Inter-segment revenue	3,812	6,122	(9,934)	-
Total revenue	22,092	7,474	(9,934)	19,632
Profit before tax	1,146	88	-	1,234
Tax expense				(344)
Profit for the period				890

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 31 Dec 2015	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from External customers	65,780	7,701	-	73,481
Inter-segment revenue	10,187	21,173	(31,360)	-
Total revenue	75,967	28,874	(31,360)	73,481
Profit before tax	4,205	960	-	5,165
Tax expense				(1,513)
Profit for the period				3,652

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 quarter and current year-to-date under review.

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2014, there were no other significant related party transactions for the current quarter under review.

A15. Issuances, cancellations, repurchase, resale and repayment of debt and equity

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and current year-to-date under review.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

The Group registered RM19.632 million revenue for the current quarter which represents an increase of RM3.660 million or 22.92% as compared to the revenue of RM15.972 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.234 million for the quarter under review which represents decrease of RM0.771 million or 38.45% as compared to the Group's profit before tax of RM2.005 million reported in the previous period's corresponding quarter. Profit before tax decrease due to declining gross margin achieved arising from currency depreciation despite of higher gross revenue achieved.

For the current quarter, trading segment registered revenue of RM18.280 million from the external customers and RM3.812 million from inter-company transaction and reported profit before tax of RM1.146 million for the quarter under review. In the previous quarter, the group achieved revenue of RM16.905 million from the external customers and RM2.727 million from inter-company transaction and reported profit before tax of RM1.513 million for the trading segment. The decrease in profit before tax for the trading segment for the current quarter was mainly due to higher operating expenses incurred in tandem with higher revenue achieved and currency depreciation.

The manufacturing segment registered revenue of RM1.352 million from the external customers and RM6.122 million from inter-company transaction and reported profit before tax of RM0.088 million for the quarter under review. In the previous quarter, the Group achieved revenue of RM3.829 million from external customers and RM5.325 million from inter-company transaction and reported profit before tax of RM0.708 million for the manufacturing segment. The significant decrease in profit before tax for the manufacturing segment for the current quarter was mainly attributable to lower revenue achieved couple with higher operating expenses incurred.

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

For the quarter under review, the Group registered decrease in revenue of 5.31% from RM20.734 million to RM19.632 million and decrease in profit before tax of 44.44% from RM2.221 million to RM1.234 million as compared to preceding quarter ended 30 Sep 2015. The significant decrease in profit before tax was mainly attributable to lower gross margin achieved arising from currency depreciation as compared with previous quarter. For the current quarter, trading segment achieved revenue of RM18.280 million and profit before tax of RM1.146 million as compared to revenue of RM16.905 million and profit before tax of RM1.513 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM1.352 million and reported profit before tax of RM0.088 million as compared to revenue of RM3.829 million and profit before tax of RM0.708 million in the previous quarter.

B3. Prospects

While we are keeping a keen eye on the current projects that we have at hand we are still looking forwards the future as we continue focus on manufacturing, distribution and trading of animal health and nutrition products with but also further develop in the current market and pursue increased market share in the export market. We also intend to venture into aquaculture and ruminant sector and will continue to obtain GMP compliance to achieve higher quality standards for all products. Despite the current challenging business environment, barring any unforeseen circumstances, the Board of Directors expects the performance of the Group to remain satisfactory in the future.

B4. Profit forecast

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 (CONT'D)

B5. Tax expense

	Current quarter ended 31 Dec 2015 RM'000	Current year to-date 31 Dec 2015 RM'000
Income tax		
- Current period	329	1,352
-Deferred Tax	<u>15</u>	<u>161</u>
	<u>344</u>	<u>1,513</u>

The Group's effective tax rate for the current quarter and current year-to-date were higher than the statutory rate due to losses incurred by subsidiaries and certain expenses which were not deductible for tax purposes.

The Malaysian statutory tax rate will be reduced to 24 % from the current year's rate of 25 %, effective from year of assessment 2016.

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

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

B7. Quoted securities

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

B8. (a) Status of corporate proposals

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

(b) Status of utilisation of proceeds of Private Placement

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

Purposes	Proposed utilisation RM'000	Actual utilisation as at 31.12.2015 RM'000	Balance to be utilised		Reasons for deviation
			RM'000	%	
(i) Working capital	3,566	3,277	289	8.10%	(1)
(ii) Estimated listing expenses	100	89	11	11.00%	(2)
	<u>3,666</u>	<u>3,366</u>	<u>300</u>	<u>8.18%</u>	

Notes:

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 (CONT'D)

B9. Group borrowings and debts securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Finance lease liabilities	-	151	151
Bank borrowings	<u>3,099</u>	<u>-</u>	<u>3,099</u>
Total	<u>3,099</u>	<u>151</u>	<u>3,250</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Finance lease liabilities	-	308	308
Bank borrowings	<u>2,006</u>	<u>-</u>	<u>2,006</u>
Total	<u>2,006</u>	<u>308</u>	<u>2,314</u>

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

B10. Off balance sheet financial instruments

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

B11. Material litigation

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

B12. Dividends

- a) The directors declared an interim single-tier tax exempt dividend of 0.5 sen per ordinary share amounting to RM0.940 million, in respect of the financial year ended 31 December 2014 which was paid on 25 February 2015 (previous financial year ended 31 December 2014: declared a single-tier tax exempt dividend of 0.3 sen per ordinary share amounting to RM 0.564 million which was paid on 14 February 2014).

Subsequent to the end of the financial year, an interim single tier dividend, in respect of the financial year ended 31 December 2015, of 0.7 sen per share on 206,800,000 ordinary shares, amounting to RM1,447,600 had been declared and to be paid on 30 March 2016. Such dividend will accounted for in shareholders' equity as an appropriation of unappropriated profits in the financial year ending 31 December 2016.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 (CONT'D)

B13. Earnings per share

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

	Quarter Ended		Year To Date Ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Comprehensive income attributable to owners of the Company (RM'000)	888	1,552	3,654	3,048
Weighted average number of ordinary shares in issue ('000)	196,765	188,000	196,765	188,000
Earnings per share (sen)				
- Basic	0.45	0.83	1.86	1.62
- Diluted	0.45	0.83	1.86	1.62

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

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

	Unaudited as at 31 Dec 2015 RM'000	Audited as at 31 Dec 2014 RM'000
Realised retained earnings	22,886	21,369
Unrealised retained earnings	215	376
	23,101	21,745
Less: Consolidated adjustments	(10,400)	(10,311)
Total group retained earnings	<u>12,701</u>	<u>11,434</u>

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

Date: 26 February 2016