Company No: 909720-W

PETERLABS HOLDINGS BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2011

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PETERLABS HOLDINGS BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

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 (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 Azman Bin Abdul Jalil
SECRETARY	Wong Keo Rou
AUDITORS	SJ Grant Thornton (Member Firm of Grant Thornton International Ltd) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	16014 (PT No. 24341), Jalan Nilam 3 Bandar Nilai Utama 71800 Nilai Negeri Sembilan Darul Khusus
REGISTERED OFFICE	10-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

CORPORATE INFORMATION (CONT'D)

PRINCIPAL BANKERS	Affin Bank Berhad United Overseas Bank (Malaysia) Berhad Public Bank Berhad
INVESTMENT BANKER	Alliance Investment Bank Berhad
SOLICITOR	Raja, Darryl & Loh 18th Floor, Wisma Sime Darby Jalan Raja Laut 50350 Kuala Lumpur
REGISTRAR	Shareworks Sdn. Bhd. 10-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad - ACE Market

PETERLABS HOLDINGS BERHAD
(Incorporated in Malaysia)

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 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. 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	2,668,595	1,138,049
Attributable to:-		
Owners of the Company	2,630,223	1,138,049
Non-controlling interests	38,372	-
Profit for the financial year	2,668,595	1,138,049

DIVIDENDS

The amounts of dividend paid and declared since the end of last financial period were as follows:-

	RM
In respect of financial year ended 31 December 2011 and paid on 16 January 2012:-	
Interim single tier dividend of 0.5% per share	940,000

The Directors do not recommend any final dividend payment for the 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 last report are as follows:-

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 (Independent Non-Executive Director)
Dr. Vijaya Raghavan A/L M P Nair (Independent Non-Executive Director)
Azman Bin Abdul Jalil (Independent Non-Executive Director)

In accordance with Article 90 of the Company's Articles of Association, Lim Tong Seng and Dr. Teo Kooi Cheng 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' INTEREST

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in the shares of the Company and its related corporation were as follows:-

	Ordinary shares of RM0.10 each			
	At 1.1.2011	**Bought**	**Sold**	**At 31.12.2011**
Direct interest				
Lim Tong Seng	24,945,892	-	(6,502,654)	18,443,238
Teo Chin Heng	32,066,934	-	(6,501,689)	25,565,245
Dr. Teo Kooi Cheng	24,945,892	-	(6,502,654)	18,443,238
Lau Yeng Khuan	10,393,062	-	(992,417)	9,400,645

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

None of the other Directors in office at the end of financial year had any interest in shares of the Company or 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 the Directors of the Company to acquire any benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' BENEFITS (CONT'D)

Since the end of the previous financial period, no Director has received or become entitled to receive any benefit (other than as disclosed in Note 20, 23 and 24 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 he is a member, or with a company in which he has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the following shares were issued:-

Date of issue	Par value	Number of ordinary shares	Term of issue	Purpose of issue	Public issue price
	RM				RM
26 July 2011	0.10	15,000,000	Cash	Initial Public Offering	0.30

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and statements of financial position 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.

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

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances (cont'd):-

(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 has arisen since the end of the financial year which secures the liability of any other person; or

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

In the opinion of 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 its 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 EVENTS

The significant events during the financial year are disclosed in Note 30 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
23 April 2012

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 13 to 66 are drawn up in accordance with Financial Reporting Standards and 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 2011 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information as set out in Note 32, page 67 is prepared 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 Requirement, as issued by the Malaysian Institute of Accountants and the directive of 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
23 April 2012

STATUTORY DECLARATION

I, Prof. Dr. Paul Cheng Chai Liou, being the Director 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 13 to 67 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)
23 April 2012) ....……….....

PROF. DR. PAUL CHENG CHAI LIOU

Before me:

S. ARULSAMY, W.490
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PETERLABS HOLDINGS BERHAD
(Incorporated in Malaysia)
Company No: 909720 W

Report on the Financial Statements

We have audited the financial statements of PeterLabs Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2011, statements of 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 notes, as set out on pages 13 to 66.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and 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 Company's preparation of financial statements that give 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 Company'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.

Company No: 909720 W

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and 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 2011 and of their financial performance and cash flows for the financial year then ended.

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 financial statements 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) The audit reports on the financial statements 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 in Note 32 on page 67 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.

Company No: 909720 W

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	TAN CHEE BENG
(NO. AF: 0737)	CHARTERED ACCOUNTANT
CHARTERED ACCOUNTANTS	(NO: 2664/02/13(J))

Kuala Lumpur
23 April 2012

Company No: 909720 W

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

		Group		Company	
	Note	2011	2010	2011	2010
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	12,901,498	12,716,620	-	-
Investment in subsidiary company	6	-	-	17,299,900	17,299,900
Total non-current assets		12,901,498	12,716,620	17,299,900	17,299,900
CURRENT ASSETS					
Inventories	7	5,935,428	3,015,516	-	-
Trade receivables	8	16,402,312	15,036,549	-	-
Other receivables	9	642,573	1,154,201	156,700	-
Amount due from subsidiary companies	6	-	-	5,051,553	-
Tax recoverable		365,733	-	-	-
Cash and bank balances	10	2,520,305	1,449,308	103,116	100
Total current assets		25,866,351	20,655,574	5,311,369	100
TOTAL ASSETS		38,767,849	33,372,194	22,611,269	17,300,000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	18,800,000	17,300,000	18,800,000	17,300,000
Share premium	12	2,690,914	-	2,690,914	-
Unappropriated profit/(Accumulated loss)		4,362,775	2,672,552	144,825	(53,224)
		25,853,689	19,972,552	21,635,739	17,246,776
Non-controlling interests		38,374	2	-	-
Total equity		25,892,063	19,972,554	21,635,739	17,246,776
Non-current liabilities					
Finance lease liabilities	13	156,214	176,589	-	-
Borrowings	14	3,324,343	3,050,316	-	-
Deferred tax liabilities	15	364,600	58,900	-	-
Total non-current liabilities		3,845,157	3,285,805	-	-

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (CONT'D)

		Group		Company	
	Note	2011	2010	2011	2010
		RM	RM	RM	RM
CURRENT LIABILITIES					
Trade payables	16	2,636,685	3,087,975	-	-
Other payables	17	2,882,411	2,662,970	975,530	10,000
Finance lease liabilities	13	60,994	97,603	-	-
Amount due to subsidiary company	6	-	-	-	43,224
Borrowings	14	3,224,617	1,733,878	-	-
Bank overdraft	18	165,775	1,991,367	-	-
Tax payables		60,147	540,042	-	-
Total current liabilities		9,030,629	10,113,835	975,530	53,224
TOTAL LIABILITIES		12,875,786	13,399,640	975,530	53,224
TOTAL EQUITY AND LIABILITIES		38,767,849	33,372,194	22,611,269	17,300,000

The accompanying notes form an integral part of the financial statements

Company No: 909720 W

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 01.01.2011 to 31.12.2011 RM	Group 28.07.2010 to 31.12.2010 RM	Company 01.01.2011 to 31.12.2011 RM	Company 28.07.2010 to 31.12.2010 RM
Revenue	19	45,689,837	7,707,264	2,700,000	-
Cost of sales		(33,327,896)	(5,221,518)	-	-
Gross profit		12,361,941	2,485,746	2,700,000	-
Other income		284,610	2,807,392	1,834	-
Selling and distribution expenses		(1,918,902)	(400,645)	-	-
Administration expenses		(5,663,179)	(740,068)	(1,563,785)	(53,224)
Other expenses		(483,261)	(282,204)	-	-
Finance cost		(320,078)	(18,476)	-	-
Profit/(Loss) before tax	20	4,261,131	3,851,745	1,138,049	(53,224)
Tax expense	21	(1,592,536)	(1,179,193)	-	-
Profit/(Loss) for the financial year/period		2,668,595	2,672,552	1,138,049	(53,224)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the financial year/period		2,668,595	2,672,552	1,138,049	(53,224)
Profit/(Loss) for the financial year/period and total comprehensive income/(loss) attributable to:-					
Owners of the Company		2,630,223	2,672,552	1,138,049	(53,224)
Non-controlling interests		38,372	-	-	-
Total profit/(loss) and total comprehensive income/(loss) for the financial year/period		2,668,595	2,672,552	1,138,049	(53,224)
Earnings per share attributable to owners of the Company -basic (sen)	22	1.46	3.11		

The accompanying notes form an integral part of the financial statements

Company No: 909720 W

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	← Attributable to owners of the Company →					
	← Non-distributable →		Distributable			
	Share capital RM	Share premium RM	Unappropriated profit/ (Accumulated loss) RM	Total RM	Non-controlling interests RM	Total equity RM
Group						
At date of incorporation	2	-	-	2	-	2
Arising from acquisition of subsdiary company	-	-	-	-	2	2
Total comprehensive income for the financial period	-	-	2,672,552	2,672,552	-	2,672,552
Transaction with owners:-						
Issued shares during the financial period						
- working capital	98	-	-	98	-	98
- acquisition of subsidiary company	17,299,900	-	-	17,299,900	-	17,299,900
Total transaction with owners	17,299,998	-	-	17,299,998	-	17,299,998
Balance at 31 December 2010	17,300,000	-	2,672,552	19,972,552	2	19,972,554
Total comprehensive income for the financial year	-	-	2,630,223	2,630,223	38,372	2,668,595
Listing expenses	-	(309,086)	-	(309,086)	-	(309,086)
Transaction with owners:-						
Issued shares during the financial year						
- initial public offering	1,500,000	3,000,000	-	4,500,000	-	4,500,000
Dividend of 0.5% per share, paid on 16 January 2012	-	-	(940,000)	(940,000)	-	(940,000)
Total transaction with owners	1,500,000	3,000,000	(940,000)	3,560,000	-	3,560,000
Balance at 31 December 2011	18,800,000	2,690,914	4,362,775	25,853,689	38,374	25,892,063

The accompanying notes form an integral part of the financial statements

Company No: 909720 W

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

	← Attributable to owners of the Company →			
	← Non-distributable →		Distributable	
	Share capital RM	Share premium RM	Unappropriated profit/ (Accumulated loss) RM	Total RM
Company				
At date of incorporation	2	-	-	2
Total comprehensive loss for the financial period	-	-	(53,224)	(53,224)
Transaction with owners:-				
Issued shares during the financial period				
- working capital	98	-	-	98
- acquisition of subsidiary company	17,299,900	-	-	17,299,900
Total transaction with owners	17,299,998	-	-	17,299,998
Balance at 31 December 2010	17,300,000	-	(53,224)	17,246,776
Total comprehensive income for the financial year		-	1,138,049	1,138,049
Listing expenses	-	(309,086)	-	(309,086)
Transaction with owners:-				
Issued shares during the financial year				
- initial public offering	1,500,000	3,000,000	-	4,500,000
Dividend of 0.5% per share, paid on 16 January 2012	-	-	(940,000)	(940,000)
Total transaction with owners	1,500,000	3,000,000	(940,000)	3,560,000
Balance at 31 December 2011	18,800,000	2,690,914	144,825	21,635,739

The accompanying notes form an integral part of the financial statements

Company No: 909720 W

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 01.01.2011 to 31.12.2011 RM	Group 28.07.2010 to 31.12.2010 RM	Company 01.01.2011 to 31.12.2011 RM	Company 28.07.2010 to 31.12.2010 RM
OPERATING ACTIVITIES					
Profit/(Loss) before tax		4,261,131	3,851,745	1,138,049	(53,224)
Adjustments for:-					
Bad debts written off		123,653	-	-	-
Depreciation		569,051	50,261	-	-
Excess of fair value of subsidiary company acquired over the cost of investment		-	(2,743,372)	-	-
Impairment loss on trade receivables		49,605	19,808	-	-
Interest expenses		320,078	18,476	-	-
Inventories written down		108,696	57,836	-	-
Loss on disposal of property, plant and equipment		69,730	8,040	-	-
Property, plant and equipment written off		66,668	136,087	-	-
Unrealised gain on foreign exchange		(1,202)	-	-	-
Dividend income		-	-	(2,700,000)	-
Impairment loss on trade receivables no longer required		(49,288)	(70,235)	-	-
Interest income		(1,834)	-	(1,834)	-
Listing expenses		1,349,124	-	1,349,124	-
Reversal of inventories written down		(81,966)	-	-	-
Operating profit/(loss) before working capital changes		6,783,446	1,328,646	(214,661)	(53,224)
Changes in working capital:-					
Inventories		(2,946,642)	(189,994)	-	-
Receivables		(978,105)	(859,649)	(156,700)	-
Payables		(1,171,849)	1,195,148	25,530	10,000
Bills payable		1,318,489	(728,489)	-	-
Cash generated from/(used in) operations		3,005,339	745,662	(345,831)	(43,224)
Tax paid		(2,132,464)	(590,322)	-	-
Interest paid		(112,959)	(7,568)	-	-
Net cash from/(used in) operating activities		759,916	147,772	(345,831)	(43,224)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	**A**	(862,747)	(1,496,547)	-	-
Acquisition of subsidiary company, net of cash acquired **(Note 6)**		-	854,357	-	-
Interest received		1,834	-	1,834	-
Proceeds from disposal of property, plant and equipment		13,320	15,000	-	-
Net cash (used in)/from investing activities		(847,593)	(627,190)	1,834	-

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

		Group		Company	
	Note	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM
FINANCING ACTIVITIES					
Interest paid		(207,119)	(45,042)	-	-
Listing expenses paid		(1,658,210)	-	(1,658,210)	-
Repayment of finance lease liabilities		(97,884)	(17,699)	-	-
Repayment of term loan		(373,040)	-	-	-
Drawndown of term loan		819,317	-	-	-
Proceeds from issuance of shares		4,500,000	100	4,500,000	100
Advance (to)/from subsidiary company		-	-	(2,394,777)	43,224
Net cash from/(used in) financing activities		2,983,064	(62,641)	447,013	43,324
CASH AND CASH EQUIVALENTS					
Net changes		2,895,387	(542,059)	103,016	100
Effect of exchange rate changes		1,202	-	-	-
Brought forward		(542,059)	-	100	-
Carried forward	**B**	2,354,530	(542,059)	103,116	100

NOTES 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 RM903,647 (2010: RM1,530,681) of which RM40,900 (2010: RM34,134) was acquired by means of finance lease. Cash payment of RM862,747 (2010: RM1,496,547) was made to purchase property, plant and equipment.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:-

	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	2,520,305	1,449,308	103,116	100
Bank overdraft (Note 18)	(165,775)	(1,991,367)	-	-
	2,354,530	(542,059)	103,116	100

The accompanying notes form an integral part of the financial statements

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011

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 10-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur and the principal place of business is located at 16014 (PT No. 24341) , Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus.

The Company is principally engaged in investment holding.

The principal activities of the 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 23 April 2012.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 issued by the Malaysian Accounting Standards Board (“MASB”). At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial period beginning on or after 1 January 2011 as described fully in Note 2.4 to the financial statements.

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 summary of significant accounting policies.

2.3 Functional and Presentation Currency

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

2. BASIS OF PREPARATION (CONT'D)

2.4 Financial Reporting Standards (FRSs)

2.4.1 Adoption of New or Revised Financial Reporting Standards (FRSs)

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial period except for the following new and revised FRSs and IC Interpretations:-

Effective for annual financial period beginning on 1 March 2010:-

1)	Amendment to FRS 132	-	Financial Instruments: Presentation. Amendments relating to classification of right issues

Effective for annual financial period beginning on 1 July 2010:-

1)	FRS 3	-	Business Combinations (Revised)
2)	Amendment to FRS 127	-	Consolidated and Separate Financial Statements (Revised)
3)	IC Interpretation 17	-	Distributions of Non-cash Assets to Owners

Effective for annual financial period beginning on 1 January 2011:-

1)	Amendment to FRS 3	-	Business Combinations
2)	Amendment to FRS 7	-	Improving Disclosures about Financial Instruments
3)	Amendment to FRS 101	-	Presentation of Financial Statements
4)	Amendment to FRS 121	-	The Effects of Changes in Foreign Exchange Rates
5)	Amendment to FRS 132	-	Financial Instruments: Presentation
6)	Amendment to FRS 134	-	Interim Financial Reporting
7)	Amendment to FRS 139	-	Financial Instruments: Recognition and Measurement
8)	IC Interpretation 4	-	Determining Whether an Arrangement Contains a Lease

Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group and of the Company except for the following:-

FRS 3 Business Combination (Revised)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

2. BASIS OF PREPARATION (CONT'D)

2.4 Financial Reporting Standards (FRSs) (cont'd)

2.4.1 Adoption of New or Revised Financial Reporting Standards (FRSs) (cont'd)

Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group and of the Company except for the following (cont'd):-

FRS 127 Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to be allocated to non-controlling interests, even if it results the non-controlling interest to be in a deficit position.

IC Interpretation 17 Distributions of Non-Cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Company should measure the dividend payable at the fair value of the assets to be distributed when the dividend is appropriately authorised and is no longer at the discretion of the Company. On settlement of the dividend, the difference between the dividend paid and the carrying amount of the assets distributed is recognised in profit or loss. If the dividend remains unpaid at the end of the financial year, the carrying amount of dividend payable is reviewed with any changes recognised in equity.

2.4.2 Standards issued but not yet effective

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.

2. BASIS OF PREPARATION (CONT'D)

2.4.2 Standards issued but not yet effective (cont'd)

New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards (cont'd)

The Group and the Company have not early adopted the MFRS Framework.

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 financial year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

2.5 Significant Accounting Estimates and Judgements

The preparation of financial statements entails judgements, estimates and assumptions which affect the application of accounting policies and reported amounts of assets, liabilities, revenue, expenses and related disclosures. The assumptions, estimates and judgement are based on historical experience, current trends and other factors that are believed to be relevant at the time the financial statement is prepared. However, because of uncertainty in determining future events and its result, actual result could differ from the estimates reported.

The accounting policies, assumptions and judgements are reviewed regularly to ensure the financial statements are presented fairly and comply with FRSs. Significant accounting policies involving assumptions, estimates and judgements are disclosed below:-

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

Key sources of estimation uncertainty

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:-

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful life. However, significant judgement is involved in estimating the useful life and residual value of property, plant and equipment which are subjected to technological development and level of usage. Therefore residual values of these assets and future depreciation charges may vary.

Impairment of property, plant and equipment

The Group carried out impairment tests where there is indications of impairment based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Factors such as probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments are considered in determining whether there is objective evidence of impairment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

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 the numerous jurisdictions 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.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

<u>Key sources of estimation uncertainty (cont'd)</u>

Income taxes

Significant judgement is involved in determining the Group-wide 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.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made The Company's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Company's profit to change.

The carrying amount of the Group's inventories at the end of the reporting date is disclosed in Note 7 to the financial statements.

<u>Significant management judgement</u>

The significant management judgements in applying the accounting policies of the Group and the Company that have the most significant effect on the financial statements are as follows:-

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

3.1 Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries 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.

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

If business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in 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 net identifiable assets. The Group elects for the fair value method.

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 the acquiree (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. In instances where the later amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Changes in the Company owner's ownership in a subsidiary 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 interest are adjusted to reflect the changes in their relative interests in the subsidiary. 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 parent.

3.2 Property, plant and equipment

Property, plant and equipment are initially recognised at cost in the financial statements and cost includes cost of replacing parts of the property, plant and equipment and borrowing cost that are directly attributable to the acquisition, construction or production of the qualifying property plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item capitalised can be measured reliably.

Repair and maintenance cost are charged to the profit or loss during the period in which they are incurred and the cost of major renovation and restoration is included in the carrying amount of the asset when it is probable that future economic benefits from the renovation and restoration exceeds the previously assessed standards of performance and it is depreciated over the remaining useful life of the asset.

Depreciation is provided on straight line method in order to write off the cost of the property, plant and equipment less estimated residual value over the estimated useful life and it commences when the asset is available for use. No depreciation is provided on freehold land as it has indefinite life. The principal annual rates of depreciation used are as follows:-

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

Property, plant and equipment under construction is included in the financial statements as capital work-in-progress and no depreciation is charged until it is available for use.

Residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of future economic benefits embodied in property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment (cont'd)

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

3.3 Capital work-in-progress

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.

3.4 Assets acquired under lease arrangements

<u>Finance leases</u>

Lease of property, plant and equipment acquired under finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Leased payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

Outstanding obligation due under finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on finance lease arrangements are allocated to profit or loss over the period of respective agreements.

<u>Operating leases</u>

Lease payments for operating leases, where substantially all the risk and benefits remain with lessor, are charged as expenses in the period in which they incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Impairment of non-financial assets

At each reporting date, the Group reviews carrying amounts of assets to determine whether there is any indication of impairment. Intangible asset with indefinite useful life such as goodwill is tested for impairment at least once annually 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, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset. An impairment loss is recognised as an expense in the profit or loss immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill 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 the profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit or loss is treated as revaluation increase. After such a reversal, 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Subsidiary companies

A subsidiary company is a company in which the Company or the Group either directly or indirectly owns the power to govern its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies is stated at cost and/or valuation in the Company's statement of financial position. 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, the difference between the net disposals proceeds and its carrying amount is included in profit or loss.

3.7 Financial instruments

Financial assets and financial liabilities are recognised when the Group 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.

3.7.1 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument and they are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

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

Financial assets other than those designated and effective as hedging instruments are classified into following categories upon initial recognition:-

a) Loans and receivables
b) Financial assets at fair value through profit or loss
c) Held-to-maturity investments
d) Available-for-sale financial assets

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.7 **Financial instruments (cont'd)**

3.7.1 **Financial assets (cont'd)**

The category mentioned above determines subsequent measurement of a financial asset and whether any resulting income and expense is recognised in profit or loss or in statement of comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least once at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria are applied to determine impairment for each category of financial assets, as described later.

All income and expenses relating to financial assets are recognised in profit or loss.

Other than loan and receivables, the Group does not have financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and they are measured at amortised cost using effective interest method, less provision for impairment subsequently. Discounting is omitted where the effect of discounting is immaterial in subsequent measurement. Cash and bank balances, trade and most other receivables of the Group fall into this category of financial instruments.

Loans and receivables are classified as current assets and those mature 12 months after the reporting date are classified as non-current.

3.7.2 **Financial liabilities**

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial liabilities are measured initially at fair value plus transactions costs, except for financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Subsequently, they are measured at amortised cost using the effective interest method except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All derivative financial instruments which are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

The Group financial liabilities include borrowings, trade payables and other payables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence indicating a financial asset might be impaired.

<u>Trade and other receivables and other financial assets carried at amortised cost</u>

The Group consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments to determine whether there is objective evidence that an impairment loss has occurred. For certain categories of financial assets, such as trade receivables, assets not impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience with industry group, increase in cases of delayed payments and observable changes in economic conditions. If such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate and the loss is recognised in profit or loss.

The Group assesses at each reporting date whether there is any objective evidence indicating a financial asset might be impaired.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3.9 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Inventories (cont'd)

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.

3.10 Foreign currency transactions and balances

Transactions in foreign currencies are recorded in the respective functional currency of the Company and its subsidiaries 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.

3.11 Cash and cash equivalents

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

Bank overdraft is shown in current liabilities in the statements of financial position.

3.12 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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 benefit.

Unappropriated profit include all current and prior period unappropriated profit.

All transactions with shareholder are recorded separately within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Dividends

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. Interim dividends are recognised as liability when they are declared.

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 shares to be distributed. At the end of the financial year and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group 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.

3.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, 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 reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of eyuconomic resources will be required to settle the obligation, the provision is reversed. Where the effect of time value of money is material, the amount of a provision is the present value of expenditure expected to settle the obligation.

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.

3.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrences or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measure reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Borrowing costs

Borrowing costs are recognised as expenses in the profit or loss in the period in which they are incurred. However, borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of those assets during the period of time that is required to complete and prepare the assets for its intended use.

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

3.17 Employee benefits

3.17.1 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.

3.17.2 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 Company and its Malaysia subsidiary companies made such contributions to the Employees Provident Fund ("EPF").

3.18 Revenue recognition

Revenue is recognised upon delivery of goods sold and customer acceptance, net of returns and trade discounts.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Income tax

Current tax

Current tax expense is the expected amount of income taxes payable in respect of taxable profit for the financial year and is measured using tax rates which have been enacted by the reporting date. Current tax for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax liabilities and assets are provided for under the liability method in respect of all temporary differences at the end of the reporting period between the carrying amount of an asset or liability in the statement of financial position and its tax base including unused tax losses and capital allowances.

Deferred tax liabilities are recognised for all temporary differences, except :

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Income tax (cont'd)

<u>Deferred tax (cont'd)</u>

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period. If it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit. Unrecognised deferred tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.20 Segment reporting

In identifying its operating segments, management generally follows the Group's internal reports regularly reviewed by the Group's chief operating decision makers in order to allocate resources to the respective segments and to assess their performance.

3.21 Intersegment transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are on negotiated basis. These transfers are eliminated on consolidation.

4. FLOTATION EXERCISE

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of Peterlabs Holdings Berhad ("PeterLabs Holdings"), PeterLabs Holdings undertook a flotation exercise that involves the following:-

(i) Public Issue

Public Issue of 15,000,000 new PeterLabs Holdings Shares at an issue price of RM0.30 per PeterLabs Holdings Share.

15,000,000 of PeterLabs Holdings Shares representing 7.98% of the enlarged issued and paid-up share capital after the Public Issue are made available for application by the public.

(ii) Offer for Sale

The offerors implement an offer for sale of 41,954,000 existing PeterLabs Holdings Shares to identified investors, subject to terms and conditions contained in Prospectus.

(iii) Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad

In conjunction with the flotation exercise, PeterLabs Holdings seeks the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings comprising 188,000,000 PeterLabs Holdings Shares on the Official List of the ACE Market of Bursa Malaysia Securities Berhad.

The Company has successfully listed on 26 July 2011.

5. 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 conditioner RM	Renovation RM	Laboratory RM	Total RM
Additions through acquired subsidiary company	1,467,419	-	380,595	173,911	63,116	58,309	9,168,916	11,254	14,284	57,523	-	11,395,327
Additions	-	-	-	-	-	8,485	1,522,196	-	-	-	-	1,530,681
Written off	-	-	-	-	(32,854)	(58,381)	-	(10,887)	(7,524)	(29,538)	-	(139,184)
Disposals	-	-	-	(23,680)	-	-	-	-	-	-	-	(23,680)
Transfer from capital work-in-progress	-	5,538,110	-	-	-	-	(5,538,110)	-	-	-	-	-
At 31 December 2010	1,467,419	5,538,110	380,595	150,231	30,262	8,413	5,153,002	367	6,760	27,985	-	12,763,144
Additions	-	203,726	127,361	64,133	-	-	215,383	-	-	28,479	264,565	903,647
Disposals	-	-	-	(151,000)	-	-	-	-	-	-	-	(151,000)
Written off	-	-	-	(45,554)	(9,061)	-	-	(367)	(4,947)	(27,985)	-	(87,914)
Transfer from capital work-in-progress	-	-	38,000	4,802,499	75,324	-	(5,269,815)	-	92,590	-	261,402	-
At 31 December 2011	1,467,419	5,741,836	545,956	4,820,309	96,525	8,413	98,570	-	94,403	28,479	525,967	13,427,877
Accumulated depreciation												
Charge for the financial period	-	-	41,129	4,152	1,914	1,828	-	347	544	347	-	50,261
Written off	-	-	-	-	(645)	(1,759)	-	(319)	(187)	(187)	-	(3,097)
Disposals	-	-	-	(640)	-	-	-	-	-	-	-	(640)
At 31 December 2010	-	-	41,129	3,512	1,269	69	-	28	357	160	-	46,524
Charge for the financial year	-	114,674	120,019	265,365	13,576	1,697	-	84	10,170	1,754	41,712	569,051
Disposals	-	-	-	(67,950)	-	-	-	-	-	-	-	(67,950)
Written off	-	-	-	(16,865)	(2,136)	-	-	(112)	(835)	(1,298)	-	(21,246)
At 31 December 2011	-	114,674	161,148	184,062	12,709	1,766	-	-	9,692	616	41,712	526,379

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group

	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 conditioner RM	Renovation RM	Laboratory RM	Total RM
Net carrying amount												
At 31 December 2011	1,467,419	5,627,162	384,808	4,636,247	83,816	6,647	98,570	-	84,711	27,863	484,255	12,901,498
At 31 December 2010	1,467,419	5,538,110	339,466	146,719	28,993	8,344	5,153,002	339	6,403	27,825	-	12,716,620

The Group's net carrying amount of property, plant and equipment which are under finance lease arrangement amounted to RM264,519 (2010: RM339,466).

Freehold land and building are charged as security for banking facilities granted to the Group as disclosed in the Note 14 to the Financial Statements.

In prior financial period, interest capitalised in work-in-progress amounted to RM34,134.

6. INVESTMENT IN SUBSIDIARY COMPANY

	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost	17,299,900	17,299,900

Amount due from/to subsidiary companies is unsecured, bears no interest and repayable on demand.

(a) Details of the subsidiary companies are as follows:-

Name	Group's effective interest (%) 2011	Group's effective interest (%) 2010	Principal activities	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 Nutriton 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 Laboratory Sdn Bhd.	70	70	Dormant	Malaysia
4. Biojava Sdn. Bhd.	52.5	52.5	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.

(b) **Acquisition of subsidiary company**

On 15 October 2010, the Company acquired the entire issued and paid-up share capital of Plon Synergy Group Sdn. Bhd. for a total purchase consideration of RM17,299,900 satisfied entirely through the issuance of 172,999,000 new Company's shares at RM0.10 each.

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary company (cont'd)

The fair values of the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition were as follows:-

	Group 2010 RM
Property, plant and equipment	11,395,327
Inventories	2,883,358
Receivables	15,280,674
Tax recoverable	33,497
Cash and bank balances	2,110,272
Payables	(4,555,797)
Finance lease liabilities	(291,891)
Borrowings	(5,512,683)
Bank overdraft	(1,255,915)
Deferred tax liabilities	(43,568)
Total net assets acquired	20,043,274
Non-controlling interests	(2)
Excess of fair value of subsidiary company acquired over the cost of investment	(2,743,372)
	17,299,900
Less: Non-cash consideration – share capital	(17,299,900)
Group's cash flow on acquisition	-
Less: Cash and cash equivalents acquired	
- Cash and bank balances	2,110,272
- Bank overdraft	(1,255,915)
Group's cash inflow on acquisition, net of cash and cash equivalents acquired	854,357

In prior financial period, from the date of acquisition, acquired subsidiary company has contributed RM7,707,264 and RM2,672,552 to the Group's revenue and profit after tax for the period respectively. If the combination had taken place at the beginning of the financial period, the Group's revenue and profit after tax in prior period would have been RM40,727,759 and RM5,947,998 respectively.

7. INVENTORIES

	Group 2011 RM	Group 2010 RM
Cost:-		
Raw materials	1,830,068	1,163,329
Finished goods	4,105,360	1,852,187
	5,935,428	3,015,516
Recognised in profit or loss:-		
Inventories recognised in cost of sales	29,568,354	4,950,880
Inventories written down	108,696	57,836
Reversal of inventories written down	(81,966)	-

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

8. TRADE RECEIVABLES

	Group 2011 RM	Group 2010 RM
Trade receivables	16,452,097	15,086,017
Less: Allowance for impairment loss	(49,785)	(49,468)
	16,402,312	15,036,549

(a) The trade receivables are non interest bearing and the normal credit terms granted to the customers ranges from 30 to 120 days (2010: 30 to 120 days).

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

	Group 2011 RM	Group 2010 RM
US Dollar	171,224	57,065

8. TRADE RECEIVABLES (CONT'D)

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

	Group 2011 RM	Group 2010 RM
Neither past due nor impaired	9,752,147	4,174,031
Past due, not impaired		
Past due 1-30 days	2,399,862	3,289,756
Past due 31-60 days	2,216,671	1,972,036
Past due 61-90 days	954,221	2,300,854
Past due more than 90 days	1,079,411	3,299,872
	6,650,165	10,862,518
Past due and impaired	49,785	49,468
Gross trade receivables	16,452,097	15,086,017

Receivables that are neither past due nor impaired

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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM6,650,165 (2010: RM10,862,518) 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.

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 2011 RM	Group 2010 RM
Trade receivables, gross	49,785	49,468
Less : Allowance for impairment		
- Individually impaired	(49,785)	(49,468)
	-	-

8. TRADE RECEIVABLES (CONT'D)

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

	Group 2011 RM	Group 2010 RM
Brought forward	49,468	-
Charge for financial year/period	49,605	19,808
Impairment loss no longer required	(49,288)	(70,235)
From acquisition of subsidiary company	-	99,895
Carried forward	49,785	49,468

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 26 to the financial statements.

9. OTHER RECEIVABLES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Advance to suppliers	452,303	316,219	-	-
Deposits	20,140	168,322	1,000	-
Non-trade receivables	15,630	38,768	1,200	-
Prepayment	154,500	-	154,500	-
Prepayment for listing expenses	-	630,892	-	-
	642,573	1,154,201	156,700	-

In prior financial period, included in Group's non-trade receivables is an amount of RM38,768 due from a company in which certain Directors have interest. The amount due is unsecured, bears no interest and repayable on demand.

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

	Group 2011 RM	Group 2010 RM
US Dollar	151,101	244,454
EURO	271,388	-
Sterling Pound	-	29,765

10. CAH AND BANK BALANCES

The foreign currency exposure profile of cash and bank balances are as follows:-

	Group	
	2011	2010
	RM	RM
US Dollar	125,287	-

11. SHARE CAPITAL

	Group and Company			
	2011	2011	2010	2010
	Unit	RM	Unit	RM
Authorised:-				
Ordinary shares of RM1.00 each				
Creation at date of incorporation	-	-	100,000	100,000
Ordinary shares of RM0.10 each				
Brought forward	250,000,000	25,000,000	-	-
Subdivision of shares	-	-	1,000,000	100,000
Created during the financial period	-	-	249,000,000	24,900,000
Carried forward	250,000,000	25,000,000	250,000,000	25,000,000
Issued and fully paid:-				
Ordinary shares of RM1.00 each				
Issued at date of incorporation	-	-	2	2
Ordinary shares of RM0.10 each				
Brought forward	173,000,000	17,300,000	-	-
Subdivision of shares	-	-	20	2
Issued during the financial year/period	15,000,000	1,500,000	980	98
Issued of shares of acquired subsidiary company	-	-	172,999,000	17,299,900
Carried forward	188,000,000	18,800,000	173,000,000	17,300,000

New ordinary shares during the financial year/period ranked pari passu in all respect with existing ordinary shares of the Company.

12. SHARE PREMIUM

	Group and Company	
	2011	2010
	RM	RM
Arising from issuance of shares for Initial Public Offering	3,000,000	-
Less: Listing expenses	(309,086)	-
Carried forward	2,690,914	-

13. FINANCE LEASE LIABILITIES

	Group	
	2011	2010
	RM	RM
Minimum lease payments		
- not later than 1 year	71,844	110,329
- later than 1 year but not later than 5 years	154,183	191,645
- more than 5 years	16,718	-
	242,745	301,974
Future finance charges on finance lease	(25,537)	(27,782)
Present value of finance lease liabilities	217,208	274,192
Present value of finance lease liabilities		
- not later than 1 year	60,994	97,603
- later than 1 year but not later than 5 years	140,643	176,589
- more than 5 years	15,571	-
	217,208	274,192

The effective interest rate of the above finance lease facility is 2.75% to 6.09% (2010: 2.75% to 6.09%) per annum.

14. BORROWINGS

	Group	
	2011	2010
	RM	RM
Secured:-		
Current		
Term loan	502,617	330,367
Bankers' acceptance	2,722,000	1,403,511
	3,224,617	1,733,878

14. BORROWINGS (CONT'D)

	Group 2011 RM	Group 2010 RM
Secured:-		
Non-current		
Term loan	3,324,343	3,050,316
Total borrowings	6,548,960	4,784,194

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

i) a legal charge over the Group's freehold land and building;

ii) joint and several guarantees by a third party, all the Directors of the Company and certain Directors of the subsidiary companies.

The term loan bears interest at rates ranging from 7.55% to 8.80% (2010:7.55% to 8.80%) 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 0.80% to 1.10% (2010: 0.80% to 1.00%) per annum above the lending banks' cost of funds.

15. DEFERRED TAX LIABILITIES

	Group 2011 RM	Group 2010 RM
Brought forward	58,900	-
Addition through acquisition of subsidiary company	-	43,568
Recognised in profit or loss (Note 21)	305,700	15,332
Carried forward	364,600	58,900

The balance in the deferred tax liabilities is made up of temporary differences arising from:-

	Group 2011 RM	Group 2010 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	506,700	58,900
Unutilised capital allowances	(142,100)	-
	364,600	58,900

16. TRADE PAYABLES

The normal credit terms granted by the trade payables range from 30 to 60 days (2010: 30 to 60 days).

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

	Group 2011 RM	Group 2010 RM
US Dollar	446,171	788,197

17. OTHER PAYABLES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Provision for commission payables	645,397	721,052	-	-
Non-trade payables	254,974	1,094,383	1,000	-
Provision and accruals of expenses	1,042,040	840,820	34,530	10,000
Amount due to non-controlling interests	-	6,715	-	-
Dividend payable	940,000	-	940,000	-
	2,882,411	2,662,970	975,530	10,000

Amount due to non-controlling interests is unsecured, bears no interest and repayable on demand.

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

	Group 2011 RM	Group 2010 RM
Thai Baht	7,907	-
Singapore Dollar	290	8,508

18. BANK OVERDRAFT – SECURED

The bank overdraft bears interest at rates ranging from 5.50% to 6.75% (2010: 5.55% to 6.75%) per annum and secured by the securities as disclosed in Note 14 to the financial statements.

19. **REVENUE**

Group

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

Company

Revenue represents dividend income.

20. **PROFIT/(LOSS) BEFORE TAX**

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

	Group		**Company**	
	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM	01.01.2011 to 31.12.2011 RM	28.7.2010 to 31.12.2010 RM
Auditors' remuneration				
- current year provision	57,000	35,345	10,000	10,000
- underprovision in prior year	900	-	-	-
- others	59,700	83,300	46,200	73,800
Bank overdraft interest	31,185	8,151	-	-
Bad debts written off	123,653	-	-	-
Bankers' acceptance interest	112,959	7,568	-	-
Depreciation	569,051	50,261	-	-
Directors' remuneration				
- fee	96,000	16,000	96,000	16,000
- other emoluments	943,582	111,460	-	-
Rental expense	184,050	48,000	-	-
Finance lease interest	12,956	2,757	-	-
Impairment loss on trade receivables	49,605	19,808	-	-
Inventories written down	108,696	57,836	-	-
Loss on disposal of property, plant and equipment	69,730	8,040	-	-
Term loan interest	162,978	-	-	-
Listing expenses	1,349,124	-	1,349,124	-
Property, plant and equipment written off	66,668	136,087	-	-
Bad debts recovered	(3,000)	-	-	-
Dividend income	-	-	(2,700,000)	-
Impairment loss on trade receivables no longer required	(49,288)	(70,235)	-	-
Interest income	(1,834)	-	(1,834)	-

20. PROFIT/(LOSS) BEFORE TAX (CONT'D)

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

	Group		Company	
	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM	01.01.2011 to 31.12.2011 RM	28.7.2010 to 31.12.2010 RM
Realised gain on foreign exchange	(96,512)	(1,825)	-	-
Unrealised gain on foreign exchange	(1,202)	-	-	-
Reversal of inventories written down	(81,966)	-	-	-
Excess of fair value of subsidiary company acquired over the cost of investment	-	(2,743,372)	-	-

21. TAX EXPENSE

	Group		Company	
	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM
Provision for the financial year/period	1,428,966	1,163,737	-	-
Transferred to deferred tax liabilities (Note 15)	305,700	15,332	-	-
(Over)/Underprovision of tax in prior year/period	(142,130)	124	-	-
Total tax expense	1,592,536	1,179,193	-	-

The Group's unutilised capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM568,500 (2010: Nil).

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

21. TAX EXPENSE (CONT'D)

The numerical reconciliation between the average effective tax rate and the statutory tax rate is as follows:-

	Group		Company	
	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM
Profit/(Loss) before tax	4,261,131	3,851,745	1,138,049	(53,224)
Tax at Malaysian statutory tax rate of 25%	1,065,283	962,936	284,512	(13,306)
Tax effects in respect of:-				
Expenses not deductible for tax purposes	690,187	871,082	390,488	-
(Over)/Under provision of deferred tax liabilities in prior year	(8,381)	24,388	-	-
Losses of the Company not allowable for group relief	-	13,306	-	13,306
Income not subject to tax	(12,423)	(692,643)	(675,000)	-
(Over)/Under provision of tax in prior year/period	(142,130)	124	-	-
Effective tax expense	1,592,536	1,179,193	-	-

The Malaysian Budget 2008 introduced a Single Tier Income Tax System with effect from year of assessment 2008 and the Company has elected to pay dividend under this provision.

22. EARNINGS PER SHARE

Group

The basic earnings per share has been calculated by dividing profit for the financial year/period attributable to ordinary equity holders of the Company of RM2,630,223 (2010: RM2,672,552) to the weighted average number of shares issued during the financial year/period of 179,863,014 (2010: 85,949,058).

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	01.01.2011 to 31.12.2011	28.07.2010 to 31.12.2010	01.01.2011 to 31.12.2011	28.07.2010 to 31.12.2010
	RM	RM	RM	RM
Staff costs	3,991,825	737,182	-	-

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

	Group		Company	
	01.01.2011 to 31.12.2011	28.07.2010 to 31.12.2010	01.01.2011 to 31.12.2011	28.07.2010 to 31.12.2010
	RM	RM	RM	RM
Executive Directors:-				
Salaries and other emoluments	868,422	99,780	-	-
Defined contribution plan	74,160	11,680	-	-
	943,582	111,460	-	-
Non-Executive Directors:-				
Directors' fee	96,000	16,000	96,000	16,000
Total remuneration	1,039,582	127,460	96,000	16,000

Group

Included in the employee benefits expense are Directors' emoluments and defined contribution plan of RM943,582 (2010: RM111,460) and RM394,793 (2010:RM84,437) respectively.

24. RELATED PARTY DISCLOSURES

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

	Group		Company	
	01.01.2011 to 31.12.2011	28.07.2010 to 31.12.2010	01.01.2011 to 31.12.2011	28.07.2010 to 31.12.2010
	RM	RM	RM	RM
Rental expense paid to certain Directors	61,600	35,800	-	-

24. **RELATED PARTY DISCLOSURES (CONT'D)**

(a) The significant related party transactions during the financial year/period are as follows (cont'd):-

	Group		Company	
	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM	01.01.2011 to 31.12.2011 RM	28.07.2010 to 31.12.2010 RM
Rental expense paid to a Director from a subsidiary company	30,800	8,800	-	-
Dividend income received from subsidiary company	-	-	2,700,000	-

(b) The remuneration of key management personnel is same with Directors' remuneration as disclosed in Note 20 and 23 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 and 9 to the financial statements.

25. **CAPITAL COMMITMENT**

	Group	
	2011 RM	2010 RM
Authorised and contracted for plant and machinery	-	279,120

26. **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.

26. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

The following sections explain key risks faced by the Group and its management. Financial assets and liabilities of the Group are summarised in Note 3.7.1 and 3.7.2 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 the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date as summarised below:-

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Classes of financial assets:-				
Cash and bank balances	2,520,305	1,449,308	103,116	100
Trade receivables	16,402,312	15,036,549	-	-
Other receivables	642,573	1,154,201	156,700	-
Amount due from subsidiary companies	-	-	5,051,553	-
Carrying amount	19,565,190	17,640,058	5,311,369	100

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.

26. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objectives and policies (cont'd)

(a) **Credit risk (cont'd)**

Credit risk concentration

The Group determines concentration of credit risk by comparing the amounts due from each individual customer against the total receivables. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follow:-

	Group			
	2011		2010	
	RM	%	RM	%
Top 3 customers	5,743,163	35	5,153,325	34

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.

(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.

26. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

31 December 2011

Group	Current	← Non-current	→
	Within 1 year	2 to 5 years	More than 5 years
	RM	RM	RM
Non-derivative financial liabilities			
Bank borrowings	3,447,335	3,497,250	1,259,010
Finance lease liabilities	71,844	154,183	16,718
Trade payables	2,636,685	-	-
Other payables	2,882,411	-	-
Total undiscounted financial liabilities	9,038,275	3,651,433	1,275,728

Company	Current	← Non-current	→
	Within 1 year	2 to 5 years	More than 5 years
	RM	RM	RM
Other payables	975,530	-	-

31 December 2010

Group	Current	← Non-current	→
	Within 1 year	2 to 5 years	More than 5 years
	RM	RM	RM
Non-derivative financial liabilities			
Bank borrowings	3,767,918	2,238,240	1,865,200
Finance lease liabilities	110,329	191,645	-
Trade payables	3,087,975	-	-
Other payables	2,662,970	-	-
Total undiscounted financial liabilities	9,629,192	2,429,885	1,865,200

26. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The following financial liabilities of the Group and of the Company are subjected to liquidity risk (cont'd):-

31 December 2010 (cont'd)

Company	Current	← Non-current →	
	Within 1 year	2 to 5 years	More than 5 years
	RM	RM	RM
31 December 2010			
Other payables	10,000	-	-
Amount due to subsidiary company	43,224	-	-
Total	53,224	-	-

(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. Investment in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Interest rate sensitivity analysis

At 31 December 2011, 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.

26. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objectives and policies (cont'd)

(c) **Interest rate risk (cont'd)**

Interest rate sensitivity analysis (cont'd)

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	
	2011	2010
	RM	RM
Fixed rate instruments		
Financial liabilities		
Bankers' acceptance	2,722,000	1,403,511
Finance lease liabilities	217,208	274,192
	2,939,208	1,677,703
Floating rate instruments		
Financial liabilities		
Term loan	3,826,960	3,380,683
Bank overdraft	165,775	1,991,367
	3,992,735	5,372,050

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 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	
	2011	2010
	RM	RM
Effect on profit for the year		
+ 50bp	(19,964)	(26,860)
- 50bp	19,964	26,860

26. FINANCIAL INSTRUMENTS (CONT'D)

(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) and Stering Pound (GBP).

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

Group	USD RM	EUR RM	GBP RM	Others RM
31 December 2011				
Financial assets	447,612	271,388	-	-
Financial liabilities	(446,171)	-	-	(8,197)
Net exposure	1,441	271,388	-	(8,197)

	USD RM	EUR RM	GBP RM	Others RM
31 December 2010				
Financial assets	301,519	-	29,765	-
Financial liabilities	(788,197)	-	-	(8,508)
Net exposure	(486,678)	-	29,765	(8,508)

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 and 'all other things being equal'.

It assumes a +/- 3 % change of the RM/USD, RM/EUR, RM/GBP and RM/Others exchange rate for the year ended 31 December 2011. 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.

26. FINANCIAL INSTRUMENTS (CONT'D)

(d) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis (cont'd)

If the RM had strengthened against the USD, EUR GBP and others by 3% then this would be the impact:-

	Effect on profit for the year			
	USD RM	EUR RM	GBP RM	Others RM
31 December 2011	43	8,142	-	(246)
31 December 2010	(14,600)	-	893	255

If RM had weakened against the USD, EUR, GBP and others by 3% respectively then the impact to profit for the year 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.

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 2011.

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 hire purchase creditors, term loan, bankers' acceptance and bank overdraft while owners' equity refers to the equity attributable to the owners of the Group.

27. CAPITAL MANAGEMENT (CONT'D)

	Group	
	2011	2010
	RM	RM
Interest bearing borrowings		
- Finance lease liabilities	217,208	274,192
- Bankers' acceptance	2,722,000	1,403,511
- Term loan	3,826,960	3,380,683
- Bank overdraft	165,775	1,991,367
Total interest bearing borrowings	6,931,943	7,049,753
Owners' equity	25,853,689	19,972,552
Gearing ratio	0.27	0.35

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities of the Group and 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.

For non-derivative financial liabilities, the fair value, which is determined for disclosures purposes, 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. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. 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	**2011**	**2010**
	%	%
Loans and borrowings	4.80-8.80	4.80-8.80
Finance lease liabilities	2.75-6.09	2.75-6.09
Bank overdrafts	5.50-6.50	5.55-6.75

29. 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 segment	:	Manufacture of animal health and nutrition products
Trading segment	:	Trading and distribute of animal health and nutrition products

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

Transfer prices between operating segments are on negotiated basis.

	Note	Manufacturing RM	Trading RM	Others RM	Adjustments and eliminations RM	Total RM
2011						
Revenue						
External revenue		335,476	44,580,642	773,719	-	45,689,837
Intersegment revenue	**A**	19,083,156	5,805,745	2,500,000	(27,388,901)	-
Total revenue		19,418,632	50,386,387	3,273,719	(27,388,901)	45,689,837
Results						
Interest income		-	-	1,834	-	1,834
Finance cost		(265,692)	(54,386)	-	-	(320,078)
Depreciation		(468,613)	(100,438)	-	-	(569,051)
Other non-cash (expenses)/income	**B**	(135,598)	(151,500)	-	-	(287,098)
Tax expense		(246,276)	(1,339,860)	(6,400)	-	(1,592,536)
Profit after tax		711,336	6,094,774	855,401	(4,992,916)	2,668,595
Assets						
Additions to non-current assets	**C**	747,807	155,840	-	-	903,647
Segment assets	**D**	13,160,354	24,679,641	651,779	(89,658)	38,402,116
Liabilities						
Segment liabilities	**E**	2,798,296	1,708,432	1,012,368	-	5,519,096

29. OPERATING SEGMENTS – GROUP (CONT'D)

	Note	Manufacturing RM	Trading RM	Others RM	Adjustments and eliminations RM	Total RM
2010						
Revenue						
External revenue		7,306,817	400,447	-	-	7,707,264
Intersegment revenue	**A**	923,549	2,610,924	-	(3,534,473)	-
Total revenue		8,230,366	3,011,371	-	(3,534,473)	7,707,264
Results						
Finance cost		(10,636)	(7,840)	-	-	(18,476)
Depreciation		(29,282)	(20,979)	-	-	(50,261)
Other non-cash (expenses)/income	**B**	(144,327)	(7,209)	-	2,743,372	2,591,836
Tax expense		(837,899)	(341,294)	-	-	(1,179,193)
(Loss)/Profit after tax		(89,339)	168,485	(53,224)	2,646,630	2,672,552
Assets						
Additions to non-current assets	**C**	8,485	1,522,196	-	-	1,530,681
Segment assets	**D**	20,221,488	13,246,248	1,200	(96,742)	33,372,194
Liabilities						
Segment liabilities	**E**	2,680,932	3,044,580	25,433	-	5,750,945

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

	2011 RM	2010 RM
Bad debts written off	(123,653)	-
Inventories written down	(108,696)	(57,836)
Impairment loss on trade receivables	(49,605)	(19,808)
Loss on disposal of property, plant and equipment	(69,730)	(8,040)
Property, plant and equipment written off	(66,668)	(136,087)
Impairment loss on trade receivables no longer required	49,288	70,235
Reversal of inventories written down	81,966	-
Excess of fair value of subsidiary company acquired over the cost of investment	-	2,743,372
	(287,098)	2,591,836

29. **OPERATING SEGMENTS – GROUP (CONT'D)**

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

	2011 RM	2010 RM
Property, plant and equipment	688,264	8,485
Capital work-in-progress	215,383	1,522,196
	903,647	1,530,681

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

	2011 RM	2010 RM
Segment assets	38,402,116	33,372,194
Tax recoverable	365,733	-
Total assets	38,767,849	33,372,194

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

	2011 RM	2010 RM
Segment liabilities	5,519,096	5,750,945
Deferred tax liabilities	364,600	58,900
Finance lease liabilities	217,208	274,192
Bank borrowings	6,714,735	6,775,561
Tax payable	60,147	540,042
Total assets	12,875,786	13,399,640

Geographical segment

Financial information by geographical segment is not presented as the Group's activities are conducted principally in Malaysia.

Major customers

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

	2011		2010	
	RM	%	RM	%
1 customer	4,169,955	25	1,213,801	16

30. SIGNFICANT EVENTS DURING THE FINANCIAL YEAR

On 19 May 2011, Bursa Malaysia Securities Berhad had given its conditional approval in conjunction with the Company's listing of and quotation for its entire enlarged issued and paid-up share capital on the ACE Market on the Official List of Bursa Malaysia Securities Berhad and on 16 June 2011, the Securities Commission had given its approval-in-principle for the issuance of the Company's prospectus in conjunction with its listing exercise.

On 30 June 2011, the Company launched its prospectus in conjunction with its listing exercise on the ACE Market which entails the following:-

(i) Public issue of 15,000,000 new PeterLabs Holdings Shares at an issue price of RM0.30 per PeterLabs Holdings Share; and

(i) Offer for sale of 41,954,000 existing PeterLabs Holdings Shares at an offer price of RM0.30 per PeterLabs Holdings Share by way of private placement to identified investors.

The Company's entire enlarged issued and paid-up share capital is listed on the ACE Market and the Official List of Bursa Securities on 26 July 2011.

31. COMPARATIVE INFORMATION

The comparative information of the Group and the Company is for the period from 28 July 2010 (date of incorporation) to 31 December 2010. Consequently, the comparative figures in the statement of comprehensive income, statement of cash flows, statement of changes in equity and related notes are not comparable.

32. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

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/(accumulated losses) as at the reporting date that has been prepared 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:-

Total unappropriated profits/(accumulated losses) of the Company and its subsidiaries:

	Group		**Company**	
	2011	2010	2011	2010
	RM	RM	RM	RM
- Realised	18,153,596	16,127,587	144,825	(53,224)
- Unrealised	(363,398)	(58,900)	-	-
	17,790,198	16,068,687	144,825	(53,224)
Consolidation adjustments	(13,427,423)	(13,396,135)	-	-
	4,362,775	2,672,552	144,825	(53,224)

The above disclosures were reviewed and approved by the Board of Directors in accordance with a resolution of the Directors on 23 April 2012.