PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 June 2019 RM'000	Preceding Period Corresponding Quarter Ended 30 June 2018 RM'000	Current Period To Date Ended 30 June 2019 RM'000	Preceding Period To Date Ended 30 June 2018 RM'000
Revenue	24,408	22,490	47,557	44,030
Cost of sales	(19,753)	(17,983)	(39,019)	(35,331)
Gross profit	4,655	4,507	8,538	8,699
Other income	176	108	659	600
Selling and distribution expenses	(452)	(966)	(1,135)	(1,874)
Administration expenses	(2,859)	(2,279)	(4,747)	(4,420)
Other expenses	(146)	(61)	(240)	(116)
Operating profit	1,374	1,309	3,075	2,889
Finance cost	(127)	(168)	(285)	(395)
Profit before tax	1,247	1,141	2,790	2,494
Tax expense	(408)	(358)	(948)	(709)
Profit for the period	839	783	1,842	1,785
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	839	783	1,842	1,785
Total comprehensive income attributable to the Owners of the Company	839	783	1,842	1,785
Weighted average no. of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen):				
-Basic	0.39	0.36	0.86	0.83

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 30 JUNE 2019

	Unaudited As at 30 June 2019	Audited As at 31 December 2018
	RM'000	**RM'000**
ASSETS		
Non-current asset		
Property, plant and equipment	16,785	17,678
	16,785	17,678
Current assets		
Inventories	24,036	25,478
Trade receivables	24,773	23,079
Other receivables	527	810
Tax recoverable	215	169
Cash and bank balances	7,729	5,595
	57,280	55,131
TOTAL ASSETS	74,065	72,809
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	27,459	27,459
Unappropriated profits	22,646	20,804
Total equity	50,105	48,263
Non-current liabilities		
Finance lease liabilities	709	917
Borrowings	293	3,444
Deferred tax liabilities	450	440
	1,452	4,801
Current liabilities		
Trade payables	7,735	7,787
Other payables	4,369	5,991
Finance lease liabilities	414	404
Borrowings	9,311	4,965
Tax payable	679	598
	22,508	19,745
Total liabilities	23,960	24,546
TOTAL EQUITY AND LIABILITIES	74,065	72,809
Net assets per share attributable to ordinary equity holders of the Company (sen)	23.33	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 SECOND QUARTER ENDED 30 JUNE 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	-	1,842	1,842
At 30 June 2019 (Unaudited)	27,459	22,646	50,105
At 1 January 2018	27,459	18,282	45,741
Total comprehensive income for the financial period	-	1,785	1,785
Dividend of RM0.6 sen per share in respect of financial year ended 31 December 2017 and paid on 9 February 2018	-	(1,289)	(1,289)
At 30 June 2018 (Unaudited)	27,459	18,778	46,237

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 SECOND QUARTER ENDED 30 JUNE 2019

	Current Period To Date Ended 30 June 2019 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 30 June 2018 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	2,790	2,494
Adjustments for:-		
- Non cash items	972	775
- Non-operating items	232	329
Operating profit before working capital changes	**3,994**	**3,598**
Changes in working capital		
Inventories	1,451	(14,494)
Receivables	(1,524)	2,279
Payables	(1,658)	7,824
Revolving credit	3,348	-
Bill payables	1,427	(192)
Cash generated from / (used in) operations	**7,038**	**(985)**
Tax expense paid	(893)	(528)
Interest received	52	64
Interest paid	(204)	(230)
Net cash from / (used in) operating activities	**5,993**	**(1,679)**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9)	(162)
Proceed from disposal of property, plant and equipment	-	23
Net cash used in investing activities	**(9)**	**(139)**
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	-	(1,289)
Interest paid	(81)	(165)
Repayment of term loan	(3,580)	(436)
Repayment of finance lease liabilities	(198)	(161)
Net cash used in financing activities	**(3,859)**	**(2,051)**
		.
Net Changes In Cash And Cash Equivalents	**2,125**	**(3,869)**
Effect of exchange rate changes	**9**	8
Cash And Cash Equivalents At The Beginning Of The Period	**5,595**	7,033
Cash And Cash Equivalents At The End Of The Period	**7,729**	**3,172**

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 30 JUNE 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 30 JUNE 2019 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 30 June 2019 is arrived at after charging / (crediting), amongst other items, the following:

	Quarter Ended	*Period To Date Ended*
	30.06.2019 RM'000	30.06.2019 RM'000
Other income including investment income	(117)	(561)
Unrealised foreign exchange gain	(10)	(24)
Net Realised foreign exchange loss	92	111
Interest expense	127	285
Interest income	(28)	(52)
Bad debts written off	105	105
Depreciation	451	902
Expected credit losses on trade receivable (net)	(3)	(3)
Inventories written down	-	10
Reversal of inventories written down	(18)	(19)

A8. Segmental information

The Group is organised into the following operating segments:

a) Trading
b) Manufacturing

Quarter ended 30 June 2019	**Trading RM'000**	**Manufacturing RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue from				
External customers	23,558	850	-	24,408
Inter-segment revenue	4,429	9,668	(14,097)	-
Total revenue	27,987	10,518	(14,097)	24,408
Profit/ (Loss) before tax	1,296	(49)	-	1,247
Tax expense				(408)
Profit for the period				839

A8. Segmental information (cont'd)

Period to Date ended 30 June 2019	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	45,589	1,968	-	47,557
Inter-segment revenue	7,197	18,021	(25,218)	-
Total revenue	52,786	19,989	(25,218)	47,557
Profit/ (Loss) before tax	3,092	(302)	-	2,790
Tax expense				(948)
Profit for the period				1,842

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 30/06/2019	**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	9,604	8,409
- Limit	21,897	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 30 JUNE 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

	2QFY19	2QFY18	Variance	FY 2019	FY 2018	Variance
	RM'000	**RM'000**	**%**	**RM'000**	**RM'000**	**%**
Revenue	24,408	22,490	8.5%	47,557	44,030	8.0%
Operating Profit	1,374	1,309	5.0%	3,075	2,889	6.4%
Profit Before Interest And Tax	1,374	1,309	5.0%	3,075	2,889	6.4%
Profit Before Tax	1,247	1,141	9.3%	2,790	2,494	11.9%
Profit After Tax	839	783	7.2%	1,842	1,785	3.2%
Profit Attributable to Ordinary Equity Holders Of The Parent	839	783	7.2%	1,842	1,785	3.2%

The Group registered RM24.408 million revenue for the current quarter which represents increase of RM1.908 million or 8.5% as compared to the revenue of RM22.490 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.247 million for the quarter under review which represents increase of RM0.106 million or 9.3% as compared to the Group's profit before tax of RM1.141 million reported in the previous period's corresponding quarter. Profit before tax increase due to higher revenue achieved.

For the current quarter, trading segment registered revenue of RM23.558 million from the external customers and RM4.429 million from inter-company transactions and reported profit before tax of RM1.296 million for the quarter under review. In the previous period's corresponding quarter, the group achieved revenue of RM21.583 million from the external customers and RM0.991 million from inter-company transactions and reported profit before tax of RM1.343 million for the trading segment. The decrease in profit before tax for the trading segment for the current quarter was mainly due to lower gross margin achieved despite increase in revenue.

The manufacturing segment registered revenue of RM0.850 million from the external customers and RM9.668 million from inter-company transactions and reported loss before tax of RM0.049 million for the quarter under review. In the previous period's corresponding quarter, the Group achieved revenue of RM0.907 million from external customers and RM6.613 million from inter-company transactions and reported loss before tax of RM0.202 million for the manufacturing segment. The decrease in loss before tax for the manufacturing segment for the current quarter was mainly attributable to lower operation cost incurred.

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

	2QFY19	1QFY19	Variance
	RM'000	**RM'000**	**%**
Revenue	24,408	23,149	5.4%
Operating Profit	1,374	1,701	-19.2%
Profit Before Interest And Tax	1,374	1,701	-19.2%
Profit Before Tax	1,247	1,543	-19.2%
Profit After Tax	839	1,003	-16.4%
Equity Holders Of The Parent	839	1,003	-16.4%

For the quarter under review, the Group registered increase in revenue of 5.4% from RM23.149 million to RM24.408 million and significant decrease in profit before tax of 19.2% from RM1.701 million to RM1.374 million as compared to preceding quarter ended 31 March 2019. The decrease in profit before tax was mainly attributable to higher operating cost incurred. For the current quarter, trading segment achieved revenue of RM23.558 million and profit before tax of RM1.296 million as compared to revenue of RM22.031 million and profit before tax of RM1.796 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM0.850 million and reported loss before tax of RM0.049 million as compared to revenue of RM1.118 million and loss before tax of RM0.253 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.

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 30.06.2019 RM'000	Current period-to-date 30.06.2019 RM'000
Income tax		
-Current period	403	938
-Deferred taxation	5	10
	408	948

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 30 June 2019 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:			
Finance lease liabilities	-	414	414
Bank borrowings	9,311	-	9,311
Total	9,311	414	9,725

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings:			
Finance lease liabilities	-	709	709
Bank borrowings	293	-	293
Total	293	709	1,002

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

No interim dividend has been recommended for the financial quarter ended 30 June 2019 and previous year's corresponding period ended 30 June 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	
	30.06.2019	**30.06.2018**	**30.06.2019**	**30.06.2018**
Comprehensive income attributable to owners of the Company (RM'000)	839	783	1,842	1,785
Weighted average number of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen)				
- Basic	0.39	0.36	0.86	0.83

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

Date: 30 August 2019