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

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2019

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current Quarter Ended 31 March 2019 RM'000 | Preceding Period Corresponding Quarter Ended 31 March 2018 RM'000 | Current Period To Date Ended 31 March 2019 RM'000 | Preceding Period To Date Ended 31 March 2018 RM'000 |
| **Revenue** | 23,149 | 21,540 | 23,149 | 21,540 |
| Cost of sales | (19,266) | (17,348) | (19,266) | (17,348) |
| **Gross profit** | 3,883 | 4,192 | 3,883 | 4,192 |
| Other income | 483 | 492 | 483 | 492 |
| Selling and distribution expenses | (683) | (908) | (683) | (908) |
| Administration expenses | (1,888) | (2,141) | (1,888) | (2,141) |
| Other expenses | (94) | (55) | (94) | (55) |
| **Operating profit** | 1,701 | 1,580 | 1,701 | 1,580 |
| Finance cost | (158) | (227) | (158) | (227) |
| **Profit before tax** | 1,543 | 1,353 | 1,543 | 1,353 |
| Tax expense | (540) | (351) | (540) | (351) |
| **Profit for the period** | 1,003 | 1,002 | 1,003 | 1,002 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 1,003 | 1,002 | 1,003 | 1,002 |
| Total comprehensive income attributable to the Owners of the Company | 1,003 | 1,002 | 1,003 | 1,002 |
| Weighted average no. of ordinary shares in issue ('000) | 214,740 | 214,740 | 214,740 | 214,740 |
| Earnings per share (sen): | | | | |
| -Basic | 0.47 | 0.47 | 0.47 | 0.47 |

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

| | Unaudited As at 31 March 2019 | Audited As at 31 December 2018 |
|---|---|---|
| | **RM'000** | **RM'000** |
| **ASSETS** | | |
| **Non-current asset** | | |
| Property, plant and equipment | 17,236 | 17,678 |
| | 17,236 | 17,678 |
| **Current assets** | | |
| Inventories | 24,889 | 25,478 |
| Trade receivables | 24,355 | 23,079 |
| Other receivables | 776 | 810 |
| Tax recoverable | 182 | 169 |
| Cash and bank balances | 7,713 | 5,595 |
| | 57,915 | 55,131 |
| **TOTAL ASSETS** | 75,151 | 72,809 |
| **EQUITY AND LIABILITIES** | | |
| **Equity attributable to owners of the Company** | | |
| Share capital | 27,459 | 27,459 |
| Unappropriated profits | 21,807 | 20,804 |
| **Total equity** | 49,266 | 48,263 |
| **Non-current liabilities** | | |
| Finance lease liabilities | 815 | 917 |
| Borrowings | 435 | 3,444 |
| Deferred tax liabilities | 445 | 440 |
| | 1,695 | 4,801 |
| **Current liabilities** | | |
| Trade payables | 8,166 | 7,787 |
| Other payables | 5,190 | 5,991 |
| Finance lease liabilities | 408 | 404 |
| Borrowings | 9,794 | 4,965 |
| Tax payable | 632 | 598 |
| | 24,190 | 19,745 |
| **Total liabilities** | 25,885 | 24,546 |
| **TOTAL EQUITY AND LIABILITIES** | 75,151 | 72,809 |
| Net assets per share attributable to ordinary equity holders of the Company (sen) | 22.94 | 22.48 |

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2018.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

| | Attributable to Equity Holders of the Company | | |
|---|---|---|---|
| | Non-Distributable | Distributable | |
| | Share Capital RM'000 | Unappropriated Profit RM'000 | Total equity RM'000 |
| At 1 January 2019 | 27,459 | 20,804 | 48,263 |
| Total comprehensive income for the financial period | - | 1,003 | 1,003 |
| At 31 March 2019 (Unaudited) | 27,459 | 21,807 | 49,266 |
| At 1 January 2018 | 27,459 | 18,282 | 45,741 |
| Total comprehensive income for the financial period | - | 1,002 | 1,002 |
| Dividend of RM0.6 sen per share in respect of financial year ended 31 December 2017 and paid on 9 February 2018 | - | (1,288) | (1,288) |
| At 31 March 2018 (Unaudited) | 27,459 | 17,996 | 45,455 |

Note:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2018.

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

| | Current Period To Date Ended 31 March 2019 (Unaudited) RM'000 | Preceding Year Corresponding Period Ended 31 March 2018 (Unaudited) RM'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Profit before tax | 1,543 | 1,353 |
| Adjustments for:- | | |
| - Non cash items | 531 | 397 |
| - Non-operating items | 134 | 195 |
| **Operating profit before working capital changes** | **2,208** | **1,945** |
| Changes in working capital | | |
| Inventories | 580 | (9,504) |
| Receivables | (1,299) | 2,995 |
| Payables | (436) | 4,826 |
| Revolving credit | 3,348 | - |
| Bill payables | 1,922 | 5,434 |
| **Cash generated from operations** | **6,323** | **5,696** |
| Tax expense paid | (514) | (251) |
| Interest received | 24 | 32 |
| Interest paid | (79) | (145) |
| **Net cash from operating activities** | **5,754** | **5,332** |
| **INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | (9) | (144) |
| **Net cash used in investing activities** | **(9)** | **(144)** |
| **FINANCING ACTIVITIES** | | |
| Dividend paid on ordinary shares | - | (1,288) |
| Interest paid | (79) | (82) |
| Repayment of term loan | (3,450) | (208) |
| Repayment of finance lease liabilities | (98) | (70) |
| **Net cash (used in)/ from financing activities** | **(3,627)** | **(1,648)** |
| **Net Changes In Cash And Cash Equivalents** | **2,116** | **3,540** |
| **Effect of exchange rate changes** | **2** | **-** |
| **Cash And Cash Equivalents At The Beginning Of The Period** | **5,595** | **7,033** |
| **Cash And Cash Equivalents At The End Of The Period** | **7,713** | **10,573** |

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2018.

## NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

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

### A1. Basis preparation

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

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

### A2. Significant Accounting Policies

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the FYE 31 December 2018.

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

The Group has adopted new or revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2019.

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

### A3. Auditors' report

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2018.

### A4. Seasonal or cyclical factors

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

### A5. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group that were unusual because of their nature, size or incidence for the quarter under review and current period-to-date.

### A6. Material changes in estimates

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

**NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONT'D)**

## A7. Profit for the period

Profit for the current quarter and period-to-date ended 31 March 2019 is arrived at after charging / (crediting), amongst other items, the following:

| | *Quarter Ended* | *Period To Date Ended* |
|---|---|---|
| | 31.03.2019<br>RM'000 | 31.03.2019<br>RM'000 |
| Other income including investment income | (444) | (444) |
| Unrealised foreign exchange loss | 14 | 14 |
| Net Realised foreign exchange gain | (9) | (9) |
| Interest expense | 158 | 158 |
| Interest income | (24) | (24) |
| Depreciation | 451 | 451 |
| Provision for expected credit losses | 57 | 57 |
| Inventories written down | 10 | 10 |
| Reversal of inventories written down | (1) | (1) |

## A8. Segmental information

The Group is organised into the following operating segments:

a) Trading
b) Manufacturing

| **Quarter ended 31 March 2019** | **Trading RM'000** | **Manufacturing RM'000** | **Eliminations RM'000** | **Consolidated RM'000** |
|---|---|---|---|---|
| **Revenue from** | | | | |
| External customers | 22,031 | 1,118 | - | 23,149 |
| Inter-segment revenue | 2,768 | 8,353 | (11,121) | - |
| **Total revenue** | 24,799 | 9,471 | (11,121) | 23,149 |
| **Profit/ (Loss) before tax** | 1,796 | (253) | - | 1,543 |
| Tax expense | | | | (540) |
| **Profit for the period** | | | | 1,003 |

## NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONT'D)

### A8. Segmental information (cont'd)

| Period to Date ended 31 March 2019 | Trading RM'000 | Manufacturing RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|
| **Revenue from** | | | | |
| External customers | 22,031 | 1,118 | - | 23,149 |
| Inter-segment revenue | 2,768 | 8,353 | (11,121) | - |
| **Total revenue** | 24,799 | 9,471 | (11,121) | 23,149 |
| **Profit/ (Loss) before tax** | 1,796 | (253) | - | 1,543 |
| Tax expense | | | | (540) |
| **Profit for the period** | | | | 1,003 |

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

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

### A10. Capital commitments

There was no capital commitment as at date of this announcement.

### A11. Material subsequent events

There were no material events subsequent to the reporting date up to the date of this report.

### A12. Changes in composition of the Group

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

### A13. Contingent liabilities or contingent assets

| | Company | |
|---|---|---|
| | **As at 31/03/2019** | **As at 31/12/2018** |
| Corporate guarantee given by the Company to financial institutions for credit facilities granted to Subsidiaries | RM'000 | RM'000 |
| - Utilised | 10,229 | 8,409 |
| - Limit | 33,450 | 33,450 |

### A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2018, there were no other significant related party transactions for the current quarter under review.

## NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONT'D)

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

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

## B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

### B1. Review of performance

| | 1QFY19 | 1QFY18 | Variance | FY 2019 | FY 2018 | Variance |
|---|---|---|---|---|---|---|
| | **RM'000** | **RM'000** | **%** | **RM'000** | **RM'000** | **%** |
| Revenue | 23,149 | 21,540 | 7.5% | 23,149 | 21,540 | 7.5% |
| Operating Profit | 1,701 | 1,580 | 7.7% | 1,701 | 1,580 | 7.7% |
| Profit Before Interest And Tax | 1,701 | 1,580 | 7.7% | 1,701 | 1,580 | 7.7% |
| Profit Before Tax | 1,543 | 1,353 | 14.0% | 1,543 | 1,353 | 14.0% |
| Profit After Tax | 1,003 | 1,002 | 0.1% | 1,003 | 1,002 | 0.1% |
| Profit Attributable to Ordinary Equity Holders Of The Parent | 1,003 | 1,002 | 0.1% | 1,003 | 1,002 | 0.1% |

The Group registered RM23.149 million revenue for the current quarter which represents increase of RM1.609 million or 7.5% as compared to the revenue of RM21.540 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.543 million for the quarter under review which represents increase of RM0.19 million or 14.0% as compared to the Group's profit before tax of RM1.353 million reported in the previous period's corresponding quarter. Profit before tax increase due to higher revenue achieved couple with lower operating expenses incurred.

For the current quarter, trading segment registered revenue of RM22.031 million from the external customers and RM2.768 million from inter-company transactions and reported profit before tax of RM1.796 million for the quarter under review. In the previous period's corresponding quarter, the group achieved revenue of RM20.739 million from the external customers and RM0.89 million from inter-company transactions and reported profit before tax of RM1.307 million for the trading segment. The increase in profit before tax for the trading segment for the current quarter was mainly due to higher revenue achieved.

The manufacturing segment registered revenue of RM1.118 million from the external customers and RM8.353 million from inter-company transactions and reported loss before tax of RM0.253 million for the quarter under review. In the previous period's corresponding quarter, the Group achieved revenue of RM0.801 million from external customers and RM7.564 million from inter-company transactions and reported profit before tax of RM0.046 million for the manufacturing segment. The increase in loss before tax for the manufacturing segment for the current quarter was mainly attributable to higher operation cost incurred.

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

| | 1QFY19 | 4QFY18 | Variance |
|---|---|---|---|
| | **RM'000** | **RM'000** | **%** |
| Revenue | 23,149 | 23,697 | -2.3% |
| Operating Profit | 1,701 | 1,695 | 0.4% |
| Profit Before Interest And Tax | 1,701 | 1,695 | 0.4% |
| Profit Before Tax | 1,543 | 1,515 | 1.8% |
| Profit After Tax | 1,003 | 1,087 | -7.7% |
| Equity Holders Of The Parent | 1,003 | 1,087 | -7.7% |

For the quarter under review, the Group registered decrease in revenue of 2.3% from RM23.697 million to RM23.149 million and slight increase in profit before tax of 1.8% from RM1.515 million to RM1.543 million as compared to preceding quarter ended 31 December 2018. The increase in profit before tax was mainly attributable to lower operating cost incurred. For the current quarter, trading segment achieved revenue of RM22.031 million and profit before tax of RM1.796 million as compared to revenue of RM22.679 million and profit before tax of RM1.946 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM1.118 million and reported loss before tax of RM0.253 million as compared to revenue of RM1.018 million and loss before tax of RM0.431 million in the previous quarter.

## B3. Prospects

We are at challenging business environment that are influenced by factors such as implementation of sales & service tax, increase of minimal wages couple with weak consumer sentiment in the regional market and fluctuating currency, we will continue to uphold our healthy business practices to strive for our business sustainability and add value to our shareholders.

Our Group has successfully ventured into China market and acquired a new major customer, Henan Chia Tai Biochemistry Co. Ltd during August 2018 as the demand for products such as OsmoFAT has grow ever stronger in China.

Barring any unforeseen circumstances, the Board of Directors is optimistic about the Group's prospect in this financial year ending 31 December 2019 remains positive with challenges ahead and target to achieve a better result than the previous financial year of 31 December 2018.

## B4. Profit forecast

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

## B5. Tax expense

| | Current quarter ended 31.03.2019 RM'000 | Current period-to-date 31.03.2019 RM'000 |
|---|---|---|
| Income tax | | |
| -Current period | 535 | 535 |
| -Deferred taxation | 5 | 5 |
| | 540 | 540 |

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

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

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

## B7. Quoted securities

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

## B8. Status of corporate proposals

There were no other corporate proposals announced but not completed as at the date of this report.

## B9. Group borrowings and debts securities

The Group's borrowings as at 31 March 2019 were as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|---|---|---|---|
| **Short term borrowings:** | | | |
| Finance lease liabilities | - | 408 | 408 |
| Bank borrowings | 9,794 | - | 9,794 |
| Total | 9,794 | 408 | 10,202 |

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|---|---|---|---|
| **Long term borrowings:** | | | |
| Finance lease liabilities | - | 815 | 815 |
| Bank borrowings | 435 | - | 435 |
| Total | 435 | 815 | 1,250 |

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

## B10. Off balance sheet financial instruments

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

## B11. Material litigation

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

## B12. Dividends

a) No interim dividend has been recommended for the financial quarter ended 31 March 2019.

b) An interim single tier dividend, in respect of the financial year ended 31 December 2017, of 0.6 sen per share on 214,739,900 ordinary shares, amounting to RM1,288,439 had been declared and paid on 09 February 2018.

## B13. Earnings per share

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

| | **Quarter Ended** | | **Period To Date Ended** | |
|---|---|---|---|---|
| | **31.03.2019** | **31.03.2018** | **31.03.2019** | **31.03.2018** |
| Comprehensive income attributable to owners of the Company (RM'000) | 1,003 | 1,002 | 1,003 | 1,002 |
| Weighted average number of ordinary shares in issue ('000) | 214,740 | 214,740 | 214,740 | 214,740 |
| Earnings per share (sen) | | | | |
| - Basic | 0.47 | 0.47 | 0.47 | 0.47 |

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

Date: 30 May 2019