

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 September 2019 RM'000	Preceding Period Corresponding Quarter Ended 30 September 2018 RM'000	Current Period To Date Ended 30 September 2019 RM'000	Preceding Period To Date Ended 30 September 2018 RM'000
Revenue	24,309	22,692	71,866	66,722
Cost of sales	(19,445)	(18,128)	(58,464)	(53,459)
Gross profit	4,864	4,564	13,402	13,263
Other income	95	163	754	763
Selling and distribution expenses	(1,290)	(724)	(2,425)	(2,598)
Administration expenses	(1,945)	(2,170)	(6,692)	(6,590)
Other expenses	(207)	(90)	(447)	(206)
Operating profit	1,517	1,743	4,592	4,632
Finance cost	(102)	(222)	(387)	(617)
Profit before tax	1,415	1,521	4,205	4,015
Tax expense	(272)	(508)	(1,220)	(1,217)
Profit for the period	1,143	1,013	2,985	2,798
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,143	1,013	2,985	2,798
Total comprehensive income attributable to the Owners of the Company	1,143	1,013	2,985	2,798
Weighted average no. of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen):				
-Basic	0.53	0.47	1.39	1.30

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 SEPTEMBER 2019**

	Unaudited As at 30 September 2019	Audited As at 31 December 2018
	RM'000	RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	16,430	17,678
	<u>16,430</u>	<u>17,678</u>
Current assets		
Inventories	19,286	25,478
Trade receivables	25,807	23,079
Other receivables	509	810
Tax recoverable	38	169
Cash and bank balances	9,813	5,595
	<u>55,453</u>	<u>55,131</u>
TOTAL ASSETS	<u><u>71,883</u></u>	<u><u>72,809</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	27,459	27,459
Unappropriated profits	23,789	20,804
Total equity	<u>51,248</u>	<u>48,263</u>
Non-current liabilities		
Finance lease liabilities	602	917
Borrowings	155	3,444
Deferred tax liabilities	414	440
	<u>1,171</u>	<u>4,801</u>
Current liabilities		
Trade payables	6,184	7,787
Other payables	4,827	5,991
Finance lease liabilities	419	404
Borrowings	7,469	4,965
Tax payable	565	598
	<u>19,464</u>	<u>19,745</u>
Total liabilities	<u>20,635</u>	<u>24,546</u>
TOTAL EQUITY AND LIABILITIES	<u><u>71,883</u></u>	<u><u>72,809</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	23.87	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 THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Attributable to Equity Holders of the Company		
	<u>Non-Distributable</u>	<u>Distributable</u>	
	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	-	2,985	2,985
At 30 September 2019 (Unaudited)	27,459	23,789	51,248
At 1 January 2018	27,459	18,282	45,741
Total comprehensive income for the financial period	-	2,798	2,798
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 September 2018 (Unaudited)	27,459	19,791	47,250

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 THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Current Period To Date Ended 30 September 2019 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 30 September 2018 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	4,205	4,015
Adjustments for:-		
- Non cash items	1,647	1,137
- Non-operating items	299	538
Operating profit before working capital changes	6,151	5,690
Changes in working capital		
Inventories	6,046	(11,764)
Receivables	(2,540)	2,726
Payables	(2,770)	2,905
Revolving credit	3,348	-
Bill payables	(422)	880
Cash generated from operations	9,813	437
Tax expense paid	(1,317)	(894)
Tax refunded	169	-
Interest received	87	77
Interest paid	(309)	(351)
Net cash from / (used in) operating activities	8,443	(731)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22)	(201)
Proceed from disposal of property, plant and equipment	-	23
Net cash used in investing activities	(22)	(178)
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	-	(1,289)
Interest paid	(78)	(266)
Repayment of term loan	(3,711)	(652)
Repayment of finance lease liabilities	(385)	(250)
Net cash used in financing activities	(4,174)	(2,457)
Net Changes In Cash And Cash Equivalents	4,247	(3,366)
Effect of exchange rate changes	(29)	61
Cash And Cash Equivalents At The Beginning Of The Period	5,595	7,033
Cash And Cash Equivalents At The End Of The Period	9,813	3,728

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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONT'D)

A7. Profit for the period

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

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	30.09.2019 RM'000	30.09.2019 RM'000
Other income including investment income	(86)	(647)
Interest income	(35)	(87)
Expected credit losses on trade receivable (net)	2	(1)
Reversal of inventories written down	-	(19)
Net Realised foreign exchange loss	2	113
Interest expense	102	387
Bad debts written off	-	105
Depreciation	453	1,355
Unrealised foreign exchange loss	66	42
Inventories written down	154	164

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 30 September 2019	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	23,329	980	-	24,309
Inter-segment revenue	1,026	6,239	(7,265)	-
Total revenue	24,355	7,219	(7,265)	24,309
Profit/ (Loss) before tax	1,494	(79)	-	1,415
Tax expense				(272)
Profit for the period				1,143

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 30 September 2019	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	68,918	2,948	-	71,866
Inter-segment revenue	8,223	24,260	(32,483)	-
Total revenue	77,141	27,208	(32,483)	71,866
Profit/ (Loss) before tax	4,586	(381)	-	4,205
Tax expense				(1,220)
Profit for the period				2,985

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 30/09/2019	As at 31/12/2018
	RM'000	RM'000
Corporate guarantee given by the Company to financial institutions for credit facilities granted to Subsidiaries		
- Utilised	7,624	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 SEPTEMBER 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

	3QFY19	3QFY18	Variance	FY 2019	FY 2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	24,309	22,692	7.1%	71,866	66,722	7.7%
Operating Profit	1,517	1,743	-13.0%	4,592	4,632	-0.9%
Profit Before Interest And Tax	1,517	1,743	-13.0%	4,592	4,632	-0.9%
Profit Before Tax	1,415	1,521	-7.0%	4,205	4,015	4.7%
Profit After Tax	1,143	1,013	12.8%	2,985	2,798	6.7%
Profit Attributable to Ordinary Equity Holders Of The Parent	1,143	1,013	12.8%	2,985	2,798	6.7%

The Group registered RM24.309 million revenue for the current quarter which represents increase of RM1.617 million or 7.1% as compared to the revenue of RM22.692 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.415 million for the quarter under review which represents decrease of RM0.106 million or 7.0% as compared to the Group's profit before tax of RM1.521 million reported in the previous period's corresponding quarter. Profit before tax decrease due to higher selling and distribution expenses incurred in tandem with higher revenue achieved.

For the current quarter, trading segment registered revenue of RM23.329 million from the external customers and RM1.026 million from inter-company transactions and reported profit before tax of RM1.494 million for the quarter under review. In the previous period's corresponding quarter, the group achieved revenue of RM22.240 million from the external customers and RM0.809 million from inter-company transactions and reported profit before tax of RM2.015 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 RM0.980 million from the external customers and RM6.239 million from inter-company transactions and reported loss before tax of RM0.079 million for the quarter under review. In the previous period's corresponding quarter, the Group achieved revenue of RM0.452 million from external customers and RM6.236 million from inter-company transactions and reported loss before tax of RM0.494 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (CONT'D)

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

	3QFY19	2QFY19	Variance
	RM'000	RM'000	%
Revenue	24,309	24,408	-0.4%
Operating Profit	1,517	1,374	10.4%
Profit Before Interest And Tax	1,517	1,374	10.4%
Profit Before Tax	1,415	1,247	13.5%
Profit After Tax	1,143	839	36.2%
Equity Holders Of The Parent	1,143	839	36.2%

For the quarter under review, the Group registered decrease in revenue of -0.4% from RM24.408 million to RM24.309 million and significant increase in profit before tax of 13.5% from RM1.247 million to RM1.415 million as compared to preceding quarter ended 30 June 2019. The increase in profit before tax was mainly attributable to higher gross profit margin achieved despite lower revenue recorded. For the current quarter, trading segment achieved revenue of RM23.329 million and profit before tax of RM1.494 million as compared to revenue of RM23.558 million and profit before tax of RM1.296 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM0.980 million and reported loss before tax of RM0.079 million as compared to revenue of RM0.850 million and loss before tax of RM0.049 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (CONT'D)

B5. Tax expense

	Current quarter ended 30.09.2019 RM'000	Current period-to-date 30.09.2019 RM'000
Income tax		
-Current period	507	1,445
-Over provision in previous year	(199)	(199)
-Deferred taxation	(36)	(26)
	<u>272</u>	<u>1220</u>

The Group's effective tax rate for the current quarter is lower than the statutory rate mainly due to over provision in previous year now adjusted. However, the Group's effective tax rate for current period-to-date was 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 September 2019 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Finance lease liabilities	-	419	419
Bank borrowings	7,469	-	7,469
Total	<u>7,469</u>	<u>419</u>	<u>7,888</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Finance lease liabilities	-	602	602
Bank borrowings	155	-	155
Total	<u>155</u>	<u>602</u>	<u>757</u>

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (CONT'D)

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 September 2019 and previous year's corresponding period ended 30 September 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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Comprehensive income attributable to owners of the Company (RM'000)	1,143	1,013	2,985	2,798
Weighted average number of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen)				
- Basic	0.53	0.47	1.39	1.30

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

Date: 29 November 2019