"PeterLabs always S.H.A.R.E..."

Sustainability

Honesty

Accountability

Responsibility

Efficiency

www.peterlabs.com.my

Prospectus of PeterLabs Holdings Berhad (909720-W)

PeterLabs Holdings Berhad

(Company No. 909720-W)

(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

- PUBLIC ISSUE OF 15,000,000 NEW ORDINARY SHARES OF RM0.10 EACH RESERVED FOR APPLICATION BY THE PUBLIC; AND
- OFFER FOR SALE OF 35,903,000 ORDINARY SHARES OF RM0.10 EACH TO BE OFFERED TO IDENTIFIED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.30 PER ORDINARY SHARE, PAYABLE IN FULL UPON APPLICATION

Adviser, Sponsor, Underwriter and Placement Agent

ALLIANCE INVESTMENT BANK

Alliance Investment Bank Berhad (21605-D)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTOR ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK. INVESTOR ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH INVESTORS SHOULD CONSIDER. TURN TO SECTION 4 FOR 'RISK FACTORS'.

THIS PROSPECTUS IS DATED 30 JUNE 2011

Company No. 909720-W

RESPONSIBILITY STATEMENTS

Our Board, Promoters and Offerors (as defined herein) have seen and approved this Prospectus and we collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that to the best of our knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

Alliance Investment Bank Berhad, being our Adviser, Sponsor, Underwriter and Placement Agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO (as defined herein).

STATEMENTS OF DISCLAIMER

A copy of this Prospectus has been registered with the SC. The registration of this Prospectus should not be taken to indicate that the SC recommends the IPO or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being issued / offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the securities being offered. Admission to the official list of Bursa Securities is not to be taken as an indication of the merits of the IPO, our Company or our securities.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this Prospectus, together with the application form, has also been lodged with the Registrar of Companies of Malaysia who takes no responsibility for its contents.

OTHER STATEMENTS

Companies listed on the ACE Market may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to amongst others, this Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities' professional and/or adviser.

Our IPO is an exempt transaction under Section 213 of the Capital Markets and Services Act 2007 ("CMSA") and is therefore not subject to the approval of the SC.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Company No. 909720-W

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMSA, e.g. Directors and Advisers, are responsible.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our shares are issued / offered in Malaysia solely based on the contents of this Prospectus. Our Board, Promoters, Offerors, Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

The distribution of this Prospectus and the accompanying documents are subject to Malaysian laws. Our Board, Promoters, Offerors, Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Board, Promoters, Offerors, Adviser, Sponsor, Underwriter and Placement Agent have not taken any action to permit an IPO of our shares based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used for an offer to sell or an invitation to buy our shares in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy our shares to any person to whom it is unlawful to do so. Our Board, Promoters, Offerors, Adviser, Sponsor, Underwriter and Placement Agent require you to inform yourself and to observe such restrictions.

This Prospectus can also be viewed or downloaded from Bursa Securities's website at *www.bursamalaysia.com*. The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

BUMIPUTERA EQUITY REQUIREMENT AND PUBLIC SHAREHOLDING SPREAD

Pursuant to the Listing Requirements (as defined herein) and the Bumiputera equity requirement which was announced on 30 June 2009, we are required to allocate 12.5% of our enlarged issued and paid-up share capital to Ministry of International Trade and Industry recognised Bumiputera investors within one (1) year after achieving the profit record required for a listing on the Main Market of Bursa Securities or five (5) years after being listed on the ACE Market, whichever is earlier.

In compliance with the Listing Requirements, we need to have at least 25% of our enlarged issued and paid-up share capital in the hands of a minimum 200 public shareholders holding not less than 100 shares each upon admission to the ACE Market. We expect to achieve this at the point of Listing (as defined herein). However, in the event that this requirement is not met pursuant to our IPO, we may not be allowed to proceed with our Listing. In this event, monies paid in respect of all applications will be returned in full without interest.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities is set out below:

EVENT	TENTATIVE DATE / TIME
Opening of application for our IPO	30 June 2011 at 10.00 a.m.
Closing of application for our IPO	12 July 2011 at 5.00 p.m.
Balloting of applications	14 July 2011
Allotment of shares to successful applicants	18 July 2011
Listing on the ACE Market	26 July 2011

Our Board, Promoters, Offerors, together with Alliance, may mutually decide at their absolute discretion to extend the date for the closing of applications to any later date or dates. If the date of closing of application is extended, the dates of balloting, allotment and listing would be extended accordingly. We will publish any extension of the date of closing of application in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of application. **Late applications will not be accepted.**

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" in this Prospectus are to PeterLabs Holdings Berhad, while references to "our Group" are to our Company and our subsidiary companies. References to "we", "us", "our" and "ourselves" are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to "Management" are to our Executive Directors and our Key Management and Key Technical Personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" section of this Prospectus. Words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include companies and corporations.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any enactment in this Prospectus shall be a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industries in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus; provided that where no source is stated, it can be assumed that the information originates from us.

In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Protégé Associates Sdn Bhd, an independent business and market research consulting firm. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industries in which we operate. However, neither we nor our Adviser and Sponsor have independently verified these data. Neither we nor our Adviser and Sponsor make any representation as to the correctness, accuracy or completeness of such data, hence accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Prospectus.

The information on our website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which include all statements other than those of historical facts including among others, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our Group's control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Prospectus will be realised.

Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group operates. Additional factors that could cause our Group's actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 - Risk Factors and Section 12 - Management Discussion and Analysis of Financial Condition, Results of Operations and Prospects of this Prospectus.

These forward-looking statements are based on information available to us as at the date of this Prospectus. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements that are contained herein.

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DEFINITIONS

Unless otherwise defined or the context otherwise requires, the following definitions shall apply throughout this Prospectus:

ACE Market	:	ACE Market of Bursa Securities
Acquisition	:	Acquisition by PeterLabs Holdings of the entire issued and paid-up share capital of PLON Synergy comprising 4,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM17,299,900, which was wholly satisfied by the issuance of 172,999,000 new PeterLabs Holdings Shares at an issue price of RM0.10 per Share
Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
Alliance or Adviser or Sponsor or Underwriter or Placement Agent	:	Alliance Investment Bank Berhad (21605-D)
Application Form(s)	:	The printed application form(s) for the application of our IPO Shares accompanying this Prospectus
ATM(s)	:	Automated Teller Machine(s)
BDM	:	Best Data Mix
Behn Meyer	:	Behn Meyer Nutri-Vet Sdn Bhd (595776-W)
Benuser	:	Benuser Sdn Bhd (208928-W)
BioAktiv	:	BioAktiv GmbH, Germany
BioAktiv Far East	:	BioAktiv Far East Pte Ltd, Singapore
Biojava	:	Biojava Sdn Bhd (734171-H), a 52.5% owned subsidiary company of PLON Synergy
Board	:	Board of Directors of PeterLabs Holdings
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CAGR	:	Compound Annual Growth Rate
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
Cenavisa	:	Cenavisa S.A, Spain

DEFINITIONS *(Cont'd)*

Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
Chern Tek	:	Chern Tek Dinamik Sdn Bhd (162666-X)
Choong Ang	:	Choong Ang Biotech Co. Ltd, Korea
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
DVS	:	Department of Veterinary Sciences
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
ENV	:	ENV Technology Sdn Bhd (503030-H)
EPS	:	Earnings per share
ESA or Electronic Share Application	:	Application for our Public Issue Shares through a Participating Financial Institution's ATM
Farmachem	:	Farmachem Enterprise Sdn Bhd (134544-X)
FD	:	Fixed Deposit
FYE	:	Financial year ended/ending
GP	:	Gross profit
GT or Reporting Accountants	:	SJ Grant Thornton (AF0737)
Hangzhou King	:	Hangzhou King Techina Feed Co. Ltd, China
Herbal Remedies	:	Herbal Remedies (M) Sdn Bhd (469997-W)
Hipra Malaysia	:	Hipra Malaysia Sdn Bhd (806811-M)
Hipra SA	:	Laboratories Hipra, S.A.
IMR Report	:	Independent Market Research Report titled 'Strategic Analysis of the Animal Feed Additives Market in Malaysia'
In Vivo	:	In Vivo NSA S.A, France
IP	:	Intellectual Property
IPO	:	Initial public offering comprising the Public Issue and the Offer for Sale
IPO Price	:	The issue/offer price of RM0.30 per IPO Share
IPO Share(s)	:	The Public Issue Shares and the Offer for Sale Shares, collectively
ISO	:	International Organisation for Standardisation
Issuing House	:	Malaysian Issuing House Sdn Bhd (258345-X)

DEFINITIONS *(Cont'd)*

Kg	:	Kilogram
Kiotech	:	Kiotech International PLC, UK
Listing	:	The admission to the Official List of Bursa Securities and the listing of and quotation for PeterLabs Holdings' entire enlarged issued and paid-up share capital of RM18,800,000 comprising 188,000,000 Shares on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, as amended or expanded from time to time
Listing Scheme	:	Public Issue, Offer for Sale and Listing collectively
LPD	:	31 May 2011, being the latest practicable date prior to the issuance of this Prospectus
Market Day	:	Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
NA	:	Net assets
NBV	:	Net book value
Novus	:	Novus International Inc., USA
Novus International	:	Novus International Pte Ltd, Singapore
Novus Malaysia	:	Novus International (M) Sdn Bhd (807136-T)
NPCB	:	National Pharmaceutical Control Bureau of the Ministry of Health, Malaysia
Nutrifeed	:	Nutrifeed is a trademark name of FrieslandCampina Dairy Feed BV
Offer Price	:	RM0.30 per Offer Share
Offer for Sale	:	The offer for sale of 35,903,000 Shares to be offered by our Offerors to identified investors at the Offer Price
Offer for Sale Share(s) or Offer Shares	:	35,903,000 PeterLabs Holdings Shares to be offered for sale by the Offerors
Offerors	:	Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng, Lau Yeng Khuan, Kho Siaw Sua, Chan Bee Chuan, Tan Chin Tee, Beh Boon Seong and Lim Swee Hwa
OMS Laboratory	:	OMS Laboratory Sdn Bhd (864020-X) (formerly known as Zeus Biotech (M) Sdn Bhd), a 70% owned subsidiary company of OMS Resources
OMS Resources	:	OMS Resources Sdn Bhd (611524-W) (formerly known as Zeus Biotech (Asia) Sdn Bhd), a wholly-owned subsidiary company of PLON Synergy
Osmosis Nutrition	:	Osmosis Nutrition Sdn Bhd (594876-A), a wholly-owned subsidiary company of PLON Synergy
Participating Financial Institution(s)	:	The participating financial institution(s) for the ESA as listed in Section 17 of this Prospectus

DEFINITIONS *(Cont'd)*

PAT	:	Profit after tax
PBT	:	Profit before tax
PeterLabs	:	PeterLabs Sdn Bhd (594810-K), a wholly-owned subsidiary company of PLON Synergy
PeterLabs Holdings Group or Group	:	PeterLabs Holdings and its subsidiary companies, collectively
PeterLabs Holdings or Company	:	PeterLabs Holdings Berhad (909720-W)
PeterLabs Holdings Share(s) or Share(s)	:	Ordinary share(s) of RM0.10 each in PeterLabs Holdings
PE Multiple	:	Price-earnings multiple
PLON Synergy	:	PLON Synergy Group Sdn Bhd (598746-V), a wholly-owned subsidiary company of PeterLabs Holdings
Promoter(s)	:	Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng, Lau Yeng Khuan, Kho Siaw Sua and Chan Bee Chuan
Prospectus	:	This prospectus dated 30 June 2011 in relation to our IPO
Protégé Associates	:	Protégé Associates Sdn Bhd (675767-H)
Public	:	All persons or members of the public but excluding directors of the Group, its substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
Public Issue	:	The 15,000,000 new PeterLabs Holdings Shares, representing approximately 7.98% of the enlarged issued and paid-up share capital of PeterLabs Holdings at the IPO Price
Public Issue Share(s) or Issue Share(s)	:	The new PeterLabs Holdings Shares to be issued pursuant to the Public Issue
QA	:	Quality Assurance
QC	:	Quality Control
RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission
SEA	:	South East Asia
SIRIM	:	Standards and Industrial Research Institute of Malaysia
SOP	:	Standard operating procedures
Sq. Ft.	:	Square feet
UK	:	United Kingdom

DEFINITIONS *(Cont'd)*

Underwriting Agreement	:	The underwriting agreement dated 15 June 2011 made between the Company and the Underwriter for the underwriting of 15,000,000 Public Issue Shares
UPM	:	Universiti Putra Malaysia
USA	:	United States of America
USD	:	United States Dollar
Zeus	:	Zeus Biotech Limited, India
Zhejiang King	:	Zhejiang King Techina Technology Co., Ltd

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DEFINITIONS *(Cont'd)*

Technical References

Anthelmintic	:	A chemical substance that is used to destroy parasitic worms
Antimicrobial	:	A chemical substance that is derived from mould or bacterium that inhibits the growth and destroys harmful microorganisms
Bioavailability	:	Bioavailability is used to describe the fraction of an administered dose of unchanged drug that reaches the systemic circulation. By definition, when a medication/nutrient is administered intravenously, its bioavailability is 100%. However, when a medication/nutrient is administered via other routes (such as orally), its bioavailability decreases (due to incomplete absorption and first-pass metabolism) or may vary from patient/animal to patient/animal (due to inter-individual variation)
BMR	:	Batch Manufacturing Record
COA	:	Certificate of Analysis
Complete Feed Premix	:	A package that comes with complete nutrients and other substances to enhance the performance of poultry and livestock animals
Compound Feed Additive	:	Intermediate ingredients used between micro and macro nutrients
Disinfectant	:	A chemical liquid that is used to control and destroy bacteria, fungus, protozoa and viruses on inanimate objects
FCR	:	Feed conversion ratio (FCR) is a measure of an animal's efficiency in converting feed mass into increased body mass. Animals that have a low FCR are considered efficient users of feed and are deemed to provide a better yield
FPQC	:	Finished Product Quality Control
GMP	:	Good Manufacturing Practice
Injectable	:	An injectable chemical substance that is derived from mould or bacteria which inhibits the growth or destroys microorganisms
IPQC	:	In-process Quality Control
Microencapsulate	:	A process in which tiny particles or droplets are surrounded by a coating to give small capsules many useful properties. In a relatively simplistic form, a microcapsule is a small sphere with a uniform wall around it. The purpose of micro-encapsulation is to increase product stability, palatability and bioavailability
Mould Inhibitor and Toxin Binder	:	Substances that are used to control mould infestation and reduce the mycotoxin level
Multi-nutrients and Supplements	:	Multi essential nutrients and supplements that are used to enhance the performance of poultry and livestock animals
PKC	:	Palm Kernel Cake
Pre/Probiotic and Enzymes/Acidifier	:	An essential composition that contains living beneficial microorganisms, yeast, organic acid and enzymes that are used to promote growth and enhance the performance of poultry and livestock animals

DEFINITIONS *(Cont'd)*

Therapeutic Index	:	Therapeutic index is a comparison of the amount of a therapeutic agent that causes the therapeutic effect to the amount that causes death. Quantitatively, it is the ratio given by the lethal dose divided by the therapeutic dose. A higher therapeutic index is preferable to a lower one: a patient would have to take a much higher dose of such a drug to reach the lethal threshold than the dose taken to elicit the therapeutic effect
Toll Manufacturing	:	A version of contract manufacturing sometimes used in the pharmaceutical and specialty chemical industries in which production of specific batches are outsourced to GMP-certified third parties. Ingredients are usually supplied by the originating company in order to control sourcing quality
Topical Dressings and Cleansing Agents	:	Products that helps the healing of topical wounds and the cleaning of dirt from the surface

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name/Designation	Address	Occupation	Nationality
Lim Tong Seng *Executive Chairman/ Managing Director*	No. 2, Jalan BSJ 5 Taman Bukit Segar Jaya 2 43200 Cheras Selangor	Director	Malaysian
Teo Chin Heng *Executive Director*	No. 2, Jalan Birai U8/71 Bukit Jelutong 40150 Shah Alam Selangor	Director	Malaysian
Dr. Teo Kooi Cheng *Executive Director*	No. 18 Jalan BK 6B/2 Bandar Kinrara 47100 Puchong Selangor	Director	Malaysian
Lau Yeng Khuan *Executive Director*	No. 183, Lebuh Perajurit 3 Taman Ipoh Boulevard Timur 31400 Ipoh Perak	Director	Malaysian
Dato' Hon Choon Kim *Independent Non-Executive Director*	No. 11, Taman Bukit Dawn 70200 Seremban Negeri Sembilan	Director	Malaysian
Dr. Vijaya Raghavan A/L M P Nair *Independent Non-Executive Director*	No. 11, Jalan SS1/38 Sea Park 47300 Petaling Jaya Selangor	Director	Malaysian
Prof. Dr. Paul Cheng Chai Liou *Independent Non-Executive Director*	2-13A, Continental Heights Off Jalan Kuchai Lama 58200 Kuala Lumpur	Director	Malaysian
Azman Bin Abdul Jalil *Independent Non-Executive Director*	PT 8670 Jalan Seri Wangsa 7 Taman Seri Wangsa Batu Berendam 75350 Melaka	Director	Malaysian

1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Prof. Dr. Paul Cheng Chai Liou	Chairman	Independent Non-Executive Director
Dato' Hon Choon Kim	Member	Independent Non-Executive Director
Azman Bin Abdul Jalil	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Hon Choon Kim	Chairman	Independent Non-Executive Director
Dr. Vijaya Raghavan A/L M P Nair	Member	Independent Non-Executive Director
Azman Bin Abdul Jalil	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Hon Choon Kim	Chairman	Independent Non-Executive Director
Dr. Vijaya Raghavan A/L M P Nair	Member	Independent Non-Executive Director
Dr. Teo Kooi Cheng	Member	Executive Director

COMPANY SECRETARY : Wong Keo Rou (MAICSA 7021435)
10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel: (603) 6201 1120
Fax: (603) 6201 3121/ 5959

REGISTERED OFFICE : 10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel: (603) 6201 1120
Fax: (603) 6201 3121/ 5959

HEAD OFFICE : Lot 16014 (PT No. 24341)
Jalan Nilam 3
Bandar Nilai Utama
71800 Nilai
Negeri Sembilan
Tel: (606) 7999 090
Fax: (606) 7997 070
E-mail address: info@peterlabs.com.my
Website: www.peterlabs.com.my

AUDITORS AND REPORTING ACCOUNTANTS : SJ Grant Thornton (AF0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
P.O Box 12337
50774 Kuala Lumpur
Tel: (603) 2692 4022
Fax: (603) 2732 5119

1. CORPORATE DIRECTORY *(Cont'd)*

SOLICITORS	:	Raja, Darryl & Loh 18th Floor, Wisma Sime Darby Jalan Raja Laut 50350 Kuala Lumpur Tel: (603) 2694 9999 Fax: (603) 2698 4759
INDEPENDENT MARKET RESEARCHER	:	Protégé Associates Sdn Bhd (675767-H) Suite C-06-06, Plaza Mont' Kiara 50480 Kuala Lumpur Tel: (603) 6201 9301 Fax: (603) 6201 7302
PRINCIPAL BANKERS	:	Affin Bank Berhad (25046-T) 20-22 Jalan 21/12 Sea Park 46300 Petaling Jaya Selangor Tel: (603) 9058 4626 Fax: (603) 7876 6020
	:	Public Bank Berhad (6463-H) 82 Lebuh Beringin Off Jalan Berangan P.O. Box 254 42000 Port Klang Selangor Tel: (603) 3167 4550 Fax: (603) 3168 5510
	:	United Overseas Bank (M) Bhd (271809-K) 5 & 6, Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor Tel: (603) 8076 2115 Fax: (603) 8076 8181
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd (258345-X) Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Tel: (603) 7841 8000 Fax: (603) 7841 8152
SHARE REGISTRAR	:	ShareWorks Sdn Bhd (229948-U) 10-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel: (603) 6201 1120 Fax: (603) 6201 3121/ 5959

1. CORPORATE DIRECTORY *(Cont'd)*

ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	Alliance Investment Bank Berhad (21605-D) Level 3, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: (603) 2692 7788 Fax: (603) 2691 9028
LISTING SOUGHT	:	ACE Market of Bursa Securities

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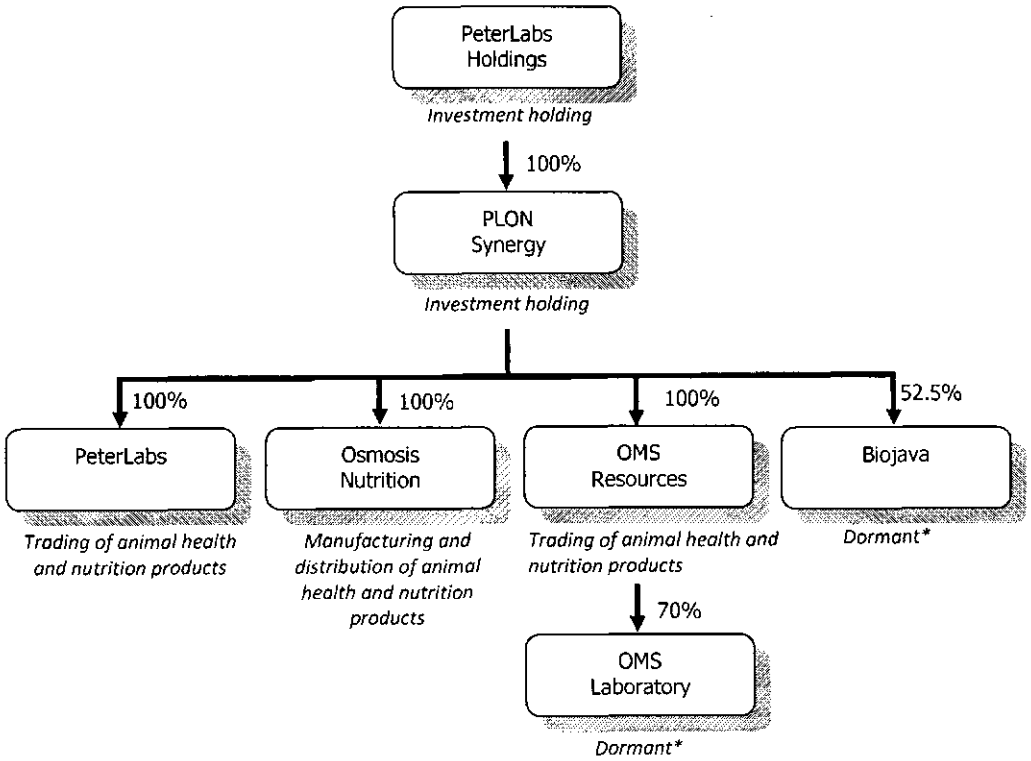
2. SUMMARY INFORMATION

THIS INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS INFORMATION SUMMARY TOGETHER WITH THE FULL TEXT OF THIS PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES.

2.1 OUR HISTORY AND BUSINESS

PeterLabs Holdings was incorporated under the Act on 28 July 2010 as a private limited company under the name of PeterLabs Holdings Sdn Bhd. We subsequently converted into a public limited company and assumed our present name on 29 October 2010 to facilitate our listing on the ACE Market.

Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals. Our Group structure is as follows:



Note:

* *The company is currently dormant.*

The establishment of our Group can be traced back to the founding of Chern Tek on 20 December 1989 by Teo Chin Heng, Lim Swee Hwa and Tan Chin Tee and Benuser on 3 December 1990 by Lim Tong Seng, Teo Chin Heng, Tan Chin Tee and Chan Eng Nai. In 1992, Dr. Teo Kooi Cheng joined Chern Tek as the Technical Director. Chern Tek was principally involved in the trading of animal health and nutrition products whilst Benuser was involved in the manufacturing and distribution of animal health and nutrition products.

2. SUMMARY INFORMATION *(Cont'd)*

Due to personal reasons, Tan Chin Tee, one of the original shareholders of Benuser and Chern Tek wanted to withdraw from both companies. This led Teo Chin Heng to initiate the idea of forming PeterLabs and Osmosis Nutrition with equity participation from all remaining shareholders of both Benuser and Chern Tek thereby streamlining the shareholdings of both companies under a group of common shareholders. PeterLabs and Osmosis Nutrition were subsequently incorporated on 4 October 2002 to capitalise on the growing demand of animal feed additives from the local livestock industry.

PeterLabs and Osmosis Nutrition obtained the necessary licences in 2002 to engage in manufacturing, distribution and trading of animal health and nutrition products. For further details of our licences, please refer to Section 6.11 of this Prospectus.

Following the above, PLON Synergy was incorporated on 13 November 2002 and became the common holding company of PeterLabs and Osmosis Nutrition on 7 October 2003, with an initial 51% equity interest in both companies. Upon the formation of the PLON Synergy group of companies, Chern Tek and Benuser ceased operations in 2002 and were dissolved on 30 January 2007. On 25 September 2008, PeterLabs and Osmosis Nutrition became wholly-owned subsidiary companies of PLON Synergy. Subsequently, Tan Chin Tee rejoined the PLON Synergy group of companies in 2008.

Our founders have accumulated an average of 28 years experience in the livestock industry. Lim Tong Seng, Dr. Teo Kooi Cheng and Teo Chin Heng have also been directly involved in the business operations of PLON Synergy and its subsidiary companies since its incorporation in 2002.

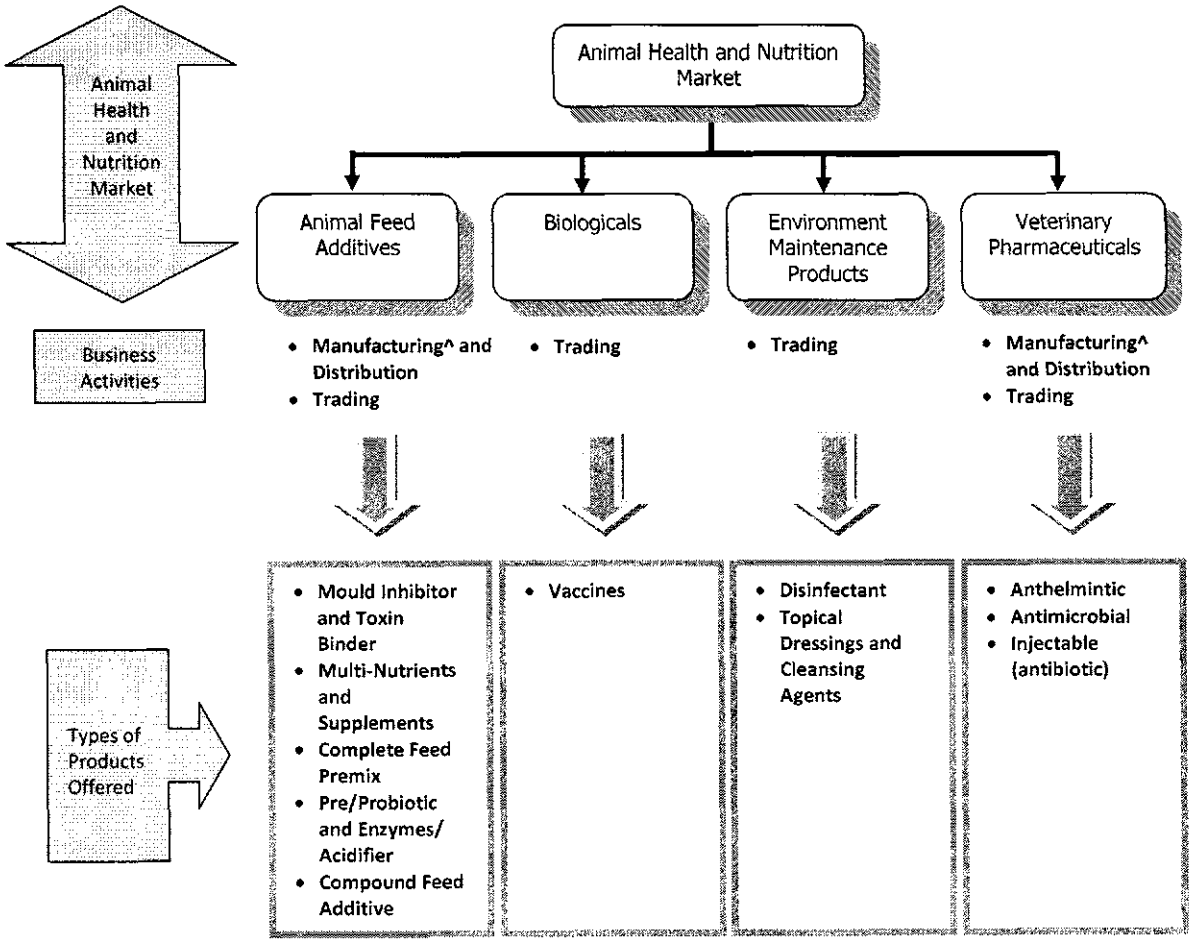
On 8 April 2003, our founders formed Zeus Biotech (Asia) Sdn Bhd (now known as OMS Resources) to distribute, amongst others, products from Zeus. We acquired OMS Resources on 10 June 2010. OMS Resources currently distributes the Group's products such as Compound Feed Additive.

On 10 July 2009, our founders formed Zeus Biotech (M) Sdn Bhd (currently known as OMS Laboratory) together with a director of Zeus for the purpose of venturing into the livestock industry in Indonesia. However, this plan did not materialise. Subsequently, we acquired a 70% equity stake in OMS Laboratory on 1 October 2010. Whilst OMS Laboratory is currently dormant, we intend to undertake future laboratory activities under this company.

Biojava was incorporated in 2006 and was acquired by us on 4 October 2010. Biojava is currently dormant. It is our intention to undertake our Group's future export activities under Biojava.

2. SUMMARY INFORMATION *(Cont'd)*

Our Group operates within the animal health and nutrition market of the larger livestock industry. The animal health and nutrition market covers a wide and diverse range of products and is broadly segmented into animal feed additives, biologicals, environment maintenance products and veterinary pharmaceuticals. Our Group's business activities and the types of products offered within the animal health and nutrition market are illustrated in the diagram below:



Notes:

^ *Involving blending/mixing of two (2) or more ingredients to become the Group's products.*

We currently operate through two (2) separate locations namely from our existing manufacturing plant/warehouses in Shah Alam and our new headquarters and warehousing for PeterLabs which is located in our new manufacturing plant in Nilai. Our Shah Alam manufacturing plant has a built up area of over 3,500 Sq. Ft. with a production capacity of over 160 tonnes per month and a storage capacity of approximately 200 tonnes.

On 18 December 2010, save for our manufacturing and warehousing of Osmosis Nutrition's products, we have relocated our operations to our newly constructed manufacturing plant in Nilai. The manufacturing plant in Nilai has a total built up area of 52,474 Sq. Ft. of which 27,200 Sq. Ft. is designated as the production area and the remaining is being utilized as office premises and for warehousing purposes.

2. SUMMARY INFORMATION *(Cont'd)*

Our new manufacturing plant is expected to be fully operational by the third quarter of the FYE 31 December 2011. The Group has commenced the production of certain products in the new manufacturing plant in Nilai, namely multi mineral supplements and water soluble products. As at the LPD, the new manufacturing plant in Nilai is operating at approximately 13% of the maximum production output. Moving forward, all our manufacturing activities will be undertaken at the new manufacturing plant in Nilai. Meanwhile, the manufacturing plant in Shah Alam will still be used as our production facility during this transition period. Our Group will cease all operations at the Shah Alam manufacturing plant when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai. As at the LPD, our Group had transferred approximately 80% of our raw /packaging materials to the Nilai plant. In addition, our Group had informed the owner of our Shah Alam premises that we will cease the rental of our Shah Alam premises by end of July 2011. The new manufacturing plant is expected to have a production capacity of 344 tonnes per month and a storage capacity of 986 tonnes. This enlarged production and storage capacity would enable us the capability to conduct Toll Manufacturing.

Our new manufacturing plant has undergone the GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "*satisfactory – pre-licensing stage*". GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications. The new manufacturing plant has enabled us to introduce liquefied and water soluble products. For further information about GMP compliance and our future product development plans, please refer to Section 6.15.1 and Section 6.8.3 of this Prospectus.

Apart from manufacturing activities, our Group also undertakes trading activities through PeterLabs and OMS Resources. Our Group currently holds ten (10) distributorship agreements from international suppliers which allow us to supply a variety of animal health and nutrition products to the local market. For the FYE 31 December 2010, our trading and manufacturing activities contributed to 58.41% and 41.59% of our total revenue respectively.

For the past four (4) FYE 31 December 2007 to 2010, our proforma consolidated revenue increased from RM24.53 million in 2007 to RM40.73 million in 2010, whilst our proforma consolidated PAT increased from RM2.02 million in 2007 to RM5.95 million in 2010. We believe that our performance has and will continue to be driven by our strong commitment to customers, the quality of our products and our competitive strengths as follows:

(i) Highly experienced and professional management team;

(ii) Product development initiatives;

(iii) Strong distribution networks;

(iv) Product quality;

(v) Diverse range of products;

(vi) End-to-end solution provider; and

(vii) A new manufacturing plant in Nilai that is purpose built and ready for GMP certification.

Details of our Group, business and future plans are set out in Sections 5 and 6 of this Prospectus respectively.

2. SUMMARY INFORMATION *(Cont'd)*

2.2 FINANCIAL HIGHLIGHTS

2.2.1 Proforma Consolidated Statements of Comprehensive Income

The following table sets out our proforma consolidated statements of comprehensive income for the four (4) FYE 31 December 2007 to 2010, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review.

You should read this proforma consolidated statements of comprehensive income in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

	<----------Audited FYE 31 December---------->			
	2007 RM	**2008 RM**	**2009 RM**	**2010 RM**
Revenue	24,526,054	28,433,902	34,015,860	40,727,759
Gross profit	7,735,364	9,406,138	10,570,102	13,527,445
Other income	-	-	2,937	656,502#
EBITDA	3,044,356	4,517,864	6,169,742	8,621,115
Amortisation	-	-	-	-
Depreciation	(245,176)	(251,228)	(253,453)	(288,268)
Interest expense	(64,525)	(62,471)	(76,309)	(120,940)
PBT	2,734,655	4,204,165	5,839,980	8,211,907
Tax expense	(712,175)	(1,216,863)	(1,411,481)	(2,263,909)
PAT	2,022,480	2,987,302	4,428,499	5,947,998
GP margin (%)	31.54	33.08	31.07	33.21
PBT margin (%)	11.15	14.79	17.17	20.16
PAT margin (%)	8.25	10.51	13.02	14.60
Number of PeterLabs Holdings Shares assumed to be issued*	173,000,000	173,000,000	173,000,000	173,000,000
Gross EPS (sen)	1.58	2.43	3.38	4.75
Net EPS (sen)	1.17	1.73	2.56	3.44

Notes:

\# *Mainly contributed by the reversal of impairment loss on trade receivables that amount to RM457,987 as discussed in Section 12.2.4(iv) of this Prospectus.*

* *Based on the number of Shares in issue before our Public Issue.*

2.2.2 Proforma Consolidated Statements of Financial Position

The following table sets out our proforma consolidated statements of financial position as at FYE 31 December 2010, assuming that our Public Issue, Offer for Sale and utilisation of proceeds had been effected as at that date, for illustrative purposes only, and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	As at 31 December 2010 RM	Proforma I RM	Proforma II RM
Equity			
Share capital	17,300,000	18,800,000	18,800,000
Share premium	-	3,000,000	2,717,447
Unappropriated profit	2,672,552	2,672,552	1,455,105
Equity attributable to equity holders of the Company	19,972,552	24,472,552	22,972,552
Non-controlling interests	2	2	2
Total equity	19,972,554	24,472,554	22,972,554
Non-Current Liabilities			
Hire purchase creditors	176,589	176,589	176,589
Borrowings	3,050,316	3,050,316	3,050,316
Deferred tax liabilities	58,900	58,900	58,900
	23,258,359	27,758,359	26,258,359
Non-Current Asset			
Property, plant and equipment	12,716,620	12,716,620	12,716,620
Total non-current asset	12,716,620	12,716,620	12,716,620
Current Assets			
Inventories	3,015,516	3,015,516	3,015,516
Receivables	16,190,750	16,190,750	15,559,858
Cash and bank balances	1,449,308	5,949,308	3,088,833
Total current assets	20,655,574	25,155,574	21,664,207
Current Liabilities			
Payables	5,750,945	5,750,945	5,750,945
Hire purchase creditors	97,603	97,603	97,603
Borrowings	1,733,878	1,733,878	1,733,878
Bank overdraft	1,991,367	1,991,367	-
Tax payables	540,042	540,042	540,042
Total current liabilities	10,113,835	10,113,835	8,122,468
Net Current Assets	10,541,739	15,041,739	13,541,739
	23,258,359	27,758,359	26,258,359

2. SUMMARY INFORMATION *(Cont'd)*

	As at 31 December 2010 RM	Proforma I RM	Proforma II RM
Number of PeterLabs Shares in issue	173,000,000	188,000,000	188,000,000
NA per PeterLabs Share	0.12	0.13	0.12
NTA per PeterLabs Share	0.12	0.13	0.12

Notes:

Proforma I *After the Public Issue and Offer for Sale*
Proforma II *After Proforma I and utilisation of proceeds from the Public Issue*

2.3 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Upon Listing, our Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. In this regard, we envisage a dividend payout ratio of approximately 30% of our future net profits to our shareholders in each financial year.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which are subject to our Board's absolute discretion.

Our ability to pay future dividends to our shareholders is subject to various factors including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends and other distributions that we receive from our subsidiary companies. The payment of dividends or other distributions by our subsidiary companies will depend on their operation results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective board of directors deem relevant.

Details of our dividend policy are set out in Section 12.7 of this Prospectus.

2.4 SUMMARY OF OUR IPO

Size of our Public Issue	:	15,000,000 new PeterLabs Holdings Shares, representing approximately 7.98% of our Company's enlarged issued and paid-up share capital which are reserved for the application by the Public, of which at least 50% will be to the extent possible allocated to Bumiputera individuals, companies, societies, co-operatives and institutions
Size of our Offer for Sale	:	35,903,000 PeterLabs Holdings Shares, representing approximately 19.10% of our Company's enlarged issued and paid-up share capital to be offered by our Offerors to identified investors
IPO Price	:	RM0.30 per IPO Share
Utilisation of proceeds from the Public Issue	:	The gross proceeds from the Public Issue amounting to RM4.50 million is intended to be utilised in the following manner:

Purpose	**RM'000**	**%**
Repayment of borrowings	3,000	66.67%
Estimated listing expenses	1,500	33.33%
Total gross proceeds	4,500	100.00%

Total enlarged issued and paid-up share capital after Listing	:	RM18,800,000 comprising 188,000,000 Shares
Market capitalisation upon Listing	:	RM56,400,000

Detailed information on our IPO and utilisation of proceeds from the Public Issue are set out in Sections 3.2 and 3.7 respectively of this Prospectus.

2. SUMMARY INFORMATION *(Cont'd)*

2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations as set out in Section 4 of this Prospectus (which may not be exhaustive), and are summarised below:

Risks relating to our business and industries:

- Epidemics;
- Competitive rivalry;
- Supply of raw materials and products;
- Fluctuation in prices of raw materials and products;
- Protection of IP rights;
- Absence of long term contracts;
- Risk of fluctuation in foreign exchange rates and risk in entering foreign markets;
- Dependency on particular products and markets;
- Threat of substitutes;
- Dependency on our executive directors, key management and key technical personnel;
- Gestation period of GMP compliant manufacturing plant;
- Adequate insurance coverage;
- Political, economic and regulatory risk;
- Shipping disruptions; and
- Lack of qualified professionals in the industry.

Risks relating to investments in our Shares:

- Delay or abortion of our Listing;
- No prior market for our Shares and possible volatility of our Share price;
- Control by Promoters; and
- Dividend payments.

3. PARTICULARS OF OUR IPO

3.1 INTRODUCTION

This Prospectus is dated 30 June 2011.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus, together with the Application Form with the Registrar of Companies ("ROC"). Neither the SC nor the ROC takes any responsibility for the contents of this Prospectus.

Bursa Securities had via its letter dated 19 May 2011 granted its approval for the admission of our Company to the Official List of the ACE Market and the listing and quotation of our entire enlarged issued and paid-up share capital of 188,000,000 Shares. Our Shares will be admitted to the Official List of the ACE Market and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and an undertaking that notices of allotment will be issued and dispatched to all successful applicants.

Under Bursa Securities' trading rules, trading in all Bursa Securities' listed securities can only be executed through an ADA who is also a Bursa Securities member with effect from the date of listing.

Your must have a CDS Account prior to submitting applications for our Shares either by way of the Application Forms or Electronic Share Application. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our Shares. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we will deposit the IPO Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the Central Depositories Act and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the issued and paid-up share capital of our Company must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each. We expect to meet the above requirement at the point of Listing. However, if we do not meet the above requirement, we may not be allowed to proceed with our Listing. We will return in full, without interest, monies paid in respect of all applications. If any such monies are not repaid within fourteen (14) days after our Company is liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus. We or our advisers have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material changes or developments affecting matters as disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemented or replacement prospectus, as the case may be, in accordance with provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of our Shares will not be registered under any possible securities legislation of any jurisdiction except Malaysia. This Prospectus does not constitute and may not be used for the purpose of any offer to sell or an invitation of an offer to buy any IPO Shares in any jurisdiction and in any circumstance in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR IPO SHARES.

3.2 OUR IPO

Our IPO (comprising the Public Issue and Offer for Sale) is subject to the terms and conditions of this Prospectus, and upon acceptance, will be allocated the aggregate of 50,903,000 Shares in the manner explained below which is subject to clawback and reallocation.

3.2.1 Public Issue

The Public Issue comprising of 15,000,000 new PeterLabs Holdings Shares representing approximately 7.98% of our enlarged issued and paid-up share capital will be reserved for application by the Public and allotted via balloting, of which at least 50% shall be set aside for Bumiputera investors, including individuals, companies, societies, co-operatives and institutions.

Any Public Issue Shares reserved for the Public which is not fully subscribed for will be made available for subscription by identified investors and if undersubscribed, such Public Issue Shares will be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

The salient terms of the Underwriting Agreement are set out in Section 3.9 of this Prospectus.

The basis of allocation for our Public Issue Shares takes into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholders base to meet the public spread requirements and to establish a liquid and adequate market for our Shares.

There is no minimum subscription amount to be raised from our Public Issue as all our Public Issue Shares will be underwritten by our Underwriter if undersubscribed on the closing date of the application.

There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of Public Issue Shares.

3.2.2 Offer for Sale

The Offer for Sale comprises 35,903,000 PeterLabs Shares representing approximately 19.10% of our enlarged issued and paid-up share capital will be offered by our Offerors to identified investors.

Any Offer for Sale Shares which are not fully subscribed for by identified investors shall be made available for application by other identified investors. Thereafter, any Offer for Sale Shares that are reallocated to other identified investors which are not subscribed for, shall be made available for application by the Public. Should the Offer for Sale Shares be thereafter undersubscribed, the Offerors will retain the Offer for Sale Shares.

The Offer for Sale Shares are not underwritten by the Underwriter.

3. PARTICULARS OF OUR IPO *(Cont'd)*

The details and the shareholdings of our Offerors before and after our Offer for Sale are as follows:

Offerors/ Address	Relationship with the Group for the past three (3) years	< -- Before IPO -- >		< ------ Offer for Sale of Shares ------- >			< --- After IPO --- >	
		No. of Shares	% held	No. of Shares	% of Share Capital as at the LPD*	% of Enlarged Share Capital**	No. of Shares	% held
Lim Tong Seng / No. 2, Jalan BSJ 5, Taman Bukit Segar Jaya 2, 43200 Cheras, Selangor	Promoter / Executive Chairman/ Managing Director	24,945,892	14.42	6,502,654	3.76	3.46	18,443,238	9.81
Teo Chin Heng / No. 2, Jalan Birai U8/71, Bukit Jelutong, 40150 Shah Alam, Selangor	Promoter / Executive Director	32,066,934	18.53	6,501,689	3.76	3.46	25,565,245	13.60
Dr. Teo Kooi Cheng / No. 18 Jalan BK 6B/2, Bandar Kinrara, 47100 Puchong, Selangor	Promoter / Executive Director	24,945,892	14.42	6,502,654	3.76	3.46	18,443,238	9.81
Lau Yeng Khuan / No.183, Lebuh Perajurit 3 Taman Ipoh Boulevard Timur, 31400 Ipoh, Perak	Promoter / Executive Director	10,393,062	6.01	992,417	0.57	0.53	9,400,645	5.00
Kho Siaw Sua / No. 173, Lot 7718, Lorong Stampin Timur 4A, Jalan Stampin Timur, 93350 Kuching, Sarawak	Promoter / Regional Sales Manager	10,977,542	6.35	1,577,542	0.91	0.84	9,400,000	5.00
Chan Bee Chuan / House No.12, Taman Green View, Lorong Hijau, 88300, Kota Kinabalu, Sabah	Promoter / Regional Sales Manager	11,099,421	6.42	1,699,421	0.98	0.90	9,400,000	5.00
Tan Chin Tee / No. 23 Jalan SS14/8, 47500 Subang Jaya, Selangor	Substantial shareholder^	14,010,621	8.10	6,502,638	3.76	3.46	7,507,983	3.99
Beh Boon Seong / No. 8, Jalan TR6/1, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor	Substantial shareholder^	9,658,806	5.58	3,954,535	2.29	2.10	5,704,271	3.03
Lim Swee Hwa / No. 42A, Jalan SP6/5, Taman Segar Perdana, 43200 Cheras, Selangor	Shareholder / Sales Manager	6,677,800	3.86	1,669,450	0.97	0.89	5,008,350	2.66
		144,775,970	83.69	35,903,000	20.76	19.10	108,872,970	57.90

Notes:

* *Based on the existing issued and paid-up share capital of 173,000,000 PeterLabs Holdings Shares, i.e. before the IPO.*

** *Based on the issued and paid-up share capital of 188,000,000 PeterLabs Holdings Shares after the IPO.*

^ *Will cease to be a substantial shareholder of PeterLabs Holdings after the IPO.*

3. PARTICULARS OF OUR IPO *(Cont'd)*

3.3 SHARE CAPITAL

	RM
Authorised share capital	
250,000,000 ordinary shares of RM0.10 each	25,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	
173,000,000 ordinary shares of RM0.10 each	17,300,000
To be issued and credited as fully paid-up pursuant to our Public Issue	
15,000,000 new ordinary shares of RM0.10 each	1,500,000
Enlarged issued and paid-up share capital upon Listing	
188,000,000 ordinary shares of RM0.10 each	18,800,000
IPO Price	0.30
Market capitalisation upon Listing	56,400,000

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each. The IPO Shares will upon allotment rank *pari passu* in all respects with one another and all other existing issued and paid-up share capital in our Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the capital paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and the provisions of the Act.

Each shareholder is entitled to vote at our general meetings in person or by proxy or by attorney and on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company, or qualified legal practitioner, or an approved company auditor, or a person approved by CCM and the provisions of Section 149(1)(b) of the Act shall not apply to our Company.

3.4 PURPOSE OF OUR IPO

The purpose of our IPO is:

(i) to enable us to gain access to the capital market to raise funds for our future expansion and growth when the need arises in the future, through other forms of capital raising avenues;

(ii) to provide an opportunity for investors and institutions to participate in the continuing growth of our Group; and

(iii) to enhance our stature and heighten our public profile as well as increase market awareness of our products and services in so as to assist us in expanding our customer base.

3. PARTICULARS OF OUR IPO *(Cont'd)*

3.5 PRICING OF OUR IPO SHARES

The IPO Price was determined and agreed upon by our Directors, Promoters, Offerors and Alliance, our Adviser, Sponsor, Underwriter and Placement Agent, after taking into account the prevailing market conditions and the following factors:

(i) A net PE multiple of 8.72 times based on our Group's proforma net EPS of RM0.034, computed based on our Group's proforma PAT of RM5.95 million for the FYE 31 December 2010 and our issued and paid-up share capital before our Public Issue of 173,000,000 Shares;

(ii) Our Group's proforma PAT of RM5.95 million for the FYE 31 December 2010;

(iii) Our proforma consolidated NA per share of RM0.12 per Share, computed based on our Group's proforma NA of RM22.97 million as at 31 December 2010 and our issued and paid-up share capital before our Public Issue of 173,000,000 Shares;

(iv) Our competitive strengths in terms of:

- Highly experienced and professional management team;
- Product development initiatives;
- Strong distribution networks;
- Product quality;
- Diverse range of products;
- End-to-end solution provider; and
- A new manufacturing plant in Nilai that is purpose built and ready for GMP certification

Further details of our competitive strengths are described in Section 6.5 of this Prospectus.

(v) Our future plans in attaining the GMP accreditation and the favourable prospects of the animal health and nutrition market which is supported by:

- The growth in the animal feed additives market;
- Government's focus in the biotechnology sector; and
- The increasing demand for environmental friendly animal health and nutrition product such as non-antibiotic animal feed additives.

Further details of our future plans, strategies and prospects are described in Section 6.15 of this Prospectus.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding on whether to invest in our Shares.

3. PARTICULARS OF OUR IPO *(Cont'd)*

3.6 DILUTION

Dilution is the amount by which the IPO Price to be paid by applicants for our IPO Shares exceeds our NA per share after the IPO as follows:

	RM
IPO Price	0.30
Proforma consolidated NA per share as at 31 December 2010 before our IPO	0.12
Increase in proforma consolidated NA per share contributed by new investors	-
Proforma consolidated NA per share after our IPO (after adjusting the effect of the utilisation of proceeds)	0.12
Dilution in the proforma consolidated NA per share to new investors	0.18
Dilution in the proforma consolidated NA per share as a percentage of the IPO Price	60%

The following table summarises the total number of Shares received by our Directors, Offerors substantial shareholders, key management and key technical personnel or persons connected to them during the past three (3) years prior to the date of this Prospectus and the average cost per Share to them and to the new investors who subscribe for our IPO Shares pursuant to the IPO:

	No. of Shares Before IPO	No. of Shares From IPO	Total Consideration RM	Average Cost Per Share RM
Directors, Offerors, substantial shareholders, key management and key technical personnel or persons connected to them				
Lim Tong Seng	24,945,892	-	2,494,589	0.10
Teo Chin Heng	32,066,934	-	3,206,693	0.10
Dr. Teo Kooi Cheng	24,945,892	-	2,494,589	0.10
Lau Yeng Khuan	10,393,062	-	1,039,306	0.10
Kho Siaw Sua	10,977,542	-	1,097,754	0.10
Chan Bee Chuan	11,099,421	-	1,109,942	0.10
Tan Chin Tee	14,010,621	-	1,401,062	0.10
Beh Boon Seong	9,658,806	-	965,880	0.10
Lim Swee Hwa	6,677,800	-	667,780	0.10
Dr. Gan Yee Haw	164,999	-	16,499	0.10
Other investors				
New investors from Public Issue	-	15,000,000	4,500,000	0.30
New investors from Offer for Sale	-	35,903,000	10,770,900	0.30

3. PARTICULARS OF OUR IPO *(Cont'd)*

3.7 USE OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale amounting to approximately RM10,770,900 will be accrued entirely to the Offerors.

Based on the IPO Price, gross proceeds of RM4.50 million will be raised from our Public Issue. The proceeds shall accrue entirely to our Company who will bear all expenses relating to the Listing and are intended to be utilised in the following manner:

	Purposes	RM'000	%	Estimated timeframe for use (from the listing date)
(i)	Repayment of borrowings	3,000	66.67	Within 1 year
(ii)	Estimated listing expenses	1,500	33.33	Upon Listing
	Total gross proceeds	4,500	100.00	

Notes:

(i) ***Repayment of borrowings:***

Details of the borrowings that will be repaid are as follows:

Bankers/ Facility	*Purpose*	*Maturity date*	*Interest rate*	*Balance as at the LPD RM'000*	*Amount to be repaid from proceeds RM'000*
Overdraft Facility	*Working capital*	-	*0.5%+FD rate*	*2,268*	*2,268**

The use of the proceeds in the above manner is expected to have a positive financial impact on our Group by lowering the finance cost incurred by our Group. For illustration purposes, assuming an estimated RM3.0 million is utilised for repayment of our borrowings, our total savings in financing cost based on a simple average interest rate of 3.00% would amount to RM90,000 per annum. Applying this interest savings to the proforma financial results of our Group for the FYE 31 December 2010 will result in the PBT margin increasing from 20.16% to 20.38%.

Note:

* *The actual amount of the repayment of the abovementioned borrowings using the proceeds raised from the Public Issue may differ as it depends on the actual date of repayment of the borrowings. In the event that the actual repayment amount is less than RM3.0 million, the remaining balance will be used as working capital of our Group.*

(ii) ***Estimated listing expenses***

Our Company will bear all the listing expenses and fees incidental to the Listing of RM1.50 million as follows:

	RM'000
Professional advisory fees	*1,060*
Fees to the authorities and Issuing House	*105*
Underwriting commission and brokerage fees	*135*
Printing and advertising cost	*120*
Other incidental charges	*80*
Total	*1,500*

Note:

(i) *Any variation to the actual listing expenses will result in an adjustment to the working capital of our Group. The Offerors shall bear all expenses such as brokerage, stamp duty, registration and share transfer fees relating to the Offer Shares.*

Pending the eventual utilisation of the proceeds from our Public Issue for the above purposes, the proceeds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments.

The proforma financial impact arising from the utilisation of proceeds on our proforma consolidated statements of financial position are set out in Section 11.2 of this Prospectus.

3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage

Brokerage relating to our IPO Shares made available for application by the Public is payable by us at the rate of one percent (1%) of the IPO Price, in respect of successful applications bearing the stamp of Alliance, a participating organisation of Bursa Securities, a member of the Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association or the Issuing House.

Underwriting commission

Alliance, as our Underwriter, has agreed to underwrite 15,000,000 Public Issue Shares, which is reserved for application by the Public as set out in Section 3.2 of this Prospectus. Underwriting commission is payable by us to our Underwriter at the rate 2.0% of the total value of the underwritten Shares at the IPO Price.

Placement fee

Alliance has arranged for the placement of 35,903,000 Offer Shares at a rate of between 0.5% and 2.0% of the value of the Offer Shares based on the Offer Price. The Offerors will bear the expenses incurred relating to the Offer for Sale.

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into an underwriting agreement with Alliance on 15 June 2011 ("Underwriting Agreement") to underwrite up to 15,000,000 Public Issue Shares as set out in Section 3.2 of this Prospectus. The following salient terms are reproduced from the Underwriting Agreement. The terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement.

8. **TERMINATION**

8.1 Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:

8.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Sole Underwriter, or by the Closing Date, whichever is earlier; or

8.1.2 there is withholding of information which is required to be disclosed to the Sole Underwriter pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Initial Public Offering, or the distribution or sale of the Issue Shares; or

8.1.3 there shall have occurred, happened or come into effect any of the following circumstances:

(a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing;

(b) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Sole Underwriter or any event or series of events beyond the reasonable control of the Sole Underwriter;

(c) any material and adverse change to the business or financial condition of the Company or the Group;

(d) approval for the Initial Public Offering is withdrawn, modified and/or subject to terms and conditions not acceptable to the Sole Underwriter;

which would have or can reasonably be expected to have, a material adverse effect on the success of the Initial Public Offering, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

8.14 there is failure on the part of the Company to perform any of its obligations herein contained; or

8.15 if the Closing Date is more than two (2) calendar months from the date of this Agreement or any later date as the Company and the Sole Underwriter may mutually agree upon, this Agreement will automatically lapse without the requirement for any notice in writing to be given to such effect and the Sole Underwriter will be released and discharged from its obligations.

8.2 Subject to prior consultation with the Company, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:

8.2.1 there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business or financial condition of the Company and/or any company in the Group;

8.2.2 any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Underwriter is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:

(i) on or after the date of this Agreement; and
(ii) prior to the Listing Date,

lower than 85%, of the level of index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or

8.2.3 the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) or more consecutive Market Days.

4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE INVESTING IN OUR SHARES.

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitors, accountants or other professional adviser.

4.1 RISKS RELATING TO OUR BUSINESS AND INDUSTRIES

(i) Epidemics

The threat of epidemics has always been one of the major problems faced by the livestock industry. As the demand for animal health and nutrition products are wholly dependent on the growth of the livestock industry, any widespread of animal diseases would have a severe impact on the demand of animal health and nutrition products, both domestically and internationally. Such impacts have already been witnessed by the local livestock industry during the outbreak of the Nipah virus in 1998 and the H5N1 avian influenza in 2004 and 2006, which resulted in large-scale culling of swine, leading to a significant drop in the livestock population and subsequently causing the fall in demand for animal health and nutrition products. In certain cases where outbreaks were less severe, negative perceptions on livestock consumption were enough to hamper the livestock production. This was witnessed in the recent outbreak of H1N1 swine flu pandemic in 2009, where consumers reduced pork consumption due to safety reasons. As such, the recurrence of these or other new epidemics could have similar effects on livestock demand and supply as well as the demand for animal health and nutrition products.

(Source: IMR Report by Protégé Associates)

Nevertheless, the Malaysian government has proven its capabilities in containing the proliferation of such diseases as compared to other Asian counterparts like Vietnam, Indonesia and Thailand. As at to date, none of the outbreaks in recent years has caused a significant wipe-off of livestock production. To minimise the risk of epidemics, our Group has diversified our customer base to foreign countries that are not located in SEA such as Pakistan, Nepal, Taiwan and Thailand in small quantities. Notwithstanding that our revenue generated from our export market is still relatively small, we intend to continue to further our geographical reach to foreign countries like Indonesia, Saudi Arabia, Bangladesh and Philippines in an effort to reduce the dependency of revenue from a particular country. This way, we could reduce the risk of our product sales in the event of an epidemic in any particular location.

However, there can be no assurance that the outbreak of epidemics can be contained or eliminated entirely and have no material effect on our business performance.

(ii) Competitive rivalry

The local animal health and nutrition market is highly competitive and comprises more than 50 market players which include domestic product manufacturers, distributors and subsidiaries of international product manufacturers. Due to the relatively mature nature of the local livestock industry, particularly the poultry and swine sub-industries, market players have to have good products, strong branding, critical supply quantity, economies of scale and competitive prices in order to stay one step ahead of their competitors.

(Source: IMR Report by Protégé Associates)

4. RISK FACTORS *(Cont'd)*

Our Group's core competency lies in the ability to develop and manufacture our own animal health and nutrition products. Our resilience lies in our product development initiatives which is one of our competitive strengths. Under the supervision of Dr. Teo Kooi Cheng, which is the head of technical department of our Group, our product development initiatives have been able to make continuous improvements and upgrades to our existing products in order to meet our customer's requirements. Our Group also focuses on operating our business by addressing the issue of environmental sustainability through the production of animal feed additive products that minimise the impact on the environment, while still maintaining the quality of our products.

Nevertheless, there can be no assurance that a significant change in competitive environment would not have an adverse impact on our market positioning.

(iii) Supply of raw materials and products

An uninterrupted and continuous supply of raw materials and products to our business cycle is crucial to our Group's success. Any disruption to the supply chain will adversely affect our business operations due to our involvement in manufacturing and trading activities particularly as opposed to a business which provides advisory services which depends on human capital.

Our Group is dependent on our major suppliers which collectively contributed 20.80%, 24.60%, 23.67% and 22.36% of our total purchases for the FYE 31 December 2007 to 2010 respectively. Of this, Novus International contributed 6.89%, 15.04%, 16.77% and 14.60% to the purchases of our trading products and Times Fine Chemical Sdn Bhd contributed to 13.91%, 9.56%, 6.90% and 7.76% of the purchases of our manufacturing products.

To mitigate this risk, our Group has sourced our supplies from a variety of suppliers of which our supplier base has amounted to approximately 82 suppliers as at the LPD. In addition, we have good business relationships with Novus International and Times Fine Chemical Sdn Bhd for whom we have been dealing with for approximately four (4) and nine (9) years respectively.

Further, we are of the view that holding several distributorships mitigates our dependence on any single distributor. In the event that any of these distributorships are terminated by either party, we do not foresee any difficulties in sourcing similar products from any of our existing distributors, or other suppliers in the market.

Whilst there is no guarantee that our major suppliers and/or distributors will continue to supply us with raw materials at the required quantity, quality and at the expected prices, we do not foresee any adverse disruptions in our supply chain in the near future. As at to date, we have not encountered any major problems when dealing with our suppliers.

Nonetheless, no assurance can be given that our Group's business activities will not be affected in the event that there is a major disruption in our supply chain.

(iv) Fluctuation in prices of raw materials and products

One of the key issues encountered in the manufacturing industry is the fluctuation in raw material prices. As raw material cost contributes to a significant amount of our expenses, a slight hike in raw material prices would significantly increase our cost of production. Fluctuation in raw material prices is often linked to inflation or hike in certain consumer product prices. Hence, any occurrence of such event would be an inherent risk to our Group's financial performance. As at the LPD, our Group's raw materials that are subjected to price fluctuations are vitamins and minerals which are contained in most of our products.

If at any time our Group is unable to absorb the bulk increase of the cost in raw material, we would discuss an appropriate higher selling price with our customers to negate such negative impact on our profit margins. Additionally, we also ensure that there is no sudden unanticipated price increases by keeping ourselves abreast of raw material pricing. Other price increases could also be as a result of foreign exchange fluctuations which we have endeavoured to negate by entering into foreign exchange spot contracts to lock in the current exchange rate for our foreign purchases to be settled within three (3) market days.

Save for the FYE 31 December 2007 and FYE 31 December 2009 whereby our gross profit margin declined to 31.54% (from 35.19% in FYE 31 December 2006) and to 31.07% (from 33.08% in FYE 31 December 2008), respectively, our Group has not encountered any major cost overruns in dealing with raw materials and was able to absorb most cost increases to the extent possible without major impact on our profits. However, there is no assurance that our Group's operating results will not be affected by major fluctuations in prices of raw materials and products.

(v) Protection of IP rights

Being a manufacturer of animal health and nutrition products, our Group's success is dependent to a certain degree on our ability to protect our IP rights particularly the trade marks that are capable of registration with the Intellectual Property Corporation of Malaysia ("MyIPO"). A failure to protect such trade marks may expose certain of our products to being counterfeited by third parties. This may have a negative impact on our business.

In light of the above, we have recently taken legal advice on protecting our intellectual property rights. We have to this extent applied to register fifteen (15) of the Group's trade marks. Details of these applications are set out in Section 6.12 of this Prospectus. The registration of our trade marks will confer instant protection on the Group such that subsequent third party users are prevented from using trade marks that are similar to ours in respect of the animal health and nutrition products class of goods. As an owner of registered trade marks, we may commence legal proceedings for trade mark infringements under the Trade Marks Act 1976 against third party users of trade marks that are similar to ours and which may be confusing and misleading. Note that the trade marks registration process may take up to 2 years. There is no assurance that all our application will be successful.

Pending the registration of our trade marks, we still have recourse under the common law to pursue a tortious action for passing-off against any third party user that attempts to counterfeit or pass off on our trade marks. Note that this common law right extends to all our trade marks, not just the trade marks that we are attempting to register. An infringement action under the Trade Marks Act 1976 is easier to pursue as compared to an action under the tort of passing-off.

To further protect our IP rights, we have made it compulsory for all our key management personnel who have detailed knowledge of our products' formula, formulation process and confidential documents to sign non-disclosure agreements, which prohibits them from revealing our Group's confidential information to any third party. This contractual obligation is recognised and enforceable under the Malaysian laws. Our Group also seeks to mitigate this risk by segregating the duties among our employees in a way to protect our trade secrets.

Our directors believe that our Group has taken reasonable steps in the protection of our IP rights. However, there can be no assurance that a disruption in product registration would not have an impact on our financial performance.

4. RISK FACTORS *(Cont'd)*

(vi) Absence of long term contracts

We do not have any long term contracts with our customers as it is not a normal practice in the industry. As such, absence of long term contracts can be an inherent risk to our business's operations. Our major customers collectively contributed approximately 24.91%, 25.08%, 23.16% and 25.56% of our revenue for the FYE 31 December 2007 to 2010 respectively. Hence, we are dependent on our major customers and could, to a certain extent, be impacted by any loss in sales to our major customers.

Although there can be no assurance that our major customers will continue to purchase from us, our Group seeks to mitigate this risk by establishing good business relationships with them. Over the years, we have managed to retain most of our major customers with the majority of them having at least four (4) years of business relationship with us. Further, we have been able to keep in touch with our customers regularly through the provision of after-sales services as well as through various farmers' seminars and forums that we organize and attend from time to time.

Our Group's commitment in providing continuous supply of quality products and services has been a vital factor towards customer satisfaction as well as a major reason for repeat purchases. Nevertheless, as at the LPD, our Group has a customer base of approximately 253 customers to tap on to reduce reliance on any of our major customers.

(vii) Risk of fluctuation in foreign exchange rates and risk in entering foreign markets

Sales and purchases denominated in foreign exchange currencies are subject to fluctuation over time. This could bring an adverse impact to our Group's financial performance if our receivables are eroded and our payables are increased as a result of such fluctuations. Based on the FYE 31 December 2010, our export sales contributed to approximately 2.06% of our total sales and our import of raw materials and trading products contributed to approximately 21.87% of our total purchases. Whilst our currency is currently a managed float, there could be a greater exposure to foreign exchange risk if the RM becomes a free float currency resulting in our export sales and import purchases, which are denominated in USD, being subjected to greater fluctuations. To mitigate against the risk of fluctuations in foreign exchange rate for our purchases, we have entered into foreign exchange spot contracts to lock in the current exchange rate for our foreign purchases to be settled within three (3) market days.

Our Group plans to expand our export markets to foreign countries like Indonesia, Saudi Arabia, Bangladesh and Philippines as stated in Section 6.15.1 of this Prospectus. Hence, we will be exposed to certain foreign market risk which includes barriers to entry, adverse political and economic conditions and unfavourable regulatory and operating requirements. As such, this could delay our entry into foreign markets and increase our operating cost. To minimise this risk, our Group intends to appoint appropriate foreign partners as distributors to ease the process of penetrating these foreign markets.

As much as our Group can do to minimise the foreign exchange and foreign market risk, there can be no assurance that our Group's financial results will not be impacted in the event of an unfavourable economic event such as a financial crisis.

(viii) Dependency on particular products and markets

Our Group is principally involved in manufacturing, distribution and trading of animal health and nutrition products. As such, our performance is significantly reliant on the performance of the livestock industry especially on the demand of swine and poultry. Any significant drop in the demand of these livestock would have an adverse impact on our operating results. To minimise this risk, our Group has also planned to diversify our product base into ruminant and aquaculture products as detailed in Section 6.8.3 of this Prospectus.

In order to limit our dependence on the local market, we have diversified our geographical reach to Taiwan, Nepal, Pakistan and Thailand. Notwithstanding that our revenue generated from our export market is approximately 2.10%, we intend to continue to expand our geographical reach to other countries such as Indonesia, Saudi Arabia, Bangladesh and Philippines as stated in Section 6.15.1 of this Prospectus in order to reduce our dependency on our local market. Hence, by diversifying our market base, we should be able to minimise our risks in the event that any one of our existing markets is affected by unforeseen circumstances.

Notwithstanding the above, there is no assurance that our business will not be impacted as a result of our Group not being able to diversify our product base and into other geographical location.

(ix) Threat of Substitutes

Each product in the animal health and nutrition market has its own characteristics and functions. As different products are tailored to different farm animals and different farm environments, they are not easily replaced or substituted due to their distinctive features and functions. However, within the animal health and nutrition market, antibiotic related animal feed additives are most vulnerable to substitutes due to the increasing awareness of health and environmental hazards as well as the impending regulations related to antibiotic products. There is an increasing trend that farmers are switching to non-antibiotic animal feed additives on the basis of greater environmental sustainability and long-run profitability.

Our Group currently manufactures and trades in both antibiotic and non-antibiotic animal feed additives. This reflects the current preferences and demand of livestock farmers in Malaysia. As livestock farmers gradually shift towards greater non-antibiotic feed additives usage, we are easily able to shift production and trading patterns to favour non-antibiotic feed additives. PeterLabs will continue dealing with both types in proportion with market demand. In this regard, our Group's exposure to threat of substitutes are minimised in the event of a major change in consumer preference. Nevertheless, there can be no assurance that our Group's performance will not be affected in the event there is a new product innovation.

(x) Dependency on our executive directors, key management and key technical personnel

Human capital is one of the key factors in the success of our Group. Over the years, we have built up a strong operations team comprising our directors, managers and technical personnel who have a vast experience in the livestock industry and have over the years accumulated vast and valuable knowledge of our Group's operations and the industry. As such, any loss of our key personnel may have an adverse impact on our Group as well as to our day-to-day operations.

To retain our key management and key technical personnel, we offer a competitive remuneration package for their contribution towards our Group's success. Good working relationships have also been fostered amongst our employees as we provide a healthy working environment, practise good workplace culture and uphold good work ethics to create a sense of belonging amongst our employees.

Although most of our key employees have good working relationships with us since our inception, there can be no assurance that they would not leave the Group.

4. RISK FACTORS *(Cont'd)*

(xi) Gestation period of GMP Compliant Manufacturing Plant

Our Group has recently built a new manufacturing plant in Nilai, Negeri Sembilan with a total built-up area of 52,474 Sq. Ft. of which 27,200 Sq. Ft. is designated as the production area and the remaining is being utilized as office premises and for warehousing purposes. This new manufacturing plant has undergone the GMP pre-certification audit on 18 January 2011, and our Group had on 27 January 2011 received a letter from NPCB, stating that our Group's GMP compliance status is at a *"satisfactory – pre-licensing stage"*. In relation to this, GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications.

As at the LPD, our new manufacturing plant in Nilai is operating at approximately 13.0% of the maximum production output and is expected to be fully operational by the third quarter of the FYE 31 December 2011. As such, the earnings growth from the new manufacturing plant is not expected to be significant in the near term due to the gestation period. However, our Group is optimistic about our future growth as we envisage that the new manufacturing plant with the impending GMP certification will provide us with a competitive advantage when expanding into export markets that we intend to penetrate which requires livestock health and nutrition products to be GMP compliant.

Our Group views that the initial introduction of our GMP compliant products may subject the Group to gross profit margin attrition of approximately 2.0% during the initial production period (assuming there will be an increase in revenue due to the increase in our production output in our Nilai manufacturing plant coupled with upward adjustments on the pricing of our GMP compliant products to be implemented on a staggered basis). However, on a worst case scenario, assuming that our revenue for the FYE 31 December 2011 is maintained as per the FYE 31 December 2010, the initial introduction of our GMP compliant products may subject our Group to a gross profit margin attrition of approximately 17.0% during this period. This is mainly due to our Group having to bear the initial amortisation of the capital expenditure of our new GMP plant (assuming a full year of depreciation charge) with the plant operating less than its optimal production capacity coupled with no upward adjustments to the pricing of our products. Nevertheless, our Group believes that these GMP compliant products will able to garner interest from our existing and future customers as it would improve the quality of our customer's livestock such as to reduce mortality rate, improve FCR, improve egg and/or meat quality. Further, with the GMP compliance, we would be able to increase our revenue from our expansion plans into the export markets which would mitigate any cost increase involved in relation to operating a GMP compliant plant.

Notwithstanding the above, there can be no assurance that our return on investment and margins would not be affected during the gestation period until our new manufacturing plant attains its optimum production capacity and GMP accreditation.

(xii) Adequate insurance coverage

We believe our production facilities, offices, plant, machinery and inventories are adequately insured against any unforeseen events such as fire, burglary and personal accidents. We are aware of the consequences arising from inadequate insurance coverage that could have an adverse material impact on our business.

To mitigate such risk, our Group conducts regular reviews on our insurance coverage including assessing the adequacy of our insurance coverage.

Although we believe that all necessary precautions have been taken, there can be no assurance that our operations would not be affected as a result of the risk of having inadequate insurance coverage.

4. RISK FACTORS *(Cont'd)*

(xiii) Political, economic and regulatory risk

The supply and demand markets for animal feed additive products are very much dependent on the ongoing economic climate. Any slowdown in the global or local economy will have an adverse impact on the supply and demand for these products, which in turn, will hamper our sales.

Changes in the political and regulatory landscape of Malaysia may also have an adverse impact on our financial performance. With the Feed Act 2009 coming into effect on 1 January 2010, all activities relating to the manufacture, import, sale and use of animal feed additives are regulated so as to ensure that animal welfare is preserved and the resulting animal products are safe for human consumption. In relation to this, the Feed Act 2009 was enacted to limit the use of antibiotics and hormones which are deemed harmful to human health.

Pursuant to the Feed Act 2009, our Group has to obtain a licence issued by the Feed Board for activities relating to the manufacture, import, sale and use of animal feed and feed additives. However, as at the LPD, the Feed Board has yet to take in applications for licences under the Feed Act 2009. Nonetheless, we will take the necessary actions to comply with the Feed Act 2009, including applying for the necessary licences in due course when the Feed Board starts accepting applications.

As at the LPD, our Group has not encountered any major disruption in our business that is directly attributable to changes in the political, economic and regulatory environments. However, there can be no assurance that any changes in the political, economic and regulatory conditions in the future would not have any material effect on our Group.

(xiv) Shipping Disruptions

As some of our suppliers are located overseas, our Group is subjected to shipping disruptions which could result from varied reasons such as bad weather, ship breakdowns, port strikes, pirate attacks, political turmoil or lost shipments which may have an adverse impact on our business operations.

Our Group mitigates such risk by holding 40 to 55 days of inventories as a contingency plan. In addition, all our products are adequately insured to minimise losses in the event of a shipping accident.

Notwithstanding that, there can be no assurance that our Group's operating results would not be impacted in the event of such incidences occuring.

(xv) Lack of qualified professionals in the industry

Our Group's business operations are dependant on the expertise of various technical personnel in the livestock industry such as qualified veterinarians, pharmacists, nutritionists and other experts related to this industry. Due to the demand for such professionals in the livestock industry, our Group is subjected to the risk of a shortage of qualified professionals.

Our Group currently has a strong and complete team of technical personnel which consists of two (2) pharmacists, one (1) nutritionist, one (1) veterinarian and one (1) chemists. Nevertheless, our Group is continually seeking to recruit more of such professionals. We also offer competitive remuneration packages and provide adequate training to our existing professionals to facilitate a better working environment.

Nevertheless, there can be no assurance that our Group's operation would not be materially impacted should there be an inadequate supply of such professionals.

4. RISK FACTORS *(Cont'd)*

4.2 RISKS RELATING TO INVESTMENT IN OUR SHARES

(i) Delay or abortion of our Listing

Our Listing may be potentially delayed or aborted in the event of the following:

(a) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations; or

(b) we are unable to meet the public spread requirement of at least 25% of our enlarged issued and paid-up share capital to be held by a minimum of 200 public shareholders holding not less than 100 Shares each, at the time of Listing.

We expect to meet the public shareholding requirement at the point of Listing by allocating the IPO Shares to the required number of public shareholders during the balloting/private placement processes. However, in the event that we are unable to meet the events (a) and (b) above, monies paid in respect of any application accepted will be returned to you without interest within fourteen (14) days after we become liable to repay it.

(ii) No prior market for our Shares and possible volatility of our Share price

There is no prior market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or if developed, that such market will be sustained. In addition, our Shares could trade at prices that may be lower than the IPO Price depending on many factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These include, amongst others, prevailing economic and financial conditions in Malaysia, the depth and liquidity of the market for our Shares and investors' individual perceptions of our Group.

(iii) Control by Promoters

Upon Listing, our Promoters will collectively hold approximately 48.22% of our enlarged issued and paid-up share capital. Depending on how they choose to vote and because of their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, as a step towards good corporate governance, we have appointed four (4) Independent Non-Executive Directors and set up an Audit Committee to ensure that, *inter-alia*, any future transactions involving related parties are entered into on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

(iv) Dividend payments

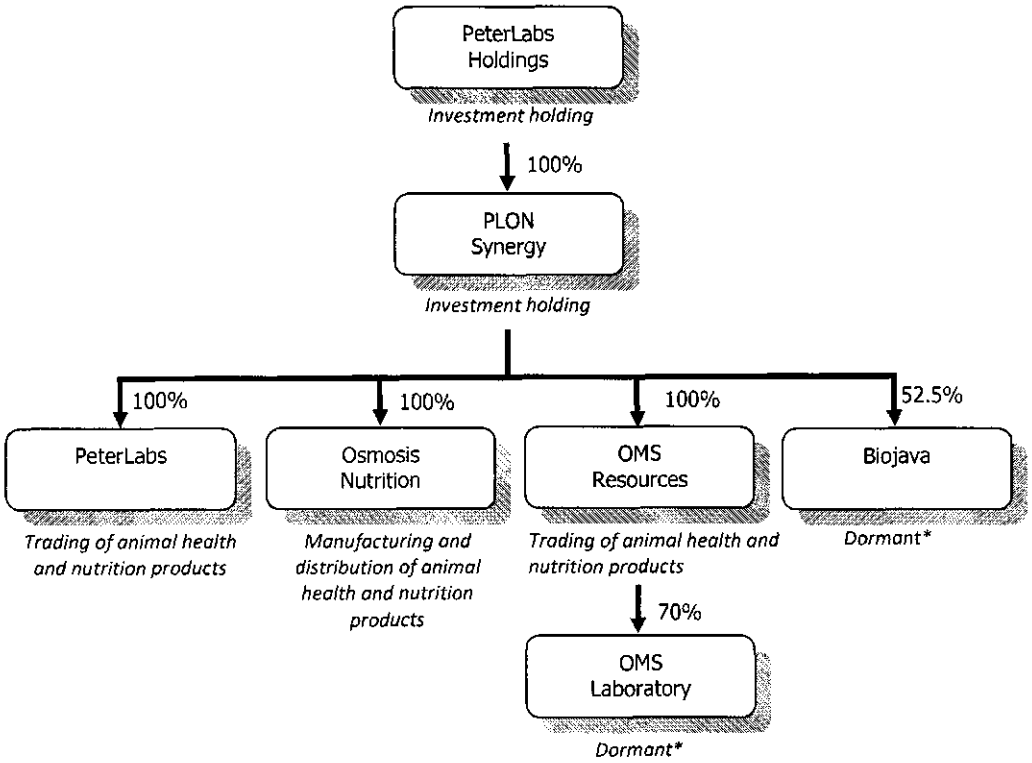
Our Company, being an investment holding company derives income mainly from dividends received from our subsidiary companies. Hence, our ability to pay future dividends and our ability to sustain our dividend policy in the future are largely dependent on the performance of our subsidiary companies. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements.

5. INFORMATION ON OUR GROUP

5.1 OUR HISTORY

PeterLabs Holdings was incorporated under the Act on 28 July 2010 as a private limited company under the name of PeterLabs Holdings Sdn Bhd. We subsequently converted into a public limited company and assumed our present name on 29 October 2010 to facilitate our listing on the ACE Market.

Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals. Our Group structure is as follows:



Note:

* *The company is currently dormant.*

The establishment of our Group can be traced back to the founding of Chern Tek on 20 December 1989 by Teo Chin Heng, Lim Swee Hwa and Tan Chin Tee and Benuser on 3 December 1990 by Lim Tong Seng, Teo Chin Heng, Tan Chin Tee and Chan Eng Nai. In 1992, Dr. Teo Kooi Cheng joined Chern Tek as the Technical Director. Chern Tek was principally involved in the trading of animal health and nutrition products whilst Benuser was involved in the manufacturing and distribution of animal health and nutrition products.

5. INFORMATION ON OUR GROUP *(Cont'd)*

Due to personal reasons, Tan Chin Tee, one of the original shareholders of Benuser and Chern Tek wanted to withdraw from both companies. This led Teo Chin Heng to initiate the idea of forming PeterLabs and Osmosis Nutrition with equity participation from all remaining shareholders of both Benuser and Chern Tek thereby streamlining the shareholdings of both companies under a group of common shareholders. PeterLabs and Osmosis Nutrition were subsequently incorporated on 4 October 2002 to capitalise on the growing demand of animal feed additives from the local livestock industry.

PeterLabs and Osmosis Nutrition obtained the necessary licences in 2002 to engage in manufacturing, distribution and trading of animal health and nutrition products. For further details about our licences, please refer to Section 6.11 of this Prospectus.

Following the above, PLON Synergy was incorporated on 13 November 2002 and became the common holding company of PeterLabs and Osmosis Nutrition on 7 October 2003, with an initial 51% equity interest in both companies. Upon the formation of the PLON Synergy group of companies, Chern Tek and Benuser ceased operations in 2002 and were dissolved on 30 January 2007. On 25 September 2008, PeterLabs and Osmosis Nutrition became wholly-owned subsidiary companies of PLON Synergy. Subsequently, Tan Chin Tee rejoined the PLON Synergy group of companies in 2008.

Our founders have accumulated an average of 28 years experience in the livestock industry. Lim Tong Seng, Dr. Teo Kooi Cheng and Teo Chin Heng have also been directly involved in the business operations of PLON Synergy and its subsidiary companies since its incorporation in 2002.

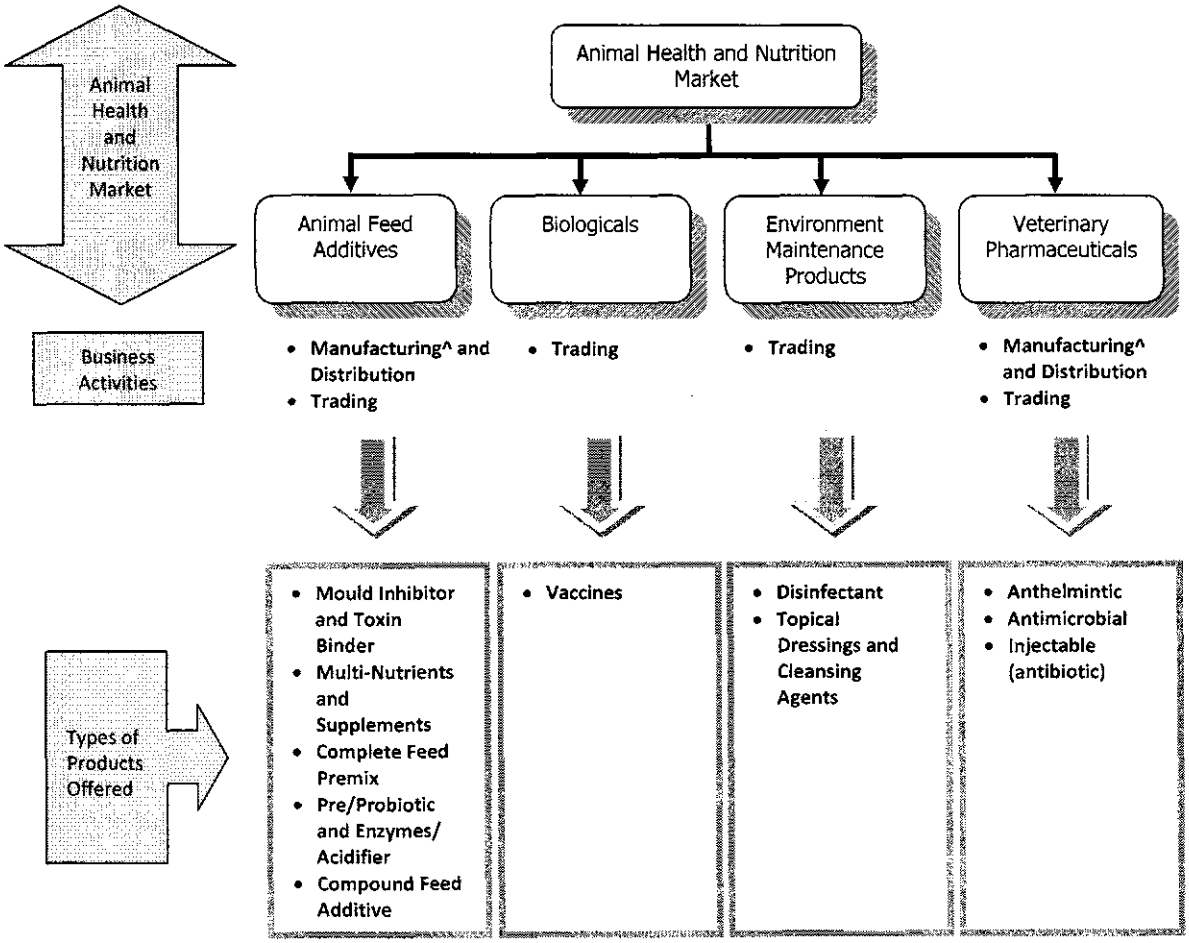
On 8 April 2003, our founders formed Zeus Biotech (Asia) Sdn Bhd (now known as OMS Resources) to distribute, amongst others, products from Zeus. We acquired OMS Resources on 10 June 2010. OMS Resources currently distributes the Group's products such as Compound Feed Additive.

On 10 July 2009, our founders formed Zeus Biotech (M) Sdn Bhd (currently known as OMS Laboratory) together with a director of Zeus for the purpose of venturing into the livestock industry in Indonesia. However, this plan did not materialise. Subsequently, we acquired a 70% equity stake in OMS Laboratory on 1 October 2010. Whilst OMS Laboratory is currently dormant, we intend to undertake future laboratory activities under this company.

Biojava was incorporated in 2006 and was acquired by us on 4 October 2010. Biojava is currently dormant. It is our intention to undertake our Group's future export activities under Biojava.

5. INFORMATION ON OUR GROUP *(Cont'd)*

Our Group operates within the animal health and nutrition market of the larger livestock industry. The animal health and nutrition market covers a wide and diverse range of products and is broadly segmented into animal feed additives, biologicals, environment maintenance products and veterinary pharmaceuticals. Our Group's business activities and the types of products offered within the animal health and nutrition market are illustrated in the diagram below:



Note:

^ *Involving blending/mixing of two (2) or more ingredients to become the Group's products.*

We currently operate through two (2) separate locations namely from our existing manufacturing plant/warehouses in Shah Alam and our new headquarters and warehousing for PeterLabs which is located in our new manufacturing plant in Nilai. Our Shah Alam manufacturing plant has a built up area of over 3,500 Sq. Ft. with a production capacity of over 160 tonnes per month and a storage capacity of approximately 200 tonnes.

On 18 December 2010, save for our manufacturing and warehousing of Osmosis Nutrition's products, we have relocated our operations to our newly constructed manufacturing plant in Nilai. The manufacturing plant in Nilai has a total built up area of 52,474 Sq. Ft. of which 27,200 Sq. Ft. is designated as the production area and the remaining is being utilized as office premises and for warehousing purposes.

Our new manufacturing plant is expected to be fully operational by the third quarter of the FYE 31 December 2011. The Group has commenced the production of certain products in the new manufacturing plant in Nilai, namely multi mineral supplements and water soluble products. As at the LPD, the new manufacturing plant in Nilai is operating at approximately 13% of the maximum production output. Moving forward, all our manufacturing activities will be undertaken at the new manufacturing plant in Nilai. Meanwhile, the manufacturing plant in Shah Alam will still be used as our production facility during this transition period. Our Group will cease all operations at the Shah Alam manufacturing plant when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai. As at the LPD, our Group had transferred approximately 80% of our raw /packaging materials to the Nilai plant. In addition, our Group had informed the owner of our Shah Alam premises that we will cease the rental of our Shah Alam premises by end of July 2011. The new manufacturing plant is expected to have a production capacity of 344 tonnes per month and a storage capacity of 986 tonnes. This enlarged production and storage capacity would enable us the capability to conduct Toll Manufacturing.

Our new manufacturing plant has undergone the GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "*satisfactory – pre-licensing stage*". GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications. The new manufacturing plant has enabled us to introduce liquefied and water soluble products. For further information about GMP compliance and our future product development plans, please refer to Section 6.15.1 and Section 6.8.3 of this Prospectus.

Apart from manufacturing activities, our Group also undertakes trading activities through PeterLabs and OMS Resources. Our Group currently holds ten (10) distributorship agreements from international suppliers which allow us to supply a variety of animal health and nutrition products to the local market. For the FYE 31 December 2010, our trading and manufacturing activities contributed to 58.41% and 41.59% of our total revenue respectively.

5.2 SHARE CAPITAL

The present authorised share capital of our Company is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each, of which RM17,300,000 comprising 173,000,000 Shares are issued and credited as fully paid-up. Upon completion of our Public Issue, our issued and paid-up share capital will be increased to RM18,800,000 comprising 188,000,000 Shares. The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
28.07.2010	2	1.00	Subscribers' shares	2
12.10.2010	18	0.10	Subdivision of shares	2
13.10.2010	980	0.10	Cash	100
15.10.2010	172,999,000	0.10	Shares issued as consideration for the Acquisition	17,300,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

5.3 SUBSIDIARY COMPANIES

5.3.1 PLON Synergy

(i) History and Business

PLON Synergy was incorporated on 13 November 2002 in Malaysia as a private limited company under the Act and began its operations in the same year. PLON Synergy is an investment holding company whose subsidiaries are principally involved in the manufacturing, trading and distribution of animal health and nutrition products.

(ii) Share Capital

PLON Synergy's present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of PLON Synergy since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
13.11.2002	2	1	Subscribers' shares	2
07.10.2003	2,040,000	1	Cash	2,040,002
24.09.2008	1,959,998	1	Shares issued as consideration for the acquisition of PeterLabs and Osmosis Nutrition	4,000,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in PLON Synergy. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, PLON Synergy is a wholly-owned subsidiary company of PeterLabs Holdings and its Directors are Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng, Lau Yeng Khuan, Kho Siaw Sua and Chan Bee Chuan.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, PLON Synergy has five (5) subsidiary companies, namely PeterLabs, Osmosis Nutrition, OMS Resources, Biojava and OMS Laboratory. PLON Synergy does not have any associated company.

5.3.2 PeterLabs

(i) History and Business

PeterLabs was incorporated on 4 October 2002 in Malaysia as a private limited company under the Act and began its operations in the same year. It is principally involved in the trading of animal health and nutrition products.

5. INFORMATION ON OUR GROUP *(Cont'd)*

(ii) Share Capital

PeterLabs' present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM2,500,000 comprising 2,500,000 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of PeterLabs since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
04.10.2002	2	1	Subscribers' shares	2
18.12.2002	500,000	1	Cash	500,002
07.10.2003	1,999,998	1	Cash	2,500,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in PeterLabs. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, PeterLabs is a wholly-owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng, Lim Swee Hwa and Beh Boon Seong.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, PeterLabs does not have any subsidiary or associated company.

5.3.3 Osmosis Nutrition

(i) History and Business

Osmosis Nutrition was incorporated on 4 October 2002 in Malaysia as private limited company under the Act and began its operations in the same year. It is principally involved in the manufacturing and distribution of animal health and nutrition products.

(ii) Share Capital

Osmosis Nutrition's present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM1,500,002 comprising 1,500,002 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of Osmosis Nutrition since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
04.10.2002	2	1	Subscribers' shares	2
18.12.2002	500,000	1	Cash	500,002
07.10.2003	1,000,000	1	Cash	1,500,002

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in Osmosis Nutrition. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, Osmosis Nutrition is a wholly-owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, Osmosis Nutrition does not have any subsidiary or associated company.

5.3.4 OMS Resources

(i) History and Business

OMS Resources was incorporated on 8 April 2003 in Malaysia as a private limited company under the Act under the name of Zeus Biotech (Asia) Sdn Bhd and began its operations in 2007. It assumed its present name on 20 September 2010. It is principally involved in the trading of animal health and nutrition products.

(ii) Share Capital

OMS Resources's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM4 comprising 4 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of OMS Resources since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
08.04.2003	4	1	Subscribers' shares	4

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in OMS Resources. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, OMS Resources is a wholly-owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, OMS Resources has one (1) subsidiary company, namely OMS Laboratory. It has no associated company.

5.3.5 Biojava

(i) History and Business

Biojava was incorporated in Malaysia on 19 May 2006 in Malaysia as a private limited company under the Act. Biojava is currently dormant.

(ii) Share Capital

Biojava's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM1,000 comprising 1,000 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of Biojava since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
19.05.2006	2	1	Subscribers' shares	2
04.10.2010	998	1	Cash	1,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in Biojava. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, Biojava is a 52.50% owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Dr. Teo Kooi Cheng and Dr. Gan Yee Haw. The remaining 47.50% of the shares are owned by Lee Lok Kan (40.00%) and Dr Gan Yee Haw (7.50%) respectively.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, Biojava does not have any subsidiary or associated company.

5.3.6 OMS Laboratory

(i) History and Business

OMS Laboratory was incorporated on 10 July 2009 in Malaysia as a private limited company under the Act under the name of Zeus Biotech (M) Sdn Bhd. It assumed its present name on 20 September 2010. OMS Laboratory is currently dormant.

(ii) Share Capital

OMS Laboratory's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM100 comprising 100 ordinary shares of RM1.00 each are issued and credited as fully paid-up. The changes in the issued and paid-up share capital of OMS Laboratory since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
10.07.2009	4	1	Subscribers' shares	4
01.10.2010	96	1	Cash	100

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in OMS Laboratory. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Shareholders and Directors

As at the date of this Prospectus, OMS Laboratory is a 70.00% owned subsidiary company of PLON Synergy and its Directors are Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng. The remaining 30.00% of the shares are owned by Leela A/P Suresh Kee See Leng.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, OMS Laboratory does not have any subsidiary or associated company.

5.4 LISTING SCHEME

In conjunction with and as an integral part of our Listing, we will undertake the following exercises, which encompass:

5.4.1 IPO

5.4.1.1 Public Issue

In conjunction with our Listing, we will undertake a public issue of 15,000,000 new PeterLabs Holdings Shares at an issue price of RM0.30 per Share, representing approximately 7.98% of our enlarged issued and paid-up share capital, which have been reserved for application by the Public, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions.

5.4.1.2 Offer for Sale

The Offer for Sale of 35,903,000 PeterLabs Shares representing approximately 19.10% of our enlarged issued and paid-up share capital to be offered by our Offerors to identified investors at an offer price of RM0.30 per Share.

5.4.2 Listing on Bursa Securities

Bursa Securities had on 19 May 2011, approved-in-principle the admission of our Company to its Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM18,800,000 comprising 188,000,000 Shares on the ACE Market. The listing of and quotation for our Shares will commence immediately two (2) market days after Bursa Securities receives the necessary documents specified in their approval-in-principle letter.

5.5 CAPITAL EXPENDITURE AND DIVESTITURES

Save as disclosed below, our Company has not incurred any other material capital expenditures and divestitures (including interests in other companies), since the beginning of our Group's last four (4) FYE 31 December 2007 to 2010 and up to the LPD:

	<---------- FYE 31 December ---------->				Up to the
	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	LPD RM'000
Plant & Machinery	217	4	810	4,763^	91
Office & Factory Building	-	387	2,397^	5,538	17
Freehold Land	-	1,467^	-	-	-
Motor Vehicles	-	167	-	324	74
Others*	76	36	29	440	573
Total expenditures	293	2,061	3,236	11,065	755

Notes:

* *Comprising office equipment, air-conditioners, furniture and fittings, computer equipment and renovation.*

^ *The amount incurred for Plant & Machinery for the FYE 31 December 2010, Office & Factory Building for the FYE 31 December 2009 and Freehold Land for the FYE 31 December 2008 is due to the construction of our new manufacturing plant in Nilai as detailed in Section 6.2.1 of this Prospectus.*

There are no divestitures currently in progress, within or outside Malaysia. For material capital commitments, please refer to Section 12.3.4 of this Prospectus.

5.6 KEY ACHIEVEMENTS AND MILESTONES

Our key achievements and milestones since inception are as follows:

Year	Key achievements and milestones
2005	Special Recognition Award from CAB Cakaran Corparation Bhd ("CAB Cakaran"), a company listed on the Main Market of Bursa Securities - In recognition of PeterLabs' continuous technical support and supply of quality animal health and nutrition products to CAB Cakaran. CAB Cakaran is a leading integrated poultry producer with operation throughout Malaysia. PeterLabs has established a good business relationship with CAB Cakaran since 2002. We had conducted farmer forum and technical services for CAB Cakaran's contracted farmer in the past.
2007	PeterLabs collaborated with Novus and introduced a series of eco-friendly animal feed additives, such as Activate DA and Mintrex. These 'green product' has been incorporated in our animal feed additive premix to enhance the Group's product performance namely feed intake, growth rate and FCR.
2009	PeterLabs collaborated with Hangzhou King, to launch and market a series of Microencapsulate feed additives. The process of microencapsulation will increase the product stability, palatability and bioavailability. The microencapsulated product has been incorporated into our animal feed additives to increase the therapeutic index. It has been proven to have a positive and synergistic effect with PeterLabs's product.
2009	Recognition Award from Novus Malaysia - In recognition of PeterLabs successfully introducing and creating a market in Malaysia for non-antibiotic animal feed additives under the brand name of Novus such as Activate DA and Mintrex.
2009	Recognition Award from In Vivo - In recognition of PeterLabs' successful marketing of animal feed additive products under the brand name of Neovia in the local market.
2004 to 2009	Recognition Award from Zeus (continuously from 2004 to 2009) - In recognition of PeterLabs' successful marketing of probiotics and enzymes feed additives in the Malaysian market and achieving good sales performance.
2010	PeterLabs collaborated with Novus Malaysia to conduct the 1st PigLIVE workshop: "Sustainable Sow Management Programme" at Genting Highlands in August 2010. The workshop was attended by approximately 140 participants from East and West Malaysia, mainly pig farm owners and technical support staff. For more information on PigLIVE software, please refer to Section 6.4.2(ii) of this Prospectus.

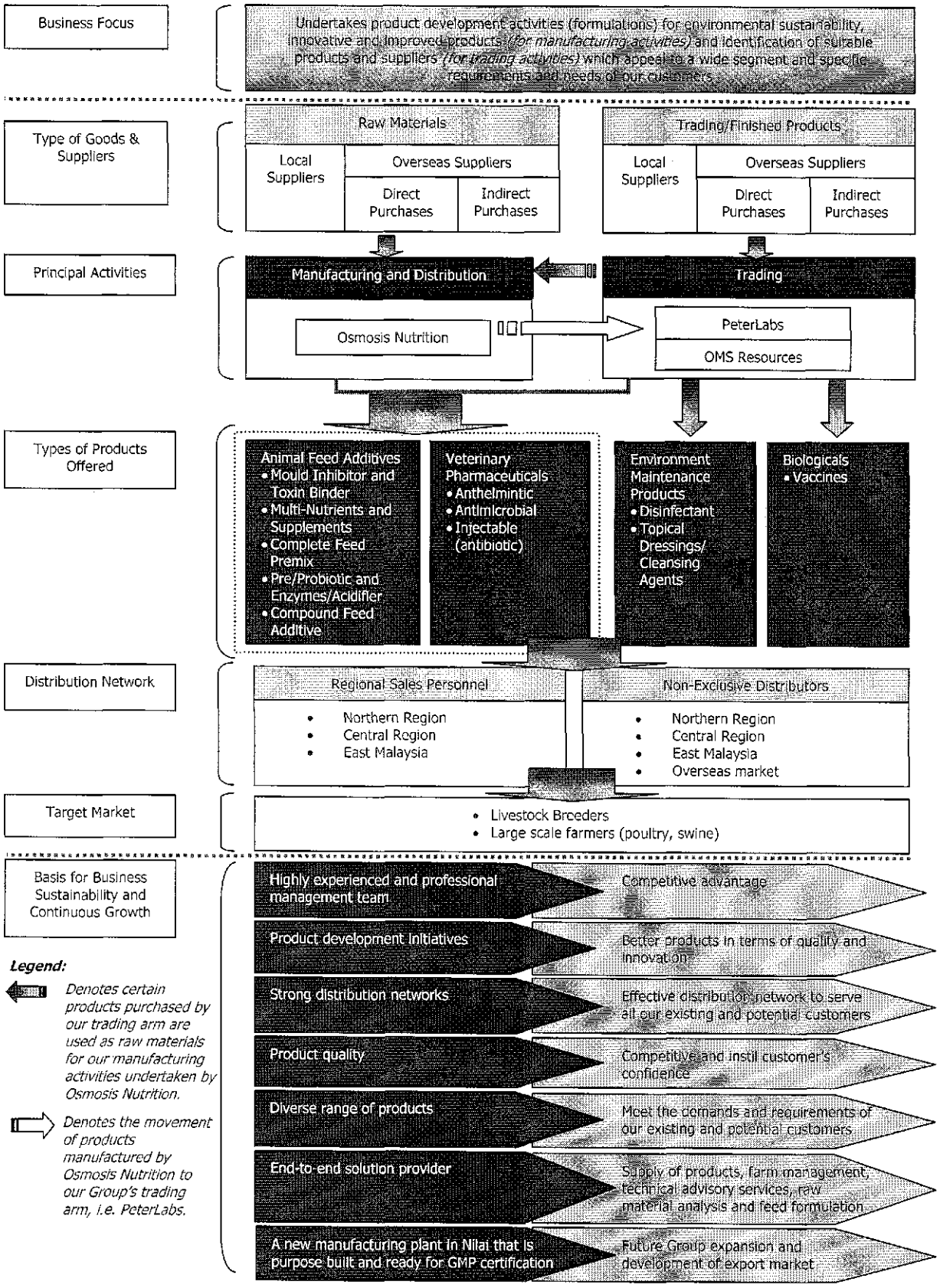
Currently, our Group does not have any ISO certification or quality certification but our Group has undergone a GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "*satisfactory – pre-licensing stage*". For further details about our GMP compliant status, please refer to Section 6.15.1 of this Prospectus.

6. BUSINESS OVERVIEW

6.1 OUR BUSINESS

6.1.1 Our Business Model

Our Group's business model is depicted as follows:



(i) Business Focus

Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals. Our Group undertakes product development activities focusing on innovating new and improved products (i.e. for our in-house manufactured products) and as well as identification of suitable products and suppliers (i.e. for our third-party trading products) which appeal to a wide segment of customers as well as to cater to our customers' specific requirements and needs.

The combination of manufacturing and trading activities resulted in the Group's ability to provide a diverse range of products and end-to-end solutions for our customers. The details of our principal activities and product development activities are provided in Section 6.1.2 and 6.8 of this Prospectus, respectively.

(ii) Suppliers/Distributorships

Our Group sourced our raw materials for our manufacturing activities mainly from local appointed distributors of the overseas suppliers, whilst, for trading activities, we obtained our supplies mainly from local suppliers as detailed in Section 6.10.1 in this Prospectus. For trading activities, we have been granted distributorships by several of our suppliers as detailed in Section 6.10.2 of this Prospectus.

The products manufactured by Osmosis Nutrition are distributed by our trading arm, namely PeterLabs. Our manufacturing operation also uses certain finished sourced from our trading arm as raw material for our manufacturing activities.

(iii) Principal Activities / Types of Products Offered

We operate within the animal health and nutrition market of the livestock industry. The products offered by our Group falls under four segments of the animal health and nutrition market, namely, animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals.

(iv) Distribution Network

The business of our Group is supported by strong distribution network namely our dedicated regional sales personnel as well as our appointed distributors which spans throughout East and West Malaysia.

(v) Target Market

Our Group's target markets are:

(i) Livestock breeders; and

(ii) Large scale farmers (i.e. poultry, swine etc).

(vi) Basis for Business Sustainability and Continuous Growth

We operate on a platform that enables us to sustain our business as well as to provide future business growth. The business platform incorporates the following key strength and success factors which are disclosed in details in Section 6.5 of this Prospectus:

- Highly experienced and professional management team;
- Product development initiatives;
- Strong distribution networks;
- Product quality;
- Diverse range of products;
- End-to-end solution provider; and
- A new manufacturing plant in Nilai that is purpose built and ready for GMP certification.

6.1.2 Principal Activities

Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals as detailed below:

Activities	Description	Undertaken By
Manufacturing and distribution	Manufacturing and distribution of in-house animal feed additives and veterinary pharmaceuticals within the animal health and nutrition market	Osmosis Nutrition
Trading	Trading of in-house and third-party animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals within the animal health and nutrition market	PeterLabs and OMS Resources

Our products are used by livestock breeders and farmers for large scale production of poultry and swine.

As an end-to-end provider, our Group also provides technical advisory services associated with the supply of premix and nutritional products for breeders and farmers.

(i) Principal Products

Our Group operates within the animal health and nutrition market of the larger livestock industry. Our Group's products are used to:

- ensure that animal feed contains specific nutrition through our animal feed additives;
- maintain hygiene levels for livestock through our environmental maintenance products; and
- prevent and/or cure diseases and to provide health and nutrition enhancement to livestock through our veterinary products.

The table below summarises the animal health and nutrition segments that we are in, the description of these segments, its purpose and the types of products that we currently manufacture, distribute and trade:

6. BUSINESS OVERVIEW *(Cont'd)*

Animal Health and Nutrition Segments	Description	Purpose	Types of Products
Animal feed additives[1]	• Defined as substances added in small or micro quantities to animal feed • Includes antibiotic and non-antibiotic additives (microbials, prebiotics, probiotics, vitamins and minerals and anti-mould additives)	To provide specific health or nutrition effects in livestock such as: • Promoting growth • Ensuring balanced nutrition • Increasing appetite of livestock • Enhancing digestion and absorption of nutrients • Controlling intestinal health • Keeping feed safe from harmful micro-organisms, parasites, pollutants and mould	• Mould Inhibitor and Toxin Binder# • Multi-Nutrients and Supplements* • Complete Feed Premix* • Pre/Probiotic and Enzymes/Acidifier# • Compound Feed Additive#
Environment maintenance products	Includes cleaning agents and disinfectants	To ensure the cleanliness and health of animal livestock through maintaining hygiene levels at a livestock farm.	• Disinfectant • Topical Dressings/ Cleansing Agents
Veterinary pharmaceuticals	• Defined as therapeutic medicines • Includes anti-parasitic, anti-infectives and antibiotics@ • Method of use include injectables, oral medication or water soluble liquids put through animal watering system	To prevent livestock animal from contracting diseases and treatment of diseases. To provide nutrition enhancement to livestock animal.	• Anthelmintic^ • Antimicrobial^ • Injectable (antibiotic)^
Biologicals	• Defined as a biological preparation that improves immunity to a particular disease. It typically contains an agent that resembles a disease causing microorganism and is often made from weakened or killed forms of the microbe or its toxins. • The agent stimulates the body's immune system to recognise the agent as foreign, destroy it and to 'remember' it, so that the immune system can more readily recognize and destroy any of these microorganisms that it encounters later.	To prevent livestock animals from contracting diseases.	• Vaccines

6. BUSINESS OVERVIEW *(Cont'd)*

Notes:

1 *Antibiotics and non-antibiotics animal feed additives contributed 24.85% and 75.15% of our total animal feed additives sales for the FYE 31 December 2010.*

@ *Antibiotics in veterinary pharmaceuticals are used for both disease prevention and treatment.*

\# *These products comes in non-antibiotic form.*

* *These products comes in non-antibiotic form. Antibiotics are added only if required by customer.*

^ *These products comes in antibiotic form.*

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(ii) Products manufactured and/or distributed by our Group

The table below sets out the products manufactured and/or distributed by our Group:

Animal Health and Nutrition Segments	Types of Products	Description	In-house manufactured products		<----------Third-party trading products---------->			
			Year Introduced	Brand / Series	Year Introduced	Brand / Series	Manufacturer / Supplier	Origin
Animal Feed Additives	Mould Inhibitor and Toxin Binder	Agent that are used to prevent fungus infestation in the animal feed as well as to control mycotoxin levels	-	-	2002	Niltox^	Zeus	India
					2009	Pro-Stabil AP 55G*	Novus	USA
					2008	T5X Premium^	In Vivo	France
					2008	T5X SD^	In Vivo	France
Animal Feed Additives	Multi-Nutrients and Supplements	Essential multi-vitamin and multi-mineral supplements used to promote growth and enhance performance of livestock, amongst others, improved egg and/or meat quality and FCR	2002	Benmolyte Plus WSP	2002	Alatrolyte*	Choong Ang	Korea
			2002	Isolyte WSP	2008	B-Safe HC^	In Vivo	France
			2002	Osmolyte WSP	2008	B-Safe SD^	In Vivo	France
			2002	Osmovit 253 WSP	2009	CM 3000*	Hangzhou King	China
			2002	PEC GSM Minpro TP102 FG	2009	King CS 20*	Hangzhou King	China
			2002	Poli WSP	2009	King CS 50*	Hangzhou King	China
			2002	Poultry Mineral OM 001 FG	2008	Mintrex PSe*	Novus	USA
			2002	Prolyte-Plus WSP	2008	Oasis*	Novus	USA
			2002	Provita-Aid WSP	2002	Oxigard*	Kiotech	UK
			2002	Solulyte Concentrate WSP	2002	Permasol-500*	Choong Ang	Korea
			2002	Veta-Bio WSP	2008	Prisma Jet^	In Vivo	France
			2002	Vitalife Sol	2009	Stimune Feed^	In Vivo	France
			2002	Vitamin Concentrate for Layer FG	2010	Vitacen AD_3E INJ^	Cenavisa	Spain

6. BUSINESS OVERVIEW *(Cont'd)*

Animal Health and Nutrition Segments	Types of Products	Description	In-house manufactured products		<----------Third-party trading products---------->			
			Year Introduced	Brand / Series	Year Introduced	Brand / Series	Manufacturer / Supplier	Origin
Animal Feed Additives	Complete Feed Premix	Complete premix that are used as supplements to promote growth and to enhance the performance of livestock, amongst others, improved egg and/or meat quality and FCR	2002 2002 2002 2006 2002	BDM CT FMG OMS PEC	-	-	-	-
Animal Feed Additives	Pre/Probiotic & Enzymes/ Acidifier	Essential composition that contains pre/probiotic, yeast as well as acidifiers that is used to promote growth and to enhance the performance of livestock, amongst others, reduced mortality rate	2005	CMS 2000 Egg Shell Master	2008 2008 2008 2008 2009 2009 2006 2002 2002 2002 2006 2006 2006 2006 2002 2006 2006 2002 2002 2002	Acidomix AFG* Acidomix Protect* Activate DA* Activate WD* Brozyme^ Cap' acid Pig^ Chromisac 3000^ CYC-Plus* Genex Pig* Genex Sow* Laymore^ Livesac^ Microguard^ Minpork^ Multienzyme* Optimise-M* Pigzyme^ Salgard Liquid* Salgard Long Acting Powder* Selenosac-EC^	Novus Novus Novus Novus Zeus In Vivo Zeus Choong Ang Kiotech Kiotech Zeus Zeus Zeus Zeus Kiotech Kiotech Zeus Kiotech Kiotech Zeus	USA USA USA USA India France India Korea UK UK India India India India UK UK India UK UK India

6. BUSINESS OVERVIEW *(Cont'd)*

Animal Health and Nutrition Segments	Types of Products	Description	In-house manufactured products Year Introduced	Brand / Series	<----------Third-party trading products----------> Year Introduced	Brand / Series	Manufacturer / Supplier	Origin
Animal Feed Additives	Compound Feed Additive	Other essential nutrition formulated together with feed premixes	-	-	2007	Di-Calcium Phosphate/Mono-Di-Calcium Phosphate*	Qingda Jiangda Feed Development Co. Ltd.	China
					2006	Fishmeal*	Farmachem	Domestic
					2005	Hi-Prolac*	NU-Strength Enterprise	Domestic
					2002	L-lysine*	PT-Cheil Jedang	Indonesia
					2006	MHA*	Novus	USA
					2006	Premulac-L*	Nutrifeed / Behn Meyer	The Netherlands
					2006	Premulac-P*	Nutrifeed / Behn Meyer	The Netherlands
					2011	BioAktiv	ENV Technology	Domestic
Environment Maintenance Products	Disinfectant	Agent that are applied to non-living objects to destroy harmful microorganisms	-	-	2008	Biophen*	BioLink System Limited	UK
					2008	Germ-IOD^	Cenavisa	Spain
					2002	Sarakill*	Choong Ang	Korea
					2002	Multicide*	Toronto Pharma Sdn Bhd	Domestic
Environment Maintenance Products	Topical Dressings and Cleansing Agent	Product which aids in the healing of topical wounds and cleaning of dirt from surfaces	-	-	2002	OMS First Aid Blue*	Herbal Remedies	Domestic
					2002	OMS Blue Spray*	Herbal Remedies	Domestic
					2008	Yod Cen^	Cenavisa	Spain
Veterinary Pharmaceuticals	Anthelmintic	Substance capable of destroying or eliminating parasitic worms	2002	OMS Stalazole 50 FG	2006	Heartsaver*	Choong Ang	Korea
			2002	Cebenzol 6.25 FG	2010	Ivercen-10^	Cenavisa	Spain
					2006	P-mectin Tablet*	Choong Ang	Korea

6. BUSINESS OVERVIEW *(Cont'd)*

Animal Health and Nutrition Segments	Types of Products	Description	In-house manufactured products		<----------Third-party trading products---------->			
			Year Intro-duced	Brand / Series	Year Intro-duced	Brand / Series	Manufacturer / Supplier	Origin
Veterinary Pharmaceuticals	Antimicrobial	Agent that are used to kill or inhibit the growth of harmful micro-organisms such as bacteria, fungi, and protozoa	2002	Ben-CTC 500 WSP	2005	All-Treat*	Choong Ang	Korea
			2002	Benmasol Sol	2010	Cen-A-Pen Suspension^	Cenavisa	Spain
			2002	Benmequin 200 Sol	2009	Fuyou*	Hangzhou King	China
			2002	Benmoxyl 50S WSP	2009	King Apra*	Hangzhou King	China
			2002	Cenaflox 200 Sol	2009	King Colistin*	Hangzhou King	China
			2002	Coccistop Sol	2009	King Kita*	Hangzhou King	China
			2002	E-Thro 200 WSP	2009	King Linco-Spectin*	Hangzhou King	China
			2003	Florocin 10 Sol	2009	KingTilmi*	Hangzhou King	China
			2002	Lincocen 44 FG	2009	King Tylo*	Hangzhou King	China
			2002	N-Rocen 100 Sol	2009	Xinen*	Hangzhou King	China
			2003	OMS Colistin 110 FG				
			2002	OMS Fourmix 100 FG				
			2002	OMS Genta 10 FG				
			2002	OMS Nystatin 50 FG				
			2002	OMS Tiamulin 100 FG				
			2002	OMS Tylofac 250 FG				
			2002	Osmoflox 20% Sol				
			2002	Osmo-Fos E WSP				
			2002	Polyvet 2M Sol				
			2002	Sulfaton-P 50% WSP				
			2002	TMS 480 Sol				
			2002	Tribest Sol				
			2002	Trioquino WSP				
			2002	Tylocen + S200 FG				

6. BUSINESS OVERVIEW *(Cont'd)*

Animal Health and Nutrition Segments	Types of Products	Description	In-house manufactured products		<----------Third-party trading products---------->			
			Year Intro-duced	Brand / Series	Year Intro-duced	Brand / Series	Manufacturer / Supplier	Origin
Veterinary Pharmaceuticals	Injectable (antibiotic)	Long acting forms of antibiotics that are applied by subcutaneous or intramuscular injections that used to kill or inhibit the growth of microorganisms such as bacteria, fungi and protozoa	-	-	2002 2002 2002 2011	Amoxycen 200 L.A.^ Cenmicin-LC^ Oxycen 200 L.A.^ Eficur Hipralona Enro-1 Selectan Megluxin	Cenavisa Cenavisa Cenavisa Hipra Malaysia	Spain Spain Spain Domestic
Biologicals	Vaccines	Defined as a biological preparation that improves immunity to a particular disease. It is typically contains an agent that resembles a disease causing microorganism and is often made from weakened or killed forms of the microbe or its toxins	-	-	2011	Auskipra-BK Auskipra-GN Mypravac Suis Rinipravac-DT Gestavet Gestavet Prost	Hipra Malaysia	Domestic

Notes:

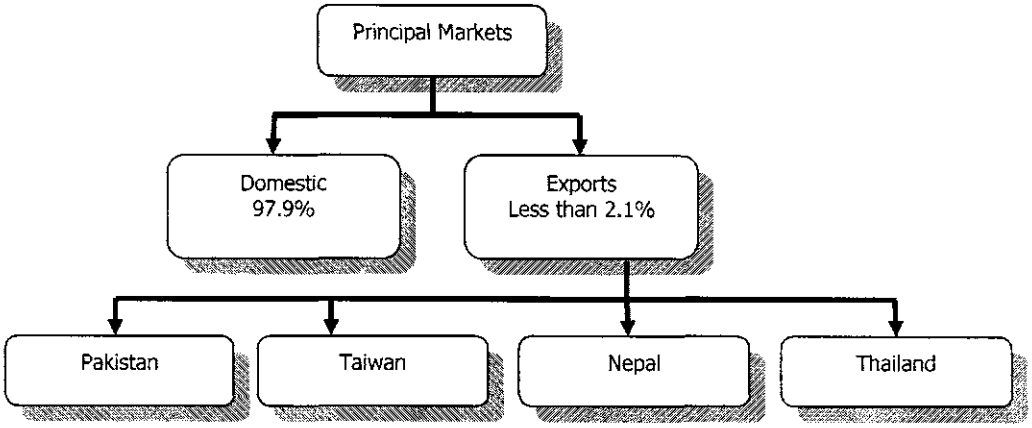
^ *These products are distributed either on an exclusive distributorship or sole agent basis by our Group as stated in Section 6.10.2 of this Prospectus.*

* *These products are distributed on a non-exclusive distributorship basis by our Group.*

6. BUSINESS OVERVIEW *(Cont'd)*

(iii) Principal Markets

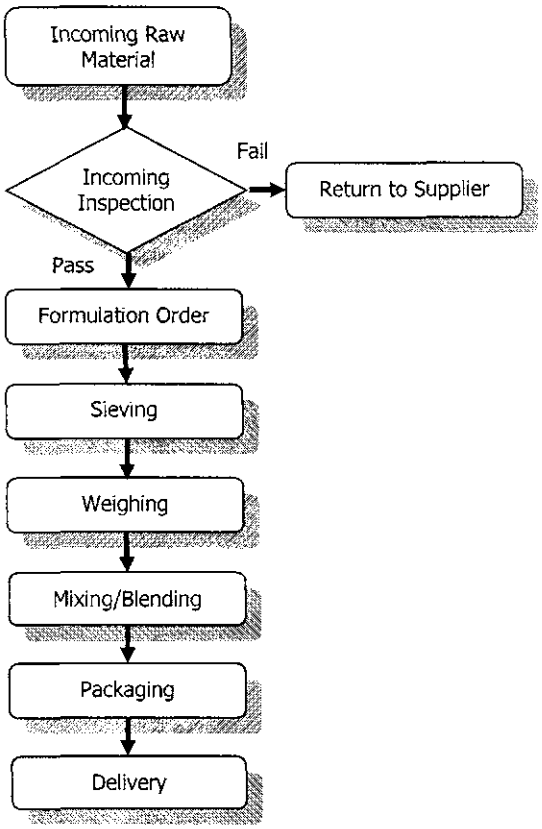
Approximately 97.9% of our Group's revenue for the FYE 31 December 2010 was derived from domestic sales as depicted below:



Our Group ventured into Pakistan in 2007, Taiwan in 2007 and Nepal and Thailand in 2010. Our products are distributed by our non-exclusive distributors in the said countries.

6.2 PRODUCTION PROCESS

The process flow chart below illustrates our general production process:



Our production process involves the following:

(i) Incoming Raw Material

The specifications of all raw materials used in the production shall be checked for compliance with the COA for such raw materials issued by our suppliers. When the raw materials are in order, we will store all production materials in a clean and secured location. Labels which clearly state their expiry dates are affixed on these raw materials. Upon delivery, our store or production supervisor will do a preliminary inspection and stock count of these items. Particulars of these raw materials, such as supplier's name, invoice number and lot number are recorded into the raw materials stock card.

(ii) Incoming Inspection

Only incoming raw materials that meets the Group's quality standards will be accepted while raw materials which have failed to meet our production specification will be returned to suppliers.

(iii) Formulation Order

A formulation order is a documented formula for products that have been agreed to be manufactured. Once a formulation order is made, a batch worksheet for the particular product is produced. These worksheets contain the batch number, batch size, raw materials (ingredients) and quantity to be used and products to be produced.

(iv) Sieving, Weighing, Mixing/ Blending and Packaging

Our production supervisor will supervise production operators through the final stages of the production process which includes:

(a) Sieving of raw materials to remove any foreign material and to provide consistency in the raw materials through the sieving action;

(b) Weighing of the raw materials to the correct quantity according to the formulation order;

(c) Mixing of raw materials which are done in approximately 40 minutes' batches; and

(d) Discharge of the final product to be filled into proper packages which are then sealed and labelled.

(v) Delivery

The finished product will be then transferred for storage and/or delivery to our customers immediately. All particulars are then recorded into the finished product stock card.

6.2.1 Production and Storage Capacity and Production Output

Currently, our products are mainly in powder form and packed in 20kg/ 30kg paper bags. The only type of machinery that we use is mixers. Over the years, we have been steadily expanding and increasing our operational capacity. We have recently completed the construction of a new manufacturing plant in Nilai and has undergone a GMP pre-certification audit on 18 January 2011.

On 18 December 2010, save for our manufacturing and warehousing of Osmosis Nutrition's products, we have relocated our operations to our newly constructed manufacturing plant in Nilai. The manufacturing plant in Nilai has a total built up area of 52,474 Sq. Ft. of which 27,200 Sq. Ft. is designated as the production area and the remaining is being utilized as office premises and for warehousing purposes.

6. BUSINESS OVERVIEW *(Cont'd)*

Our Nilai manufacturing plant is expected to be fully operational by the third quarter of the FYE 31 December 2011. The Group has commenced the production of certain products in the new manufacturing plant in Nilai, namely multi mineral supplements and water soluble products. As at the LPD, the new manufacturing plant in Nilai is operating at approximately 13.0% of the maximum production output. Moving forward, all our manufacturing activities will be undertaken at the new manufacturing plant in Nilai. Meanwhile, the manufacturing plant in Shah Alam is still being used as our production facility during this period of transition. Our Group will cease all operations at the Shah Alam manufacturing plant when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai.

Our current production capacity and utilisation are illustrated in the table below:

Total Production Area (Sq. Ft.)	Equipment	Quantity	Maximum Production Capacity (Tonnes per month)	Maximum Production Output (Tonnes per month)	Production Utilisation (%)	Audited NBV as at 31 December 2010 (RM'000)
Shah Alam Manufacturing Plant						
3,500	Feed grade powder mixer	2	160*	130.0#	81.2	8.0
Nilai Manufacturing Plant						
27,200	Feed grade powder mixer	1	120**	39.0^	32.5	120.5
	Water soluble powder mixer	1	24**	1.4^	5.8	39.0
	Liquid solution mixer	1	30**	0.7^	2.3	29.0
	Disinfectant liquid mixer	1	30**	3.7^	7.4	50.0
	Total	6	364	174.8	-	246.5

Notes:

* *Based on one twelve (12)-hour shift per day per month for 10, 25, 30 kg-sized bags.*

** *Based on one eight (8)-hour shift per day per month for 25 kg-sized bags (for powder form products) and 100g, 400g, 500g and 25 kg-sized bags (for powder form water soluble products).*

\# *Based on average of actual output for the FYE 31 December 2010.*

^ *Based on average of actual output as at the LPD.*

The current production capacity above only reflects the machinery that are currently in use i.e. used in our Shah Alam and Nilai operations. The remaining machinery which are located in our Nilai plant which are undergoing production trial runs (expected to be fully operational by 31 July 2011) are as follows:

Machinery and Proposed Usage	Description	Audited NBV as at 31 December 2010 (RM'000)	No. of Units	Maximum Production Capacity (Tonnes per month)
EYH4000A Dimensional Mixer	Feed grade powder mixer	120.5	1	120
EYH 1000 Dimension Mixer	Feed grade powder mixer	47.0	1	20
		167.5	2	140

6. BUSINESS OVERVIEW *(Cont'd)*

Our current storage capacity is as detailed below:

Location	Built-up Area (Sq. Ft.)	Utilised Area for Storage (Sq. Ft.)	Storage Capacity (Tonnes)	Storage Utilisation (Tonnes)	Utilisation Rate (%)
Warehouse (PeterLabs and Osmosis Nutrition) Lot 16014, (PT No. 24341) Jalan Nilam 3 Bandar Nilai Utama 71800 Nilai Negeri Sembilan	52,474	12,800	986	334	33.87
Warehouse (Osmosis Nutrition) 8, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor*	3,500	2,800	80	18	22.50
Warehouse (Osmosis Nutrition) 10 & 12, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor*	7,000	5,600	120	105	87.50

Note:

* *These warehouses will ceased operations when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai.*

For the purpose of being GMP compliant, our Nilai factory is equipped with the following facilities and features:

Type / Name of Facilities	Description
Heating, Ventilating, and Air Conditioning ("HVAC") System	The three (3) central functions of heating, ventilating, and air-conditioning are inter-related, providing thermal comfort, acceptable indoor air quality, within reasonable installation, operation, and maintenance costs. HVAC systems can provide ventilation, reduce air infiltration, and maintain pressure relationships between spaces. The system is designed to circulate fresh air to all enclosed area within the plant in-line with the Good Engineering Practice under the GMP. As air is re-circulated to production areas, appropriate measures are also taken to control risks of contamination and recontamination.
Auto Twin Bed Deionised Water System with Polisher	Deionisation process helps in reducing ions/minerals from water i.e. to provide deionised water for production to meet the GMP guideline and specification.

Type / Name of Facilities	Description
Waste water treatment plant	The system is designed to treat effluent discharge that may contain traces of poison and antibiotic residue from the production to meet the Department of Environment's Environmental Quality (Industrial Effluent) Regulations 2009 before the waste water can be released to the drainage system.
Dust collector unit	The system has been fixed at the critical areas such production room to control dust particle, as well as to minimise recontamination.
Insulated Clean Room Panel	The enclosed areas of the plant particularly the production areas have been designed to meet GMP requirements. Clean room wall and ceiling system is designed to be smooth and have minimal edges for ease of cleaning. The joints between wall panels are sealed with flush clear silicone sealant. The surfaces will be non-shedding, non-porous and resistance to microbial and fungal growth.
Polyurethane Flooring	The flooring of the clean room should be smooth, easy to clean and minimal edges for ease of cleaning. The surfaces will be non-shedding, non-porous and resistance to microbial and fungal growth.

The total cost incurred for the construction of the Nilai manufacturing plant is as follows:

Catagories	Total Cost RM'000
Plant & Machinery	4,888
Factory Building	5,555
Office Equipment	75
Laboratory Equipment	405
Furniture & Fittings	93
	11,016
Land (held by Plon Synergy)	1,467
Total Cost	12,483

Please refer to Section 6.14.1 and Section 6.15.1 for details of our manufacturing plant in Nilai and GMP compliance.

6.2.2 Technology Used

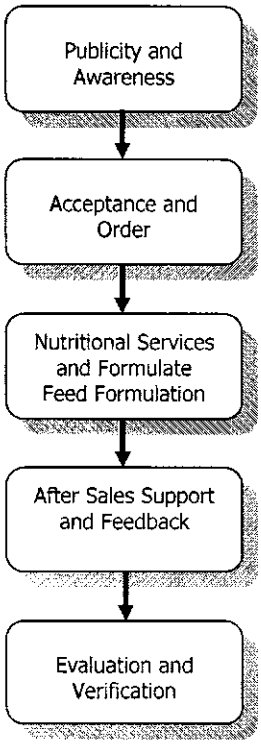
We are currently concentrating in the manufacturing of products in powder form (i.e. animal feed additives and veterinary pharmaceuticals). The machinery which are used for the production are mixers known as the Double Ribbon Mixer and Double Circle Mixer. As at the LPD, we have eight (8) units of mixers (including two (2) mixers in our Shah Alam operations) as detailed in Section 6.2.1 of this Prospectus. The mixers are mainly used for mixing/blending the raw materials such as vitamins, dicalcium phosphate and minerals into finished products for animal feed additives and for veterinary pharmaceuticals, as described in the production process in Section 6.2 of this Prospectus.

In view of this, our Group is not using any identified technology other than technology available/embedded in the mixers.

6. BUSINESS OVERVIEW *(Cont'd)*

6.3 SALES PROCESS

The sales process flowchart for our business is depicted below.



(i) Publicity and awareness

We play an active role in creating public awareness for our products through mediums such as Malaysian livestock magazines and various seminars/forums for farmers and livestock breeders. Through these public channels, we update industry participants on the importance of animal health and nutrition products and other related issues. It is also during these events that we promote our animal health and nutrition products as well as the technical advisory services that we offer.

(ii) Acceptance and Order

Such awareness creates enquiries which shall be managed by our sales personnel whom will propose feed solutions and products that are suitable for them.

(iii) Nutritional services and formulate feed formula

We would then assess the feed raw materials that are available for use in our customer's farms. We will consult with our customers on the raw materials available or preferred to be used before our nutritionists formulate a suitable feed formula to cater for the desired performance outcomes for their livestock, such as, improved FCR, improved egg and/or meat quality, increased growth rate and reduced mortality rate.

(iv) After sales support and feedback

Subsequent to the completion of a sale, our sales personnel will constantly monitor the performance of our customers' livestock. Samples of the feed mixes are taken regularly for chemistry and microbiology tests to verify the nutrients specification to ensure that the customers are mixing the feed additives with the right quantity of macro nutrients (i.e. grains, corn etc) to achieve the intended results.

(v) Evaluation and verification

We will perform an audit exercise for most of our after sales products, especially for our new products. The audit exercise involves the evaluation of the livestocks' performance to ensure that the feed additives are suitable for the livestocks growth cycle. The audit exercise is carried out by an independent lab tester which involves conducting site visit to customer's animal farms and laboratory experiments to evaluate the contents of the feed and the performance of livestock in terms of feed intake, animal growth rate and FCR. Corrective actions are suggested and performed as soon as any problems are detected throughout and after the sales process.

6.4 DISTRIBUTION AND MARKETING

Our operations are not significantly affected by seasonal/cyclical effects as our products are primarily used by livestock breeders and animal farms for large scale livestock production, namely, poultry and swine. As meat and eggs are consumed throughout the year with increased demand during festival periods only, the consequential demand on animal health and nutrition products are relatively constant all year round.

6.4.1 Distribution Network

Our Group has a strong distribution network which spans throughout East and West Malaysia. We are able to distribute and sell our products and services directly to end users such as farmers and livestock breeders.

The table below summarises the number of our regional sales personnel and non-exclusive distributors for both local and export market as at the LPD:

	Regional Sales Personnel	Non-exclusive Distributors
Local market		
• Northern Region	2	10
• Central Region	3	4
• East Malaysia	2	2
Export market	2*	-
• Pakistan	-	1
• Nepal	-	1
• Taiwan	-	1
• Thailand	-	-
Total	9	19

Note:

* *Covers all exports markets (i.e Pakistan, Nepal, Taiwan and Thailand*

Both our sales team and appointed non-exclusive distributors are organised to work as a cohesive and effective distribution network to serve all our existing and potential customers throughout Malaysia and abroad. Our Group's revenue contribution from our regional sales personnel and non-exclusive distributors is 86.2% and 13.8% for the FYE 31 December 2010, respectively.

6.4.2 Marketing Activities and Strategies

Our marketing approach and promotion strategies are implemented through various channels which are aimed primarily at farmers and livestock breeders. Our Group is committed to developing effective marketing and promotion strategies as we consider marketing and promotion an important aspect in the sales and distribution of our animal health and nutrition products.

The active marketing strategy undertaken by the Group in the local market were demonstrated by the Group's participation in trade shows, organising forums and seminar for its customers to update them with industry/product information/knowledge and technical support. Further, the promotion of the use of PigLIVE software to improve customers' productivity shows the Group's commitment to developing local market.

Our marketing team consist of nine (9) experienced regional sales personnels led by Lau Yeng Khuan, who has over 30 years' experience in the animal health and nutrition market. Our sales personnels are our most effective marketing and promotion channel. Hence, our Group places a strong emphasis on ensuring that all our sales personnels are well-equipped with our Group's sales strategies and have adequate knowledge of our Group's products and services.

The marketing strategies initiated by our Group include the following:

(i) **Organising Seminars/Forums**

Our Group organises seminars/forums regularly for our customers as well as other industry players as one of our marketing initiatives. In the last three (3) years, we have held the following seminars/forums addressing various topics as follows:

Date	Name of Seminars /Forums	Venue	Target Audience	Co-organised with
03.03.2008	Improving Livestock Performance: Safe and Natural Additives for Enhanced Appetite and Performance	Holiday Villa Subang, Subang Jaya, Selangor	Swine and Poultry Farmers	In Vivo
16.03.2008	Modern Farm Tools for Bacteria Control	Tanahmas Hotel, Sibu, Sarawak	Poultry Farmers	Novus Malaysia
17.03.2008	Modern Farm Tools for Bacteria Control	Kingwood Inn, Kuching, Sarawak	Poultry Farmers	Novus Malaysia
02.08.2008	Improving Livestock Performance: Safe and Natural Additives for Enhanced Appetite and Performance	Shangri-La Hotel, Kota Kinabalu, Sabah	Swine and Poultry Farmers	In Vivo
13.10.2008	Post-Weaning Pig Management and Disease Challenges	Restoran Ling Song Kee, Pantai Remis, Perak	Swine Farmers	Novus Malaysia
13.10.2008	Post-Weaning Pig Management and Disease Challenges	Restoran Har Kee, Bidor, Perak	Swine Farmers	Novus Malaysia

Date	Name of Seminars /Forums	Venue	Target Audience	Co-organised with
21.8.2009 to 22.08.2009	Improving Performance from Sow to Grower-Finisher	Genting International Convention Centre, Genting Highlands, Pahang	Swine Farmers	Novus Malaysia
25.03.2010	Recent Advances in Pig Nutrition	Universal House Golden Lotus Hotel, Chengdu, China	Swine Farmers	In Vivo
10.08.2010 to 11.08.2010	1st PigLIVE Workshop: Sustainable Sow Management Program	Genting International Convention Centre, Genting Highlands, Pahang	Swine Farmers	Novus Malaysia

The aim of these seminars/forums is:

- to bring all our customers and other industry players together to update them about the latest products and services currently offered in the livestock industry;
- to provide participants with a platform to discuss about the latest developments and trends in the livestock industry; and
- to provide a conducive environment or platform for our participants to voice their concerns, issues or problems with their current operations.

The feedback obtained during these seminars/forums is useful to our Group as we can use it to further enhance our products, improve our services and/or to address the issues and problems faced by our customers.

Our Group also takes this opportunity to introduce and promote our products and services to the other participants of the seminars/forums.

(ii) **PigLIVE**

We add value to our customers by providing technical support and farm management services through the use of a third party software known as PigLIVE. PigLIVE is owned by Live Informatics Company Limited, Thailand. This software can assist our customers in managing their livestock more effectively and efficiently by facilitating the evaluation of their farm production performance and providing timely feedback to rectify potential problems.

PigLIVE will help farmers to improve the production efficiency by investigating the problem at the farms. It also facilitates farm managers and veterinarians in managing farms in terms of formulating vaccination programmes, quality of diets and medication programmes.

Currently, we are a reseller of the PigLIVE software, which originated from Live Informatics Company Limited, Thailand where our customers will obtain the user licences from. We plan to expand and introduce the PigLIVE software to our new and existing customers as the existing users find that the software is a good tool to monitor and manage their farms in term of productivity and financial efficiency.

(iii) **Participating in Livestock Trade Shows and Exhibitions**

As part of our marketing drive to create awareness of our Group's products and services, we participate in livestock trade shows and exhibitions held locally and abroad besides advertising in livestock magazines.

6. BUSINESS OVERVIEW *(Cont'd)*

Livestock trade shows and exhibitions provide an excellent platform for farmers, animal breeders and industry players to update themselves on animal health and nutrition products that are currently available in the market.

The list of trade shows and exhibitions attended by our personnels over the last four (4) years are as follows:

Date	Event	Organiser	Venue
20.10.2008 to 22.10.2008	VIV China 2008	VNU Exhibitions Europe	New China International Exhibition Centre, Beijing, China
11.03.2009 to 13.03.2009	VIV Asia 2009	VNU Exhibitions Europe	Bangkok International Trade and Exhibition Centre, Bangkok, Thailand
19.10.2009 to 21.10.2009	VIV China 2009	VNU Exhibitions Europe	New China International Exhibition Centre, Beijing, China
27.10.2009 to 29.10.2009	Livestock Asia 2009 Expo and Forum	AMB Exhibitions Sdn Bhd	Kuala Lumpur Convention Centre, Kuala Lumpur, Malaysia
01.02.2010 to 03.02.2010	VIV India 2010	VNU Exhibitions Europe	Bangalore International Exhibition Centre, Bangalore, India
08.07.2010 to 10.07.2010	Indo Livestock 2010 Expo and Forum	PT Napindo Media Ashatama	Jakarta Convention Centre, Jakarta, Indonesia
24.09.2010 to 25.09.2010	National Poultry and Food Expo	Pakistan Poultry Association	Lahore Expo Centre, Lahore, Pakistan
25.03.2011 to 27.03.2011	International Poultry Show and Seminar 2011	World's Poultry Science Association, Bangladesh Branch	Bangabandhu International Conference Centre, Bangladesh

Livestock trade shows and exhibitions also provide farmers, animal breeders and industry players with opportunities to be in direct communication with manufacturers and distributors on matters concerning animal health and nutrition products via talks and forums held within these livestock trade shows and exhibitions.

By participating in these trade shows and exhibitions, we meet a host of potential customers and fellow industry players who are seeking the latest information relating to animal health and nutrition products in the marketplace. Potential customers will also have the opportunity to further discuss our Group's products and services with us.

The exposure and response gained from our participation in livestock trade shows and exhibitions enable us to raise our company profile and to attract new customers.

6.5 OUR COMPETITIVE STRENGTHS

In our bid to become a stronger player within the animal health and nutrition market, it is vital for us to continue maintaining and further strengthening our key competitive strengths of which can be described as follows:

6.5.1 Highly Experienced and Professional Management Team

Our past success and future growth has been and will always be influenced by the leadership of several key personnel within our organisation. Our founders, namely Lim Tong Seng, Dr. Teo Kooi Cheng, and Teo Chin Heng collectively have an average of over 28 years of experience and valuable knowledge in the livestock industry. Our founders have also been directly involved in the business operations of our Group since our inception in 2002. In addition, we also have a strong management team who comprises of our regional sales managers namely Lau Yeng Khuan, Kho Siaw Sua and Chan Bee Chuan whom individually have an average of over 20 years of experience in sales. The expertise, experience and passion of our founders and management team will give us a competitive advantage over our competitors.

Besides having a strong management team, we also have a strong technical team to support our day-to-day operations. Our technical team which consists of a nutritionist, veterinarians and pharmacists are all qualified professionals who have in-depth knowledge in their respective areas of the animal health and nutrition market. Together with our management team, our Group strives to stay ahead in the industry.

Further to that, we have also secured the services of a GMP consultant, Azman Bin Abdul Jalil who was appointed to the board as an Independent Non-Executive Director. With his vast experience and valuable knowledge in the area of GMP, our Group will have a better guidance in addressing the various issues and difficulties that will be encountered in running a GMP plant.

6.5.2 Product Development Initiatives

One of the ways to stay ahead of our competitors is to offer better products in terms of quality and innovation. As such, our Group places a strong emphasis on continuous product development which consists of development of new products for our manufacturing activities as well as identification of suitable suppliers and products for our trading activities. Our product development activities takes into consideration the current trend and needs of both our existing and potential customers as detailed in Section 6.8 of this Prospectus.

Our Group's product development activities are carried out under the supervision of Dr. Teo Kooi Cheng being the head of our technical department. Our Group has managed to develop a series of in-house products under our Group's own branding. The CT series and FMG series of animal feed additives are some of our well known products that have, since their introduction in 2002, obtained good response from the livestock industry. Our Group is looking forward to broadening our trading and manufactured products offerings through the proposed development and manufacturing of a series of ruminant health products as well as introduction of probiotic feed additives for aquaculture as detailed in Section 6.8.3 of this Prospectus. The probiotic feed additives for aquaculture are intended to improve farming productivity, promote industrial farming (particularly for aquaculture) and to introduce good farming practices and at the same to minimise diseases. The Group intends to further develop its existing market, particularly the aquaculture by creating awareness through participation in the tradeshows as well as to provide the relevant training to its existing regional sales personnels.

6.5.3 Strong Distribution Networks

Our Group has strong distribution networks which span throughout East and West Malaysia. All major livestock producing states such as Perak, Penang and Johor are assigned with dedicated regional sales personnels from our experienced team. In these states, we are able to distribute and sell our products and services directly to end users such as farmers and livestock breeders.

In areas which we do not have dedicated regional sales personnels assigned, we will appoint non-exclusive distributors to serve our existing and new customers. As at the LPD, we have 19 non-exclusive distributors for both our local and export market.

Both our sales team and appointed non-exclusive distributors are organised and work cohesively to act as an effective distribution network to serve all our existing and potential customers throughout Malaysia.

6.5.4 Product Quality

Our Group constantly strives to maintain the highest standards of quality for our products and services so as to remain competitive and instil customer's confidence in all of our products.

Placing an emphasis on quality, our Group prides itself on having an established reputation in the animal health and nutrition market. Our industry reputation is further supported by a good track record, having received recognition awards from several of our customers. Details of our key achievements and milestones are set out in Section 5.6 of this Prospectus.

In ensuring that our products meet the quality standards and product specification of our customers, we have in place a quality control system, details which are in Section 6.6 of this Prospectus.

6.5.5 Diverse Range of Products

We are currently distributing a diverse range of products under the four (4) segments of the animal health and nutrition products market, namely, animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals as illustrated in Section 6.1.2(i) of this Prospectus. Our broad product offerings allow us to meet the demands and requirements of our existing and potential customers. Further, our customers have increasingly demonstrated their confidence in our Group as an end-to-end solutions provider as mentioned below. With such a broad product offering, we reduce our reliance on any single product.

Our Group is planning to expand the product range under the existing segments as part of our future product development plan as illustrated in Section 6.8.3 of this Prospectus.

6.5.6 End-to-end Solution Provider

We provide end-to-end solutions for our customers, namely, supply of products (under the animal feed additives, environment maintenance and veterinary pharmaceutical categories), farm management, technical advisory services, raw material analysis and feed formulation. Our Group works closely with our current and potential customers to provide a comprehensive service, which includes pre-sales consultation, user trainings as well as after-sales support.

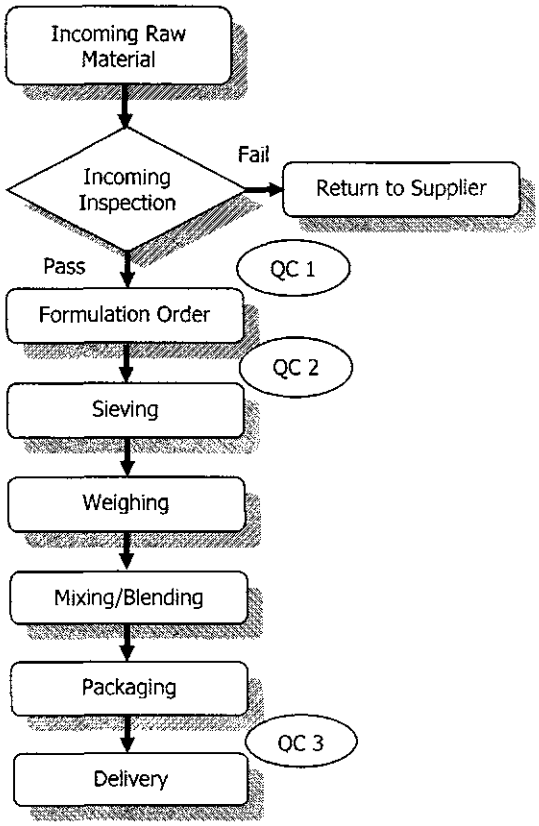
6.5.7 A New Manufacturing Plant In Nilai That Is Purpose Built And Ready For GMP Certification

Our Group has undergone a GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a *"satisfactory – pre-licensing stage"*. GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications.

Our Group views the attainment of the GMP compliance as a pertinent milestone to enable our expansion and development of our planned export markets which requires GMP compliance products to be registered.

6.6 QUALITY CONTROL PROCEDURES

We place significant emphasis on quality. We have established a quality control system that is detailed in the chart below:



(i) Quality Control (QC 1) Incoming Inspection

The specifications of all raw materials used in the production are checked for compliance with the COA for such raw materials issued by our suppliers. A physical test based on the product appearance such as colour and form is performed. Some raw materials are sent to outsourced laboratory for analysis of its specifications. Only approved raw materials are used in our manufacturing process while raw materials which have failed to meet specification will be returned to suppliers.

(ii) Quality Control (QC 2) Formulation Order

A batch number is assigned to each worksheet of a particular product.

(iii) Quality Control (QC 3) Packaging

Labels are printed with batch numbers, manufacturing and expiry dates as well as product specifications which are attached to the finished product. To ensure that our labels are accurate, we conduct random testing by selecting packed finished products for checking (including weighing the products). We also send some samples of our products to third party laboratories for testing to determine if our product are produced according to specifications.

6.7 RESEARCH AND DEVELOPMENT

Our Group's revenue for the past four (4) FYE 31 December 2007 to 2010 predominantly comprise of manufacturing and trading of products which have been developed by our Group as well as third party products. Due to the method of manufacturing of our products which is basically involving the mixing/blending of two (2) or more raw materials/ingredients which are in powder form as detailed in Section 6.2 of this Prospectus, our Group is not involved in research and development activities. Instead, our products are developed through product development process as detailed in Section 6.8 below.

6.8 PRODUCT DEVELOPMENT

One way to stay ahead of our competitors is to offer better products in terms of quality and innovation. As such, our Group places a strong emphasis on continuous product development/identification to cater to the needs of both our existing and potential customers.

6.8.1 Product Development Objectives

Our product development activities focus on innovating new and improved products (i.e. for our in-house manufactured products) and as well as identification of suitable products and suppliers (i.e. for our third-party trading products) which appeal to a wide segment of customers as well as to cater to our customers' specific requirements and needs.

6.8.2 Product Development Achievements

Since 2002, our Group has continuously introduced new manufactured products. Details of these products can be found in Section 6.1.2(ii) of this Prospectus. Notable products from our manufacturing activities are the CT and FMG series of animal feed additives which were introduced in 2002 and have since obtained good response from the livestock industry.

On October 2009, our Group entered into an agreement with UPM Holdings Sdn Bhd, a company owned by UPM, to conduct research on Brozyme, a poultry feed supplement developed by Zeus to determine the effects of this supplement on growth performance, carcass yield and gut micro flora (i.e. microorganisms that live in the digestive tracts of animals) in broiler chickens.

From the results obtained through this experiment, we were able to demonstrate and validate the benefits and effects of Brozyme when applied to feed used in feeding broiler chickens. We have currently included Brozyme in our premix products and this has improved feed efficiency and growth performance in our customers' livestock.

6. BUSINESS OVERVIEW *(Cont'd)*

6.8.3 Future Product Development Plans

Our Group has identified potential products to be manufactured by the Group as well as products to be distributed as detailed below:

Product Group/ Activities	Proposed Development/ Identification Plans	Goals and Objectives	Development Status	Expected Timeframe of Commercial-isation	Estimated Expenditure RM/ per annum
Manufacturing	To collaborate with an Indian company to develop a series of ruminant health products	To develop a series of ruminant top dressing* feed additives in order to improve livestock performance, amongst others, increased growth rate and meat quality	Discussion stage	By mid 2012	60,000^
Trading	To collaborate with our overseas suppliers from India and Peru to introduce aquaculture related products	To develop a series of aquaculture probiotic feed additive in order to enhance farming productivity	Final testing stage	By end 2011	25,000^

Notes:

* *This means applying/spreading an identified feed additive to the surface of grass.*

^ *The future product development plans will be funded by internally generated funds.*

6.9 MAJOR CUSTOMERS

Our major customers (i.e. those contributing 10% or more of our revenue) for the past four (4) FYE 31 December 2007 to 2010, are as follows:

	<--- FYE 31 December ----->				Approximate Length of Relationship	Main Products Supplied in FYE 31 December 2010
Customers	2007	2008	2009	2010	(years)	
Total Revenue (RM'000)	24,526	28,434	34,016	40,728	-	-
	Percentage of Our Group's Total Revenue (%)					
Imbasan Tenggara Sdn Bhd*	18.46	18.67	14.63	16.04	4	Complete feed premix and antimicrobial
Eng Peng Poultry Farm Sdn Bhd*	6.45	6.41	8.53	9.52	9	Complete feed premix and antimicrobial
Total no. of customers	337	293	299	291		

Note:

* *Both customers are involved in the poultry (layer) and swine farming.*

Our Group is dependent on our major customers which collectively contributed 24.91, 25.08%, 23.16% and 25.56% of our total revenue for the FYE 31 December 2007 to 2010 respectively. Nevertheless, we have good business relationships with Imbasan Tenggara Sdn Bhd and Eng Peng Poultry Farm Sdn Bhd for whom we have been dealing with for approximately four (4) and nine (9) years respectively. In addition, our Group has a wide customer base which amounts to approximately 253 customers as at the LPD.

6.10 SUPPLIERS

6.10.1 Types, Sources and Availability of Supplies

The breakdown of the major product types/raw materials purchased by our Group for our manufacturing and trading activities for the FYE 31 December 2009 and 2010 are as follows:

FYE 31 December 2009

Type of Supplies	Type of Products/ Raw Material	Purchases from Local Suppliers (% of Total Purchases)	Purchases from Overseas Suppliers Direct* (% of Total Purchases)	Purchases from Overseas Suppliers Indirect^ (% of Total Purchases)
Raw materials (for manufacturing activities)	• Lysine • Methionine • Dicalcium Phosphate • Vitamins • Minerals • Probiotics	0.98%	1.72%	19.89%
Trading/finished products	All third party products as shown in Section 6.1.2(ii)	4.72%	33.27%	39.42%
Total		5.70%	34.99%	59.31%

Notes:

* *Imported directly from overseas manufacturers, namely HangZhou King and HangZhou Pepshifine Import & Export Co Ltd.*

^ *Purchased from local appointed distributors of the overseas suppliers namely Asia Veterinary Sdn Bhd, Age D'or Sdn Bhd and Times Fine Chemical Sdn Bhd.*

FYE 31 December 2010

Type of Supplies	Type of Products/ Raw Material	Purchases from Local Suppliers (% of Total Purchases)	Purchases from Overseas Suppliers Direct* (% of Total Purchases)	Purchases from Overseas Suppliers Indirect^ (% of Total Purchases)
Raw materials (for manufacturing activities)	• Lysine • Methionine • Dicalcium Phosphate • Vitamins • Minerals • Probiotics	3.03%	1.65%	19.10%

Type of Supplies	Type of Products/ Raw Material	Purchases from Local Suppliers (% of Total Purchases)	Purchases from Overseas Suppliers Direct* (% of Total Purchases)	Purchases from Overseas Suppliers Indirect^ (% of Total Purchases)
Trading/finished products	All third party products as shown in Section 6.1.2(ii)	43.26%	20.22%	12.74%
Total		46.29%	21.87%	31.84%

Notes:

* *Imported directly from overseas manufacturers, namely HangZhou King and HangZhou Pepshifine Import & Export Co Ltd.*

^ *Purchased from local appointed distributors of the overseas suppliers namely Asia Veterinary Sdn Bhd, Age D'or Sdn Bhd and Times Fine Chemical Sdn Bhd.*

All our suppliers are selected based on criteria such as reliability of supply, price competitiveness and product quality.

The purchase prices of our supplies have been fluctuating over the past three (3) years. In the event that there is a major overrun in raw material costs, our Group would impute a certain percentage of the cost increase into the selling price to prevent a significant drop in profit margin.

We are constantly sourcing for more suppliers who are able to provide us with competitive pricing, timely delivery and quality products. To-date, we have not faced any difficulty in the sourcing of our supplies.

6.10.2 Distributorships

We have been granted distributorships by several of our overseas suppliers as detailed below:

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Zhejiang King	Non-exclusive distributor in Malaysia	PeterLabs has been granted the right to distribute all veterinary premix of Zhejiang King in Malaysia. PeterLabs has agreed that it shall not act as a distributor of similar products from another manufacturer.	Complied/ This distributorship has no expiry date and will not expire unless terminated by either party.
Hangzhou King	Non-exclusive distributor in Malaysia	PeterLabs has been granted the right to distribute the following Hangzhou King products: (i) KING-CS 20 (Coated Cysteamine HCI 20%); and (ii) CM 3000 (Coated Sodium Butyrate 30%). PeterLabs has also agreed not to act as a distributor for similar products from another manufacturer.	Complied/ This distributorship has no expiry date and will not expire unless terminated by either party.

6. BUSINESS OVERVIEW *(Cont'd)*

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Choong Ang	Non-exclusive authorised distributor in Malaysia	PeterLabs has been given the authorisation to sell, market and register the following Choong Ang products: (i) Permasol 500; (ii) CYC-Plus; (iii) Alatrolyte; (iv) All-Treat; (v) P-mectin Tablet; (vi) Sarakill; and (vii) Heartsaver No special condition was imposed.	Not applicable / The distributorship has no expiry date i.e. the distributorship will not expire unless terminated by either party.
Zeus	Exclusive Distributorship in: (i) Malaysia; (ii) Singapore; (iii) Brunei; (iv) Indonesia; and (v) Vietnam (except Aquaculture).	PeterLabs has been appointed as the exclusive distributor for the following Zeus products: (i) Niltox; (ii) Livesac; (iii) Microguard; (iv) Selenosac-EC; (v) Brozyme; (vi) Funginil; (vii) Pigzyme; (viii) Chromisac 3000; (ix) Minpork; and (x) Laymore. No special condition was imposed.	Complied/ Valid from 16 August 2010 for 5 years, expire on 15 August 2015.
Kiotech	Non-exclusive authorised distributor in Malaysia	PeterLabs has been appointed as an authorised distributor of Kiotech for the following Kiotech products: (i) Genex Sow; (ii) Multienzyme; (iii) Optimise-M; (iv) Oxigard; (v) Salgard Long Acting Powder; and (vi) Salgard Liquid. No special condition was imposed.	Complied/ Valid from 1 August 2010 for 1 year and will expire on 31 July 2011. This distributorship is renewable automatically on a yearly basis thereafter on terms to be mutually agreed upon by the parties.

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Cenavisa	Sole agent in Malaysia	Cenavisa has via the Agency Agreement dated 22 March 2010 appointed PeterLabs as the sole agent in Malaysia to distribute the following Cenavisa products: (i) Amoxycen 200 L.A; (ii) Cenmicin-LC; (iii) Germ-IOD; (iv) Oxycen 200 L.A; (v) YOD-CEN; (vi) Vitacen AD3E INJ; (vii) Cen-A-Pen Suspension; and (viii) Ivercen-10. No special condition was imposed.	Complied/ This agency is valid for 5 years commencing from 22 March 2010. It will be automatically renewed unless either party provides a written notice to terminate 3 months before the expiry of the initial term.
In Vivo	Exclusive Distributor in Malaysia	PeterLabs has been appointed as the exclusive distributor of In Vivo for the following In Vivo products: (i) T5X SD; (ii) T5X Premium; (iii) Cap' acid Pig; (iv) Stimune Feed; (v) B-SAFE SD; (vi) B-SAFE HC; and (vii) Prisma Jet. PeterLabs shall not distribute In Vivo NSA SA products outside Malaysia.	Complied/ This distributorship has no expiry date and will not expire unless terminated by either party. Either party may terminate this distributorship immediately.
Novus International	Non-exclusive distributor	PeterLabs has been appointed as a distributor for Novus. PeterLabs is responsible , at its own cost to: (i) inform Novus of the packaging requirement for Novus products under Malaysian law; and (ii) comply with all applicable Malaysian laws when selling Novus products.	Complied/ The distributorship has no expiry date i.e. the distributorship will not expire unless terminated by either party.

6. BUSINESS OVERVIEW *(Cont'd)*

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Hipra Malaysia	Non-exclusive distributor	Hipra Malaysia has via the Distribution Agreement dated 8 March 2011 appointed PeterLabs as a distributor in Malaysia to distribute the following Hipra SA products: (i) Auskipra-BK (ii) Auskipra-GN (iii) Mypravac Suis (iv) Rinipravac-DT (v) Eficur (vi) Selectan (vii) Gestavet (viii) Gestavet-Prost (ix) Hipralona Enro-I (x) Megluxin PeterLabs shall not distribute the above Hipra SA products outside Malaysia and PeterLabs has also agreed not to act as a distributor for similar products from another manufacturer.	Complied/ The distributorship has no expiry date. The distributorship will not expire unless terminated: (a) mutually by both parties; or (b) by either party by giving a minimum 1 month/ maximum 3 months prior written notice to the other party; or (c) due to non-performance of either party.
ENV	Exclusive dealer	ENV has via the Agreement dated 7 April 2011 appointed PeterLabs as a dealer in Malaysia to resell the following BioAktiv products, in Category A, and may only resell the products in Category B provided that ENV has given its written approval: <u>*Category A:*</u> (i) BioAktiv for Feed (ii) BioAktiv for Liquid; and (iii) other BioAktiv products authorised by BioAktiv Far East. <u>*Category B:*</u> (i) BioAktiv products in brand name other than "BioAktiv"; (ii) BioAktiv products other than the Category A products in Malaysia except Sarawak; and (iii) BioAktiv products at any prices other than the prices stated in the Agreement.	Complied/ The distributorship has no expiry date.

6. BUSINESS OVERVIEW *(Cont'd)*

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
		PeterLabs shall purchase the Category A products only from ENV and resell them in Malaysia. PeterLabs has also agreed not to act as a dealer for similar products from another manufacturer.	

The contribution of the above suppliers to the total purchases of our Group is as below:

Supplier	<---------- FYE 31 December ---------->							
	2007		2008		2009		2010	
	RM	%	RM	%	RM	%	RM	%
Hangzhou King*	-	-	-	-	584,652	2.72	218,454	0.82
Choong Ang	540,176	3.22	332,833	1.74	309,155	1.44	163,134	0.61
Zeus	881,536	5.26	596,617	3.11	897,162	4.18	685,994	2.57
Kiotech	657,787	3.93	504,174	2.63	653,894	3.04	491,716	1.84
Cenavisa	107,621	0.64	75,066	0.39	112,283	0.52	189,448	0.71
In Vivo	-	-	519,963	2.71	607,142	2.83	1,276,671	4.79
Novus International ^	1,154,876	6.89	2,882,158	15.04	3,602,255	16.77	3,892,214	14.60
Total	3,341,996	19.95	4,910,811	25.63	6,766,543	31.51	6,917,630	25.95
Other Suppliers	13,408,067	80.05	14,252,674	74.37	14,708,365	68.49	19,742,195	74.05
Total Purchases	16,750,063	100.00	19,163,485	100.00	21,474,908	100.00	26,659,825	100.00

Notes:

* *Also includes purchases made from Zhejiang King, which forms part of Hangzhou King.*

^ *Also includes purchases made from Novus Malaysia.*

Save for Novus International which contributed more than 10% of our total purchases, our Group is not dependent on any other distributorships for the FYE 31 December 2010. We believe that the holding of several distributorships mitigates our dependence on any single distributor. In the event that any of these distributorships are terminated by either party, we do not foresee any difficulties in sourcing similar products from any of our existing distributors, or other suppliers in the market.

6. BUSINESS OVERVIEW *(Cont'd)*

6.10.3 Major Suppliers

Our major suppliers (i.e. those who contributed 10% of more of total purchases) for the past four (4) FYE 31 December 2007 to 2010 are as follows:

Suppliers	<---------- FYE 31 December ---------->				Approximate Length of Relationship (years)	Main Products Supplied in 2010
	2007	2008	2009	2010		
Total Purchases (RM'000)	16,750	19,163	21,475	26,660	-	-
Percentage of Our Group's Total Purchase (%)						
Novus International*	6.89	15.04	16.77	14.60	4	Multi nutrient supplements and prebiotics
Times Fine Chemical Sdn Bhd^	13.91	9.56	6.90	7.76	9	Vitamins and minerals
Total no. of suppliers	76	84	93	103		

Notes:

* *Novus International is a global developer of animal health and nutrition programmes for the poultry, swine, beef, dairy, aquaculture and companion animals. They are amongst our suppliers for our trading products.*

^ *Times Fine Chemical Sdn Bhd is an importer and distributor of raw materials for feed additives production.*

Our Group is dependent on our major suppliers which collectively contributed 20.80%, 24.60%, 23.67% and 22.36% of our total purchases for the FYE 31 December 2007 to 2010 respectively. Nevertheless, we have good business relationships with Novus International and Times Fine Chemical Sdn Bhd for whom we have been dealing with for approximately four (4) and nine (9) years respectively. In addition, our Group has sourced our supplies from a variety of suppliers of which our supplier base has amounted to approximately 82 suppliers as at the LPD.

6.11 APPROVALS, LICENCES AND PERMITS

The major licences, permits and registrations of our Group together with the conditions attached and status of compliance are as follows:

Company	Issuing Authority	Issuing Date	Description	Validity Period	Particulars/Conditions	Status of Compliance
Osmosis Nutrition	Jabatan Keselamatan dan Kesihatan Pekerjaan, Negeri Sembilan (JKKP)	19.07.10	JKKP written approval for the installation of machinery- JKKP reference no. NS20103604	This is a one off approval	Written permission was granted for Osmosis Nutrition to install machinery at our manufacturing plant in Nilai at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan. Osmosis Nutrition is required to inform JKKP once the machinery has been installed.	Complied
Osmosis Nutrition	Majlis Perbandaran Nilai	15.10.10	Certificate of Completion and Compliance for new manufacturing plant at Nilai issued under By-law 25 of the Uniform Building By-Laws (Local Authorities, Negeri Sembilan) 1986	This is a one off approval	The manufacturing plant situated at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan has been certified as completed in accordance with the By-Laws, and is safe and fit for occupation.	Complied
PeterLabs	Lembaga Kemajuan Ikan Malaysia (LKIM)	07.06.11	Licence – Importation of Fish Product	01.06.11 to 01.06.12	Nil	Complied
PeterLabs	Majlis Bandaraya Shah Alam	01.01.10	Licence – Warehouse No. MBSA/LSP/LS/600-3/1/587	01.01.11 to 31.12.11	Store licence for warehouse located at No.8, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor.	Complied

6. BUSINESS OVERVIEW *(Cont'd)*

Company	Issuing Authority	Issuing Date	Description	Validity Period	Particulars/Conditions	Status of Compliance
Osmosis Nutrition	Majlis Bandaraya Shah Alam	01.01.10	Store licence No. MBSA/LSP/LS/600-4/1/586	01.01.11 to 31.12.11	Manufacturing of animal feed and warehousing purpose at No.10, 12 & 14, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor.	Complied
Osmosis Nutrition	Jabatan Kesihatan Negeri Selangor	01.03.10	Type A licence under the Poison Act 1952 issued to Low Hong That @ Loh Hong That, as a pharmacist employed by Osmosis Nutrition. Register No. BA763/2010	01.03.11 to 31.12.11	To import, store and deal generally by wholesale only all poisons at No.10, 12 & 14, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor.	Complied
Osmosis Nutrition	Majlis Perbandaran Nilai	01.01.11	Manufacturing licence and warehouse licence under account no. L0013456-3	01.01.11 to 31.12.11	Manufacturing of animal feed at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan and use the same as warehouse.	Complied
PeterLabs	Majlis Perbandaran Nilai	01.01.11	Trading licence and ware house licence under account no. L0013455-2	01.01.11 to 31.12.11	Selling animal feed at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan and use the same as warehouse.	Complied
PeterLabs	Jabatan Kesihatan Negeri Sembilan	22.12.10	Type A licence under the Poison Act 1952 issued to Lee Yin Kim, as a pharmacist employed by PeterLabs. Register No. NA078/2011	01.01.11 to 31.12.11	To import, store and deal generally by wholesale only all poisons at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan.	Complied

6. BUSINESS OVERVIEW *(Cont'd)*

Company	Issuing Authority	Issuing Date	Description	Validity Period	Particulars/Conditions	Status of Compliance
OMS Resources	Majlis Perbandaran Nilai	01.01.11	Trading licence under account no. L0013459-6	01.01.11 to 31.12.11	Selling animal feed at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan.	Complied
Biojava	Majlis Perbandaran Nilai	01.01.11	Trading licence under account no. L0013458-5	01.01.11 to 31.12.11	Selling animal feed at Lot 16014 (PT24341) Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan.	Complied

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6.12 INTELLECTUAL PROPERTY RIGHTS

Our Group currently has no registered intellectual property, other than the domain names. However, we have submitted applications to register the following trademarks with the Intellectual Property Corporation of Malaysia:

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
PLabs & Globe device (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35.	2010021008	Filed on 03.11.2010
OMS (in a series of 3 marks in colour and black & white)	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35	2010021009	Filed on 03.11.2010

6. BUSINESS OVERVIEW *(Cont'd)*

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
OMS (in a series of 3 marks in colour and black & white)	PeterLabs Holdings	42	Analytic laboratory services; analytical laboratory services; chemical laboratory services; laboratory research relating to animal feed and animal feed additives; veterinary laboratory services; all included in Class 42	2010021010	Filed on 03.11.2010
PLabs (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35	2010021011	Filed on 03.11.2010
Biojava (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35	2010021012	Filed on 03.11.2010

6. BUSINESS OVERVIEW *(Cont'd)*

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
PLon & Globe device (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	35	Business development; customer relationship management; marketing services; consultancy and advisory services relating to business development, customer relationship management and marketing services; stock and station agencies (buying and selling of goods); export and import services, not being transport services; distribution of goods, not being transport services (agent, wholesale, representative services, by any means); the bringing together, for the benefit of others, a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase the goods; all the aforesaid relating to animal nutrition and healthcare; all included in Class 35	2010021013	Filed on 03.11.2010
OSMOSIS logo (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal fees; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021015	Filed on 03.11.2010
OSMOSIS logo (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	5	Veterinary preparations and medicines; vitamins and vitamin preparations; medicated feed supplements and additives; foods and food additives for animals for veterinary or medical purposes; pharmaceuticals and medicines for animals; dietetic substances, herbal extracts, herbs, oils, electrolytes, minerals, salts, mineral salts, amino acids, protein additives, enzymes and preparations containing the aforementioned goods, all for medical or veterinary purposes; all the aforementioned goods being for animal use; all included in Class 05	2010021014	Filed on 03.11.2010

6. BUSINESS OVERVIEW *(Cont'd)*

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
BDM (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal fees; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021016	Filed on 03.11.2010
FMG (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	5	Veterinary preparations and medicines; vitamins and vitamin preparations; medicated feed supplements and additives; foods and food additives for animals for veterinary or medical purposes; pharmaceuticals and medicines for animals; dietetic substances, herbal extracts, herbs, oils, electrolytes, minerals, salts, mineral salts, amino acids, protein additives, enzymes and preparations containing the aforementioned goods, all for medical or veterinary purposes; all the aforementioned goods being for animal use; all included in Class 05	2010021017	Filed on 03.11.2010
FMG (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal fees; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021018	Filed on 03.11.2010

6. BUSINESS OVERVIEW *(Cont'd)*

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
OMS & device (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	5	Veterinary preparations and medicines; vitamins and vitamin preparations; medicated feed supplements and additives; foods and food additives for animals for veterinary or medical purposes; pharmaceuticals and medicines for animals; dietetic substances, herbal extracts, herbs, oils, electrolytes, minerals, salts, mineral salts, amino acids, protein additives, enzymes and preparations containing the aforementioned goods, all for medical or veterinary purposes; all the aforementioned goods being for animal use; all included in Class 05	2010021019	Filed on 03.11.2010
OMS & device (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal fees; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021020	Filed on 03.11.2010
PEC (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal fees; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021021	Filed on 03.11.2010

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Registration Application
CT (in a series of 2 marks in colour and black & white)	PeterLabs Holdings	31	Foodstuffs for animals; animal feed supplements and additives not for medical or veterinary purposes, including herbal extracts, herbs, oils, electrolytes being mineral salts, minerals, salts, mineral salts, protein additives and animal food preparations containing the aforementioned goods, not for medical or veterinary purposes; Non-medicated flavouring additives for animal fees; non-medicated additives to animal feed; nutritional supplements for feeding to animals (non-medicated); nutritional additives for animal feed, other than for medical use; all included in Class 31	2010021022	Filed on 03.11.2010

6.13 DEPENDENCY ON PATENTS, INTELLECTUAL RIGHTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS

6.13.1 Dependency on Patents and Intellectual Rights

Save as disclosed in Section 6.12 of this Prospectus, our Group is not dependent on any patents or intellectual property rights for our business operations.

6.13.2 Dependency on Major Licences

Save as disclosed in Section 6.11 of this Prospectus, our Group is not dependent on any major licences, permits or registrations for our business operations.

6.13.3 Dependency on Industrial, Commercial and Financial Contracts

Save as disclosed in Section 6.10.2 of this Prospectus, our Group is not dependent on any material contracts or agreements including industrial, commercial and financial which are material to our business or profitability.

6. BUSINESS OVERVIEW *(Cont'd)*

6.14 PROPERTY, PLANT AND EQUIPMENT

6.14.1 Own Properties

As at the LPD, we own the following properties as set out below:

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Approximate Land Area Sq. Ft.	Approximate Built-Up Area Sq. Ft.	Audited NBV as at 31 December 2010 RM'000	Date of Certificate of Fitness for Occupation
PLON Synergy	**Title:** Geran 212756, Lot 16014 Bandar Nilai Utama Daerah Seremban/ **Address:** Lot 16014, (PT No.24341) Jalan Nilam 3 Bandar Nilai Utama 71800 Nilai Negeri Sembilan	Industrial land erected upon with building which consists of 1-storey factory/ warehouse and attached with 3-storey office area which houses the Group's manufacturing plant and office*^	Freehold	The property is currently charged to United Overseas Bank (Malaysia) Berhad	141,276	52,474	7,005	15.10.2010

Notes:

* *The construction of this new manufacturing plant has recently been completed and has undergone a GMP pre-certification audit on 18 January 2011. As at the LPD, this manufacturing plant is operating at approximately 13.0% of the maximum production output and is expected to be fully operational by the third quarter of the FYE 31 December 2011.*

^ *Osmosis Nutrition owns the building.*

6. BUSINESS OVERVIEW *(Cont'd)*

6.14.2 Rented Properties

We are currently leasing the following properties in which our Group operates in, details of which are as follows:

Tenant	Landlord	Address	Description and Existing Use	Rental Period	Yearly Rental (RM)	Built-Up Area (Sq. Ft)	Land Area (Sq. Ft.)
PeterLabs	Teo Chin Heng, Tan Chin Tee, and Chan Eng Nai	No.8, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor	1 and ½ storey factory used as a warehouse with a storage capacity of 80 tonnes	01.01.2008 to 31.12.2010*	52,800	3,500	3,500
Osmosis Nutrition	Lim Swee Hwa, Tan Chin Tee, Teo Chin Heng and Dr. Teo Kooi Cheng	No.10, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor	1 and ½ storey factory used as a warehouse with a storage capacity of 40 tonnes	01.11.2008 to 31.12.2010*	52,800	3,500	3,500
Osmosis Nutrition	Teo Chin Heng, Tan Chin Tee, Chan Eng Nai, Lim Tong Seng and Dr. Teo Kooi Cheng	No.12, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor	1 and ½ storey factory used as a warehouse with a storage capacity of 80 tonnes	01.11.2008 to 31.12.2010*	52,800	3,500	3,500
Osmosis Nutrition	Teo Chin Heng, Chan Eng Nai, Lim Tong Seng and Tan Chin Tee	No. 14, Jalan Saujana Indah 2 Taman Industri Saujana Indah Seksyen U2, Batu 3 40150 Shah Alam Selangor	1 and ½ storey factory used as a production plant with a capacity of 160 tonnes per month	01.11.2008 to 31.12.2010*	52,800	3,500	3,500

Note:

* *The tenancy agreements for these properties will be renewed automatically and on a monthly basis after 31 December 2010. These monthly tenancies will be terminated when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai.*

6.14.3 Machinery

Our manufacturing plants are equipped with the following machinery:

Company	Machinery and Proposed Usage	Description	Audited NBV as at 31 December 2010 (RM'000)	No. of Units	Maximum Production Capacity (Tonnes per month)
Osmosis Nutrition	Double Action Horizontal Ribbon Mixer^	Feed grade powder mixer	8	2	160
Osmosis Nutrition	EYH4000A Dimensional Mixer*	Feed grade powder mixer	241	2	240
Osmosis Nutrition	EYH 1000 Dimension Mixer*	Feed grade powder mixer	47	1	20
Osmosis Nutrition	EYH800 Dimensional Mixer*	Water soluble powder mixer	39	1	24
Osmosis Nutrition	Dissolver Mixer*	Liquid solution mixer	29	1	30
Osmosis Nutrition	Dissolver Mixer*	Disinfectant liquid mixer	50	1	30
					504

Notes:

^ *This machine will be discontinued when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai.*

* *These machinery are located in our new manufacturing plant in Nilai. The manufacturing plant will be fully operational by the third quarter of the FYE 31 December 2011. These machinery were acquired at a cost of approximately RM1.59 million and will be depreciated according to the accounting policies adopted by the Group thereafter. Further information on our Nilai manufacturing plant is detailed in Section 6.2.1 of this Prospectus.*

6.14.4 Regulatory Requirement and Environmental Issue

As at the LPD, our Group believes that we are in compliance with the relevant regulatory requirements (including the land rules or building regulations) and environmental issues which may materially affect our Group's operations and/or utilisation of assets which include the properties owned and leased by our Group as stated in Section 6.14.1 and 6.14.2 of the Prospectus.

Our Directors are also not aware of regulatory requirement or environmental issue which may materially affect our Group's operations and/or utilisation of assets.

6.14.5 Interruptions to Business and Operations

We have not experienced any material interruption in business which had a significant effect on our operations during the past twelve (12) months preceding the LPD.

6.15 FUTURE PLANS, STRATEGIES AND PROSPECTS

6.15.1 Future Plans and Strategies

Moving forward, our aim is to become one of the leading players in the animal health and nutrition market. In order to achieve that, we have the following plans and strategies which we intend to implement within three (3) years from the date of this Prospectus:

(i) GMP Compliant Status

We believe that by attaining GMP compliance for our new manufacturing plant, our Group will be able to achieve a higher standard of quality for all our products. Our Group has undergone the GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a *"satisfactory – pre-licensing stage"*. The GMP accreditation (when obtained) will provide us with an additional competitive advantage and will allow us to breach into new markets which require livestock health and nutrition products to be manufactured from a GMP compliant plant. The Group views the attainment of the GMP accreditation as a pertinent milestone to enable our expansion and development of our planned export markets which requires GMP compliant products to be registered.

Our production processes at our new manufacturing plant will be GMP compliant, when GMP accrediatation is obtained, and the standard operating procedures of our manufacturing facility are designed to ensure that products are manufactured in a controlled manner under GMP's stringent requirements.

The adoption of this standard in our manufacturing processes will further assist us in regulating all aspects of our manufacturing practices from premises, equipment, personnel, production, quality control and documentation.

Our aim is to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications.

Background of GMP

GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications. The GMP requirements are regulated by NPCB.

GMP implementation in Malaysia began in 1999 in various sectors as follows:

- 1999 – Traditional medicines;
- 2002 – Cosmetics; and
- 2008 – Traditional medicines and health supplements.

On 1 January 2002, NPCB, was accepted as a member of the Pharmaceutical Inspection Co-operation Scheme ("PIC/S"). PIC/S is an international co-operation between authorities of member countries working towards an active and constructive cooperation towards ensuring good quality practices among pharmaceutical product manufacturers via a harmonised adoption of GMP practices.

6. BUSINESS OVERVIEW (Cont'd)

As a means to ensure the maintenance of high standards of quality assurance across the process of developing, manufacturing and controlling medicinal products, the PIC/S Guide to GMP for Medicinal Products and its Annexes were adopted. Although the majority of PIC/S' GMP guidelines apply to medicines and pharmaceuticals intended for human use, it was highly recommended that similar attention towards GMP adoption be given in the manufacture of veterinary products.

The PIC/S recommends the adoption of GMP practices for entities involved in the development and manufacture of biological products, curative pharmaceuticals and medicated feeding stuffs. Most relevant to the animal feed additives market are the recommendation of GMP for manufacturing medicated feeding stuffs and premixes, where:

- A medicated feeding stuff is any mixture of a veterinary medicinal product or products and feed or feeds which is ready prepared for marketing and intended to be fed to animals without further processing because of its curative or preventative properties or other properties (e.g. medical diagnosis, restoration, correction or modification of physiological functions in animals); and
- A pre-mix for medicated feeding stuffs is any veterinary medicinal product prepared in advance with a view to the subsequent manufacture of medicated feeding stuffs.

These include antibiotic feed additives and antibiotic feed additive premixes. Within Malaysia's animal feed additives market, these GMP guidelines only apply to product manufacturers, and only manufacturers producing medicated feeding stuffs/ antibiotic feed additives.

At present, the NPCB has indicated intentions to make certification compulsory commencing 1 January 2012, as stipulated in Directive No. 1 - Year 2010, Under Regulation 29 of the Control of Drugs and Cosmetics Regulation 1984, as circulated by NPCB through its letter dated 5 January 2011, which states, amongst others:

> Paragraph 3.2
> *"In the interim period, the registration of Veterinary products should only be considered if the manufacturer has Good Manufacturing Practice (GMP) status for sterile products, while for non-sterile products, the registration of this product may be considered for approval even though the manufacturer involved has not had the status of GMP"*
>
> Paragraph 3.3
> *"Product registration will be cancelled for manufactures whom have yet to meet the GMP requirement after 1 January 2012"*

As GMP requirement will only be enforced from 1 January 2012 onwards, and our Group is not involved in the manufacture of sterile products, during this interim period, our Group and other manufacturers in the industry shall not be able to enjoy the potential price increase for products, which is manufactured from a GMP compliant factory, i.e. our Group shall only be able to increase it selling prices on a staggered basis when GMP has been enforced and other manufacturers are also being subjected to the said GMP requirements.

As all products manufactured and distributed by our Group (i.e. animal feed additives, environment maintenance products and veterinary pharmaceuticals) and by any other manufacturers/players who operate within the animal health and nutrition market are required to be registered under Regulation 7 of the Control of Drugs and Cosmetics Regulations 1984, and as registration of products for the manufacturer who have yet to meet GMP requirements after 1 January 2012 will be cancelled, therefore, this shall create a level playing field for all players in the industry. Such effort by the Government will eventually lead to compliance by all manufacturers/players with the GMP requirements.

6. BUSINESS OVERVIEW (Cont'd)

If the GMP enforcement is delayed, the potential impact to the Group is analysed as below:

- The GMP requirement governs the production processes and standard operating procedures to ensure that products are manufactured in a controlled manner, consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications. As such, in the event of any delay, our manufacturing activities will continue as usual, and our financials will not be impacted materially save that the Group may be subject to gross profit margin attrition of approximately 2.0% during the initial production period (assuming there will be an increase in revenue due to the increase in our production output in our Nilai manufacturing plant coupled with upward adjustments on the pricing of our GMP compliant products to be implemented on a staggered basis). However, on a worst case scenario, assuming that our revenue for the FYE 31 December 2011 is maintained as per the FYE 31 December 2010, the initial introduction of our GMP compliant products may subject our Group to a gross profit margin attrition of approximately 17.0% during this period. This is mainly due to our Group having to bear the initial amortisation of the capital expenditure of our new GMP plant (assuming a full year of depreciation charge) with the plant operating less than its optimal production capacity coupled with no upward adjustments to the pricing of our products, as disclosed in Section 4.1(xi) and Section 12.1(iv)(d) of this Prospectus due to the gestation period as discussed in Section 4.1(xi) of this Prospectus;

- Minimal impact to the Group's future GP margin since the costs involved to put in place the relevant production processes and standard operating procedures to comply with GMP requirements, amongst others, are:

  - One-time and fixed in nature which relates to and incurred during the construction of our plant (such as installation of HVAC System, water treatment plant and etc. as disclosed in Section 6.2.1 of this Prospectus) and initial costs such as consultancy fees (as disclosed in Section 10.1 of this Prospectus) and GMP related seminar and training for our key management and staff (as disclosed in Section 8.9.2 of this Prospectus); and

  - Manufacturing expenses/overheads of which the increase or decrease is not directly in proportion to the level of cost of goods sold (such as depreciation, salary and wages, electricity and water).

Nevertheless, it is beneficial for the local animal feed additives manufacturers producing antibiotic and medicated feed additives to adopt these guidelines to boost the quality credentials of locally manufactured medicated feed additives products. This is especially pertinent should local market players desire to penetrate export markets. Many countries, including PIC/S' 26 member countries require imported pharmaceutical products to be GMP-certified in order to be legally registered and sold locally.

Being GMP compliant in Malaysia is important to the local animal health and nutrition manufacturers as it would enable the industry players:

- to register animal feed additives and veterinary products in Malaysia (a requirement under Regulation 7 of the Control of Drugs and Cosmetics Regulations 1984); and
- to export animal feed additives and veterinary products to overseas market which requires GMP accreditation for product registrations

GMP Requirements

The basic requirements to be GMP compliant are follows:

(a) All manufacturing processes are clearly defined, systematically reviewed and are shown to be capable of consistently manufacturing products of the required quality and complying with the product specification;

(b) Critical steps of the manufacturing process and significant changes to the process are documented and validated;

(c) All necessary facilities for GMP are provided including:

- Qualified and trained personnel;
- Adequate premises and space;
- Suitable equipment and services;
- Correct materials, containers and labels;
- Approved procedures and instructions; and
- Suitable storage and transport.

(d) Instructions and procedures are written in an international forum in clear and unambiguous language, specifically applicable to the facilities provided;

(e) Operators are sufficiently trained to operate the required equipments;

(f) Records are made manually and/or by recording instruments during the manufacturing process to ensure that the procedures and instructions were carry out appropriately to produce the required quantity and quality of the products. Any significant deviations or faults are investigated;

(g) Records of the entire manufacturing process including distribution is recorded to enable a complete history of a batch of products to be traced is to be retained in a comprehensible and accessible form;

(h) The risks associated in the transportation and distribution of the products are minimised to uphold the quality of the product;

(i) A system is in place, if required, to recall any batch of products from the distribution and sales channels; and

(j) Product complaints are examined, the causes of quality defects investigated or identified and appropriate measures are taken to correct defective products and to prevent re-occurrence.

Status of our GMP Accreditation

Our Group has undergone the GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "*satisfactory – pre-licensing stage*". On 25 February 2011, the Group had submitted a report to NPCB, detailing actions taken to address certain issues identified by NPCB during the said pre-certification audit.

As currently the GMP certification is only required for manufacturers of sterile products and the GMP certification requirements will be fully enforced for all types of veterinary products commencing 1 January 2012, the Group shall only put in its application for the GMP certificate (license) in 2012.

(ii) Entry into New Markets and Further Development of Current Markets

In line with the Malaysian Government's recent launch of the Economic Transformation Programme ("ETP"), the agriculture sector is set to play a major role in contributing to the economic growth of Malaysia. In addition, the aquaculture and ruminant sectors have been highlighted and promoted in the ETP. To capitalize on this, our Group has taken the initiative to explore the opportunities in the aquaculture sector by establishing contacts with our overseas suppliers from India and Peru to discuss about the development of a series of aquculture probiotic feed additive. Our Group is also in the midst of collaborating with an Indian company to develop a series of ruminant top dressing feed additives to improve livestock's performance.

Further details about our Group's entry into new markets and further development of the current markets are detailed in Section 6.8.3 of this Prospectus.

(iii) Further Development of Export Markets

There is a growing demand for animal feed supplement products, veterinary, animal health products and biologicals in the Asia Pacific region as well as globally.

Our Group intends to further develop and expand our export markets to countries such as Indonesia, Saudi Arabia, Bangladesh and Philippines. These countries require stringent quality controls including GMP compliance for foreigners intending to export and market their veterinary pharmaceutical products (a subset of animal health and nutrition products) in these countries. Quite often the need for this GMP compliance is enforced indirectly and is raised when an application to register our products is made to the relevant government bodies that regulate the sale and use of animal health and nutrition products in these countries.

Being GMP certified is an added advantage as GMP is an internationally recognised quality system which provides guidance and outlines on the production and testing processes with the objective to improve quality of end products. This will give a competitive advantage when venturing into overseas markets. Our Group also intends to expand its product portfolio to include more innovative products to suit the needs of both local and foreign customers.

The Group has set up a business development team in the fourth quarter of 2010 and comprises five (5) persons led by Dr. Teo Kooi Cheng and Dr. Gan Yee Haw to explore the overseas markets. The team have since conducted various market surveys in a number of Asian countries and have been actively seeking for strategic local players in Indonesia, Saudi Arabia, Bangladesh and Philippines to distribute the Group's products. As at the LPD, the Group has not granted any distributorship in these counties.

The team have also actively participated in overseas tradeshows, the most recent being the Indo Livestock, held in Jakarta in 2010 and the 7th International Poultry Show & Seminar, held in Bangladesh in 2011. The aim of participating in these trade shows is to promote the Group's products and to build-up contacts with the local market players.

6.15.2 Prospects

The prospects of our Group is favourable in light of the following factors:

- Sustained business performance;
- Competitive advantages; and
- Future plans to provide sustainable growth.

(i) Sustained Business Performance

Our Group's business performance for the past four (4) FYE 31 December 2007 to 2010 is as follows:

	<---------- FYE 31 December ---------->			
	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Revenue	24,526	28,434	34,016	40,728
PAT	2,022	2,987	4,428	5,948

The growth of our Group for the past four (4) FYE 31 December 2007 to 2010 is as follows:

- Average annual growth rate for our revenue is 17.38%; and
- Average annual growth rate for our PAT is 37.16%.

(ii) Competitive Strengths

Our Group's competitive strengths will provide a platform for us to become a stronger player within the animal health and nutrition markets. We will continue to maintain and further strengthen our key competitive strengths as described in Section 6.5 of this Prospectus.

(iii) Future Plans to Provide Sustainable Growth

Our Group's future plans and strategies will provide a platform for our aim to become one of the leading player in the animal health and nutrition market.

These future plans include:

- Expansion of our capacity with the completion of the new manufacturing plant in Nilai;
- Obtain GMP accreditation for our new manufacturing plant to achieve higher quality standards for all our products which will allow us to enter into new markets which requires GMP compliant livestock health and nutrition products; and
- Penetration into new markets and further development of current markets.

Based on the existing performance and positive outlook of the animal health and nutrition market as detailed in Section 7.10 of this Prospectus, we are optimistic of our Group's continued success. Together with our strength and future plans and strategies, we will leverage on the favourable trends within the livestock industry and animal health and nutrition market to penetrate into new markets and further development of current markets. While we acknowledge the existence of challenges in the markets we serve as outlined in Section 4 of this Prospectus, we are fully committed to making our business a success and are confident that our future strategies will facilitate the achievement of our goals.

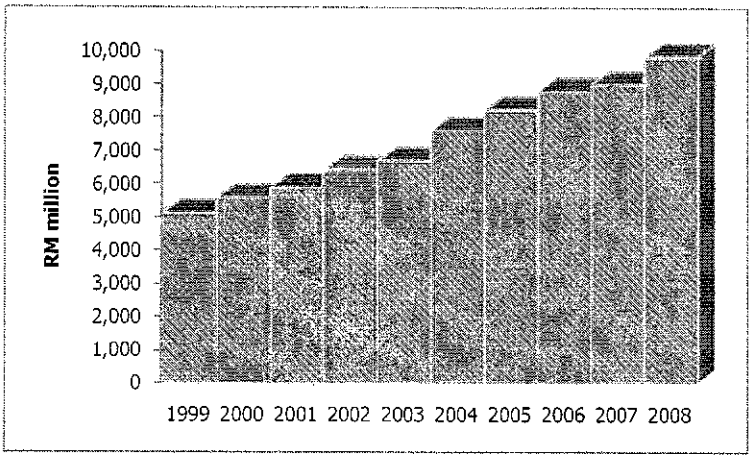
7. INDUSTRY OVERVIEW

7.1 OVERVIEW OF THE LIVESTOCK INDUSTRY IN MALAYSIA

The animal health and nutrition market and the animal feed additives market in Malaysia is a part of the larger livestock industry. Products from both markets are a critical part of a livestock farm's operations in ensuring proper nutrition, health and hygiene of livestock.

The Malaysian livestock industry is an important component of the country's agriculture sector as it contributes directly towards the production of food commodities. The Malaysia's production of livestock from 1999 to 2008 has been on the rise, as shown below:

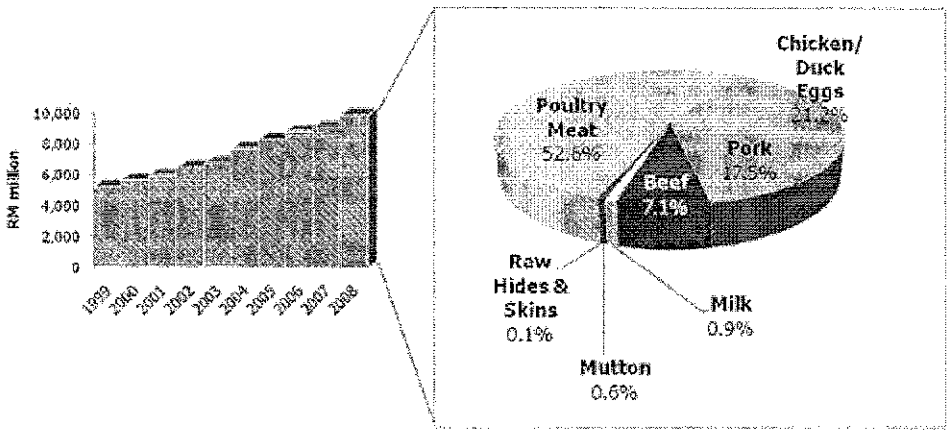
Production Value of Livestock in Malaysia, 1999-2008



(Source: IMR Report by Protégé Associate)

In 2008, the total livestock output of Malaysia was projected to hit RM9.85 billion representing growth of 9.2 percent from 2007. The production value for livestock in 2008 can be further segmented as follows – with poultry products topping the list, followed by eggs, pork, beef and others. This is as illustrated below:

Breakdown of Livestock Production by Value, 2008



(Source: IMR Report by Protégé Associates)

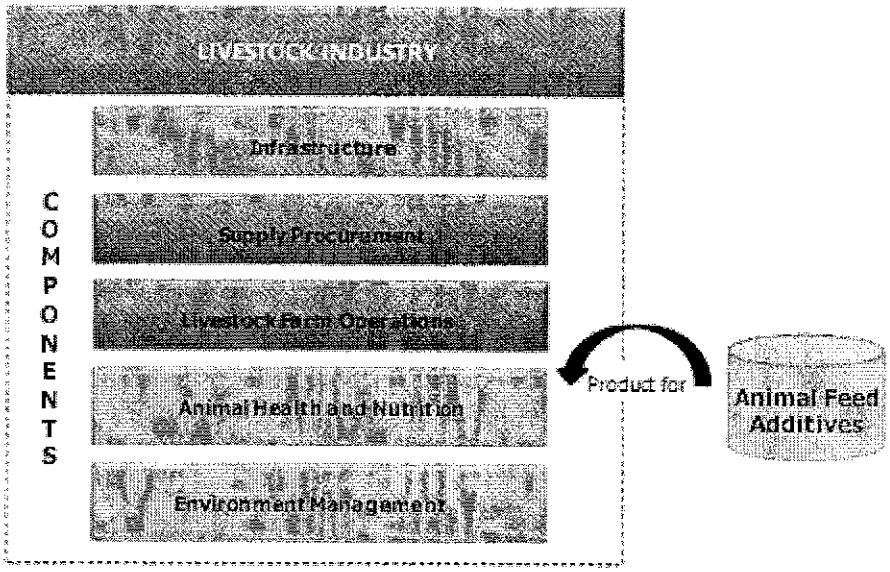
7. INDUSTRY OVERVIEW *(Cont'd)*

7.2 OVERVIEW OF THE ANIMAL HEALTH AND NUTRITION MARKET IN MALAYSIA

Animal health and nutrition is a vital function of livestock farming operations. It serves the livestock industry in achieving 2 main objectives i.e. ensuring that animals are untainted and safe for human consumption, free of disease, and of an acceptable level of quality and taste; and also helping to increase a farm's yield by decreasing mortality rates and ensuring that animals stay healthy during its growth to marketable size.

The animal health and nutrition component of the livestock farming operations involves 4 main processes of feed formulation, feed milling, disease prevention and control and therapeutic treatment. Both the feed formulation and feed milling processes will formulate, plan for and subsequently include the addition of animal feed additives into the feed.

Position of the Animal Feed Additives Market within the Livestock Industry and Animal Health and Nutrition Market in Malaysia



Note: Marketable livestock products are harvested and packaged before they are distributed to end-user markets. The process of harvesting and distribution are part of the livestock farm operations component.

(Source: IMR Report by Protégé Associates)

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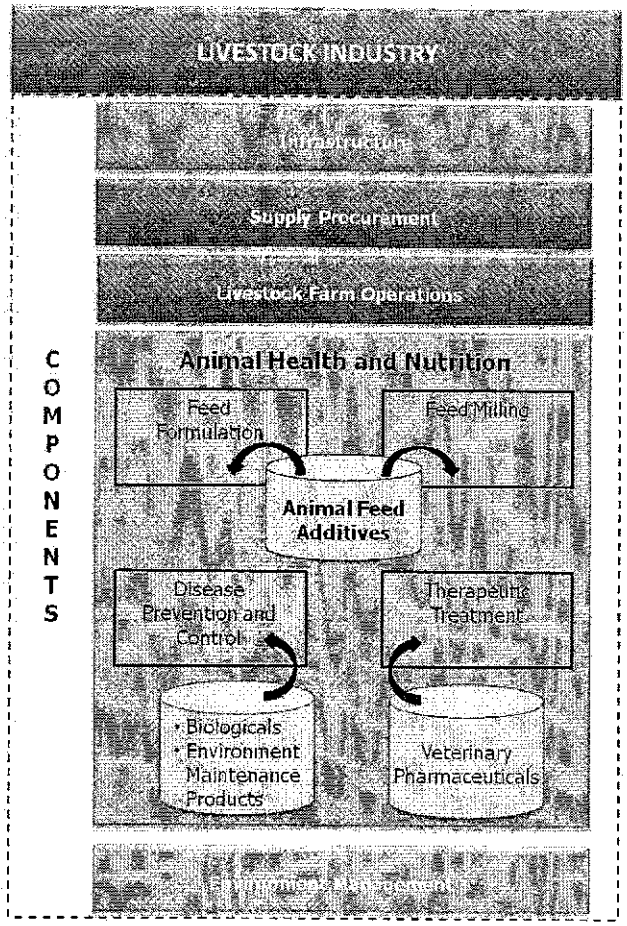
7. INDUSTRY OVERVIEW *(Cont'd)*

The following illustrates the respective product inputs for each process of the animal health and nutrition market.

Animal Health and Nutrition Processes and Required Product Inputs



Note:

Denotes a product which correlates to the respective process

(Source: IMR Report by Protégé Associates)

The sale of the required product inputs for the animal health and nutrition processes leads to the development of what is known as the animal health and nutrition market which includes the following products:

- Animal feed additives - To provide specific health or nutrition effects (e.g. promoting growth, ensuring balanced nutrition, increasing livestock appetite, enhancing digestion and absorption of nutrients, controlling intestinal health and keeping feed safe from harmful parasites, pollutants and mould.
- Biologicals - To prevent disease outbreaks among livestock animals through stimulating an animal's immune system to develop more antibodies to counter various pathogens.

- Environment maintenance products - To ensure the cleanliness and health of livestock animals through maintaining hygiene levels at a livestock farm.
- Veterinary pharmaceuticals - To cure disease in animals upon infection.

Other than the sale of products in the form of animal feed additives, biologicals, environment maintenance products and veterinary pharmaceuticals, the Malaysian animal health and nutrition market also includes a range of value-added services. These services are provided by market players to aid farmers in managing the health and nutrition of their livestock. They include veterinary services, feed milling and feed formulation services, farm cleaning services and others.

7.3 ANIMAL HEALTH AND NUTRITION MARKET PLAYERS IN MALAYSIA

The following are the key types of market players, their descriptions and a listing of the top players.

Type	Description	Top Market Players
Domestic product manufacturer	• Involved in the development and manufacture of proprietary health products • Vested in product research and development • May distribute products of other brands to enhance product portfolio	• PeterLabs Holdings • Sunzen Biotech Bhd ("Sunzen") • Range Pharma Sdn Bhd ("RPSB") • Nam Pharma Animal Health Sdn Bhd ("Nam Pharma") • Pahang Pharmacy Sdn Bhd • Rhone Ma Malaysia Sdn Bhd ("Rhone Ma")
Distributors	• Involved in the marketing and distribution of various local and international brands • Some may offer value-added services which include feed formulation and milling, feed cleaning and management services	• Asia Veterinary Sdn Bhd ("AsiaVet") • Danberg (M) Sdn Bhd ("Danberg") • Gladron Chemicals Sdn Bhd ("Gladron") • Pacific Vet Group (Malaysia) Sdn Bhd ("Pacific Vet") • Age D'Or Sdn Bhd ("ADSB") • Agritech Enterprise Sdn Bhd ("Agritech") • Ritma Prestasi Sdn Bhd ("Ritma") • Borneosew Medical Trading (M) Sdn Bhd ("Borneosew") • SCC Holdings Bhd ("SCC") • Agro-Farmchem Sdn Bhd ("Agro-Farmchem")
Subsidiaries of international product manufacturers	• Act as trade representatives and agents solely for parent brands	• Behn Meyer • Alltech Biotechnology Malaysia Sdn Bhd ("Alltech") • Biomin (Malaysia) Sdn Bhd ("Biomin") • Elanco (a division of Eli Lilly (M) Sdn Bhd) • Lohmann Animal Health (Malaysia) Sdn Bhd ("Lohmann")

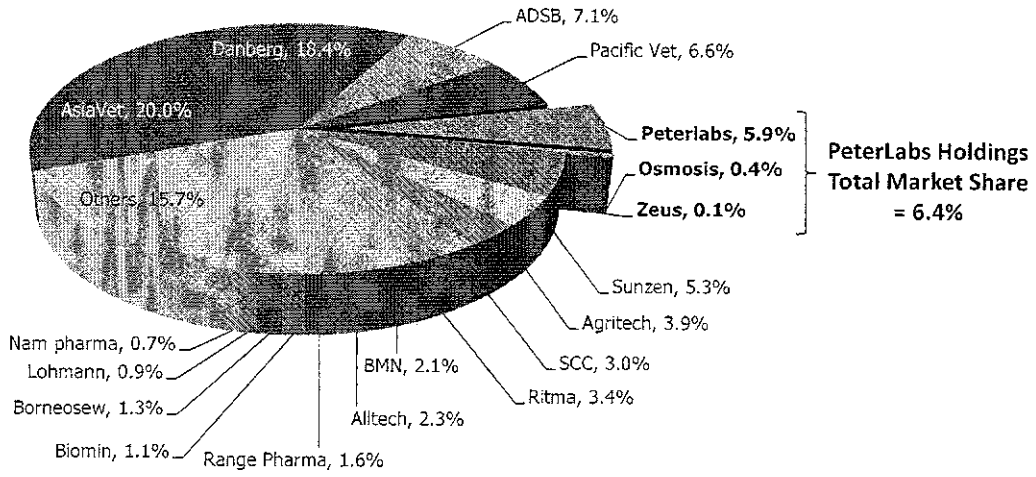
7. INDUSTRY OVERVIEW *(Cont'd)*

7.4 MARKET SIZE AND MARKET SHARE ANALYSIS

Malaysia's animal health and nutrition market was valued at RM529.0 million in 2009, of which our Group's animal health and nutrition products is estimated to have a market share of approximately 6.4%. PeterLabs Holdings' revenue stood at RM34.0 million in 2009.

The market size was estimated based on the total revenues generated by market players in 2009. The following is a market share breakdown of key market players including our Group by revenue within the wider animal health and nutrition market in 2009.

Market Share of Key Market Players within the Animal Health and Nutrition Market by Revenue, 2009



Notes:

(i) *Revenues of market players could not be segmented further according to various animal health product types e.g. feed additives, biological, veterinary pharmaceuticals and etc.*

(ii) *PeterLabs Holdings' market share is based on the combined revenues from its subsidiaries PeterLabs, Osmosis Nutrition and OMS Resources.*

(iii) *2009 revenues for Gladron, Agro-Farmchem, Rhone Ma and PPSB were not obtainable from the CCM during the time of this report.*

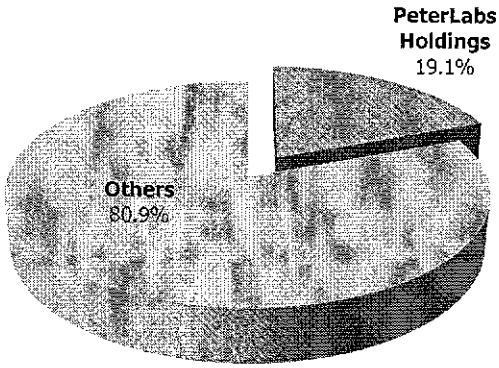
(iv) *Sunzen and SCC are listed on the ACE Market of the Bursa Malaysia.*

(Source: IMR Report by Protégé Associates)

In 2010, the total revenue of the animal feed additives market in Malaysia stood at RM213.5 million. By 2015, this is expected to grow to RM291.1 million, representing a CAGR of 6.4 percent over the next 5 years. The growth is expected to be driven by demand conditions which include the derived demand from the growing Malaysian livestock industry, scientific advancement in non-antibiotic feed additives and a changing preference towards non-antibiotic feed additives.

Based on our Group's revenue derived from the sale of animal feed additives of RM40.73 million for the FYE 31 December 2010 and the revenue of the Malaysian animal feed additives market in 2010 of RM213.5 million, our Group is estimated to have a market share of approximately 19.1 percent.

Market Share of PeterLabs Holdings within the Animal Feed Additives Market, 2010



Note:

Market share of other players is not obtainable due to the lack of similar revenue segmentation or latest official financial information.

(Source: IMR Report by Protégé Associates)

7.5 GOVERNMENT LAWS AND REGULATIONS

(i) Feed Act 2009

The Feed Act 2009 came into effect on 1 January 2010. The purpose of the Feed Act 2009 is to regulate feed quality by controlling the manufacture, import, sale and use of animal feed and feed additives as a means to ensure that animal welfare is preserved, and resulting animal products are not contaminated so that they are safe for human consumption. A Feed Board has been established very recently under the Feed Act 2009. This Feed Board is chaired by the Director General of the DVS. The Feed Board is still in its infancy and has yet to take in applications for or issue licences under the Feed Act 2009.

(ii) Animals Act 1957

The Animals Act 1957 provides that no person shall knowingly import into Malaysia or shall have in his possession any living germ or virus or any bacterial culture, of a nature that is potentially harmful or dangerous to animals without the previous written permission of the Director General of the DVS. Consistent with this position, the DVS has required animal feed additive manufacturers, importers and sellers to register their products with them if such products contain bacterial cultures. It is expected that the Animals Act will become less prominent in the future once the Feed Act 2009 and the licensing and registration regime that is expected to be contained in its regulations is introduced and fully implemented later.

(iii) Poisons Act 1952

The Poisons Act 1952 seeks to regulate the importation, possession, storage or use of the poisons that are listed in its schedules. As such, only a person, usually a pharmacist, that is licensed under the Poisons Act 1952 may import possess, store or use the scheduled poisons.

(iv) Sale of Drugs Act 1952

The Sale of Drugs Act 1952 seeks to govern and control the sale of drugs in Malaysia. The Sale of Drugs Act 1952 regards "drugs" as any substance, product or article intended to be used or capable of being used on humans or on any animal, whether internally or externally, for medicinal purposes.

The regulatory control that is mentioned above is achieved through the Control of Drugs and Cosmetics Regulations 1984, subsidiary legislation passed under the Sale of Drugs Act. Very briefly, the Control of Drugs and Cosmetics Regulations 1984 requires drugs including those that are used on animals to be registered with the NPCB.

(v) Price Control (Labelling by Manufacturers, Importers, Producers or Wholesalers) Order 1980 ("Labelling Order 1980")

The Labelling Order 1980 requires manufacturers, importers, producers or wholesalers of pre-packed goods (including compounds or substances that may be contained in animal feed) to label their goods in a manner that is in conformity with the Labelling Order 1980. The labels of these pre-packed compounds or substances must indicate the appropriate designation of the goods, the minimum weight, quantity or amount of the goods in the package, the name and address of the manufacturer, importer, producer or wholesaler of the goods and the chemical composition of the goods.

(Source: IMR Report by Protégé Associates)

As at the LPD, our Group are in compliance with the abovementioned government laws and regulations which may materially affect our Group's operations.

7.6 DEMAND CONDITIONS

7.6.1 Factors Driving Demand for Animal Feed Additives

(i) Derived Demand from Livestock Industry Leading to Correlating Growth Patterns

As demand for animal feed additives is derived from the needs of the livestock industry in maintaining its animals' health, quality and quantity, the anticipated growth in the livestock industry will lead to a correlating growth pattern for the animal feed additives market in Malaysia.

(ii) Scientific Advancement of Non-Antibiotic Feed Additives

While demand is usually an externally driven event and led by the purchasers/ consumers/ users of various markets, in certain instances demand may be due to internal forces – e.g. the development of new and innovative products. Within the animal feed additives market, scientific advancement of non-antibiotic feed additives is one such internal force which will propel market demand and growth.

(iii) Changing Preference towards Usage of Non-Antibiotic Feed Additives

The Malaysian livestock industry is also expected to trend towards increasing the use of non-antibiotic feed additives in the long term. The main factors leading to the change towards greater use of non-antibiotic animal feed additives includes the increasing consumer awareness on health and environmental impact of antibiotic feed additives, stringent global regulatory trends, a proactive change by the local livestock industry, support from local animal feed additives manufacturers and local regulatory pressure.

7.6.2 Factors Restraining Demand for Animal Feed Additives

(i) Disease Outbreaks Affecting Livestock Industry

Disease outbreaks affecting livestock result in culling – which reduces the number of livestock animals and thus leading to lesser demand for animal feed additives within a short period of time, before livestock population can be increased again. While this has only a moderate effect and is restrained to a short time period, it nonetheless affects demand within the market. For instance, during the Nipah virus outbreak in 1998 there was large-scale culling of swine stocks, leading to greatly decreased livestock populations. The avian flu outbreak, and more recently the H1N1 swine flu pandemic in 2009 to some extent scared consumers off the consumption of chicken and pork respectively. In the latter outbreak, pork was still safe for consumption, but the outbreak's origin from the swine negatively altered consumer perception of pork consumption. In either case, local livestock production was hampered, leading to falling demand for animal feed and feed additives. Similar outbreaks in the future could have similar effects on livestock demand and supply, as well as the demand for animal feed additives.

(Source: IMR Report by Protégé Associates)

7.7 SUPPLY CONDITIONS

7.7.1 Factors Driving Supply for Animal Feed Additives

(i) Established Market Players with Proven Track Record

The market for animal feed additives in Malaysia is one that is matured, with established market players contributing in their various roles – whether as domestic product manufacturers, distributors or subsidiary of international product manufacturers. This aids the market in ensuring a continuous supply of animal feed additives that meets the standard of quality and also meets the needs of the local livestock industry. The animal feed additives presently sold in Malaysia are either brands from internationally recognised manufacturers or locally developed products which have managed to break into the market due to the efficacy of their products. In addition, key market players have had many years of experience – for instance, some of the key players began operations at least 20 to 30 years ago, among which include SCC (established 1974), AsiaVet (established 1981), Danberg (established 1980), Gladron (established 1982) and Agritech (established 1980) to name a few.

(ii) Government Focus on Biotechnology Provides Financial Incentives

According to the Malaysian Biotechnology Information Centre ("MABIC") and the Malaysia Industrial Development Authority ("MIDA"), the Malaysian government provides tax incentives for companies in the biotechnology sector. This may likely benefit domestic product manufacturers as financial incentives can further enable the companies to carry out greater research into the non-antibiotic animal feed additives product categories, and hence this supply condition contributes positively towards the market. Under the National Biotechnology Policy, various tax incentive schemes include tax exemption, tax deductions for BioNexus Status Companies and biotechnology funding for Bionexus Status Companies.

7.7.2 Factors Restraining Supply for Animal Feed Additives

(i) High Capital Requirements and Technological Expertise Required for Manufacturing

A negative supply condition which may act to deter growth of the market is the high capital requirements and technological expertise required for manufacturing of animal feed additives.

Feed additives manufacturing is a capital intensive activity requiring substantial investment in technological research and development, machinery and equipment, manufacturing and logistics facilities and others. Such investments are necessary prior to the set up of a manufacturing facility and regularly throughout the company's lifecycle in order to keep up with changing trends in the global and local market. The need for high technology research and development coupled with the suitable technical expertise for such initiatives is especially pertinent. As the animal feed additives market transitions towards the use of non-antibiotic feed additives, new manufacturers will need to commit substantially to the development and innovation of new product types to differentiate themselves from existing market offerings. These factors may become a barrier to entry for new entrants. However, due to the fact that there are many established market players (around 50 to 60), this negative supply condition will only minimally impact the market, as it affects mainly new entrants into the market.

(Source: IMR Report by Protégé Associates)

7.8 SUBSTITUTE PRODUCTS

There are currently no good substitutes to animal feed additives. There is substitution between antibiotic and non-antibiotic, and also competition within each category, but there are no substitutes to feed additives as a whole category.

(Source: IMR Report by Protégé Associates)

7.9 RELIANCE AND VULNERABILITY TO IMPORTS

The Malaysian animal feed additives market features many imported products, distributed by local distributors or subsidiaries set up by international market players. However, there is no risk related to this reliance on imports as all market players usually have a portfolio of products to cater to the market. In addition, domestic product manufacturers are very much shielded from any risk on imports as they are able to produce their own in-house products. In terms of raw material supply, local feed additives manufacturers may rely on imported materials. Nevertheless these are widely available from various countries and suppliers, thus mitigating risks related to obtaining critical raw material supply.

(Source: IMR Report by Protégé Associates)

7. INDUSTRY OVERVIEW *(Cont'd)*

7.10 FUTURE GROWTH, PROSPECTS AND OUTLOOK OF THE INDUSTRY

In 2010, the total revenue of the animal feed additives market in Malaysia stood at RM213.5 million. By 2015, this is expected to grow to RM291.1 million, representing a CAGR of 6.4 percent over the next 5 years. As a market that is relatively mature, the ability of the animal feed additives market to maintain a consistent growth performance is a positive sign.

This bright outlook is well supported by trends of steady growth within Malaysia's livestock industry. The market is also expected to expand at a slightly accelerating pace moving forward as livestock farmers gradually switch to the use of higher-value non-antibiotic feed additives from in-feed antibiotics. This will be further aided by the scientific advancements expected within the segment which will enable better products to enter the marketplace.

On the supply side, the existence of established market players with a good track record ensures the continued supply of proven brands and high quality products within the market. The Malaysian government's focus on biotechnology as a growth sector for our economy has also led to financial incentives which will benefit domestic animal feed additives manufacturers, as they continue to conduct research into the growth segment of non-antibiotic animal feed additives.

Market growth may only be slightly limited in the event of disease outbreaks leading to a reduction in livestock animal quantity. However, this will only be for a short duration before livestock numbers are expected to increase again, leading to a dip in the sales, but not the overall market viability. Market growth may also be slightly impacted as the high capital requirements and requirement for technical skills may limit new entrants from participating in the manufacture of animal feed additives locally. However, this is not expected to be a significant issue as there are already approximately more than 50 established market players in the animal feed additives market in Malaysia today.

(Source: IMR Report by Protégé Associates)

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Shareholdings

The shareholdings of our Promoters and/or substantial shareholders in our Company before and after our IPO are as follows:

			<---------- Before IPO ---------->				<---------- After IPO ---------->			
			<----- Direct ----->		<--- Indirect--->		<----- Direct ----->		<--- Indirect--->	
Name	Designation	Nationality	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
Promoters										
Lim Tong Seng	Executive Chairman / Managing Director	Malaysian	24,945,892	14.42	-	-	18,443,238	9.81	-	-
Teo Chin Heng	Executive Director	Malaysian	32,066,934	18.54	-	-	25,565,245	13.60	-	-
Dr. Teo Kooi Cheng	Executive Director	Malaysian	24,945,892	14.42	-	-	18,443,238	9.81	-	-
Lau Yeng Khuan	Executive Director	Malaysian	10,393,062	6.01	-	-	9,400,645	5.00	-	-
Kho Siaw Sua	Regional Sales Manager	Malaysian	10,977,542	6.35	-	-	9,400,000	5.00	-	-
Chan Bee Chuan	Regional Sales Manager	Malaysian	11,099,421	6.42	-	-	9,400,000	5.00	-	-
Substantial shareholders										
Tan Chin Tee*	-	Malaysian	14,010,621	8.10	-	-	7,507,983	3.99	-	-
Beh Boon Seong*	Finance Director of PeterLabs	Malaysian	9,658,806	5.58	-	-	5,704,271	3.03	-	-

Note:

* *Will cease to be a substantial shareholder of our Group subsequent to the IPO*

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.1.2 Profile of Promoters and Substantial Shareholders

Lim Tong Seng, Malaysian, aged 51
Co-founder, Promoter and Executive Chairman / Managing Director

Lim Tong Seng was appointed to the Board on 28 July 2010 as a Director and re-designated as the Managing Director of our Group on 1 September 2010. Mr Lim was also appointed as the Executive Chairman of our Group on 1 November 2010. He currently heads our Group's operations. He completed his secondary school education in 1977 and has since accumulated over 32 years of experience in the livestock industry, mainly in the animal health and nutrition sector. He is also a committee member of the Malaysian Animal Health and Nutrition Industries Association.

Mr Lim's career in the livestock industry began when he joined the feedmill division of Industrial Farm Pte Ltd, a Singapore commercial pig farm in 1978 as a Feedmill Executive. In 1984, he assumed the position of Production Executive at Agrinuser (M) Sdn Bhd, a feed additive premix manufacturing company. In 1989, he founded Benuser and spearheaded the company's operations in manufacturing various feed additives and premixes for the livestock industry.

In 2002, Mr Lim left Benuser and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy together with two (2) directors from Chern Tek, namely Teo Chin Heng and Dr. Teo Kooi Cheng. Mr Lim was appointed as the Executive Director of PeterLabs in 2002 and subsequently was promoted to Managing Director in 2008.

Teo Chin Heng, Malaysian, aged 58
Co-founder, Promoter and Executive Director

Teo Chin Heng was appointed to the Board on 1 September 2010 as an Executive Director and is currently heading the Supply Chain Department. He graduated from National Chengchi University in Taiwan with a Bachelor of Economics in 1978 and has since accumulated over 29 years of experience in the animal health and nutrition industry.

Mr Teo began his career in his family's porcelain manufacturing business in 1979 and subsequently joined Wellchem (M) Sdn Bhd in 1981 as a Sales Executive in the veterinary division. In 1989, he co-founded Chern Tek, a company involved in trading of animal health and nutrition products, where he assumed the position of Executive Director and was responsible for the company's sales and marketing activities.

In 2002, Mr Teo left Chern Tek and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy. Mr Teo was appointed as the Executive Director of PeterLabs in 2002 and Sales and Marketing Director of Osmosis Nutrition in 2002.

Dr. Teo Kooi Cheng, Malaysian, aged 51
Co-founder, Promoter and Executive Director

Dr. Teo Kooi Cheng, a veterinarian, was appointed to the Board on 28 July 2010 as a Director and re-designated to Executive Director on 1 September 2010 and is currently heading our Group's Technical Department. He graduated from National Taiwan University, with a Bachelor of Veterinary Medicine in 1983 and has since accumulated 27 years of experience in the livestock industry, both as a veterinarian as well as a farm manager.

Dr. Teo's career in the livestock industry began when he joined Tai Yue Pig Farm in 1983 as a veterinarian and subsequently joined Industrial Farm Pte Ltd, a Singapore commercial pig farm in 1985 as a Deputy Farm Manager. In 1988, he joined Coopers Animal Health (M) Sdn Bhd as a Techno Commercial Executive, where he was responsible for technical backup and product development. Subsequently, he assumed the position of Technical Director at Chern Tek in 1992, a company involved in trading of animal health and nutrition products. In 1999, during the Nipah virus outbreak, he was involved in a large scale Nipah virus screening test of livestock in Malaysia.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

In 2002, Dr. Teo left Chern Tek and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy. Dr. Teo was appointed as the Executive Director of PeterLabs in 2002 and Technical Director of Osmosis Nutrition in 2002.

Lau Yeng Khuan, Malaysian, aged 51
Promoter and Executive Director

Lau Yeng Khuan is one of our Group's Sales and Marketing Manager and was appointed as an Executive Director on 1 September 2010. He completed his high school education in 1977 and has since accumulated over 30 years of sales and business development experience in the livestock industry.

Mr Lau started his career with N.A.M Trading (Ipoh) Sdn Bhd as a Sales Executive in 1978 and subsequently joined Chern Tek in 1997 as a Sales Manager. He left the company to join our Group in 2002 as an Area Sales Manager. He is responsible for overseeing our Group's sales and business development activities in Perak where his roles include sales, co-ordinating and liaising with customers. He is also responsible for all public relation matters as well as providing professional advice to our customers in the swine and poultry sector.

Kho Siaw Sua, Malaysian, aged 58
Promoter and Regional Sales Manager

Kho Siaw Sua is one of our Group's Regional Sales Manager and Director of PLON Synergy. He completed his high school education in Sarawak in 1973 and has since accumulated 23 years of experience in sales and business development.

Mr Kho started his career with Coopers Animals Health (S) Pte Ltd as a Sales Executive in 1987. In 1991, he joined Pitman Moore (M) Sdn Bhd as an Area Sales Executive. Thereafter, he joined Mallinckrodt Veterinary Sdn Bhd as Sales Manager in 1994 before joining Chern Tek as a Sales Manager in 1998.

He joined our Group in 2002 as an Area Sales Manager. He is responsible for overseeing our Group's sales and business development activities in Sarawak where his role include sales, co-ordination with supply chain management, liaison and handling public relation as well as providing consultation to customers from the swine and poultry sector.

Chan Bee Chuan, Malaysian, aged 47
Promoter and Regional Sales Manager

Chan Bee Chuan is one of our Group's Regional Sales Manager and a Director of PLON Synergy. He He holds a Diploma in Animal Science from Ping Tong College, Taiwan which he obtained in 1983 and has since accumulated over 20 years of experience in the animal health product industry.

He started his career with Coopers Animal Health (S) Pte Ltd as a Sales Executive in 1987. In 1991, he joined Pitmans Moore (M) Sdn Bhd as an Area Sales Executive. Thereafter, he joined Malinckrodt Veterinary Sdn Bhd as Sales Manager in 1994. Subsequently, in 1997, he joined Chern Tek as an Area Sales Manager.

Mr Chan joined our Group in 2002 as a Regional Sales Manager. He is responsible for overseeing our Group's sales and business development activities in the state of Sabah where his roles include sales, coordination with supply chain management, liaison and handling public relations as well as giving consultation to our customers from the swine and poultry sector.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Tan Chin Tee, Malaysian, aged 51
Substantial Shareholder

Tan Chin Tee is one of the pioneer investors and substantial shareholders of the Company. He joined PeterLabs in 2002 as an Executive Director where his duties include assisting in consulting on animal health nutrition business. He completed his secondary school education in 1977 and has since accumulated over 28 years of experience in the livestock industry, mainly in the animal health and nutrition sector.

Currently, he is no longer working with the Group and will cease to be a substantial shareholder of our Group after the IPO.

Beh Boon Seong, Malaysian, aged 54
Substantial Shareholder and Finance Director of PeterLabs

Beh Boon Seong was appointed to the board of PeterLabs on 26 September 2008 as an Executive Director. He graduated from National Cheng Kung University in Taiwan with a Bachelor of Science in Chemical Engineering in 1983 and has since accumulated 25 years of experience in the chemical industry.

Mr Beh started his career in 1984 as a Production Executive in Soon Seng Cement Products Sdn Bhd. In 1985, he joined Masda Chemical Sdn Bhd as a Sales Executive. He co-founded Express Chemical Supplies Sdn Bhd and was appointed as an Executive Director in 1989 and subsequently promoted to Managing Director in 1994 before retiring in 2003. In 2008, he came out of retirement and joined PeterLabs as a Finance Director, a position which he holds to date.

Mr Beh will cease to be a substantial shareholder of our Group after the IPO.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

8.1.3 Changes in Promoters and/or Substantial Shareholders' Shareholdings since Incorporation

Save as disclosed below, there has been no change in the shareholdings of our Promoters and/or substantial shareholders in our Company since incorporation up to the date of this Prospectus:

		<---------- Direct ---------->		<-------- Indirect -------->	
Name	**Date of Acquisition/ Disposal**	**No. of Shares Acquired/ (Disposed)**	**Cumulative No. of Shares**	**No. of Shares Acquired/ (Disposed)**	**Cumulative No. of Shares**
Promoters					
Lim Tong Seng	28.07.2010	1^	1^	-	-
	12.10.2010	-	10[@]	-	-
	13.10.2010	190	200	-	-
	15.10.2010	24,945,692	24,945,892		
Teo Chin Heng	15.10.2010	32,066,934	32,066,934	-	-
Dr. Teo Kooi Cheng	28.07.2010	1^	1	-	-
	12.10.2010	-	10[@]		
	13.10.2010	190	200		
	15.10.2010	24,945,692	24,945,892		
Lau Yeng Khuan	15.10.2010	10,393,062	10,393,062	-	-
Kho Siaw Sua	15.10.2010	10,977,542	10,977,542	-	-
Chan Bee Chuan	15.10.2010	11,099,421	11,099,421	-	-
Substantial shareholders					
Tan Chin Tee*	15.10.2010	14,010,621	14,010,621	-	-
Beh Boon Seong*	15.10.2010	9,658,806	9,658,806	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Name	Date of Acquisition/ Disposal	<---------- Direct ----------> No. of Shares Acquired/ (Disposed)	Cumulative No. of Shares	<--------- Indirect ---------> No. of Shares Acquired/ (Disposed)	Cumulative No. of Shares
Lim Lai Ping**	13.10.2010	200	200		
Fong Nyuk Lean**	13.10.2010	200	200	-	-
Vemalan A/L Naraynan**	13.10.2010	200	200	-	-

Notes:

^ *Subscriber share of RM1.00 each*

@ *Pursuant to subdivision of par value of ordinary shares from RM1.00 to RM0.10*

* *Will cease to be a substantial shareholder of our Group subsequent to the IPO*

** *They were the subscriber shareholders of our Group and have ceased to be substantial shareholders of our Group after the Acquisition on 15 October 2010.*

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.2 BOARD OF DIRECTORS

8.2.1 Profile

The profile of Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng and Lau Yeng Khuan are set out in Section 8.1.2 of this Prospectus.

Dato' Hon Choon Kim, Malaysian, aged 62
Independent Non-Executive Director

Dato' Hon was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He graduated with a Bachelor of Social Sciences (Econ) in 1976 from Universiti Sains Malaysia, School of Social Sciences, Pulau Pinang. In 1977, he started his career in the government's statistical department. In 1986, he was elected as state assemblyman and was appointed as a state executive councilor of Negeri Sembilan. He was then elected to be a member of the Parliament and was appointed as the Deputy Minister of Education in 1995, a position that he holds till 2008.

Dr. Vijaya Raghavan A/L M P Nair, Malaysian, aged 71
Independent Non-Executive Director

Dr. Vijaya was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He is a veterinarian with a Degree of Doctor of Veterinary Medicine from East Pakistan Agricultural University (currently known as Bangladesh Agriculture University). He graduated with a first class degree in 1970. In 1974, he obtained a PhD in Animal Nutrition from the Royal School of Veterinary Medicine in Hannover, Germany.

After his return from Germany, Dr. Vijaya started his career as a research officer at the Veterinary Research Institute, Malaysia for two years. He then joined the feed milling industry as a nutritionist and worked for two related companies, namely Sin Heng Chan (M) Sdn Bhd and Federal Flour Mills Bhd for 35 years before becoming a free lance consultant for a few multinational companies in the field of poultry production, nutrition and staff training.

As a nutritionist, he has pioneered various research projects that are published in various international journals. Dr. Vijaya is also the chairman of the Technical Committee of Animal Feeds of SIRIM. In SIRIM, he spearheaded the development of various types of animal feed for the livestock industry. He was also honoured by the Malaysian Society of Animal Production for his contribution to the feed industry in 1996 and by our Ministry of Science and Technology for his contribution in the development of various standards for feeding livestock in 1997.

Dr. Vijaya's other achievements include the Livestock Industry Achievement Award and Lifetime Achievement Award, both awarded by the Ministry of Agriculture in 2002 and 2007 respectively. In 2006, he was appointed as the speaker of the Bureau of World Poultry Science Association, in which he delivered lectures and conducted research papers in various international meetings. In 2008, he was made a fellow by the World Poultry Science Association for the Malaysian Branch. He is also a member of various professional bodies both locally and internationally. He is also the Technical Chairman of the Malaysian Feed Millers Association.

Aside from being a freelance consultant, Dr. Vijaya currently lectures in several local and foreign universities.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Prof. Dr. Paul Cheng Chai Liou, Malaysian, aged 63
Independent Non-Executive Director

Prof. Dr. Paul Cheng was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He is the senior partner of Cheng & Co, a local accounting firm which was established in 1993, with seven branches in Malaysia and five braches overseas supported by more than 150 staffs. Prior to 1993, he was the managing director of Malim Realty (M) Sdn Bhd.

Prof. Dr. Paul graduated in 1990 from the University of Southern Queensland, Australia with a Bachelor of Business and later obtained a Masters of Business Administration in 1991. He then became a Doctor of Commercial Sciences from Oklahoma City University in 1996 and recently in 2007 he received his second doctorate, a Doctor of Business Administration from University of Newcastle, Australia.

He is a member of the Malaysian Institute of Accountants, The Malaysian Institute of Certified Public Accountants, Malaysian Institute of Management, Malaysian National Computer Confederation, Fellow member of CPA Australia, Fellow of the Malaysian Institute of Taxation, and Chartered Member of the Institute of Internal Auditors. He also sits as a member of many working committees in organizations and associations. Currently, he is an adjunct professor with Universiti Tun Abdul Razak.

Azman Bin Abdul Jalil, Malaysian, aged 50
Independent Non-Executive Director

Encik Azman was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He obtained his Bachelors of Pharmacy (Honours) from University of El-Mansourah, Egypt, in 1983. He is a registered pharmacist with the Malaysian Pharmacy Board since 1984. Upon graduation, he joined the Ministry of Health of Malaysia as a Pharmacy Enforcement Officer.

In 1992, he left the Ministry of Health of Malaysia and joined Xepa Soul Pattinson (M) Sdn Bhd as a pharmacist. In 1995, he joined Kotra Pharma (M) Sdn Bhd, a pharmaceutical manufacturer and distributor, as a Quality Assurance Manager and was later promoted to Plant Manager in 2001. He left the company in 2003, and thereafter he joined Applied Chemie (M) Sdn Bhd as a Technical and Training Director.

In 2006, Encik Azman started his own consultancy firm, A1 Consultancy & Integrated Services Sdn Bhd, specializing in providing pharmaceutical consultancy services as well as training and deals with the registration of pharmaceutical, cosmetics, traditional and health supplements and products.

Encik Azman is a member of Parenteral Drug Association, International Society of Pharmaceutical Engineering and Institute of Validation Technology and a committee member of the Malaysian Pharmaceutical Society of the Malacca Branch.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.2.2 Shareholdings

The shareholdings of our Directors in our Company before and after our IPO are as follows:

	<---------- Before IPO ---------->				<---------- After IPO ---------->			
	<---- Direct ---->		<---- Indirect---->		<---- Direct ---->		<---- Indirect---->	
Name	**No. of Shares held**	**% held**	**No. of Shares held**	**% held**	**No. of Shares held**	**% held**	**No. of Shares held**	**% held**
Lim Tong Seng	24,945,892	14.42	-	-	18,443,238	9.81	-	-
Teo Chin Heng	32,066,934	18.54	-	-	25,565,245	13.60	-	-
Dr. Teo Kooi Cheng	24,945,892	14.42	-	-	18,443,238	9.81	-	-
Lau Yeng Khuan	10,393,062	6.01	-	-	9,400,645	5.00	-	-
Dato' Hon Choon Kim	-	-	-	-	-	-	-	-
Dr. Vijaya Raghavan A/L M P Nair	-	-	-	-	-	-	-	-
Prof. Dr. Paul Cheng Chai Liou	-	-	-	-	-	-	-	-
Azman Bin Abdul Jalil	-	-	-	-	-	-	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

8.2.3 Principal Activities Performed Outside Our Group

Save as disclosed below, none of our Directors has any directorships and/or principal activities performed outside of our Group for the past five (5) years prior to the LPD:

					<-------- As at the LPD -------->			
					Direct		Indirect	
Name	Company	Principal Activities	Designation	Date Appointed/ (Resigned)	No. of shares held	% held	No. of shares held	% held
Lim Tong Seng	Agrinuser (M) Sdn Bhd*	Manufacture and sale of animal feed supplement	Director	17.01.1985	36,700	25.31	-	-
Teo Chin Heng	Toh Seng Hong Pottery Works Sdn Bhd	Rental of property	Shareholder	-	33,600	19.20	-	-
Dr. Teo Kooi Cheng	Tact Gold Sdn Bhd	Swine farming	Director	16.06.2006/ (01.10.2010)	1	20.00	-	-
Dato' Hon Choon Kim	Peritronics Industry Sdn Bhd	Plastic moulding	Shareholder	-	130,000	16.25	-	-
Azman Bin Abdul Jalil	A1 Consultancy & Integrated Services Sdn Bhd	Consultants in connection with pharmaceutical and general trading	Director	20.03.2007	21,007	70.00	-	-
	Tinaz Medicare Sdn Bhd	Pharmaceuticals, medical and chemical preparations and consultation	Shareholder	-	12,500	50.00	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

Name	Company	Principal Activities	Designation	Date Appointed/ (Resigned)	<-------- As at the LPD --------> Direct No. of shares held	Direct % held	Indirect No. of shares held	Indirect % held
Prof. Dr. Paul Cheng Chai Liou^	Aljeffri Dean Consulting Sdn Bhd	Provide consulting services	Director	28.08.2005	-	-	-	-
	Cheng & Chua Tax Services Sdn Bhd	Tax consultants & tax agents	Director	29.04.1997	35	35.00	-	-
	Malaysian Institute of Directors	National professional institute of company directors in Malaysia	Director	29.06.2010	-	-	-	-
	Maxisegar Educational Holdings Sdn Bhd	Provider of education services	Director	24.02.1998	-	-	-	-
	Cheng & Co. Asset Management Services Sdn Bhd	Property investment	Director	22.05.2003	135,000	45.00	-	-
	Circular Orbit Berhad	Property investment	Director	23.03.1994	-	-	-	-
	Gaxy Educational Berhad	Property investment	Director	18.06.1994	78,000	50.00	-	-

Notes:

* *Agrimuser (M) Sdn Bhd ceased operations in 1989.*

^ *Prof. Dr. Paul Cheng Chai Liou is an auditor and company secretary by profession. As a company secretarial agent providing incorporation services, he is often named as a nominee / first director of the numerous companies that he helps incorporates. Save for the directorships disclosed in the table above, Prof. Dr. Paul Cheng Chai Liou has as at the date of this Prospectus resigned from all his other directorships.*

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

Based on the declaration by Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng, they are not involved in the day-to-day activities and operations of the abovementioned business and accordingly, their involvement in the abovementioned companies do not affect their contribution to our Group or negatively impact their ability to act as the Executive Directors of our Group.

Azman Bin Abdul Jalil is one of the directors of A1 Consultancy & Integrated Services Sdn Bhd. A1 Consultancy & Integrated Services Sdn Bhd which is involved in the provision of pharmaceutical consultancy services as well as training and deals with the registration of pharmaceutical, cosmetics, traditional and health supplements and products was appointed as the consultant to provide GMP consultancy services to Osmosis Nutrition.

Azman Bin Abdul Jalil was also appointed as Independent Non-Executive Director of PeterLabs Holdings on 1 November 2010. His involvement in A1 Consultancy & Integrated Services Sdn Bhd do not affect his contribution to our Group in view of the nature of his appointment as Non-Executive Director which is not involved in the day-to-day activities and operations of our Group. His appointment as Independent Non-Executive Director and at the same time act as GMP consultant for Osmosis Nutrition is not in breach of Paragraph 4.1 of the Guidance Note 9 of the Listing Requirements, as disclosed in Section 10.1 of this Prospectus.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.2.4 Directors' Remuneration and Material Benefits-in-Kind

The current remunerations and proposed remunerations for services rendered/to be rendered by our Directors in all capacities to our Group for the FYE 31 December 2009 to 2011 are as follows:

Director	Compensation Band (RM)		
	FYE 31 December 2009	FYE 31 December 2010	FYE 31 December 2011
Lim Tong Seng	150,000 to 200,000	150,000 to 200,000	150,000 to 200,000
Teo Chin Heng	150,000 to 200,000	150,000 to 200,000	150,000 to 200,000
Dr. Teo Kooi Cheng	150,000 to 200,000	150,000 to 200,000	150,000 to 200,000
Lau Yeng Khuan	150,000 to 200,000	150,000 to 200,000	150,000 to 200,000
Dato' Hon Choon Kim	-	0 to 50,000	0 to 50,000
Dr. Vijaya Raghavan A/L M P Nair	-	0 to 50,000	0 to 50,000
Prof. Dr. Paul Cheng Chai Liou	-	0 to 50,000	0 to 50,000
Azman Bin Abdul Jalil	-	0 to 50,000	0 to 50,000

The above remunerations, which comprise salaries, incentives, bonuses, fees, allowances and other benefits-in-kind must be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees and incentives must be further approved or endorsed by our shareholders at a general meeting.

8.2.5 Directors' Term of Office

Our Directors were appointed to the Board and has served in their respective capacities since the dates set out in Sections 8.1.2 and 8.2.1 of this Prospectus. Our Board comprises four (4) Executive Directors, four (4) Independent Non-Executive Directors and their respective terms of office are as follows:

Name	Designation	Expiration of term of office
Lim Tong Seng	Executive Chairman/Managing Director	*
Teo Chin Heng	Executive Director	*
Dr. Teo Kooi Cheng	Executive Director	*
Lau Yeng Khuan	Executive Director	*
Dato' Hon Choon Kim	Independent Non-Executive Director	*
Dr. Vijaya Raghavan A/L M P Nair	Independent Non-Executive Director	*
Prof. Dr. Paul Cheng Chai Liou	Independent Non-Executive Director	*
Azman Bin Abdul Jalil	Independent Non-Executive Director	*

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Note:

* *According to Article 90 of our Articles of Association on Retirement of Directors:*

"At the first Annual General Meeting of the Company, all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year, an election of directors shall take place and one-third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring director shall retain office until the close of the General Meeting at which he retires."

8.3 AUDIT, NOMINATION AND REMUNERATION COMMITTEES

8.3.1 Audit Committee

Our Audit Committee was established on 1 November 2010. Members of our Audit Committee are as follows:

Name	Designation	Directorship
Prof. Dr. Paul Cheng Chai Liou	Chairman	Independent Non-Executive Director
Dato' Hon Choon Kim	Member	Independent Non-Executive Director
Azman Bin Abdul Jalil	Member	Independent Non-Executive Director

Our Audit Committee's terms of reference include the following:

(i) Review with our auditors the nature and scope of their audit plans, audit reports, major findings and evaluations of our accounting system and internal controls;

(ii) Review our quarterly and annual financial statements before submission to our Board, focusing in particular on any change in implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;

(iii) Consider the appointment or reappointment of external auditors and matters relating to their resignation;

(iv) Review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group; and

(v) Perform such other functions as may be requested by our Board.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.3.2 Nomination Committee

Our Nomination Committee was established on 1 November 2010. Members of our Nomination Committee are as follows:

Name	Designation	Directorship
Dato' Hon Choon Kim	Chairman	Independent Non-Executive Director
Dr. Vijaya Raghavan A/L M P Nair	Member	Independent Non-Executive Director
Azman Bin Abdul Jalil	Member	Independent Non-Executive Director

Our Nomination Committee's terms of reference include the following:

(i) Identify and recommend to our Board, candidates for directorships for our Company and Directors as members of the relevant Board committees;

(ii) Evaluate the effectiveness of our Board and the relevant Board committees; and

(iii) Ensure an appropriate framework and succession planning for our Board.

8.3.3 Remuneration Committee

Our Remuneration Committee was established on 1 November 2010. Members of our Remuneration Committee are as follows:

Name	Designation	Directorship
Dato' Hon Choon Kim	Chairman	Independent Non-Executive Director
Dr. Vijaya Raghavan A/L M P Nair	Member	Independent Non-Executive Director
Dr. Teo Kooi Cheng	Member	Executive Director

Our Remuneration Committee's terms of reference include the following:

(i) Assist our Board in determining the remuneration of Directors and key management and key technical personnel;

(ii) Assist our Board in discharging responsibilities relating to, amongst others, compensation strategy, succession planning, management development and other compensation arrangements; and

(iii) Ensure corporate accountability and governance in respect of our Board remuneration and compensation functions.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.4 KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

8.4.1 Profile

The profiles of Kho Siaw Sua, Chan Bee Chuan and Beh Boon Seong are set out in Sections 8.1.2 of this Prospectus.

Lim Swee Hwa, Malaysian, aged 57
Sales Manager and Director of PeterLabs

Lim Swee Hwa is our Sales Manager and is primarily responsible for supporting our Group's companion animal division's sales activities and product development. He graduated from Chung Hwa Independent High School in Kuala Lumpur in 1971 and has since accumulated over 30 years of experience in sales and business development.

Mr Lim started his career with Syarikat Lian Wah Hang Sdn Bhd in 1972 as a Sales Executive. In 1983, he joined Chern Tek as a Director and in 1989, he joined Cerdas Niaga Sdn Bhd as a Sales Manager.

Mr Lim joined our Group in 2002 as a Sales Manager where his roles include sales, coordination with supply chain management, liaison and handling public relations as well as providing consultation to our customers from the poultry and swine sectors, a position which he holds to date. He was appointed as the Executive Director of PeterLabs on 15 October 2002.

Yap Siaw Peng, Malaysian, aged 37
Financial Controller

Yap Siaw Peng is our Financial Controller. She is primarily responsible for our Group's accounting, credit control, taxation, auditing, budget and management reporting. She is also responsible for our Group's human resource and administrative functions. She holds a Bachelor of Science (Hons) degree in Accounting from The University of Hull, UK which she obtained in 1998 and has since accumulated over 12 years of experience in finance and accounting.

She started her career with Digi Telecommunications Sdn Bhd in 1998 as an Accounts Officer, where she was responsible for service centre collections and financial reporting functions. In 2000, she joined RS Components Sdn Bhd as an Account Executive, where she was responsible for financial reporting and credit control operations. She was subsequently promoted to Credit Controller in 2002, where she oversaw the credit control and accounts receivable department.

In 2003, Ms Yap joined Avery Dennison Materials Sdn Bhd as a Senior Executive where she was responsible for account and credit control management. She was later promoted to be the Finance and Credit Manager in 2004, where she was the head of the Accounting, Treasury, Taxation and Credit Control Department and oversees the operation of the distribution centre in Johor.

Subsequently, she joined PeterLabs in August 2010 as the Financial Controller.

Dr. Gan Yee Haw, Malaysian, aged 32
Techno Commercial Manager

Dr. Gan, a veterinarian, is our Techno Commercial Manager and is primarily responsible for providing technical support and solutions to farms belonging to our Group's customers as well as being in charge of our Group's feed miller customer accounts. His duties also include analysing, developing and marketing of new products. He holds a Doctor of Veterinary Medicine degree from UPM, which he obtained in 2007.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Dr. Gan commenced his career with Cargill Feed Sdn Bhd as a Territory Manager in 2007 where he was responsible for marketing animal feeds and providing technical support and solutions to customers. He also assisted the enhancement of Cargill Feed Sdn Bhd's brand in the market by explaining the company's branding, values and services that the company offers to its customers. In 2009, he joined PeterLabs as a Techno Commercial Executive and was promoted to his current position in September 2010.

Lee Jo Anne, Malaysian, aged 28
Quality Manager

Lee Jo Anne, is our Quality Manager. She is primarily responsible for our Group's quality control, quality assurance and product registration functions. She holds a Bachelor of Science in Chemistry and Biology from Campbell University, USA which she obtained in 2005.

Ms Lee commenced her career with Ming Enterprises as a Marketing Coordinator in 2005, promoting veterinary and animal health and nutrition products. In 2008, she joined Osmosis Nutrition as a Chemist, where she was responsible for product registration liaison with governmental bodies such as Department of Veterinary Services and National Pharmaceutical Control Bureau, application and renewal of import permits. Her current duties also include liaison with external consultants on our Group's GMP compliance functions.

Loh Hong That, Malaysian, aged 63
Pharmacist

Loh Hong That has been a registered pharmacist on the Malaysian Pharmacy Board since 1974. He is primarily responsible for administering and monitoring poisons and drugs used by our Group. He holds a Bachelor of Pharmacy degree from University of Bombay, India which he obtained in 1973 and has since accumulated over 37 years of experience as a pharmacist.

He started his career as a pharmacist with Unam Corporation (M) Sdn Bhd in 1974. He then joined Norse Crown Sdn Bhd in 1978 as a Manager before setting up his own pharmacy, Dayen Farmasi Sdn. Bhd, in 1994. He joined Osmosis Nutrition in 2010 as its pharmacist, a position which he holds to date.

Lee Yin Kim, Malaysian, aged 50
Pharmacist

Lee Yin Kim has been a registered pharmacist on the Malaysian Pharmacy Board since 1986. She is primarily responsible for overseeing our Group's importation, storage, sales and ensuring that all poisons used are in compliance with all relevant rules and regulations. She is also responsible in supervising the regulatory affairs of our Group's product registrations. Ms Lee holds a Bachelor of Pharmacy (Honour) degree from Universiti Sains Malaysia which she obtained in 1985 and has since accumulated over 22 years of experience as a pharmacist.

Upon graduation, Ms Lee was trained in Hospital Besar Seremban as a pupil pharmacist in 1985. She then joined Jaya Jusco (M) Sdn Bhd as a retail pharmacist in 1986. She later gained her experience as a Product Training Pharmacist with Chang Cheng (M) Sdn Bhd in 1987. Thereafter, she joined Dumex (M) Sdn Bhd as a Production Pharmacist in 1988 before joining Upha (M) Sdn Bhd as a Production Manager in 1993. Subsequently, in 1995, she joined Farmasi Alychem Sdn Bhd as a retail pharmacist. She joined PeterLabs in 2008 as a pharmacist, a position which she holds to date.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Low Chee Keong, Malaysian, aged 53
Animal Nutrition Consultant

Low Chee Keong is our animal nutrition consultant. He is primarily responsible for feed formulation in addition to providing technical services to farms belonging to our Group's customers. He graduated from Taiwan National University in 1981 with a degree of Bachelor Agriculture Science in animal science. He holds a Master of Agricultural Science in Animal Science from Massey University, New Zealand which he obtained in 1985 and has since accumulated over 28 years of experience as an animal nutrition consultant. He is a committee member of SIRIM's technical committee for animal feeds.

He started his career with Chia Tai Feedmills Pte Ltd in 1982 as a Technical Sales Executive. In 1985, he joined Federal Flour Mills Bhd as a research chemist. Thereafter, he joined Agri Nutrition Asia Pte Ltd as a Product Development Manager in 1987. Subsequently, in 1988, he joined Gold Coin Feedmills (M) Sdn Bhd as Group Senior Nutritionist before moving on to join Dindings Soya & Multifeeds Sdn Bhd as a Deputy General Manager (Nutritionist) in 1998. He went on to join Japfa Comfeed International Pte Ltd in 2004 as a Senior Vice President and joined PeterLabs in 2007 as a nutritionist, a position which he holds to date.

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.4.2 Shareholdings

Save for the shareholdings of Kho Siaw Sua, Chan Bee Chuan and Beh Boon Seong which are set out in Sections 8.1.1 of this Prospectus, the shareholdings of our key management and key technical personnel before and after our IPO are as follows:

			Before IPO				After IPO			
			Direct		Indirect		Direct		Indirect	
Name	Designation	Nationality	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
Lim Swee Hwa	Sales Manager	Malaysian	6,677,800	3.86	-	-	5,008,350	2.66	-	-
Yap Siaw Peng	Financial Controller	Malaysian	-	-	-	-	-	-	-	-
Dr. Gan Yee Haw	Techno Commercial Manager	Malaysian	164,999	0.10	-	-	164,999	0.09	-	-
Lee Jo Anne	Quality Manager	Malaysian	-	-	-	-	-	-	-	-
Loh Hong That	Pharmacist	Malaysian	-	-	-	-	-	-	-	-
Lee Yin Kim	Pharmacist	Malaysian	-	-	-	-	-	-	-	-
Low Chee Keong	Animal Nutrition Consultant	Malaysian	-	-	-	-	-	-	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.4.3 Involvement of Key Management and Key Technical Personnel in Other Businesses or Corporations

Save as disclosed below, none of our key management and key technical personnel are involved in other businesses/corporations as at the LPD:

					<-------- As at LPD -------->			
					Direct		Indirect	
Name	**Company**	**Principal Activities**	**Designation**	**Date Appointed/ (Resigned)**	**No. of shares held**	**% held**	**No. of shares held**	**% held**
Chan Bee Chuan	Top Sunrich Sdn Bhd	Properties investment	Director	19.06.2009	10,000	10.00	-	-
	Best Scope Sdn Bhd	General trading	Shareholder	-	16,667	16.60	-	-
Beh Boon Seong	Antara Anggun Sdn Bhd	Dormant	Director	10.03.2000	50	50.00	-	-
	Majestic Vision Sdn Bhd	Properties investment	Director	17.08.1999	600,000	60.00	-	-
	Sepakat Himpun Sdn Bhd	Investment holding	Director	18.09.2000	99,980	99.98	-	-
	G.K. Goh Enterprise Sdn Bhd	Representatives, broker, commission agent for sale of lottery tickets and number forecast	Shareholder	-	12,000	60.00	-	-
	Stablechem Sdn Bhd	Trading of all kinds of chemical products	Shareholder	-	300,000	30.00	-	-
	HSD System Sdn Bhd	Manufacturer, producer, refiner, developer and dealer of all kinds of metal, material, minerals, chemical	Shareholder	-	4,000	4.00	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

Name	Company	Principal Activities	Designation	Date Appointed/ (Resigned)	<-------- As at LPD --------> Direct No. of shares held	Direct % held	Indirect No. of shares held	Indirect % held
Lim Swee Hwa	Mastfair Entity Sdn Bhd	Provision of limousine services and hire of motor vehicles	Director	01.04.1998	1	33.33	-	-
	Blue Ribbon Omnibus Company	Transport service to passengers and rental of motor vehicles	Shareholder	-	2,100	30.66	-	-
Loh Hong That	Dayen Farmasi Sdn Bhd	General trading on pharmaceutical products	Director	13.02.1995	1,470	73.50	-	-
Low Chee Keong	AG Bio-Science Sdn Bhd	Trading and maintenance of machinery, fabrication of fibreglass storage, feedmilling and livestock industry	Shareholder	-	15,000	15.00	-	-

Save for Low Chee Keong as disclosed above, as at the LPD, none of our key management and key technical personnel has any interest, direct or indirect, in any other businesses and corporations carrying on a trade similar to that of our Group and/or any business or corporations which are also our customers or suppliers of our Group. The involvement of Low Chee Keong in AG Bio-Science Sdn Bhd is minimal and does not affect his duties to our Group. Hence, the Board does not foresee any conflict of interest arising from this.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.5 DECLARATIONS BY PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

Based on the declarations by our Promoters, Directors, key management and key technical personnel, none of our Promoters, Directors, key management and key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

(i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;

(ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the managing of a corporation;

(iii) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) Any judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(v) The subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

There are no family relationships (as defined under Section 122A of the Act) or associations amongst our Promoters, Directors, substantial shareholders, key management and key technical personnel.

8.7 BENEFITS PAID OR INTENDED TO BE PAID

Save as disclosed in Section 8.2.4 of this Prospectus, there is no amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders within the two (2) years preceding the date of this Prospectus.

8.8 SERVICE AGREEMENTS WITH DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

As at the LPD, there are no existing or proposed service agreements between the companies within our Group and our Directors, key management and key technical personnel, which are not terminable by notice without payment or compensation (other than statutory notice).

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.9 INFORMATION ON EMPLOYEES

8.9.1 Employment Structure

As at the LPD, we have a total workforce of 79 personnel, including our Executive Directors. There has been no industrial dispute actions taken against our Group and none of our employees are members of any union. In addition, our Group has not encountered any major turnover in our workforce. The breakdown of our employees by category as at FYE 31 December 2007 to 2010 as well as at the LPD is as follows:

	<---------- Number of Employees ---------->				
	<------- As at FYE 31 December -------->				As at the
Category	**2007**	**2008**	**2009**	**2010**	**LPD**
Managerial*	7	5	5	10	14
Technical	0	6	7	9	8
Sales and marketing	6	6	6	7	9
Finance, human resource and administration	3	3	4	5	6
Operations and supply chain	5	2	2	10	10
Clerical/ non-executive	1	2	3	1	2
General worker (local)	12	12	12	13	20
General worker (foreign)	0	-	-	8	10
Total	34	36	39	63	79

Note:

* *Our Executive Directors and Independent Non-Executive Directors are included in the managerial category.*

8.9.2 Training and Development

Human capital is one of the driving factors of our Group's success. In developing our human capital, our Group provides on-the-job training programmes for our employees in accordance with the requirements of their job scope and with the aim of improving their overall skills and capabilities. Our on-the-job training programmes are conducted based on the mentor-mentee system. These on-the-job training mainly relate to the responsibilities and requirements of the job concerned.

Further, our employees have participated in external training programmes to develop industry knowledge to enhance proficiency in their daily tasks. Some of the training programmes attended by our employees are as follows:

Date	Programme	Venue	Facilitator
03.03.2008	Improving Livestock Performance: Safe and Natural Additives for Enhanced Appetite and Performance	Holiday Villa Subang, Subang Jaya, Selangor, Malaysia	In Vivo and PeterLabs

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Date	Programme	Venue	Facilitator
16.03.2008	Modern Farm Tools for Bacteria Control	Tanahmas Hotel, Sibu, Sarawak, Malaysia	Novus Malaysia and PeterLabs
17.03.2008	Modern Farm Tools for Bacteria Control	Tanahmas Hotel, Sibu, Sarawak, Malaysia	Novus Malaysia and PeterLabs
02.08.2008	Improving Livestock Performance: Safe and Natural Additives for Enhanced Appetite and Performance	Shangri-La Hotel, Kota Kinabalu, Sabah, Malaysia	In Vivo and PeterLabs
10.03.2009	Post-Weaning Pig Management and Disease Challenges	Restoran Ling Song Kee, Pantai Remis, Perak, Malaysia	Novus Malaysia and PeterLabs
10.03.2009	Mycotoxin 2009	Imperial Queen's Park Hotel, Bangkok, Thailand	Positive Action, England. (Publication of International Poultry Production, International Pig Topics, International Dairy Topics, International Hatchery Practice & International Food Hygiene)
24.03.2009 to 26.03.2009	GMP Seminar on Veterinary 2009	NPCB, Petaling Jaya, Selangor, Malaysia	NPCB, Malaysian Animal Health & Nutrition Industries Association ("MAHNIA"), Malaysian Organisation of Pharmaceutical Industries ("MOPI") and Pharmaceutical Association of Malaysia ("PhAMA")
23.04.2009	Veterinary Drug Management Seminar	Melati Hall, Putrajaya Holding, Putrajaya, Selangor, Malaysia	Veterinary Association Malaysia
05.05.2009	FLFAM Swine Technical Seminar - "Emergent & Endemic Diseases in Swine"	Holiday Villa Hotel, Subang Jaya, Selangor, Malaysia	Federation of Livestock Farmers' Association of Malaysia ("FLFAM")
07.05.2009	Feed Conference on Feeds Safety for Safe Foods & Launching of Super Toxin Binder	Sheraton Subang Hotel & Towers, Subang Jaya, Selangor, Malaysia	Amlan, Division of Oil Dri Corp., USA
17.06.2009	Biomin Forum 2009 "Nutrieconomics - Beyond Just A New Buzzword"	Sheraton Subang Hotel & Towers, Subang Jaya, Selangor, Malaysia	Biomin Malaysia Sdn Bhd

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Date	Programme	Venue	Facilitator
21.08.2009 to 22.08 2009	Improving Pig Performance From Sow To Grower-Finisher	Genting International Convention Centre ("GICC"), Genting Highlands, Malaysia	Novus Malaysia and PeterLabs
25.03.2010	Recent Advances in Pig Nutrition	Universal House Golden Lotus Hotel, Chengdu, China	In Vivo and PeterLabs
28.03.2010	NLP Multiplication of Marketing Achievement	Royale Bintang Hotel, Bukit Bintang, Kuala Lumpur, Malaysia	CANI Continuing Education Sdn Bhd
19.04.2010	Career Success Bible "CEO's Sales Strategy"	Royale Bintang Hotel, Bukit Bintang, Kuala Lumpur, Malaysia	CANI Continuing Education Sdn Bhd
19.04.2010 to 20.04 2010	GMP	Concorde Hotel, Shah Alam, Selangor, Malaysia	SIRIM Training Services Sdn Bhd
23.04.2010	GMP Training	PeterLabs, Shah Alam, Selangor, Malaysia	A1 Consultancy and Integrated Services Sdn Bhd
23.05.2010	Analysis of Character and Interpersonal Relations	CANI Conference Hall, Puchong, Selangor, Malaysia	CANI Continuing Education Sdn Bhd
15.07.2010	Attitude Changes Destiny	Royale Bintang Hotel, Kuala Lumpur, Malaysia	CANI Continuing Education Sdn Bhd
27.07. 2010	The Next Era Ultra - "NEXERA UHPLC & GCMS Ultra"	Sunway Resort Hotel and Spa, Bandar Sunway, Malaysia	Fisher Scientific (M) Sdn Bhd
10.08.2010 to 11.08.2010	1st PigLIVE Workshop: Sustainable Sow Management Program	GICC, Genting Highlands, Pahang, Malaysia	Novus Malaysia and PeterLabs
14.08.2010 to 15.08.2010	The 13th Asian Entrepreneurs Congress by the Top 8 Speakers	Berjaya Times Square Hotel, Bukit Bintang, Kuala Lumpur Malaysia	CANI Continuing Education Sdn Bhd
19.08.2010	International Technical and Seminar	Regaalis Hotel, Mysore, India	Zeus
20.10.2010	Breakout the Leader's Model	Sunway Resort Hotel and Spa, Bandar Sunway, Selangor, Malaysia	CANI Continuing Education Sdn Bhd

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Date	Programme	Venue	Facilitator
08.03.2011	Mycotoxin 2011	Imperial Queen's Park Hotel, Bangkok, Thailand	Positive Action, England. (Publication of International Poultry Production, International Pig Topics, International Dairy Topics, International Hatchery Practice & International Food Hygiene)
17.03.2011	New Castle Disease Latest Update: Variant Strain	Hotel Holiday Villa, Subang Jaya, Selangor	Malaysian Association of Food Animal Veterinarians (MAFAV)
22.03.2011	Asian Phytase Forum	The Westin Kuala Lumpur, Bukit Bintang, Kuala Lumpur	Behn Meyer Nutri-Vet Sdn Bhd

8.9.3 Management Succession Plan

As in any other business, our Board believes that the continued success of our Group depends on the ability and retention of our management. Therefore, we have made efforts to train our staff and remunerate them accordingly. Our future success will also depend upon our ability to attract and retain skilled personnel.

We also have a management succession plan consisting of:

(i) Sound recruitment and selection;

(ii) Competitive remuneration and employee benefits;

(iii) Structure career planning and development; and

(iv) Continuous training and education.

In addition, we will continue to provide appropriate training to promising junior staff in order to enhance their management and technical skills for the purpose of their career advancement within the Group. As part of our Group's management succession plan, we have identified middle management personnel across all divisions to assist the heads of various business division in order to facilitate skill transfer so as to ensure smooth running and continuity of the operations of our Group. If the need arises, we intend to recruit additional qualified personnel with knowledge and expertise of the business.

9. APPROVALS AND CONDITIONS

9.1 APPROVALS FROM RELEVANT AUTHORITIES

Our Listing is an exempt transaction under Section 213 of the CMSA and is therefore not subject to the approval of the SC.

The approval of the SC (Equity Compliance Unit) for the resultant equity structure of our Group pursuant to the Listing under the equity requirements of public companies was obtained on 22 December 2010. The conditions imposed by the SC (Equity Compliance Unit) for the approval are set out below:

No.	Details on Conditions Imposed	Status of Compliance
1.	PeterLabs Holdings to submit to the SC its equity structure upon completion of the Proposed Listing;	To be complied.
2.	PeterLabs Holdings to allocate to Bumiputera public investors recognised by MITI a portion of interest in PeterLabs Holdings, which is the difference between the prescribed equity requirement of 12.50% of its enlarged issued and paid-up share capital and the actual equity interests allocated to Bumiputera investors from the public balloting, within one (1) year after achieving the profit track record requirement for companies seeking listing on the Main Market ("Trigger Date"), or five (5) years after being listing on ACE Market, whichever is the earlier; and	To be complied.
3.	PeterLabs Holdings to submit to the SC, a proposal to comply with the Bumiputera equity condition within six months from the Trigger Date.	To be complied.

Bursa Securities had on 19 May 2011 approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market.

The approval from Bursa Securities is subject to the following conditions:

No.	Details on Conditions Imposed	Status of Compliance
1.	Submission of the following information in respect to the moratorium on the shareholdings of promoters to Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium of each block of shares;	To be complied. The information will be submitted to Bursa Depository upon allotment of Shares.
2.	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.

9. APPROVALS AND CONDITIONS

No.	Details on Conditions Imposed	Status of Compliance
3.	Make relevant announcements pursuant to paragraphs 8.1 and 8.2 of GN15 of the Listing Requirements;	Announcement pursuant to paragraph 8.1 of GN15 of the Listing Requirements had been made on 30 June 2011, being the date of this Prospectus. The announcement pursuant to paragraph 8.2 GN15 of the Listing Requirements will be made one (1) day before listing date.
4.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of PeterLabs Holdings on the first day of listing; and	A copy of the distribution will be submitted to Bursa Securities on the first day of listing.
5.	Any directors of the Company that have not attended the Mandatory Accreditation Programme, must do so prior to listing of the Company.	Noted.

9. APPROVALS AND CONDITIONS *(Cont'd)*

9.2 MORATORIUM ON SALE OF SHARES

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:

(a) The moratorium applies to our Promoters' entire shareholdings for a period of six (6) months from the date of admission to the ACE Market;

(b) Upon expiry of the six (6) months period stated above, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our Company's nominal issued and paid-up share capital remain under moratorium for another period of six (6) months; and

(c) Thereafter, our Promoters may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of our Shares held under moratorium.

Promoter	Shares held under moratorium for the first six (6) months upon Listing		Shares held under moratorium for the subsequent six (6) months	
	No. of Shares held	% held*	No. of Shares held	% held*
Lim Tong Seng	18,443,238	9.81	17,211,883	9.15
Teo Chin Heng	25,565,245	13.60	23,858,393	12.69
Dr. Teo Kooi Cheng	18,443,238	9.81	17,211,883	9.15
Lau Yeng Khuan	9,400,645	5.00	8,773,015	4.67
Kho Siaw Sua	9,400,000	5.00	8,772,413	4.67
Chan Bee Chuan	9,400,000	5.00	8,772,413	4.67
Total	**90,652,366**	**48.22**	**84,600,000**	**45.00**

Note:

* *Based on our enlarged issued and paid-up share capital after our Public Issue*

Our Promoters have provided an undertaking letter to Bursa Securities that they will comply with the moratorium conditions as set out in Rule 3.19 (1) of the Listing Requirements.

The restriction, which is fully acknowledged by our Promoters, is specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed by Bursa Securities.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

10.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS

Save as disclosed below, our Board confirms that there are no existing or presently proposed related-party transactions entered into between our Group and our Directors, substantial shareholders, key management, key technical personnel and/or persons connected with them, during the past four (4) FYE 31 December 2007 to 31 December 2010 and FYE 31 December 2011:

Related Party	Nature of Relationship	Nature of Transaction	<---------- FYE 31 December ----------> 2007 RM	2008 RM	2009 RM	2010 RM	Forecast for the FYE 31 December 2011 RM
Dr. Teo Kooi Cheng, Teo Chin Heng, Lim Tong Seng and Lim Swee Hwa	Director and substantial shareholder of PLON Synergy	Rental of office to PeterLabs (No. 33G, 33A, 33B, Jalan Saujana Indah 4, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	56,400	56,400	56,400	56,400	-
Teo Chin Heng and Tan Chin Tee	Director and substantial shareholder of PLON Synergy and PeterLabs	Rental of warehouse to PeterLabs (No. 8, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	52,800	52,800	52,800	52,800	39,600
Lim Swee Hwa, Tan Chin Tee, Teo Chin Heng and Dr. Teo Kooi Cheng	Director and substantial shareholder of PLON Synergy and Osmosis Nutrition	Rental of factory warehouse to Osmosis Nutrition (No. 10, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	52,800	52,800	52,800	52,800	39,600
Teo Chin Heng, Tan Chin Tee and Lim Tong Seng	Director and substantial shareholder of PLON Synergy and Osmosis Nutrition	Rental of factory warehouse to Osmosis Nutrition (No. 12, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	52,800	52,800	52,800	52,800	39,600
Teo Chin Heng and Lim Tong Seng	Director and substantial shareholder of PLON Synergy	Rental of factory warehouse to Osmosis Nutrition (No. 14, Jalan Saujana Indah 2, Taman Industri Saujana Indah, Seksyen U2, Batu 3, 40150 Shah Alam, Selangor)	52,800	52,800	52,800	52,800	39,600

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---------- FYE 31 December ----------> 2007 RM	2008 RM	2009 RM	2010 RM	Forecast for the FYE 31 December 2011 RM
PeterLabs, Osmosis Nutrition and OMS Resources (Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng and Tan Chin Tee)	Director and substantial shareholder (Lim Tong Seng, Teo Chin Heng, Dr Teo Kooi Cheng and Tan Chin Tee) of OMS Resources are also the directors and/or shareholders of PLON Synergy and PeterLabs	OMS Resources purchased animal feed additives from PeterLabs and Osmosis Nutrition	1,429,396	2,147,871	3,039,004	1,638,970	-
Azman Bin Abdul Jalil*	Non-Executive Director of PeterLabs Holdings	Provision of GMP consultancy services to Osmosis Nutrition	-	9,660	9,660	14,385	15,000
Lim Tong Seng , Teo Chin Heng, Dr. Teo Kooi Cheng and Lau Yeng Khuan	Directors and shareholders of PLON Synergy	PLON Synergy purchased PeterLabs shares from the related parties on 25 September 2008	-	3,305,011	-	-	-
Lim Tong Seng, Teo Chin Heng, Lau Yeng Khuan, Chan Bee Chuan and Kho Siaw Sua	Directors and shareholders of PLON Synergy	PLON Synergy purchased Osmosis Nutrition shares from the related parties on 25 September 2008	-	1,163,364	-	-	-
Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng and Tan Chin Tee	Directors and/ or shareholders of PLON Synergy	PLON Synergy purchased entire shareholding of OMS Resources from the related parties on 10 June 2010	-	-	-	4	-

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---------- FYE 31 December ----------> 2007 RM	2008 RM	2009 RM	2010 RM	Forecast for the FYE 31 December 2011 RM
Lim Tong Seng, Teo Chin Heng and Dr. Teo Kooi Cheng	Directors and shareholders of PLON Synergy and OMS Resources	OMS Resources purchased OMS Laboratory shares from the related parties on 1 October 2010	-	-	-	70	-
Lim Tong Seng and Dr. Teo Kooi Cheng	Directors and shareholders of PLON Synergy and Biojava	PLON Synergy subscribed 52.5% share capital of Biojava on 4 October 2010	-	-	-	525	-
Osmosis Nutrition and OMS Resources (Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng and Tan Chin Tee)	Director and substantial shareholder (Lim Tong Seng, Teo Chin Heng, Dr Teo Kooi Cheng and Tan Chin Tee) of OMS Resources are also the directors and/or shareholders of Osmosis Nutrition	Osmosis Nutrition purchased animal feed additives from OMS Resources	-	-	-	30,460	-

Note:

* *Azman Bin Abdul Jalil was only appointed to the Board on 1 November 2010. As such, he is only considered as a related party starting from the said date. Notwithstanding that Encik Azman is receiving consultation fees from our Group for the FYE 31 December 2010, his appointment as Independent Non-Executive Director is not in breach of Paragraph 4.1 of the Guidance Note 9 of the Listing Requirements.*

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

All the related party transactions disclosed above would not give rise to any conflict of interest situation and were transacted based on arm's length basis, which are not detrimental to the interests of our Group.

Upon Listing, our Directors, through our Audit Committee, will ensure that any related party transactions (recurrent inclusive, if any) are carried out on an arm's length basis and are not prejudicial to our Group nor on terms more favourable to the related parties than those normally agreed with other customers or suppliers and are also not to our detriment and to the detriment of our minority shareholders.

Our Directors and substantial shareholders are also not aware of any other transactions that may give rise to conflict of interest situations between our Group and any of our Directors, substantial shareholders, key management and key technical personnel and/or persons connected with them.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party to during the past four (4) FYE 31 December 2007 to 2010. Our Directors and substantial shareholders are also not aware of any transaction that is unusual in nature or condition, involving goods, services, tangible or intangible assets, to which our Group was a party.

10.3 INTERESTS IN SIMILAR BUSINESSES, INTERESTS IN BUSINESSES OF OUR CUSTOMERS OR SUPPLIERS AND OTHER CONFLICTS OF INTEREST

Save for Lim Tong Seng as disclosed in Section 8.2.3 of this Prospectus, as at the LPD, none of our Directors and/or substantial shareholders has any interest, direct or indirect, in any other businesses and corporations carrying on a trade similar to that of our Group and/or any business or corporations which are also our customers or suppliers of our Group.

Our Board is of the opinion that there is no existing or potential conflict of interest situation arising from the shareholdings and directorships of the Directors and/or substantial shareholders of our Group in the following companies:

(a) Lim Tong Seng in Agrinuser (M) Sdn Bhd which was previously involved in manufacturing and sales of animal feed supplement. This company ceased operations in 1989.

To safeguard the interest of our Group and to avoid a possible conflict of interest situation, our Audit Committee comprising of all Independent Directors, will review all material transactions with related parties.

10.4 LOANS MADE BY OUR GROUP TO OR FOR THE BENEFIT OF RELATED PARTIES

There are no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the past four (4) FYE 31 December 2007 to 2010 and up to the LPD.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

10.5 DECLARATION BY EXPERTS

Alliance confirms that there is no existing or potential conflict of interests in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for our Listing.

GT confirms that there is no existing or potential conflict of interests in its capacity as the Auditors and Reporting Accountants for our Listing.

Messrs Raja, Darryl & Loh confirms that there is no existing or potential conflict of interests in its capacity as the Solicitors for our Listing.

Protégé Associates confirms that there is no existing or potential conflict of interests in its capacity as the independent market research consultant for our Listing.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

Our proforma consolidated financial statements have been compiled based on the basis and accounting policies consistent with those currently adopted by our Group which are set out in the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus. The financial statements used in the preparation of our proforma consolidated financial statements were prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board. Any adjustments which were dealt with when preparing our consolidated financial statements have been highlighted and disclosed in Section 11.4 of this Prospectus.

11.1 PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets out our proforma consolidated statements of comprehensive income for the four (4) FYE 31 December 2007 to 2010, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review.

You should read this proforma consolidated statements of comprehensive income in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

	<---------Audited FYE 31 December ---------->			
	2007 RM	**2008 RM**	**2009 RM**	**2010 RM**
Revenue	24,526,054	28,433,902	34,015,860	40,727,759
Gross profit	7,735,364	9,406,138	10,570,102	13,527,445
Other income	-	-	2,937	656,502[#]
EBITDA	3,044,356	4,517,864	6,169,742	8,621,115
Amortisation	-	-	-	-
Depreciation	(245,176)	(251,228)	(253,453)	(288,268)
Interest expense	(64,525)	(62,471)	(76,309)	(120,940)
PBT	2,734,655	4,204,165	5,839,980	8,211,907
Tax expense	(712,175)	(1,216,863)	(1,411,481)	(2,263,909)
PAT	2,022,480	2,987,302	4,428,499	5,947,998
GP margin (%)	31.54	33.08	31.07	33.21
PBT margin (%)	11.15	14.79	17.17	20.16
PAT margin (%)	8.25	10.51	13.02	14.60
Number of PeterLabs Holdings Shares assumed to be issued*	173,000,000	173,000,000	173,000,000	173,000,000
Gross EPS (sen)	1.58	2.43	3.38	4.75
Net EPS (sen)	1.17	1.73	2.56	3.44

11. PROFORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

Notes:

\# *Mainly contributed by the reversal of impairment loss on trade receivables that amount to RM457,987 as discussed in Section 12.2.4(i) of this Prospectus.*

* *Based on the number of Shares in issue before our Public Issue*

There was no share of profits and losses of associated companies and joint ventures, exceptional or extraordinary items or non-controlling interests during the financial years under review. The auditors' reports for our Group for the financial years under review were reported without any audit qualification.

11.2 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets out our proforma consolidated statements of financial position as at FYE 31 December 2010, assuming that our Public Issue, Offer for Sale and utilisation of proceeds had been effected as at that date, for illustrative purposes only, and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	As at 31 December 2010 RM	Proforma I RM	Proforma II RM
Equity			
Share capital	17,300,000	18,800,000	18,800,000
Share premium	-	3,000,000	2,717,447
Unappropriated profit	2,672,552	2,672,552	1,455,105
Equity attributable to equity holders of the Company	19,972,552	24,472,552	22,972,552
Non-controlling interests	2	2	2
Total Equity	19,972,554	24,472,554	22,972,554
Non-Current Liabilities			
Hire purchase creditors	176,589	176,589	176,589
Borrowings	3,050,316	3,050,316	3,050,316
Deferred tax liabilities	58,900	58,900	58,900
	23,258,359	27,758,359	26,258,359
Non-Current Asset			
Property, plant and equipment	12,716,620	12,716,620	12,716,620
Total non-current asset	12,716,620	12,716,620	12,716,620
Current Assets			
Inventories	3,015,516	3,015,516	3,015,516
Receivables	16,190,750	16,190,750	15,559,858
Cash and bank balances	1,449,308	5,949,308	3,088,833
Total current assets	20,655,574	25,155,574	21,664,207

11. PROFORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

	As at 31 December 2010 RM	Proforma I RM	Proforma II RM
Current Liabilities			
Payables	5,750,945	5,750,945	5,750,945
Hire purchase creditors	97,603	97,603	97,603
Borrowings	1,733,878	1,733,878	1,733,878
Bank overdraft	1,991,367	1,991,367	-
Tax payables	540,042	540,042	540,042
Total current liabilities	10,113,835	10,113,835	8,122,468
Net Current Assets	10,541,739	15,041,739	13,541,739
	23,258,359	27,758,359	26,258,359
Number of PeterLabs Shares in issue	173,000,000	188,000,000	188,000,000
NA per PeterLabs Share	0.12	0.13	0.12
NTA per PeterLabs Share	0.12	0.13	0.12

Notes:

Proforma I *After the Public Issue and Offer for Sale.*
Proforma II *After Proforma I and utilisation of proceeds from the Public Issue.*

11. PROFORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

11.3 PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The following table sets out our proforma consolidated statement of cash flows for the FYE 31 December 2010, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	RM
OPERATING ACTIVITIES	
Profit before tax	8,211,907
Adjustments for:	
Depreciation of property, plant and equipment	288,268
Inventories written down	97,449
Impairment loss on trade receivables	48,668
Impairment loss on trade receivables no longer required	(457,987)
Interest expense	120,949
Property, plant and equipment written off	136,087
Gain on disposal of property, plant and equipment	(24,960)
Operating profit before working capital changes	8,420,381
Changes in working capital:	
Inventories	(1,187,789)
Receivables	(1,060,119)
Payables	2,821,271
Bills payables	1,404,511
Cash generated from operations	10,398,255
Interest paid	(70,090)
Tax paid	(1,920,438)
Net cash from operating activities	8,407,727
INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(7,131,772)
Proceeds from disposal of property, plant and equipment	48,000
Net cash used in investing activities	(7,083,772)
FINANCING ACTIVITIES	
Repayment of hire purchase creditors	(109,449)
Proceeds from issuance of shares	100
Drawdown term loan	1,345,085
Proceeds from Public Issue	4,500,000
Proceeds from non-controlling interests	495
Interest paid	(176,549)
Payment of estimated listing expenses	(869,108)
Advances from Directors	(223,600)
Dividend paid	(1,627,200)
Net cash from financing activities	2,839,774

11. PROFORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

	RM
Net increase in cash and cash equivalent	4,163,729
Cash and cash equivalents brought forward	(1,074,896)
Cash and cash equivalents carried forward	3,088,833

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited financial statements of PeterLabs Holdings, PLON Synergy, PeterLabs, Osmosis Nutrition, OMS Resources, Biojava and OMS Laboratory for the FYE 31 December 2010, with the assumption that the Public Issue and Utilisation of Proceeds from Public Issue have been completed.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of PeterLabs Holdings Group.

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11.4 REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED FINANCIAL INFORMATION

Grant Thornton

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION
(Prepared for inclusion in this Prospectus)

Date: 13 June 2011

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
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The Board of Directors
PeterLabs Holdings Berhad
Lot 16014, Jalan Nilam 3
Nilai Utama Enterprise Park
Bandar Nilai Utama
71800 Nilai
Negeri Sembilan Darul Khusus.

Dear Sirs,

PETERLABS HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANIES
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the presentation of the Proforma Consolidated Financial Information of PeterLabs Holdings Berhad ("PeterLabs Holdings") and its subsidiary companies, (collectively known as "PeterLabs Holdings Group" or "The Group") for the past four (4) FYE 31 December 2007 to 2010 together with the notes and assumptions thereto as set out herein, which we have stamped for the purpose of identification, in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of PeterLabs Holdings on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Proforma Consolidated Financial Information have been prepared for illustrative purposes only on the basis of assumptions as set out below and after making certain adjustments to show that:-

i) the financial results of PeterLabs Holdings Group for the past four (4) FYE 31 December 2007 to 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years being reported on;

ii) the financial position of PeterLabs Holdings Group as at 31 December 2010 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the Public Issue, Offer for Sale and Utilisation of Proceeds; and

iii) the cash flows of PeterLabs Holdings Group for the financial year ended 31 December 2010 would have been if the group structure as at the date of the Prospectus had been in place since the beginning of the financial year ended 31 December 2010.

Grant Thornton

The Proforma Consolidated Financial Information, because of its nature, may not give a true picture of PeterLabs Holdings Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial results, financial position and cash flows.

It is solely the responsibility of the Directors of PeterLabs Holdings Group to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines-Equity and Debt in respect of Public Offerings issued by the Securities Commission. Our responsibility is to form an opinion as required by the Prospectus Guidelines on the Proforma Consolidated Financial Information and our report is given to you solely for this, and no other purpose.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Financial Information, nor do we accept responsibility for such reports or opinions beyond that is owed to those to whom those reports or opinions were addressed by us at the date of their issue.

Our work, which involved no independent examination of any of the underlying financial information, is primarily comparing the Proforma Consolidated Financial Information with the audited financial statements, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Financial Information with the Directors of PeterLabs Holdings Group.

In our opinion, the Proforma Consolidated Financial Information together with the accompanying notes which are provided solely for illustrative purposes only,

(a) have been properly compiled on a basis of preparation as stated in the notes thereto and; such basis is consistent with the accounting policies normally adopted by PeterLabs Holdings Group;

(b) the adjustments are appropriate for the purposes of the Proforma Consolidated Financial Information; and

(c) the financial statements used in the preparation of the Proforma Consolidated Financial Information were prepared in accordance with Financial Reporting Standards as defined in the Financial Reporting Act 1997 and in manner consistent with both the format of the financial statements and the accounting policies of the PeterLabs Holdings Group.

Grant Thornton

This letter is not to be reproduced, referred to in any other document, or used or relied upon for any other purpose without our prior written consent.

Yours faithfully,

SJ GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS

DATO' N.K. JASANI
Approval Number: 708/03/12 (J/PH)
Partner of the Firm

PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. INTRODUCTION

The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of PeterLabs Holdings Berhad and its subsidiary companies for the past four (4) FYE 31 December 2007 to 2010 using the bases, the format and the accounting principles consistent with those adopted in the audited consolidated financial statements of PeterLabs Holdings Group, after giving effect to the proforma adjustments which are considered appropriate.

2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

PeterLabs Holdings	PeterLabs Holdings Berhad
PLON Synergy	Plon Synergy Group Sdn. Bhd.
PeterLabs	PeterLabs Sdn. Bhd., a subsidiary company of PLON Synergy
Osmosis Nutrition	Osmosis Nutrition Sdn. Bhd., a subsidiary company of PLON Synergy
OMS Resources	OMS Resources Sdn. Bhd. (formerly known as Zeus Biotech (Asia) Sdn. Bhd.), a subsidiary company of PLON Synergy
Biojava	Biojava Sdn. Bhd., a subsidiary company of PLON Synergy
OMS Laboratory	OMS Laboratory Sdn. Bhd. (formerly known as Zeus Biotech (M) Sdn. Bhd.), a subsidiary company of OMS Resources
PLON Synergy Group	PLON Synergy and its subsidiary companies, namely PeterLabs, Osmosis Nutrition, OMS Resources, OMS Laboratory and Biojava
PeterLabs Holdings Group	PeterLabs Holdings and its subsidiary companies, namely PLON Synergy Group
FYE	Financial year ended
FPE	Financial period ended
RM	Ringgit Malaysia

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PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
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NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3.1 The Proforma Consolidated Financial Information has been prepared to illustrate that:-

a) the financial results of PeterLabs Holdings Group for the past four (4) FYE 31 December 2007 to 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years being reported on;

b) the financial position of PeterLabs Holdings Group as at 31 December 2010 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the Public Issue, Offer for Sale and Utilisation of Proceeds; and

c) the cash flows of PeterLabs Holdings Group for the FYE 31 December 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the FYE 31 December 2010.

3.2 For illustrative purposes, it was assumed that the acquisitions of PLON Synergy Group by PeterLabs Holdings which was completed during the FYE 31 December 2010 took place prior to 1 January 2007 in arriving at the proforma consolidated financial results for the past four (4) FYE 31 December 2007 to 2010.

3.3 The Proforma Consolidated Financial Information have been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial results, financial position and cash flows of PeterLabs Holdings Group.

3.4 The audited financial statements of PeterLabs Holdings and its subsidiary companies for the past four (4) FYE 31 December 2007 to 2010 were prepared in accordance with Financial Reporting Standards as defined in the Financial Reporting Act 1997.

3.5 The auditors' reports on the respective financial statements included in this report, where applicable, were not subject to any qualifications or modifications.

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PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
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AND ITS SUBSIDIARY COMPANIES

(i) PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The Proforma Consolidated Statements of Comprehensive Income of PeterLabs Holdings Group for the past four (4) FYE/FPE 31 December 2007 to 2010 are provided for illustrative purposes based on the audited financial statements of PeterLabs Holdings Group assuming that PeterLabs Holdings Group has been in existence throughout the financial years under review. Adjustments were made to the Proforma Consolidated Statements of Comprehensive Income to account for retrospective effects of the acquisition of PLON Synergy Group which were completed during FYE 31 December 2010.

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
Revenue	24,526,054	28,433,902	34,015,860	40,727,759
Gross profit	7,735,364	9,406,138	10,570,102	13,527,445
Other income	-	-	2,937	656,502
Profit before amortisation, depreciation, interest expense and tax	3,044,356	4,517,864	6,169,742	8,621,115
Amortisation	-	-	-	-
Depreciation	(245,176)	(251,228)	(253,453)	(288,268)
Interest expense	(64,525)	(62,471)	(76,309)	(120,940)
Profit before tax but after amortisation, depreciation and interest expense	2,734,655	4,204,165	5,839,980	8,211,907
Tax expense	(712,175)	(1,216,863)	(1,411,481)	(2,263,909)
Profit after tax	2,022,480	2,987,302	4,428,499	5,947,998
Gross profit margin (%)	31.54	33.08	31.07	33.21
Pre-tax profit margin (%)	11.15	14.79	17.17	20.16
Profit after tax margin (%)	8.25	10.51	13.02	14.60
Number of ordinary shares of RM0.10 each assumed to be issued#	173,000,000	173,000,000	173,000,000	173,000,000
Gross earnings per share ("EPS") (sen)	1.58	2.43	3.38	4.75
Net EPS (sen)	1.17	1.73	2.56	3.44

Based on share capital of 173,000,000 ordinary shares (number of ordinary shares assumed to be issued prior to the Public Issue).

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PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(i) PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

1. The Proforma Consolidated Statements of Comprehensive Income have been prepared based on the audited financial statements of PeterLabs Holdings, PLON Synergy Group, OMS Resources, Biojava and OMS Laboratory for the past four (4) FYE/FPE 31 December 2007 to 2010.

2. There were no exceptional items in all the financial years/period under review.

3. PeterLabs Holdings Group's results have been restated through appropriate consolidation adjustments to eliminate the inter-company transactions under the existing group structure.

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PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
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AND ITS SUBSIDIARY COMPANIES

(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Proforma Consolidated Statements of Financial Position of PeterLabs Holdings Group as at 31 December 2010 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2010.

	Note	At 31 December 2010 RM	Proforma I RM	Proforma II RM
SHARE CAPITAL	7	17,300,000	18,800,000	18,800,000
SHARE PREMIUM	8	-	3,000,000	2,717,447
UNAPPROPRIATED PROFIT	9	2,672,552	2,672,552	1,455,105
Equity attributable to equity holders of the Company		19,972,552	24,472,552	22,972,552
NON-CONTROLLING INTERESTS	10	2	2	2
Total equity		19,972,554	24,472,554	22,972,554
NON-CURRENT LIABILITIES				
Hire purchase creditors	11	176,589	176,589	176,589
Borrowings	12	3,050,316	3,050,316	3,050,316
Deferred tax liabilities	13	58,900	58,900	58,900
		23,258,359	27,758,359	26,258,359
Represented by:-				
NON-CURRENT ASSET				
Property, plant and equipment	14	12,716,620	12,716,620	12,716,620
Total non-current asset		12,716,620	12,716,620	12,716,620
CURRENT ASSETS				
Inventories	15	3,015,516	3,015,516	3,015,516
Receivables	16	16,190,750	16,190,750	15,559,858
Cash and bank balances	17	1,449,308	5,949,308	3,088,833
Total current assets		20,655,574	25,155,574	21,664,207

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PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

The Proforma Consolidated Statements of Financial Position of PeterLabs Holdings Group as at 31 December 2010 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2010 (cont'd).

	Note	At 31 December 2010 RM	Proforma I RM	Proforma II RM
CURRENT LIABILITIES				
Payables	18	5,750,945	5,750,945	5,750,945
Hire purchase creditors	11	97,603	97,603	97,603
Borrowings	12	1,733,878	1,733,878	1,733,878
Bank overdraft	19	1,991,367	1,991,367	-
Tax payables	20	540,042	540,042	540,042
Total current liabilities		10,113,835	10,113,835	8,122,468
NET CURRENT ASSETS		10,541,739	15,041,739	13,541,739
		23,258,359	27,758,359	26,258,359
Number of ordinary shares in issue	7	173,000,000	188,000,000	188,000,000
NET ASSETS PER ORDINARY SHARE OF: - RM0.10 each (RM)	21	0.12	0.13	0.12
NET TANGIBLE ASSETS PER ORDINARY SHARE OF: - RM0.10 each (RM)	21	0.12	0.13	0.12

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PETERLABS HOLDINGS BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. INTRODUCTION

The Proforma Consolidated Statements of Financial Position have been prepared based on the audited financial statements of PeterLabs Holdings and its subsidiary companies as at 31 December 2010 and using the acquisition method of accounting for the acquisitions of PLON Synergy Group.

2. EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Proforma Consolidated Statements of Financial Position together with notes thereon, have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements of PeterLabs Holdings Group to illustrate the Consolidated Statements of Financial Position of PeterLabs Holdings Group.

(i) **Proforma I :**

(a) Public Issue

Assumed 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 Public Issue will be made available for application by the public.

(b) Offer for Sale

The offerors will implement an offer for sale at an aggregate of 35,903,000 existing PeterLabs Holdings Shares to identified investors, subject to terms and conditions contained in Prospectus.

Offer for Sale would not have impact on the proforma.

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(Company No: 909720-W)
(Incorporated in Malaysia)
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

2. EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

(ii) Proforma II : Utilisation of Proceeds from Public Issue

After Proforma I and assumed PeterLabs Holdings seeks a listing and quotation for the entire enlarge issued and paid-up share capital of PeterLabs Holdings comprising 188,000,000 PeterLabs Holdings Shares on the ACE Market of Bursa Securities.

The gross proceeds arising from the Public Issue amounting to RM4,500,000 are expected to be fully utilised for the core business of PeterLabs Holdings Group in the following manner:-

	RM
Repayment of bank overdrafts*	3,000,000
Estimated listing expenses	1,500,000
	4,500,000

* Total bank overdrafts outstanding as at 31 December 2010 was amounted to RM1,991,367, the remaining amount of RM1,008,633 will be utilised as working capital.

The listing expenses relating to the flotation exercise amounting to RM282,553 will be charged to share premium account. The balance of RM1,217,447 will be charged to the statement of comprehensive income. For the purpose of this Proforma, these expenses are assumed to be settled by using the proceeds from the Public Issue.

3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Proforma Consolidated Statements of Financial Position have been prepared based on the audited financial statements of PeterLabs Holdings Berhad and its subsidiary companies as at 31 December 2010. The Proforma Consolidated Statements of Financial Position are prepared for illustrative purposes only, to show the effects of all the transactions stated in Note 2 of the Proforma Consolidated Statements of Financial Position.

PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

4. FINANCIAL RISK MANAGEMENT POLICIES

Kindly refer to Section 5.3 of the Accountants' Report.

5. SIGNIFICANT ACCOUNTING POLICIES

The Proforma Consolidated Statements of Financial Position have been prepared using the bases and the accounting principles consistent with those adopted on the audited financial statements as stated in Section 5 and Section 7 of the Accountants' Report.

6. SCHEME

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of 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 Public Issue will be made available for application by the public.

(ii) **Offer for Sale**

The offerors will implement an offer for sale of 35,903,000 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 Securities**

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 Securities.

PETERLABS HOLDINGS BERHAD
(Company No: 909720-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

6. SCHEME (CONT'D)

(iii) Listing and Quotation on the ACE Market of Bursa Securities (cont'd)

The gross proceeds arising from the Public Issue amounting to RM4,500,000 are expected to be fully utilised for the core business of PeterLabs Holdings Group in the following manner:-

	RM
Repayment of bank overdrafts*	3,000,000
Estimated listing expenses	1,500,000
	4,500,000

* Total bank overdrafts outstanding as at 31 December 2010 was amounted to RM1,991,367, the remaining amount of RM1,008,633 will be utilised as working capital.

The listing expenses relating to the flotation exercise amounting to RM282,553 will be charged to share premium account. The balance of RM1,217,447 will be charged to the statement of comprehensive income. For the purpose of this Proforma, these expenses are assumed to be settled by using the proceeds from the Public Issue.

7. SHARE CAPITAL

The movement of issued and paid-up share capital is as follows:-

	Number of ordinary shares	RM
At 31 December 2010	173,000,000	17,300,000
Public Issue	15,000,000	1,500,000
Proforma I and II	188,000,000	18,800,000

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

8. SHARE PREMIUM

The movement of share premium account is as follows:-

	RM
At 31 December 2010	-
Public issue	3,000,000
Proforma I	3,000,000
Estimated listing expenses	(282,553)
Proforma II	2,717,447

This is non-distributable reserve.

9. UNAPPROPRIATED PROFIT

The movement of the unappropriated profit is as follows:-

	RM
At 31 December 2010/ Proforma I	2,672,552
Estimated listing expenses	(1,217,447)
Proforma II	1,455,105

10. NON-CONTROLLING INTERESTS

The movement of the non-controlling interests is as follows:-

	RM
At 31 December 2010/ Proforma I to II	2

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

11. HIRE PURCHASE CREDITORS

The movement of hire purchase creditors' account is as follows:-

	RM
Minimum lease payment	
- not later than 1 year	110,329
- later than 1 year but no later than 5 years	191,645
	301,974
Future finance charges on hire purchase creditors	(27,782)
	274,192
Present value	
- not later than 1 year	97,603
- later than 1 year but no later than 5 years	176,589
At 31 December 2010/Proforma I to II	274,192

The effective interest rate of the above hire purchase facility is 6.09% per annum.

12. BORROWINGS

The movement of borrowings account is as follows:-

	RM
Secured:-	
Current	
Term loan	330,367
Bankers' acceptance	1,403,511
	1,733,878
Non-current	
Term loan	3,050,316
At 31 December 2010/Proforma I to II	4,784,194

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

12. BORROWINGS (CONT'D)

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

(a) a legal charge over the Group's freehold land and building;
(b) joint and several guarantees by all the Directors of the Company and all the Directors of the subsidiary companies.

The term loan bears interest at rates ranging from 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 1.00% per annum above the lending banks' cost of funds.

13. DEFERRED TAX LIABILITIES

The movement of deferred tax liabilities account is as follows:-

	RM
At 31 December 2010/ Proforma I to II	58,900

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

	RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	58,900

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment is as follows:-

	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	Total RM
Proforma Group											
Cost											
At 31 December 2010/ Proforma I to III	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
Accumulated depreciation											
At 31 December 2010/ Proforma I to II	-	-	41,129	3,512	1,269	69	-	28	357	160	46,524
Net carrying amount											
At 31 December 2010/ Proforma I to II	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

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

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

The Group net carrying amount of property, plant and equipment which are acquired under hire purchase arrangement amounted RM339,466.

Freehold land and building are charged as security for banking facilities granted to the Group.

Interest capitalised in work-in-progress amounted to RM125,690 during the financial period.

15. INVENTORIES

The movement of inventories is as follows:-

	RM
Cost	
Finished goods	1,852,187
Net realisable value	
Raw material	1,163,329
At 31 December 2010/Proforma I to II	3,015,516
Inventories written down	97,449

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

16. RECEIVABLES

The movement of receivables is as follows:-

	RM
At 31 December 2010/ Proforma I	16,190,750
Less: Estimated listing expenses	(630,892)
Proforma II	15,559,858
Details:-	
Trade receivables	15,086,017
Less: Impairment loss on trade receivables	
Addition through acquisition of subsidiary company	99,895
Additions	19,808
No longer required	(70,235)
Carried forward	49,468
Net trade receivables	15,036,549
Non-trade receivables	38,768
Deposits	168,322
Advance to suppliers	316,219
Total other receivables	523,309
Total receivables	15,559,858

The normal trade credit terms granted by the Group to the customers range from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

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

	RM
Sterling Pound	29,765
US Dollar	301,519

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

17. CASH AND BANK BALANCES

The movement of cash and bank balances is as follows:-

	RM
At 31 December 2010	1,449,308
Public issue	4,500,000
Proforma I	5,949,308
Utilisation of proceeds from Public Issue	
- Repayment of bank overdraft	(1,991,367)
- Estimated listing expenses	(869,108)
Proforma II	3,088,833

18. PAYABLES

The movement of payables is as follows:-

	RM
Trade payables	3,087,975
Provision for commission payables	721,052
Non-trade payables	1,094,383
Accruals of expenses	840,820
Amount due to non-controlling interests	6,715
At 31 December 2010/ Proforma I to II	5,750,945

The normal credit terms granted by suppliers range from 30 to 60 days.

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

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

18. PAYABLES (CONT'D)

The foreign currency exposure profile of payables is as follows:-

	RM
Singapore Dollar	8,508
US Dollar	111,895

19. BANK OVERDRAFT

The movement of bank overdraft is as follows:-

	RM
At 31 December 2010 /Proforma I	1,991,367
Utilisation of proceeds from Public Issue	(1,991,367)
Proforma II	-

The bank overdraft bears interest at rates ranging from 5.55% to 6.50% per annum and secured by fixed deposits from Directors, certain shareholders of the Company and a third party.

20. TAX PAYABLES

The movement of tax payables is as follows:-

	RM
At 31 December 2010/Proforma I to II	540,042

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

21. NET ASSETS AND NET TANGIBLE ASSETS PER ORDINARY SHARE

Based on the Proforma Consolidated Statements of Financial Position of PeterLabs Holdings Group as at 31 December 2010, the proforma net assets ("NA") and net tangible assets ("NTA") per PeterLabs Holdings Share are calculated as follows:-

Proforma NA as per Proforma Consolidated Statements of Financial Position (RM)	22,972,554
Proforma NTA as per Proforma Consolidated Statements of Financial Position (RM)	22,972,554
Total number of fully issued and paid-up ordinary share of RM0.10 each	188,000,000
Proforma NA per PeterLabs Holdings Share (RM)	0.12
Proforma NTA per PeterLabs Holdings Share (RM)	0.12

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(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The following is the Proforma Consolidated Statement of Cash Flows of PeterLabs Holdings Group prepared for illustrative purpose based on the audited financial statements of PeterLabs Holdings, PLON Synergy, PeterLabs, Osmosis Nutrition, OMS Resources, Biojava and OMS Laboratory for the FYE 31 December 2010 assuming that the Group has been in existence throughout the financial year under review.

Year ended	**31/12/2010 RM**
OPERATING ACTIVITIES	
Profit before tax	8,211,907
Adjustments for:-	
Inventories written down	97,449
Depreciation of property, plant and equipment	288,268
Impairment loss on trade receivables	48,668
Interest expense	120,949
Property, plant and equipment written off	136,087
Impairment loss on trade receivables no longer required	(457,987)
Gain on disposal of property, plant and equipment	(24,960)
Operating profit before working capital changes	8,420,381
Changes in working capital:-	
Inventories	(1,187,789)
Receivables	(1,060,119)
Payables	2,821,271
Bills payables	1,404,511
Cash generated from operations	10,398,255
Interest paid	(70,090)
Tax paid	(1,920,438)
Net cash from operating activities	8,407,727
INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(7,131,772)
Proceeds from disposal of property, plant and equipment	48,000
Net cash used in investing activities	(7,083,772)

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(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended	31/12/2010 RM
FINANCING ACTIVITIES	
Repayment of hire purchase creditors	(109,449)
Proceeds from issuance of shares	100
Drawdown term loan	1,345,085
Proceeds from public issue	4,500,000
Proceeds from non-controlling interests	495
Interest paid	(176,549)
Payment of estimated listing expenses	(869,108)
Advances from Directors	(223,600)
Dividend paid	(1,627,200)
Net cash from financing activities	2,839,774
Net increase in cash and cash equivalent	4,163,729
Cash and cash equivalents brought forward	(1,074,896)
Cash and cash equivalents carried forward	3,088,833

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited financial statements of PeterLabs Holdings, PLON Synergy, PeterLabs, Osmosis Nutrition, OMS Resources, Biojava and OMS Laboratory for the FYE 31 December 2010, with the assumption that Public Issue and Utilisation of Proceeds from Public Issue have been completed.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of PeterLabs Holdings Group.

end of report

11. PROFORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

11.5 CAPITALISATION AND INDEBTEDNESS

The following table sets out our proforma consolidated cash and bank balances, capitalisation and indebtedness as at FYE 31 December 2010 based on our proforma consolidated statement of financial position as at 31 December 2010 and adjusted to show the effects of our Public Issue and the utilisation of proceeds as set out in Section 3.7 of this Prospectus.

	Audited as at 31 December 2010 RM'000	**After the IPO and utilisation of proceeds RM'000**
Cash and bank balances	1,449	3,089
	1,449	3,089
Indebtedness		
Non-current		
Hire purchase creditors	176	176
Term loan	3,050	3,050
	3,226	3,226
Current		
Bank overdrafts	1,991	-
Bankers' acceptances	1,734	1,734
Hire purchase creditors	98	98
Term loan	-	-
	3,823	1,832
Total indebtedness	**7,049**	**5,057**
Capitalisation	**19,973**	**22,973**
Total capitalisation and indebtedness	**27,022**	**28,031**

Save as disclosed above, we do not have any borrowings that are unsecured or unguaranteed. The indirect and contingent liabilities of our Group are set out in Section 12.3.6 of this Prospectus.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion and analysis of our past financial condition and results of operations should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

12.1 OVERVIEW

Our Company is principally an investment holding company, whereby our Group's revenue is derived through our subsidiary companies namely PeterLabs, Osmosis Nutrition and OMS Resources. PLON Synergy is an investment holding company which derives its income from dividend payouts from its subsidiary companies. Our Group also comprises Biojava and OMS Laboratory which is currently dormant. We are principally involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals, and are undertaken by our subsidiary companies as follows:

Company	Principal activities
PLON Synergy	Investment holding
PeterLabs	Trading of animal health and nutrition products
Osmosis Nutrition	Manufacturing and distribution of animal health and nutrition products
OMS Resources	Trading of animal health and nutrition products
Biojava	Dormant
OMS Laboratory	Dormant

Revenue

Our Group's revenue is principally derived from the sale of animal health and nutrition products. These products are mostly sold domestically. Our revenue is not significantly subject to any seasonal/cyclical fluctuation.

Cost of Sales

Cost of sales comprise of direct material costs, direct labour costs and production overheads and can be explained as follows:

- Direct material costs refer to purchases of raw materials together with related freight and handling charges. This constitutes the most significant part of our cost of sales in the past four (4) FYE 31 December 2007 to 2010;

- Direct labour costs relate to salaries, wages, bonuses, statutory contributions and other related benefits for employees and workers who are directly involved in our production activities; and

- Production overheads comprise of depreciation of plant and machinery, utilities, factory rental, upkeep and maintenance of factory and equipments and other direct overheads incurred in association with production activities.

Operating Expenses

Expenses that fall into this category are mostly fixed in nature such as directors' salaries, support staff salaries, depreciation, office rental, utilities and compliance costs.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

Finance Expenses

Finance expenses are mainly interest incurred for borrowings such as those incurred from our term-loans, bankers' acceptances, hire-purchases and bank overdraft.

Tax Expenses

Tax expenses comprise current year provision for taxation including any under or overprovision of taxation in the previous year and deferred taxation.

The main factors that have affected and are expected to continue to affect our profits include but are not limited to the following:

(i) Growth

Our growth is, inter-alia, affected by:

a. Derived demand from livestock industry leading to correlating growth pattern

The Malaysian livestock industry is expected to continue growing throughout the period for the 10th Malaysian Plan (2011-2015). The government has targeted an average annual growth rate of 3.3 percent for the agriculture sector during this time and the livestock industry is expected to be a core contributor for this growth. Continued growth is likely in line with the historical performance of the industry over the last few years.

b. Changing preference towards usage of non-antibiotic feed additives

Malaysian consumers are gradually educated on health and food safety awareness and consumption trends prevalent in more developed economies. Consumers are also increasingly aware of the environmental impact of agricultural practices – including those of the livestock industry. Increasing health and environmental awareness is likely to pressure local livestock producers to switch from antibiotic feed additives to non-antibiotic alternatives in the foreseeable future.

The European Union ("EU") banned the use of antibiotic feed additives effective January 2006 citing the health risks of continued usage. EU livestock producers are now required to use only non-antibiotic additives for livestock nutrition. In the long run, it is highly likely that regulation outside the EU region will trend towards the total exclusion of antibiotic feed additives for livestock production. Such a situation exerts pressure on local regulators as well as producers to switch from antibiotic to non-antibiotic feed additives.

With or without regulatory pressure, some local livestock farmers are proactively switching to non-antibiotic feed additives on the basis of greater environmental sustainability, and a concern for animal welfare.

As more Malaysian farmers see the value of non-antibiotic feed additives, the rate of substitution will likely accelerate in the medium to long run, providing a boost for the local animal feed additives market. The increasing use of non-antibiotic animal feed additives is also made possible with the support from local animal feed additive manufacturers who have the necessary research and development capabilities to develop new products.

As global regulation tends towards the prohibition of antibiotic feed additive usage and consumers become increasingly demanding in terms of health and food safety, it is envisaged that Malaysia's regulators will soon have to comply with global trends to control in-feed antibiotic use by local livestock farmers. In Malaysia, the Feed Act 2009, which purports to ensure animal welfare, food safety and human health, was only very recently enacted in January 2010. The Feed Act 2009 provides for the quality control of animal feed, and the control of antibiotics, hormones and chemicals as feed additives for livestock.

c. Potential for scientific advancement in non-antibiotic feed additives

While demand is usually an externally driven event and led by the purchasers/ consumers/ users of various markets, in certain instances demand may be due to internal forces. Due to its ability to counter public health and environmental concerns, advancement and scientific developments are able to generate sufficient interest and further market expansion. Scientific research and development in the area of non-antibiotic feed additives is still far from reaching the maturity stage, and the potential market for such products is promising.

With continued efforts in research and development, the Malaysian market is expected to see the entrance of new products in the long term, which will further drive value creation for the market. This is predominantly due to 2 different reasons – firstly, the gradual replacement of antibiotic feed additives which are at present the main type of feed additives used in the Malaysian livestock industry, and secondly, the higher premium attached to non-antibiotic feed additives.

d. Disease outbreaks affecting livestock industry

Disease outbreaks affecting livestock result in culling. While this has only a moderate effect and is constrained to a short time period, it nonetheless affects demand within the market. The avian flu outbreak and more recently the H1N1 swine flu pandemic in 2009 has to some extent made consumers wary about the consumption of chicken and pork respectively. In either case, local livestock production was hampered, leading to a falling demand for animal feed and feed additives. Such outbreaks in the future could have similar effects on livestock demand and supply, as well as the demand for animal feed additives.

(Source: extracts from IMR Report prepared by Protégé Associates)

(ii) Tax consideration

The following table sets out the comparison between our effective and statutory tax rate for the four (4) FYE 31 December 2007 to 2010:

	<-------- Proforma Audited FYE 31 December -------->			
	2007	**2008**	**2009**	**2010**
	%	**%**	**%**	**%**
Effective tax rate	26.0	28.9	24.2	27.6
Statutory tax rate	27.0	26.0	25.0	25.0

The effective tax rate for FYE 31 December 2007 was slightly lower than the statutory tax rates due to the preferential tax rate for small and medium enterprises enjoyed by PeterLabs, OMS Resources and Osmosis Nutrition.The effective tax rate for FYE 31 December 2008 was higher than that of the statutory tax rate as certain expenses were not tax deductable such as provision for commission and legal fees.

The effective tax rate for FYE 31 December 2009 was slightly lower than the statutory tax rate mainly due to a deferred tax adjustment in respect of a prior year provision and allowable expenses on commission paid. The effective tax rate for the FYE 31 December 2010 was slightly higher than the statutory tax rate as certain expenses were not tax deductable such as provision on professional fees, legal fees, bonus and commission.

(iii) Competitive Strengths

Our founders collectively have an average of over 28 years of experience and valuable knowledge in the livestock industry. Besides having a strong management team, we also have a strong technical team to support our day-to-day operations. Together with the services of these highly skilled professionals and a strong management direction, our Group strive to bring our organization to the next level of achievement and success.

One of the ways to stay ahead of our competitors is to offer better products in terms of quality and innovation. As such, our Group places a strong emphasis on continuous product development to cater to the needs of both our existing and potential customers. In addition to our in-house product development, we are currently collaborating with UPM and will also collaborate with foreign partners in the future to introduce and/or develop potential animal health and nutrition products.

Our Group has a strong distribution network which spans Malaysia. All areas are serviced by either our dedicated regional sales personnel or non-exclusive distributors. Both our sales team and appointed non-exclusive distributors are organised and work cohesively to acts as an effective distribution network to serve all our existing and potential customers throughout Malaysia.

In ensuring that our products meet the quality standards and product specification of our customers, we have in place a proper quality control system which is detailed in Section 6.6 of this Prospectus.

We are currently distributing a diverse range of products under the four (4) segments of animal health and nutrition market, namely, animal feed additives, veterinary pharmaceuticals, environment maintenance products and biologicals which reduces our reliance on any single product. Our Group is planning to expand our product range to ruminant and aquaculture animal health and nutrition products.

The Group provides end-to-end solutions to our customers, namely, supply of products (consists of animal feed additives and nutrition and medication premixes), farm management, technical advisory services, raw material analysis and feed formulation. Our Group works closely with our current and potential customers to provide a comprehensive service, which includes pre-sales consultation, user trainings as well as after-sales support.

Please refer to Section 6.5 of this Prospectus for further information on our competitive strengths.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

(iv) General Business Risks

a. Competitive environment

The environment within which we operate is highly competitive. We face competition from the existing competitors as well as potential new players entering into the market. Currently there are more than 50 market players which include local product manufacturers, distributors and subsidiaries of international product manufacturers. To compete and grow in the industry, we offer quality products at competitive prices.

b. Long-term contract

We do not have any long-term contract with our customers, hence continuous sales and marketing efforts are required to ensure we continuously secure business from our customers. To mitigate this, we establish long-term relationships with our customers as well as have strong distribution network with dedicated regional sales personnel in Perak, Penang and Johor.

c. Dependency on particular products and markets

Our Group is principally involved in manufacturing, distribution and trading of animal health and nutrition products. As such, our performance is significantly reliant on the performance of the livestock industry especially on the demand of swine and poultry. In order to limit our dependence on the local market, we have diversified our geographical reach to Taiwan, Nepal, Pakistan and Thailand.

d. Gestation period of GMP Compliant Manufacturing Plant

Our Group has recently built a new manufacturing plant in Nilai, Negeri Sembilan, with a total built-up area of 52,474 Sq. Ft. It is expected that our Group's new plant will commence operations in the third quarter of FYE 31 December 2011. Our Group views that the initial introduction of our GMP compliant products may subject the Group to gross profit margin attrition of approximately 2.0% during the initial production period (assuming there will be an increase in revenue due to the increase in our production output in our Nilai manufacturing plant coupled with upward adjustments on the pricing of our GMP compliant products to be implemented on a staggered basis). However, on a worst case scenario, assuming that our revenue for the FYE 31 December 2011 is maintained as per the FYE 31 December 2010, the initial introduction of our GMP compliant products may subject our Group to a gross profit margin attrition of approximately 17.0% during this period. This is mainly due to our Group having to bear the initial amortisation of the capital expenditure of our new GMP plant (assuming a full year of depreciation charge) with the plant operating less than its optimal production capacity coupled with no upward adjustments to the pricing of our products. Nevertheless, our Group believes that these GMP compliant products will able to garner interest from our existing and future customers as it would improve the quality of our customer's livestock such as to reduce mortality rate, improve FCR, improve egg and/or meat quality. Further, with the GMP compliance, we would be able to increase our revenue from our expansion plans into the export markets which would mitigate any cost increase involved in relation to operating a GMP compliant plant.

Please refer to Section 4 of this Prospectus for further information on risks.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.2 RESULTS OF OPERATIONS

The following is a segmental analysis of our results for the four (4) FYE 31 December 2007 to 2010 based on the assumption that our current Group structure has been in existence throughout the financial years under review.

12.2.1 Segmental Analysis of Revenue

(i) By company

	<---------- Proforma audited FYE 31 December ---------->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PeterLabs	22,565	92.00	26,894	94.58	32,873	96.64	39,825	97.78
Osmosis Nutrition	11,847	48.31	12,818	45.08	15,448	45.41	16,939	41.59
OMS Resources	2,321	9.46	3,237	11.39	3,595	10.57	3,916	9.62
Biojava	-	-	-	-	-	-	-	-
OMS Laboratory	-	-	-	-	-	-	-	-
PLON Synergy	-	-	-	-	-	-	-	-
	36,733	149.77	42,949	151.05	51,916	152.62	60,680	148.99
Less: Inter-company elimination	(12,207)	(49.77)	(14,515)	(51.05)	(17,900)	(52.62)	(19,952)	(48.99)
	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00

By company (net of inter-company sales)

	<---------- Proforma audited FYE 31 December ---------->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PeterLabs	22,565	92.00	26,894	94.58	32,873	96.64	39,825	97.78
Osmosis Nutrition	11,847	48.31	12,818	45.08	15,448	45.41	16,939	41.59
OMS Resources	2,321	9.46	3,237	11.39	3,595	10.57	3,916	9.62
Biojava	-	-	-	-	-	-	-	-
OMS Laboratory	-	-	-	-	-	-	-	-
PLON Synergy	-	-	-	-	-	-	-	-
	36,733	149.77	42,949	151.05	51,916	152.62	60,680	148.99

Less: Inter-company elimination

PeterLabs	(1,136)	(4.63)	(1,445)	(5.08)	(1,586)	(4.66)	(4,707)	(12.14)
Osmosis Nutrition	(9,642)	(39.31)	(10,922)	(38.41)	(13,275)	(39.03)	(15,193)	(39.18)
OMS Resources	(1,429)	(5.83)	(2,148)	(7.55)	(3,039)	(8.93)	(52)	(0.13)
Biojava	-	-	-	-	-	-	-	-
OMS Laboratory	-	-	-	-	-	-	-	-
PLON Synergy	-	-	-	-	-	-	-	-
	(12,207)	(49.77)	(14,515)	(51.05)	(17,900)	(52.62)	(19,952)	(51.45)

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

External revenue after inter-company elimination	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00

(ii) By activities

	<---------- Proforma audited FYE 31 December ---------->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trading	24,886	101.47	30,131	105.97	36,468	107.21	43,741	107.40
Manufacturing	11,847	48.30	12,818	45.08	15,448	45.41	16,939	41.59
	36,733	149.77	42,949	151.05	51,916	152.62	60,680	148.99
Less: Inter-company elimination	(12,207)	(49.77)	(14,515)	(51.05)	(17,900)	(52.62)	(19,952)	(48.99)
	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00

By activities (net of inter-company sales)

	<---------- Proforma audited FYE 31 December ---------->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trading	24,886	101.47	30,131	105.97	36,468	107.21	43,741	107.40
Manufacturing	11,847	48.30	12,818	45.08	15,448	45.41	16,939	41.59
	36,733	149.77	42,949	151.05	51,916	152.62	60,680	148.99

Less: Inter-company elimination

Trading	(2,565)	(10.46)	(3,593)	(12.64)	(4,625)	(13.60)	(5,034)	(12.36)
Manufacturing	(9,642)	(39.31)	(10,922)	(38.41)	(13,275)	(39.03)	(14,918)	(36.63)
	(12,207)	(49.77)	(14,515)	(51.05)	(17,900)	(52.62)	(19,952)	(48.99)

External revenue after inter-company elimination	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

(iii) By geographical location

	<---------- Proforma audited FYE 31 December ---------->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic	24,207	98.70	28,394	99.86	33,907	99.68	39,890	97.94
Exports	319	1.30	40	0.14	109	0.32	838	2.06
	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00

(iv) By product groups

	<---------- Proforma audited FYE 31 December ---------->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Animal feed additives	22,809	93.00	26,159	92.00	30,274	89.00	30,608	75.15
Environment maintenance products	74	0.30	85	0.30	102	0.30	141	0.35
Veterinary pharmaceuticals	1,643	6.70	2,190	7.70	3,640	10.70	9,979	24.50
	24,526	100.00	28,434	100.00	34,016	100.00	40,728	100.00

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.2.2 Segmental Analysis of GP

(i) By company and activities

	<---------- Proforma audited FYE 31 December ---------->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PeterLabs	5,575	72.08	6,986	74.27	6,360	60.17	9,485	70.12
Osmosis Nutrition	1,835	23.72	1,926	20.48	3,750	35.48	3,638	26.89
OMS Resources	325	4.20	494	5.25	460	4.35	404	2.99
Biojava	-	-	-	-	-	-	-	-
OMS Laboratory	-	-	-	-	-	-	-	-
PLON Synergy	-	-	-	-	-	-	-	-
	7,735	100.0	9,406	100.0	10,570	100.0	13,527	100.0

Note:

(i) Analysis of GP margins by activities:

	<---------- Proforma audited FYE 31 December ---------->			
	2009		*2010*	
	RM'000	*%*	*RM'000*	*%*
Revenue:				
Trading	*18,568*	*54.59*	*23,789*	*58.41*
Manufacturing	*15,448*	*45.41*	*16,939*	*41.59*
	34,016	*100.0*	*40,728*	*100.0*
GP:				
Trading	*3,020*	*28.57*	*4,858*	*35.91*
Manufacturing	*7,550*	*71.43*	*8,669*	*64.09*
	10,570	*100.0*	*13,527*	*100.0*
GP Margin (%):				
- Trading	*16.26*		*20.42*	
- Manufacturing	*48.87*		*51.18*	

Segmental analysis of GP and GP margin by activities for the FYE 31 December 2007 and 2008 are not readily available as the breakdown of GP is not readily available for our Group.

(ii) By geographical location and product groups

Segmental analysis of GP by geographical location and product groups are not readily available as the breakdown of GP by geographical location and product groups are not readily available for our Group.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.2.3 Segmental Analysis of PBT

(i) By company

	<---------- Proforma audited FYE 31 December ---------->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PeterLabs Holdings	-	-	-	-	-	-	(53)	(0.65)
PeterLabs	1,623	59.34	2,601	61.87	2,563	43.89	5,106	62.18
Osmosis Nutrition	930	34.00	1,250	29.73	2,752	47.12	2,901	35.33
OMS Resources	241	8.81	438	10.42	395	6.77	322	3.92
Biojava	(3)	(0.11)	(1)	(0.02)	(1)	(0.02)	(2)	(0.02)
OMS Laboratory	-	-	-	-	-	-	(7)	(0.09)
PLON Synergy	486	17.77	544	12.94	(45)	(0.77)	1,945	23.68
	3,277	119.81	4,832	114.94	5,664	96.99	10,212	124.35
Less: Inter-company elimination	(542)	(19.81)	(628)	(14.94)	176	3.01	(2,000)	(24.35)
	2,735	100.0	4,204	100.0	5,840	100.0	8,212	100.0

Notes:

(i) Whilst Biojava is a dormant company, it has incurred necessary expenses for the maintenance of the company such as secretarial and audit fees.

(ii) OMS Laboratory was incorporated on 10 July 2009 and has yet to commence operations and remains dormant as at 31 December 2010.

(ii) By geographical location and product groups

Segmental analysis for PBT by activities, geographical location and product groups are not readily available as the breakdown of PBT by activities, geographical location and product groups are not readily available for our Group.

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12.2.4 Commentary on our Group's Past Operating Results

(i) FYE 31 December 2007 compared to FYE 31 December 2006

Revenue

For the FYE 31 December 2007, our Group's revenue grew by 14.25% or approximately RM3.06 million from RM21.47 million in FYE 31 December 2006 to RM24.53 million in FYE 31 December 2007. The introduction of additional trading products from Novus International (animal feed additives - MHA) and Behn Meyer Nutri-Vet Sdn Bhd (animal feed additives - Premulac-L and Premulac-P) contributed to approximately RM3.00 million of the increase in revenue for the financial year. Further, the Group also expanded marketing activities into the northern region by dedicating a sales person to serve the region.

Cost of Sales

Despite our revenue increasing by 14.25%, cost of sales increased by approximately RM2.88 million or 20.70% from RM13.91 million in FYE 31 December 2006 to RM16.79 million in FYE 31 December 2007. The increase of 20.70% was higher than the revenue growth of 14.25% as a result of the increase in the cost of our raw materials such as minerals and vitamins which ranges from 25% to 30%, were not fully passed on to our customers.

GP

GP improved marginally by approximately RM0.18 million or 2.38% from RM7.55 million in FYE 31 December 2006 to RM7.73 million in FYE 31 December 2007. The lower growth of 2.38% of GP as compared to revenue growth of 14.25% was due to our GP margin declining from 35.19% in FYE 31 December 2006 to 31.54% in FYE 31 December 2007. The lower GP margin results from the lower margin received from newly introduced trading products. Further cost increases which were attributable to general industry cost hikes were not passed onto our customers as explained above.

Operating Expenses

Our Group's operating expenses which comprise selling and distribution expenses and administrative and general expenses decreased by approximately RM1.09 million or 18.08% from RM6.03 million in FYE 31 December 2006 to RM4.94 million in FYE 31 December 2007. The decrease in operating expenses which was attributable to lower directors' fees paid in the financial year (FYE 31 December 2007: RM1.15 million; FYE 31 December 2006: RM1.54 million) together with the exclusion of impairment loss on trade receivables recorded for the financial year as compared to FYE 31 December 2006 of approximately RM0.15 million. Additionally, the commencement of business by OMS Resources resulted in additional operating/marketing expenses amounting to approximately RM0.08 million.

Finance Expenses

Our Group had minimal borrowings during the FYE 31 December 2006 and FYE 31 December 2007. The interest expense was approximately RM0.04 million for the FYE 31 December 2006 and approximately RM0.06 million in the FYE 31 December 2007.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

PAT

As a result of higher sales and lower operating expenses, our Group recorded an improved PAT of RM2.02 million in FYE 31 December 2007 as compared to RM1.71 million in the previous financial year. This represents an improvement of 18.13% or RM0.31 million from the FYE 31 December 2006. PAT margin improved from 7.96% to 8.25% correspondingly.

(ii) FYE 31 December 2008 compared to FYE 31 December 2007

Revenue

Our revenue increased by 15.90% or approximately RM3.90 million during FYE 31 December 2008 from RM24.53 million recorded in FYE 31 December 2007. The growth was attributable to the overall growth in the industry and mainly due to the following:

Trading - Introduction of additional Novus products (animal feed additives - Acidomix AFG, Acidomix Protect, Activate DA and Activate WD) by PeterLabs which contributed approximately RM2.00 million to our Group's revenue

Manufacturing - Introduction of FMG 100, FMG111 and FMG500 under the FMG Series which contributed to an increase in revenue by approximately RM1.00 million

Cost of Sales

Our cost of sales increased by 13.34% or RM2.24 million from RM16.79 million in FYE 31 December 2007 to RM19.03 million in FYE 31 December 2008 in line with our growth in revenue.

GP

Whilst our revenue grew by approximately 15.90%, our GP increased by RM1.67 million or 21.58% as compared to FYE 31 December 2007. Our GP margin increased marginally from 31.54% in FYE 31 December 2007 to 33.08% in FYE 31 December 2008 as revenue increases were mainly in our trading products.

Operating Expenses

Our operating expenses increased by approximately RM0.20 million or 4.05% to RM5.14 million in the financial year under review is contributed by an increase in the selling expenses of approximately RM0.36 million and saving from administrative expenses of approximately RM0.16 million.

Finance Expenses

Our interest expense remained relatively stable at RM0.06 million for the Group's borrowings.

PAT

Our PAT increased by approximately RM0.97 million or 48.02% from RM2.02 million reported in FYE 31 December 2007 to RM2.99 million recorded in the current year. This is attributable to the higher revenue and GP generated whilst operating expenses were reduced. PAT margin improved from 8.25% to 10.51% in the current financial year as compared to FYE 31 December 2007.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

(iii) FYE 31 December 2009 compared to FYE 31 December 2008

Revenue

Our Group's revenue increased from RM28.43 million in FYE 31 December 2008 to RM34.02 million in FYE 31 December 2009. The growth of approximately RM5.59 million or 19.66% is due to an overall increase in the sales to our top ten (10) customers which increased by approximately RM2.30 million. Additionally, sales to new and existing customers contributed approximately RM2.80 million to our Group's revenue. The increases were mainly attributable to:

Trading	-	Introduction of additional Hangzhou King products (animal feed additives amongst others CM3000 and King CS Series) which contributed to an increase of revenue of approximately RM2.50 million
Manufacturing	-	Increased in the sale of products under the FMG and CT series which contributed approximately RM2.50 million to our Group's revenue

Cost of Sales

Our increase in sales has increased our cost of sales by RM4.42 million or 23.23% from RM19.03 million in FYE 31 December 2008 to RM23.45 million in FYE 31 December 2009. The increase in the cost of our raw materials such as minerals and vitamins which ranges from 20% to 30% was in tandem with the general price increase of raw materials for the year.

GP

Despite an increase in the cost of sales, GP improved by 12.33% to RM10.57 million in the FYE 31 December 2009 as compared to RM9.41 million in the previous FYE 31 December 2008. The lower growth in our GP of 12.33% as compared to revenue growth of 19.66% was due to cost increases being partially absorbed by our Group. This resulted in our GP margin reducing slightly from 33.08% to 31.07% in the FYE 31 December 2009. .

Operating Expenses

The Group's operating expenses declined to RM4.66 million from RM5.14 million in FYE 31 December 2008. This difference of approximately RM0.48 million or 9.34% was a result of savings coming from lower directors' fees paid (FYE 31 December 2009: RM0.25 million as compared to FYE 31 December 2008: RM0.51 million) and lower sales commission paid to our sales team (FYE 31 December 2009: RM0.25 million; FYE 31 December 2008: RM1.07 million).

Finance Expenses

We incurred additional interest costs of approximately RM0.02 million for the financial year as compared to FYE 31 December 2008. The higher finance expense of RM0.08 million incurred in FYE 31 December 2009 was due to the drawdown of a term loan amounting to RM2.04 million to finance the construction of our new manufacturing plant in Nilai.

PAT

PAT for FYE 31 December 2009 increased to RM4.43 million from RM2.99 million in FYE 2008. The increase of RM1.44 million or 48.16% was attributable to the higher revenue recorded for the year. Additionally, the statutory tax charge on our profits was reduced from 26% to 25% in the financial year. We achieved a PAT margin of 13.02% in the current financial year as compared to 10.51% in the FYE 31 December 2007.

(iv) FYE 31 December 2010 compared to FYE 31 December 2009

Revenue

Our Group's revenue increased from RM34.02 million in FYE 31 December 2009 to RM40.73 million in FYE 31 December 2010. The growth of approximately RM6.71 million or 19.72% is attributable to the increase in sales to new customers of approximately RM0.76 million whilst we have been able to improve our sales to existing top ten (10) customers and other existing customers by approximately RM4.00 million and RM1.95 million respectively. These increases were mainly attributable to:

Trading	-	Increases in the sales of Hangzhou King products introduced in 2009, Di-Calcium Phosphate, B-Safe, Activate DA, Premulac, Fishmeal and Hi-Prolac of approximately RM2.10 million, RM0.73 million, RM 0.43 million, RM0.30 million, RM0.33 million RM0.38 million and RM0.50 million respectively
Manufacturing	-	New and existing customers were introduced to our products under Best Data Mix, PEC and OMS Series which contributed to approximately RM1.95 million increase in revenue

Cost of Sales

For the FYE 31 December 2010, the cost of sales increased by RM3.75 million or 16.00% from RM23.45 million in FYE 31 December 2009 to RM27.20 in FYE 31 December 2010 in line with the increase in the revenue generated by the Group.

GP

For the FYE 31 December 2010, the Group recorded a GP of RM13.53 million representing an improvement of approximately RM2.96 million or 28.0% from FYE 31 December 2009 of RM10.57 million. The increase in the GP was due to an increase in revenue as stated above and a reduction in the purchase price of raw materials mainly as a result of the strengthening of RM against USD (FYE 31 December 2009 average mid rate for USD:RM3.5189; FYE 31 December 2010 average mid rate USD:RM3.2186. Information sourced from Bank Negara Malaysia) throughout the FYE 31 December 2010. This improved our GP margin to 33.21% in FYE 31 December 2010 from 31.07% in FYE 31 December 2009.

Other Income

A total of RM0.66 million was recorded as other income during the FYE 31 December 2010 as compared with approximately RM0.01 million reported in the previous FYE 31 December 2009. The substantial increase in our other income results from foreign exchange gains amounting to RM0.14 million and our change of accounting estimation method in providing for the impairment of our trade receivable from general provision to specific provision which resulted in a reversal of our trade receivables provision by RM0.46 million.

Operating Expenses

Operating expenses incurred for the FYE 31 December 2010 amounted to RM5.57 million. This represents an increase of approximately RM0.91 million or 19.53% as compared to FYE 31 December 2009 of RM4.66 million. The increase was mainly due to the provisions for staff bonus of RM0.30 million, commissions of RM0.30 million and inventories written down of RM0.10 million and increase in payroll cost of RM0.20 million.

Finance Expenses

Finance expenses for the FYE 31 December 2010 increased to RM0.12 million from RM0.08 million incurred in the FYE 31 December 2009. The increase in finance expenses was mainly due to the increase in the utilisation of banking facilities such as bankers' acceptances and overdraft facilities drawn upon for operations.

PAT

The Group achieved a PAT of RM5.95 million for the FYE 31 December 2010. This represents an increase of RM1.52 million or 34.31% compared with that of FYE 31 December 2009 of RM4.43 million. Our PAT margin increased to 14.60% in the FYE 31 December 2010 as compared to 13.02% in FYE 31 December 2009.

(v) **General information for the FYE 31 December 2007 to 2010**

Impact from foreign currency exchange rates

Based on the FYE 31 December 2010, our Group's export sales to Pakistan, Nepal, Taiwan and Thailand contributed less than 2.1% of our Group's revenue whilst we purchased approximately 21.87% of our raw materials and trading products from overseas suppliers. However, our exposure to foreign exchange risks is minimal as most of the value of our transactions is fixed upon purchase being made as we enter into foreign exchange spot contracts. We have not experienced any significant gains or losses on foreign exchange rates in the financial years under review other than in FYE 31 December 2010 where we recognised a gain of RM0.14 million due to the appreciating RM against the USD during the period in question.

Impact from interest rates

The Group's gearing stands at 0.35 times as at 31 December 2010 and all our borrowings are interest bearing obligations. Bank Negara Malaysia has thus far in 2010 increased the Overnight Policy Rate several times to prevent any overheating in the economy fuelled by growth in the property industry. Any interest rate hike will affect businesses and hence we will monitor and plan for any alternative financing options should the need arise. During the past four (4) years FYE 31 December 2007 to 2010, our results were not adversely affected by interest rate fluctuations. Nevertheless, we have planned to repay our commitments to financial institutions from funds raised through this Public Issue as explained in Section 3.6 of this Prospectus.

Impact from commodity prices

Commodity prices fluctuations impact the raw material costs of the Group. During the past four (4) years FYE 31 December 2007 to 2010, our results were not significantly affected by commodity price fluctuations even after our Group had partially absorbed the price hikes for raw materials such as minerals and vitamins as opposed to passing them on to our customers as can be seen from our GP margins for those years under review.

Impact of inflation

Our Group's financial performance during the past four (4) FYE 31 December 2007 to 2010 were not significantly affected by the impact of inflation although the Group absorbed part of the inflation cost without passing on the full impact to our customers. Notwithstanding that, we are confident of passing on the effect of higher production costs due to inflation to our customers in the future. However, there is no assurance that our business will not be adversely affected by the impact of inflation in the future.

Government, economic, fiscal or monetary policies

Risks relating to political, economic and regulatory policies which may materially affect our business and financial performance are set out in Section 4.1 of this Prospectus.

Save for a change in government regulations in relation to the products we sell, there is no material impact arising from government, economic, fiscal or monetary policies that could materially affect our operations and financial performance.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working Capital

Our business operations have been financed by a combination of internal and external sources of funds. Internal funds are mainly shareholders' equity and cash generated from the operations while the external sources are the various banking facilities extended to us by financial institutions.

As at FYE 31 December 2010, our Group's total current assets amounted to approximately RM21.66 million comprising inventories, receivables and cash and bank balances and our current ratio is 2.67 times. In addition, we have banking facilities amounting to RM11.50 million of which RM7.05 million have been utilised thus far resulting in a gearing level of 0.35 times as at 31 December 2010 whilst our interest coverage is 67.90 times. Further details of our Group's borrowings can be found in Section 12.3.3 of this Prospectus.

With our Group's profitability, the Board is confident that we will be able to generate sufficient working capital and/or secure necessary financing facilities to meet any of our further operations and future plans.

Our Directors are of the opinion that, after taking into account the cash and bank equivalents, the banking facilities made available to the Group as well as the net proceeds to be raised from the Public Issue to repay our overdraft facilities, we will have adequate working capital to meet our present and foreseeable requirements for a period of twelve (12) months from the date of this Prospectus.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.3.2 Cash Flow Summary

The following table sets out the summary of our proforma consolidated statement of cash flows for the FYE 31 December 2010, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial year under review and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	RM'000
Net cash from operating activities	8,408
Net cash used in investing activities	(7,084)
Net cash from financing activities	2,840
Net decrease in cash and cash equivalents	4,164
Cash and cash equivalents at the beginning of financial year	(1,075)
Cash and cash equivalents at the end of financial year	3,089

Net cash from operating activities

During the FYE 31 December 2010, our Group generated a cash inflow of RM8.41 million from our operating activities on the back of a PBT of RM8.21 million after adjusting for amongst others the following:

- working capital changes of RM1.98 million; and
- tax and interest paid of RM1.92 million and RM0.07 million respectively.

Net cash used in investing activities

During the FYE 31 December 2010, we incurred a net cash outflow of RM7.08 million in investing activities and it was employed mainly for the expenditure on property, plant and equipment which resulted in cash outflows of RM7.13 million.

Net cash used in financing activities

During the FYE 31 December 2010, we received a net cash inflow of RM2.84 million from financing activities which is a drawdown on a term loan to finance the construction of our new manufacturing plant amounting to RM1.35 million. In terms of cash payments, dividend amounting to RM1.63 million was paid during the year while RM0.22 million was used to repay advances from Directors.

Save as disclosed in Section 12.7 of this Prospectus, there is no legal, financial or economic restriction on the ability of our subsidiary companies to transfer funds to our Company in the form of cash dividends. Thus, we are confident we can meet our cash obligations as and when the need arises.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.3.3 Borrowings

As at FYE 31 December 2010, all our borrowings are secured local borrowings and interest bearing, details of which are as follows:

		<---------- Proforma Group ---------->		
	Note	Payable within twelve (12) months RM'000	Payable after twelve (12) months RM'000	Total RM'000
Bank overdraft	(i)	1,991	-	1,991
Bankers' acceptances	(ii)	1,403	-	1,403
Hire purchase creditors	(iii)	98	176	274
Term loan	(iv)	331	3,050	3,381
Total		3,823	3,226	7,049
Gearing	*			0.35

Notes:

(i) *Bank overdraft obtained for working capital purposes.*
(ii) *Bankers' acceptance obtained for working capital purposes.*
(iii) *Hire purchase was utilised to finance motor vehicles.*
(iv) *Term loan was obtained to finance the new manufacturing plant in Nilai.*
* *Calculated based on proforma shareholders' funds before our Public Issue.*

The details of the types of financial instruments that we use and its balances as at LPD are as follows:

Type of financial instruments	Tenure	Interest Rates	Balance as at LPD RM'000
Bank overdraft granted between December 2002 to May 2009	Revolving	Between 0.50% above fixed deposit rate and 1.50% above bank's base lending rate*	2,268
Bankers' acceptances granted between July 2006 to August 2008	Between 60 to 120 days	0.8% above bankers' acceptances' commission rate charged	2,147
Bank guarantee granted in November 2010	1 year	Commission rate of 0.1% per month	2
Hire purchase taken between August 2006 to May 2010	Ranging from 3 to 5 years	Between 2.60% to 5.66%	229
Term loan taken in October 2008	96 months installment commencing from first drawdown date of each drawdown	1.50% above bank's cost of funds for the first five (5) years. Thereafter 1.25% above three (3) months' effective cost of funds	4,182
			8,828

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

Note:

* *The interest rate is lower than the market as the overdraft facility was secured by third party fixed deposit pledge.*

Whenever available, internally generated funds will be utilised to finance our operations and business expansion to keep borrowings to the minimum. As at the LPD, our Group has a cash and bank balances of RM1.33 million.

As at the LPD, our Group do not have any non-interest bearing borrowings or foreign borrowings. We have not defaulted on any payment of either principal sum and/or interest in relation to our borrowings during FYE 31 December 2007 to 2010 and up to the LPD.

As at the LPD, neither our Company nor any of our subsidiary companies is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of securities in us.

12.3.4 Material Capital Commitments

Save as disclosed below, as at the LPD, there is no material capital commitment incurred or known to be incurred by us or our subsidiary companies, which upon become enforceable, may have a material impact on our financial position:

Company	Purpose	Outstanding Amount RM'000
Osmosis Nutrition	Retention sum as settlement for the completion of the construction of the factory and office building which forms part of the manufacturing plant in Nilai	128
		128

12.3.5 Material Litigation

As at the LPD, neither we nor our subsidiary companies are engaged in any litigation or arbitration, either as plaintiff or defendant, which may have a material and/or adverse effect on our financial position or business.

12.3.6 Contingent Liabilities

As at the LPD, our Board is not aware of any other indirect and/or material contingent liability which has become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Group to meet our obligations as and when they fall due.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.4 FINANCIAL INSTRUMENTS FOR HEDGING

As at the LPD, our Group does not use any financial instruments for hedging purposes.

12.5 KEY FINANCIAL RATIOS

12.5.1 Trade Receivables

A summary of trade receivables of the proforma Group for the past four (4) FYE 31 December 2007 to 2010 is set out below:

	<----------Proforma audited FYE 31 December ---------->			
	2007 RM'000	**2008 RM'000**	**2009 RM'000**	**2010 RM'000**
Trade receivables	11,237	12,061	14,644	16,628
Turnover	24,526	28,434	34,016	40,728
Percentage of trade receivables to turnover (%)	45.82	42.42	43.05	40.83
Trade receivables turnover period (days)	167.23	154.82	157.13	149.02

The normal credit period generally granted to our customers is between 30 days to 120 days. Our credit terms to customers are assessed and approved on a case-by-case basis. Our trade receivables turnover period has historically been higher than our Group's credit period granted to our customers. This is within reasonable expectation and industry norm that a grace period is provided to the customers to settle their amount outstanding. Our Group will assess the impairment of trade receivable on individual customer basis and impair trade receivable balances which have been outstanding of more than six (6) months. We provide for impairment loss for trade receivables in the financial years under review (where required) and have written off bad debts amounting to RM0.12 million up to the LPD.

Notwithstanding that, we had set-up a credit control committee in December 2010 of which will oversee the operation of credit control including performance background checks of all our new customers. Additionally, the committee will set/review credit limits for each of our customers and subsequently monitor ageing of these customers which will be reported in periodic meetings held together with our Directors.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

As at 31 December 2010, the net trade receivables of our Group amounted to approximately RM15.04 million which can be analysed as follows:

	< ------ Within credit period (days) ----- >				Exceeding credit period	
	0 – 30	31 – 60	61 – 90	91 – 120	Over 120 days	Total
Trade receivables (RM'000)	3,933	3,388	2,017	2,352	3,396	15,086
Less: Impairment of loss (RM'000)	-	-	-	-	(49)	(49)
Net trade receivables	3,933	3,388	2,017	2,352	3,347	15,037
% of total trade receivables	26.16%	22.53%	13.41%	15.64%	22.26%	100.0%
Subsequent collections as at the LPD (RM'000)	2,769	2,402	1,856	2,187	2,671	11,885
Trade receivables net of subsequent collections (RM'000)	1,164	986	161	165	676	3,152
% of trade receivables net of subsequent collections	36.93%	31.28%	5.11%	5.23%	21.45%	100.0%
Turnover	40,728	40,728	40,728	40,728	40,728	40,728
% of trade receivables to turnover	2.86%	2.42%	0.40%	0.41%	1.66%	7.74%

12.5.2 Trade Payables

A summary of trade payables of the proforma Group for the past four (4) FYE 31 December 2007 to 2010 is set out below:

	<---------Proforma audited FYE 31 December --------->			
	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Trade payables	1,994	2,097	3,246	3,088
Cost of sales	16,791	19,028	23,446	27,200
Percentage of trade payables to cost of sales (%)	11.88	11.02	13.84	11.35
Trade payables turnover period (days)	43.35	40.23	50.53	41.44

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

The normal credit terms granted to our Group by our suppliers ranges from 30 days to 60 days. The trade payables turnover period ranged from approximately 40 days to 51 days during the financial years under review.

The short trade payables will allow the Group to enjoy an earlier payment settlement discount ranges from approximately 3% to 5%. We believe that timely settlement of trade purchase invoices will benefit the Group in terms of favourable pricing as well as reputation. It also helps us to foster close relationship with our suppliers so that our Group will be able to enjoy any discounts/favourable pricing offered by our suppliers.

Post listing, the Group intends to minimize the usage of overdraft facilities for its operations. As such and subject to cash flows, the Group may not be enjoying as much discount for early settlement to our trade payables compared to the present time. However, the interest savings on overdraft facilities is expected to go towards compensating for the reduced discounts received.

As at 31 December 2010, the trade payables of our Group amounted to approximately RM3.09 million which can be analysed as follows:

	< --- Within credit period (days)--- >		**Exceeding credit period**	
	0 – 30	**31 – 60**	**Over 60 days**	**Total**
Trade payables (RM'000)	1,846	1,031	211	3,088
% of total trade payables	59.78%	33.39%	6.83%	100.0%

As at 31 December 2010, all trade payables outstanding are within the credit period extended by our suppliers save for RM0.21 million which represents 6.83% which are over the credit term granted by our suppliers.

12.5.3 Inventories

A summary of inventories of the proforma Group for the past four (4) FYE 31 December 2007 to 2010 is set out below:

	<--------Proforma audited FYE 31 December ------->			
	2007 RM'000	**2008 RM'000**	**2009 RM'000**	**2010 RM'000**
Raw materials	786	814	610	1,163
Finished goods	1,202	2,087	1,412	1,852*
	1,988	2,901	2,022	3,015
Cost of sales	16,791	19,028	23,446	27,200
Percentage of inventories to cost of sales (%)	11.84	15.25	8.62	11.08
Inventories turnover period (days)	43.21	55.65	31.48	40.46

Notes:

* *Net of allowance for slow moving inventories of RM0.10 million*

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

Our inventory consists of raw materials and finished goods. Our Group considers inventory management an important aspect of our operations. Reducing inventory holding period would reduce the working capital requirement however it could increase the likelihood of an out-of-stock situation.

The Group constantly reviews our inventory turnover as an integral part of operational efficiency and provides for inventories which have been produced or purchased for more than one (1) year. The normal inventory holding period for the Group is approximately 40 to 41 days. The increase by approximately 13 days in the inventory holding period for FYE 31 December 2008 as compared to FYE 31 December 2007 was mainly due to the Group's increase in trading products at the end of the financial year. This is in anticipation of an increase in prices which resulted from strengthening of the USD against RM. For the FYE 31 December 2009, the inventory holding period decreased to approximately 31 days from approximately 56 days in FYE 31 December 2008 due to increased demand for our products. For FYE 31 December 2010, the inventory holding period increased to approximately 41 days mainly due to the higher amount of raw materials held as a result of bulk purchase in order to obtain better pricing. As at the LPD, the raw material balances is RM1.32 million and inventory of finished goods amounted to RM2.18 million. Our Board is of the opinion that our inventories turnover periods are reasonable despite RM0.10 million provided for slow moving inventories in the FYE 31 December 2010.

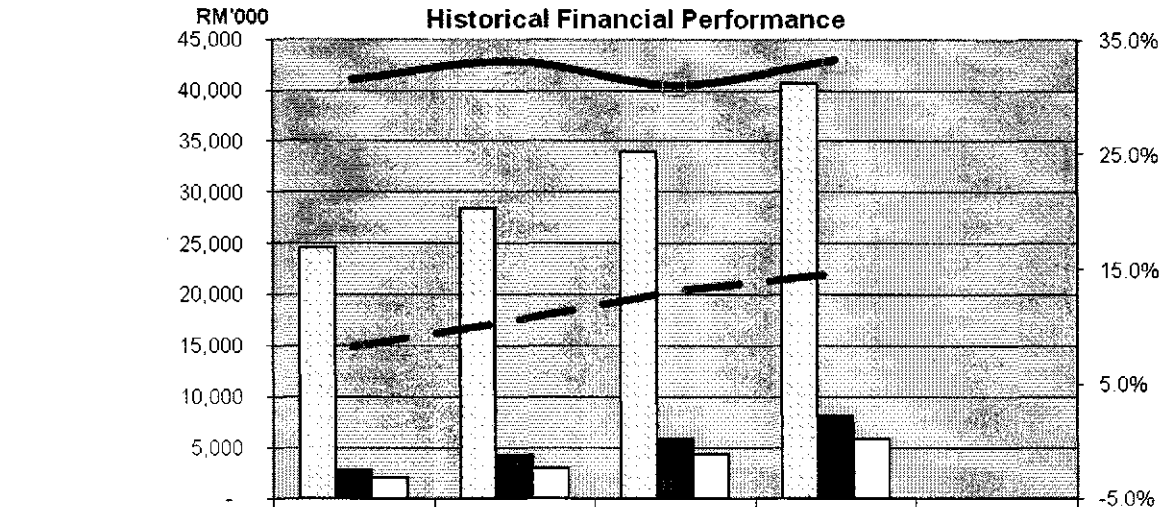
The Group is required to stock up on raw materials and finished goods (mainly consists of finished goods for trading products) due to delivery time from overseas suppliers which is normally between 4 to 6 weeks. As such, the Group needs to maintain a buffer stock of approximately 1 month.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.6 SIGNIFICANT TRENDS

12.6.1 Revenue and Business and Financial Prospects

Based on the financial performance and business operations of the Group over the past four (4) FYE 31 December 2007 to 2010, the following trends were observed:



	2007	2008	2009	2010
Revenue (RM '000)	24,526	28,434	34,016	40,728
PBT (RM '000)	2,735	4,204	5,840	8,212
PAT (RM '000)	2,022	2,987	4,428	5,948
GP Margin (%)	31.54%	33.08%	31.07%	33.21%
PAT Margin (%)	8.25%	10.51%	13.02%	14.60%

The Group recorded a growth in revenue from RM24.53 million in FYE 31 December 2007 to RM40.73 million in FYE 31 December 2010.

The revenue growth of 15.93% or approximately RM3.90 million in FYE 31 December 2008 was due to the introduction of new third party products carried by the Group whilst our manufacturing activities have also increased by approximately RM1.00 million or 8.20% as sales of products such as FMG 100, FMG111 and FMG500 introduced under the FMG series.

The growth in the FYE 31 December 2009 was due to an increase in sales of our own and third party products to RM34.02 million or approximately 19.63% attributable to increases in sale of new trading products under the Hangzhou King brand of approximately RM2.50 million whilst sales of products under our FMG and CT series increased by approximately RM2.50 million.

The Group's turnover continue to increase to RM40.73 million or approximately 19.72% in FYE 31 December 2010 which is attributable to the increase in sales to new customers of approximately RM0.76 million whilst we have been able to improve our sales to existing top ten (10) customers and other existing customers by approximately RM4.00 million and RM1.95 million respectively. These increases were mainly attributable to:

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

Trading	-	Increases in the sales of Hangzhou King products introduced in 2009, Di-Calcium Phosphate, B-Safe, Activate DA, Premulac, Fishmeal and Hi-Prolac of approximately RM2.10 million, RM0.73 million, RM 0.43 million, RM0.30 million, RM0.33 million RM0.38 million and RM0.50 million respectively.
Manufacturing	-	New and existing customers were introduced to our products under Best Data Mix, PEC and OMS Series which contributed to approximately RM1.95 million increase in revenue

The overall increase in business volume is in line with the growth of the livestock industry. The Board believes that the growth momentum is sustainable in the next few years based on the following factors:

- According to the market research conducted by Protégé Associates, the total revenue of the animal feed additives market in Malaysia stood at RM213.5 million in 2010 and this is expected to grow to RM291.1 million, representing a CAGR of 6.40% over the next five (5) years.

- With the completion of our new manufacturing plant in Nilai, we will be increasing our production capacity from 160 tonnes per month to 344 tonnes per month.

Our GP margin has been relatively stable and ranged from 31.54% to 33.21% in FYE 31 December 2007 to 2010. Our GP margin of 31.07% in FYE 31 December 2009 is 6.07% lower than achieved in the previous financial year. The prices of our raw materials such as minerals and vitamins has increased and to foster good relationships and for long term business with our customers, we have discussed the price increases with our customers and subsequently to partially absorb the costs. The increase in GP margin in FYE 31 December 2010 to 33.21% from 31.07% in FYE 31 December 2009 was mainly due to the reduction in the purchase price of raw materials in RM, as a result of the strengthening of RM against USD.

The PAT margin of the Group had also increased to 14.60% for FYE 31 December 2010 as compared to 13.02% for FYE 31 December 2009, partly due to the favourable exchange rate that resulted in a higher GP margin as discussed above as well as due to one-off other income items recognised by the Group in relation impairment loss on trade receivables no longer required of RM0.46 million.

The Board expects growth in our GP margin resulting from the growth in the livestock industry as well as contributions from our expanded capacity from the new manufacturing plant in Nilai.

Our Group views that the initial introduction of our GMP compliant products may subject the Group to gross profit margin attrition of approximately 2.0% during the initial production period (assuming there will be an increase in revenue due to the increase in our production output in our Nilai manufacturing plant coupled with upward adjustments on the pricing of our GMP compliant products to be implemented on a staggered basis). However, on a worst case scenario, assuming that our revenue for the FYE 31 December 2011 is maintained as per the FYE 31 December 2010, the initial introduction of our GMP compliant products may subject our Group to a gross profit margin attrition of approximately 17.0% during this period. This is mainly due to our Group having to bear the initial amortisation of the capital expenditure of our new GMP plant (assuming a full year of depreciation charge) with the plant operating less than its optimal production capacity coupled with no upward adjustments to the pricing of our products. Nevertheless, our Group believes that these GMP compliant products will able to garner interest from our existing and future customers as it would improve the quality of our customer's livestock such as to reduce mortality rate, improve FCR, improve egg and/or meat quality. Further, with the GMP compliance, we would be able to increase our revenue from our expansion plans into the export markets which would mitigate any cost increase involved in relation to operating a GMP compliant plant.

Please refer to Section 7 of this Prospectus for further information on our industry's prospects.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.6.2 Production

Our Group has spent approximately RM11.76 million in the past three (3) years until 31 December 2010 on construction of our new manufacturing plant in Nilai. This amount is inclusive of land acquisition and necessary equipments purchased to produce and to enable GMP compliance for our new manufacturing plant as follows:

	<---------- FYE 31 December ---------->			
	2007	**2008**	**2009**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Plant & Machinery [1]	-	-	806	3,949
Office & Factory Building [2]	-	387	2,397	2,754
Freehold Land [3]	-	1,467	-	-
Total expenditures	-	1,854	3,203	6,703

Notes:

(1) The purchase of plant and machinery in the past three (3) FYE 31 December 2008 to 2010 were financed by internally generated funds.

(2) The construction of the office and factory building in the past three (3) FYE 31 December 2008 to 2010 were financed by a term loan.

(3) The acquisition of the freehold land in the FYE 31 December 2008 was financed by internally generated funds.

Our further capital commitment amounting to approximately RM0.13 million will be required to complete the manufacturing plant. Please refer to Section 12.3.4 of this Prospectus for further information on our material capital commitments.

Our current production capacity of approximately 160 tonnes per month will be increased to 344 tonnes per month upon the commencement of production in the new manufacturing plant which is expected to be operational within first half 2011.

We have not had any production insufficiency for the FYE 31 December 2007 to 2010. Please refer to Section 6.2.1 of this Prospectus for further information on our production capacity.

12.6.3 Order Book

Due to the nature of our business, our Group does not enter into any long term contract with the customers.

12.6.4 Directors' Declaration on our Group's Financial Performance

As at the LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have a material impact on our financial performance, position and operations other than those discussed in this section and Sections 4, 6 and 7 of this Prospectus;

(ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this section and Section 4 of this Prospectus;

(iii) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our revenue and/or profits, save for those that have been disclosed in this section and Sections 4, 6 and 7 of this Prospectus;

(iv) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material impact on our liquidity and capital resources other than those discussed in this section and Sections 4, 6 and 7 of this Prospectus;

(v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of our future financial performance and position other than those discussed in this section and Section 4 of this Prospectus.

Based on the outlook of the animal health and nutrition market and in particular the animal feed additives market in Malaysia as set out in Sections 7 and 14 of this Prospectus, our Group's competitive strengths as set out in Section 6.5 of this Prospectus and our future plans as set out in Section 6.15 of this Prospectus, our Board is optimistic about the future prospects of our Group.

12.7 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Upon Listing, our Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. In this regard, we envisage a dividend payout ratio of approximately 30% of our future net profits to our shareholders in each financial year.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which are subject to our Board's absolute discretion.

Our ability to pay future dividends to our shareholders is subject to various factors including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends and other distributions that we receive from our subsidiary companies. The payment of dividends or other distributions by our subsidiary companies will depend on their operation results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective board of directors deem relevant.

12.8 FUTURE FINANCIAL INFORMATION

There is no future financial information for the FYE 31 December 2011 which has been prepared for the inclusion in to this Prospectus.

Our Board is not aware of material adverse information or known facts about our liquidity, capital resources and future results of operations which would reasonably have any material adverse effect on the financial condition and results of Group which would make the historical information herein irrelevant to investors' evaluation.

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(PREPARED FOR INCLUSION IN THIS PROSPECTUS)

Date: 13 June 2011

The Board of Directors
PeterLabs Holdings Berhad
Lot 16014, Jalan Nilam 3
Nilai Utama Enterprise Park
Bandar Nilai Utama
71800 Nilai
Negeri Sembilan Darul Khusus

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Dear Sirs,

ACCOUNTANTS' REPORT
PETERLABS HOLDINGS BERHAD ("PETERLABS HOLDINGS" OR "THE COMPANY") AND ITS SUBSIDIARY COMPANIES ("PETERLABS HOLDINGS GROUP" OR "THE GROUP")

1. INTRODUCTION

This report has been prepared by us, an Approved Company Auditor, for inclusion in this Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on the Official List of Bursa Securities and should not be relied upon for any other purposes.

2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

PeterLabs Holdings	PeterLabs Holdings Berhad
PLON Synergy	Plon Synergy Group Sdn. Bhd.
PeterLabs	PeterLabs Sdn. Bhd., a subsidiary company of PLON Synergy
Osmosis Nutrition	Osmosis Nutrition Sdn. Bhd., a subsidiary company of PLON Synergy
OMS Resources	OMS Resources Sdn. Bhd. (formerly known as Zeus Biotech (Asia) Sdn. Bhd.), a subsidiary company of PLON Synergy
Biojava	Biojava Sdn. Bhd., a subsidiary company of PLON Synergy
OMS Laboratory	OMS Laboratory Sdn. Bhd. (formerly known as Zeus Biotech (M) Sdn. Bhd.), a subsidiary company of OMS Resources
PLON Synergy Group	PLON Synergy and its subsidiary companies, namely PeterLabs, Osmosis Nutrition, OMS Resources, OMS Laboratory and Biojava
PeterLabs Holdings Group	PeterLabs Holdings and its subsidiary company, namely PLON Synergy Group
FYE	Financial year ended
FPE	Financial period ended
RM	Ringgit Malaysia

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3. GENERAL INFORMATION

3.1 Background of PeterLabs Holdings

The Company was incorporated on 28 July 2010 and domiciled in Malaysia under the Companies Act, 1965, as a private limited liability company under the name of PeterLabs Holdings Sdn. Bhd..

Subsequently, it was converted to a public company on 29 October 2010 and assumed its present name as PeterLabs Holdings Berhad.

3.1.1 Flotation scheme

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of PeterLabs Holdings, PeterLabs Holdings undertook the flotation scheme that involves the following:-

(i) **Initial Public Offering in conjunction with the Listing of PeterLabs Holdings on the ACE Market of Bursa Securities which involves:-**

(a) **Public Issue**

Public Issue of 15,000,000 new PeterLabs Holdings Shares at an issue price of RM0.30 per ordinary shares of RM0.10 each in PeterLabs Holdings ("Peterlabs Holdings Shares").

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

(b) **Offer for Sale**

The offerors will implement an offer for sale of 35,903,000 existing PeterLabs Holdings Shares to identified investors, subject to terms and conditions contained in Prospectus.

(ii) **Listing and Quotation on the ACE Market of Bursa Securities**

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 Securities.

The gross proceeds arising from the Public Issue amounting to RM4,500,000 are expected to be fully utilised by Peterlabs Holdings Group in the following manner:-

	RM	%
Repayments of bank overdrafts*	3,000,000	67%
Estimated listing expenses	1,500,000	33%
	4,500,000	100%

* Total bank overdrafts outstanding as at 31 December 2010 was amounted to RM1,991,367, the remaining amount of RM1,008,633 will be utilised as working

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3. GENERAL INFORMATION (CONT'D)

3.2 Share capital

The changes in PeterLabs Holdings' authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value RM	Cumulative total RM
28 July 2010	100,000	1	100,000
12 October 2010	250,000,000	0.10	25,000,000

The changes in PeterLabs Holdings' issued and fully paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value RM	Consideration	← Cumulative total → RM	No. of ordinary shares
28 July 2010	2	1	Subscribers' share	2	2
12 October 2010	18	0.10	Share split	2	20
13 October 2010	980	0.10	Cash	100	1,000
15 October 2010	172,999,000	0.10	Share issued as consideration for the acquisitions of PLON Synergy Group	17,300,000	173,000,000

3.3 Principal activity

PeterLabs Holdings' principal activity is investment holding.

The subsidiary companies of PeterLabs Holdings are as follows:-

Name of company	Effective ownership	Principal activities	Date and place of incorporation
Plon Synergy Group Sdn. Bhd.	100%	Investment holding company	13 November 2002, Malaysia
Subsidiary companies of PLON Synergy			
PeterLabs Sdn. Bhd.	100%	Trading of animal health and nutrition products	4 October 2002, Malaysia
Osmosis Nutrition Sdn. Bhd.	100%	Manufacturing and distribution of animal health and nutrition products	4 October 2002, Malaysia

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3. GENERAL INFORMATION (CONT'D)

3.3 Principal activity (cont'd)

The subsidiary companies of PeterLabs Holdings are as follows (cont'd):-

Name of company	Effective ownership	Principal activities	Date and place of incorporation
Subsidiary companies of PLON Synergy (cont'd)			
OMS Resources Sdn. Bhd. (formerly known as Zeus Biotech (Asia) Sdn. Bhd.)	100%	Trading of animal health and nutrition products	8 April 2003, Malaysia
Biojava Sdn. Bhd.	52.5%	Dormant	19 May 2006, Malaysia
Subsidiary company of OMS Resources			
OMS Laboratory Sdn. Bhd. (formerly known as Zeus Biotech (M) Sdn. Bhd.)	70%	Dormant	10 July 2009, Malaysia

3.4 Share capital history of subsidiary companies

3.4.1 PLON Synergy

The changes in PLON Synergy's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
13 November 2002	5,000,000	1	5,000,000	5,000,000

The changes in PLON Synergy's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
13 November 2002	2	1	Subscribers' share	2	2
7 October 2003	2,040,000	1	Cash	2,040,002	2,040,002
24 September 2008	1,959,998	1	Exchange subsidiaries' ordinary shares	4,000,000	4,000,000

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3. GENERAL INFORMATION (CONT'D)

3.4 Share capital history of subsidiary companies (cont'd)

3.4.2 PeterLabs

The changes in PeterLabs' authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
4 October 2002	5,000,000	1	5,000,000	5,000,000

The changes in PeterLabs' issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
4 October 2002	2	1	Subscribers' share	2	2
18 December 2002	500,000	1	Cash	500,002	500,002
7 October 2003	1,999,998	1	Cash	2,500,000	2,500,000

3.4.3 Osmosis Nutrition

The changes in Osmosis Nutrition's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
4 October 2002	1,000,000	1	1,000,000	1,000,000
8 September 2003	4,000,000	1	5,000,000	5,000,000

The changes in Osmosis Nutrition's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
4 October 2002	2	1	Subscribers' share	2	2
18 December 2002	500,000	1	Cash	500,002	500,002
7 October 2003	1,000,000	1	Cash	1,500,002	1,500,002

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3. GENERAL INFORMATION (CONT'D)

3.4 Share capital history of subsidiary companies (cont'd)

3.4.4 OMS Resources

The changes in OMS Resources' authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
8 April 2003	100,000	1	100,000	100,000

The changes in OMS Resources' issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
				RM	No. of ordinary shares
8 April 2003	4	1	Subscribers' share	4	4

3.4.5 Biojava

The changes in Biojava's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
19 May 2006	100,000	1	100,000	100,000

The changes in Biojava's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
19 May 2006	2	1	Subscribers' share	2	2
4 October 2010	998	1	Cash	1,000	1,000

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3. GENERAL INFORMATION (CONT'D)

3.4 Share capital history of subsidiary companies (cont'd)

3.4.6 OMS Laboratory

The changes in OMS Laboratory's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative total →	
		RM	RM	No. of ordinary shares
10 July 2009	100,000	1	100,000	100,000

The changes in OMS Laboratory's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative total →	
		RM		RM	No. of ordinary shares
10 July 2009	4	1	Subscribers' share	4	4
1 October 2010	96	1	Cash	100	100

4. FINANCIAL STATEMENTS AND AUDITORS

The auditors of PeterLabs Holdings and its subsidiaries for the relevant financial years/period are as follows:-

Company	FPE/FYE	Auditors	Auditors' Report
PeterLabs Holdings	FPE 31 December 2010	SJ Grant Thornton	Appendix I
PLON Synergy	FYE 31 December 2007	Tan Tin & Co.	Appendix II
	FYE 31 December 2008	Tan Tin & Co.	Appendix III
	FYE 31 December 2009	Tan Tin & Co.	Appendix IV
	FYE 31 December 2010	SJ Grant Thornton	Appendix V
PeterLabs	FYE 31 December 2007	Tan Tin & Co.	Appendix VI
	FYE 31 December 2008	Tan Tin & Co.	Appendix VII
	FYE 31 December 2009	Tan Tin & Co.	Appendix VIII
	FYE 31 December 2010	SJ Grant Thornton	Appendix IX

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4. FINANCIAL STATEMENTS AND AUDITORS (CONT'D)

The auditors of PeterLabs Holdings and its subsidiaries for the relevant financial year/period are as follows (cont'd):-

Company	FPE/FYE	Auditors	Auditors' Report
Osmosis Nutrition	FYE 31 December 2007	Tan Tin & Co.	Appendix X
	FYE 31 December 2008	Tan Tin & Co.	Appendix XI
	FYE 31 December 2009	Tan Tin & Co.	Appendix XII
	FYE 31 December 2010	SJ Grant Thornton	Appendix XIII
OMS Resources	FYE 31 December 2007	Tan Tin & Co.	Appendix XIV
	FYE 31 December 2008	Tan Tin & Co.	Appendix XV
	FYE 31 December 2009	Tan Tin & Co.	Appendix XVI
	FYE 31 December 2010	SJ Grant Thornton	Appendix XVII
Biojava	FPE 30 June 2007	S.P. Lee & Co.	Appendix XVIII
	FYE 30 June 2008	S.P. Lee & Co.	Appendix XIX
	FYE 30 June 2009	S.P. Lee & Co.	Appendix XX
	FYE 30 June 2010	S.P. Lee & Co.	Appendix XXI
	FPE 31 December 2010	SJ Grant Thornton	Appendix XXII
OMS Laboratory	FPE 30 June 2010	SJ Grant Thornton	Appendix XXIII
	FPE 31 December 2010	SJ Grant Thornton	Appendix XXIV

For the purpose of this report, the financial information of the following is presented:-

Company	Audited
PeterLabs Holding Berhad	FPE 31 December 2010
PLON Synergy Group	FYE 31 December 2007
	FYE 31 December 2008
	FYE 31 December 2009
OMS Resources	FYE 31 December 2007
	FYE 31 December 2008
	FYE 31 December 2009
	FYE 31 December 2010
Biojava	FPE 30 June 2007
	FYE 30 June 2008
	FYE 30 June 2009
	FYE 30 June 2010
	FPE 31 December 2010
OMS Laboratory	FPE 30 June 2010
	FPE 31 December 2010

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4. **FINANCIAL STATEMENTS AND AUDITORS (CONT'D)**

For the FPE 31 December 2010, the individual financial information of PeterLabs Holdings, PLON Synergy, PeterLabs and Osmosis Nutrition are not shown separately as they have been consolidated and presented in the consolidated financial statements of PeterLabs Holdings Group.

For the past three (3) FYE 31 December 2007 to 2009, the individual financial information of PLON Synergy, PeterLabs and Osmosis Nutrition are not shown separately as they have been consolidated and presented in the consolidated financial statements of PLON Synergy Group.

This report is prepared on a basis consistent with the Group accounting policies adopted by PeterLabs Holdings and its subsidiary companies as disclosed in Section 7 of this report and comply with Financial Reporting Standards in Malaysia.

All the respective financial statements included in this report were reported without any audit qualification.

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5. BASIS OF PREPARATION

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

The following new and revised FRSs and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2010:-

1)	Amendment to FRS 1	-	First-time Adoption of Financial Reporting Standards (Revised)
2)	FRS 7	-	Financial Instruments: Disclosures
3)	Amendments to FRS 7	-	Financial Instruments: Disclosures
4)	FRS 8	-	Operating Segments
5)	Amendments to FRS 8	-	Operating Segments
6)	FRS 101	-	Presentation of Financial Statements
7)	Amendment to FRS 101	-	Presentation of Financial Statements
8)	Amendment to FRS 107	-	Statement of Cash Flows
9)	Amendment to FRS 108	-	Accounting Policies, Changes in Accounting Estimates and Errors
10)	Amendment to FRS 110	-	Events After The Reporting Period
11)	Amendment to FRS 116	-	Property, Plant and Equipment
12)	Amendment to FRS 117	-	Leases
13)	Amendment to FRS 118	-	Revenue
14)	Amendment to FRS 119	-	Employee Benefits
15)	FRS 123	-	Borrowing Costs (Revised)
16)	Amendments to FRS 123	-	Borrowing Costs
17)	Amendments to FRS 127	-	Consolidated and Separate Financial Statements
18)	Amendments to FRS 132	-	Financial Instruments: Presentation
19)	Amendments to FRS 136	-	Impairment of Assets
20)	FRS 139	-	Financial Instruments: Recognition and Measurement
21)	Amendment to FRS 139	-	Financial Instruments: Recognition and Measurement

The following new and revised FRSs and IC Interpretations which mandatory for annual financial periods beginning on or after 1 January 2010, are not applicable to the Group and the Company's operations:-

1)	Amendments to FRS 2	-	Share-based Payment
2)	FRS 4	-	Insurance Contracts
3)	Amendments to FRS 5	-	Non-current Assets Held for Sale and Discontinued Operations
4)	Amendment to FRS 120	-	Accounting for Government Grants and Disclosure of Government Assistance
5)	Amendment to FRS 128	-	Investment in Associates

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5. **BASIS OF PREPARATION (CONT'D)**

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

The following new and revised FRSs and IC Interpretations which mandatory for annual financial periods beginning on or after 1 January 2010, are not applicable to the Group and the Company's operations (cont'd):-

6)	Amendment to FRS 129	-	Financial Reporting in Hyperinflationary Economies
7)	Amendments to FRS 131	-	Interest in Joint Ventures
8)	Amendments to FRS 134	-	Interim Financial Reporting
9)	Amendment to FRS 138	-	Intangible Assets
10)	Amendment to FRS 140	-	Investment Property
11)	IC Interpretation 9	-	Reassessment of Embedded Derivatives
12)	IC Interpretation 10	-	Interim Financial Reporting and Impairment
13)	IC Interpretation 11	-	FRS 2 – Group and Treasury Share Transactions
14)	IC Interpretation 13	-	Customer Loyalty Programmes
15)	IC Interpretation 14	-	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

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

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of qualitative and quantitative information about the significance of financial instruments for the Group and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

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5. **BASIS OF PREPARATION (CONT'D)**

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

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

FRS 101 Presentations of Financial Statements

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company has elected to present this statement as one single statement.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The revised standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions.

5.2 **Standards issued but not yet effective**

The following standards and IC Interpretations are not yet effective and have not been early adopted by the Group and the Company:-

				Effective date
1)	FRS 1	-	First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
2)	Amendments to FRS 1	-	First-time Adoption of Financial Reporting Standards	1 January 2011
3)	Amendments to FRS 2	-	Share-Based Payment	1 July 2010

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5. **BASIS OF PREPARATION (CONT'D)**

5.2 **Standards issued but not yet effective (cont'd)**

The following standards and IC Interpretations are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

				Effective date
4)	Amendments to FRS 2	-	Share-Based Payment. Group Cash-settled Share-based Payment Transactions	1 January 2011
5)	FRS 3	-	Business Combinations (Revised)	1 July 2010
6)	Amendments to FRS 3	-	Business Combinations	1 January 2011
7)	Amendments to FRS 5	-	Non-Current Assets Held for Sale and Discontinued Operations	1 July 2010
8)	Amendments to FRS 7	-	Financial Instruments: Disclosures	1 January 2011
9)	Amendments to FRS 101	-	Presentation of Financial Statements	1 January 2011
10)	Amendments to FRS 121	-	The Effects of Changes in Foreign Exchange Rates	1 January 2011
11)	FRS 124	-	Related Party Disclosures (Revised)	1 January 2012
12)	FRS 127	-	Consolidated and Separate Financial Statements (Revised)	1 July 2010
13)	Amendments to FRS 128	-	Investment in Associates	1 January 2011
14)	Amendments to FRS 131	-	Interests in Joint Ventures	1 January 2011
15)	Amendments to FRS 132	-	Financial Instruments: Presentation	1 March 2010
16)	Amendments to FRS 132	-	Financial Instruments: Presentation	1 January 2011
17)	Amendments to FRS 134	-	Interim Financial Reporting	1 January 2011
18)	Amendments to FRS 138	-	Intangible Assets	1 July 2010
19)	Amendments to FRS 139	-	Financial Instruments: Recognition and Measurement	1 January 2011
20)	IC Interpretation 4	-	Determining Whether an Arrangement contains a Lease	1 January 2011
21)	Amendments to IC Interpretation 9	-	Reassessment of Embedded Deirvatives	1 July 2010
22)	IC Interpretation 12	-	Service Concession Arrangements	1 July 2010
23)	Amendments to IC Interpretation 13	-	Customer Loyalty Programmes	1 January 2011

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5. **BASIS OF PREPARATION (CONT'D)**

5.2 **Standards issued but not yet effective (cont'd)**

The following standards and IC Interpretations are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

				Effective date
24)	Amendment to IC Interpretation 14	-	Prepayments of a Minimum Funding Requirement	1 July 2011
25)	Amendment to IC Interpretation 15	-	Agreements for the Construction of Real Estate	1 January 2012
26)	IC Interpretation 16	-	Hedges of Net Investment in a Foreign Operation	1 July 2010
27)	IC Interpretation 17	-	Distributions of Non-Cash Assets to Owners	1 July 2010
28)	IC Interpretation 18	-	Transfers of Assets from Customers	*
29)	IC Interpretation 19	-	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

* During the financial year, MASB approved and issued IC Interpretation 18 - Transfers of Assets from Customers and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

The existing FRS 1, FRS 124 and FRS 127 will be withdrawn upon the adoption of the new requirements. IC Interpretation 15 will replace FRS 201_{2004}. IC Interpretation 8 and IC Interpretation 11 will be withdrawn upon the application of Amendments to FRS 2 – Company Cash-settled Share-based Payment Transactions.

The above FRS 1, FRS 2, FRS 5, FRS 128, FRS 131, FRS 134, FRS 138, IC Interpretation 4, 9, 12, 13, 14, 15, 16, 18 and 19 are not applicable to the Group and the Company's operations.

The Directors anticipate that the adoption of these new/revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application 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 the Statement of Comprehensive Income. 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.

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5. **BASIS OF PREPARATION (CONT'D)**

5.2 **Standards issued but not yet effective (cont'd)**

The Directors anticipate that the adoption of these new/revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the following (cont'd):-

FRS 124 Related Party Disclosures (Revised)

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group and the Company because the Group and the Company is not a government-related entity. However, disclosures regarding related party transactions and balance in this financial statement may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

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 Group and 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 Group and 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 end, the dividend payable carrying amount is reviewed with any changes recognised in equity.

5.3 **Financial Risk Management Policies**

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Head of Finance.

It is, and has been, throughout the current financial year and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Financial Risk Management Policies (cont'd)

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

5.3.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. As for the cash and bank balances, the Group minimises credit risk by dealing with reputable financial institutions.

The Group's objective is to seek sustainable revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit assessment. Additionally, receivable balances are reviewed on an ongoing basis.

5.3.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to achieve a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's liquidity risk management policy is that long-term assets are financed via long-term financing so that the cash to be generated by the assets are sufficient to repay the financing over the economic lives of the assets. While short-term financing facility is only used to finance the short-term working capital gap.

5.3.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of the changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings at variable interest rates.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. Presently, due to the Group entered into Multi Option Loan, no interest rate hedging arrangement is used. Should the amount of borrowings at variable rates increase to a level which requires hedging arrangement to achieve the desired mix of fixed and variable interest debts, interest rate swaps will be used to meet the objective.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Financial Risk Management Policies (cont'd)

5.3.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the functional currency of the Company which is RM. The foreign currencies in which these transactions are denominated are mainly US Dollar.

The Group is not exposed to currency translation risk as it does not have any investment in foreign operations.

5.4 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

5.4.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation 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:-

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at each reporting date. At 31 December 2010, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

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5. **BASIS OF PREPARATION (CONT'D)**

5.4.1 **Key sources of estimation uncertainty (cont'd)**

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.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the Statement of Financial Position and the amount of unrecognised tax losses and unrecognised temporary differences.

Impairment of loans and receivable

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

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.

Impairment of property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the 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-generated unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the financial statements at their fair values. In measuring fair value, management uses estimates about future cash flows and discount rates, however, the results may vary.

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5. **BASIS OF PREPARATION (CONT'D)**

5.4.2 **Significant management judgement**

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

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group and the Company'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 and the Company 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.

6. **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, 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 Shares.

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

(ii) **Offer for Sale**

The offerors will implement an offer for sale of 35,903,000 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.

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6. **FLOTATION EXERCISE (CONT'D)**

(iii) **Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad (cont'd)**

The gross proceeds arising from the Public Issue amounting to RM4,500,000 are expected to be fully utilised for the core business of PeterLabs Holdings Group in the following manner:-

	RM
Repayment of bank overdrafts*	3,000,000
Estimated listing expenses	1,500,000
	4,500,000

* Total bank overdrafts outstanding as at 31 December 2010 was amounted to RM1,991,367, the remaining amount of RM1,008,633 will be utilised as working capital.

The listing expenses relating to the flotation exercise amounting to RM282,553 will be charged to share premium account. The balance of RM1,217,447 will be charged to profit or loss. For the purpose of this Proforma, these expenses are assumed to be settled using the proceeds from the Public Issue.

7.0 **SIGNIFICANT ACCOUNTING POLICIES**

7.1 **Basis of consolidation**

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

Unrealised gains and losses on transactions between Group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Business combinations are accounted for using the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any cost directly attributable to the business combination. Adjustments to those fair values relating to previously held interest are treated as a revaluation and recognised in other comprehensive income.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill on the Statement of Financial Position.

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7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7.1 Basis of consolidation (cont'd)

Any excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit or loss on the date of acquisition.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are separately disclosed in the profit or loss of the Group, and within the equity in the consolidated Statements of Financial Position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill on acquisition and exchange differences.

7.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that rate directly attributable to the acquisition of the asset.

Depreciation is calculated to write off the cost of the property, plant and equipment to their residual values on the straight line method over their expected useful lives. The annual rates used are as follows:-

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

No amortisation is provided on the plant, plant and equipment under construction/installation for intended use as production facilities.

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

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7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7.2 Property, plant and equipment (cont'd)

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 in which the asset is derecognised.

7.3 Capital work-in-progress

Capital work-in-progress consists of property, plant and equipment under construction/installation for intended use as production facilities. The amount is stated at cost.

7.4 Leases – Finance lease

In accordance with FRS 117 *Leases*, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

7.5 Impairment of non-financial assets

At each reporting date, the Group and the Company reviews carrying amounts of assets to determine whether there is any indication of impairment.

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.

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7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7.5 Impairment of non-financial assets (cont'd)

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.

7.6 Subsidiary companies

A subsidiary company is a company in which the Group or the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiary company is stated at cost or in accordance with FRS 139 less any impairment losses in the Company's financial position.

7.7 Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company 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.

7.7.1 Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) loans and receivables;
(b) financial assets at fair value through profit or loss;
(c) held to maturity investments; and
(d) available-for-sale financial assets.

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7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7.7.1 Financial assets (cont'd)

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other 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 to determine impairment are applied for each category of financial assets, which are described below.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the commit to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current

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

7.7.2 Financial liabilities

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss or other financial liabilities measure at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

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7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7.7.2 Financial liabilities (cont'd)

Other financial liabilities

The Group's financial liabilities include trade payables and other payables.

The Company's financial liabilities include other payables and amount due to subsidiary company.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

7.8 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence indicating a financial assets might be impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be 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 and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any 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 flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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 can be 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.

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7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7.9 Inventories

Inventories, consist of trading goods, are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damage, obsolete and slow-moving inventories.

The inventories are determined using first-in-first out method. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs necessary to make the sale.

7.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance with bank which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statement of financial position.

7.11 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.

Unappropriated profit include all current and prior period unappropriated profit.

All transactions with shareholder are recorded separately within equity.

7.12 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 simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

7.13 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, 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 not recognised for future operating losses.

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7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7.13 Provisions (cont'd)

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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 economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

7.14 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

7.15 Employee benefits

7.15.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period in which the 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 that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

7.15.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent 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 period.

Such contributions are recongised as an expense in the profit or loss as incurred. As required by law, the Group made such contributions to the Employees Provident Fund ("EPF").

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7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7.15.3 Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

7.16 Revenue recognition

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

7.17 Income tax

7.17.1 Current tax

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial period and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised in financial position as liability (or asset) to the extent that it is unpaid (or refundable). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

7.17.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the reporting date 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 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.

The carrying amount of a deferred tax asset is reviewed at each reporting date. 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 reporting date 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 reporting date.

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7.0 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

7.17.2 Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

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.

7.18 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates, whether realised or unrealised, are recognised in profit or loss.

7.19 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs such that outflow is probable and can be measured reliably, they will then be recognised as a provision.

7.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

7.21 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.

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8. HISTORICAL FINANCIAL INFORMATION

8.1 PeterLabs Holdings Group

8.1.1 Consolidated statement of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of PeterLabs Holdings Group for the period from 28 July 2010 (date of incorporation) to FPE 31 December 2010:-

Period ended	Note	28/7/2010 to 31/12/2010 RM
Revenue	8.1.5	7,707,264
Gross profit		2,485,746
Profit before amortisation, depreciation, interest and tax		3,920,482
Amortisation		-
Depreciation		(50,261)
Interest expense		(18,476)
Profit before tax but after amortisation, depreciation and interest ("PBT")	8.1.6	3,851,745
Tax expense	8.1.7	(1,179,193)
Profit after tax ("PAT")		2,672,552
Gross profit margin (%)		32.25
PBT margin (%)		49.98
PAT margin (%)		34.68
Effective tax rate (%)		30.61
Weighted average number of ordinary shares issued		85,949,067
Gross earnings per share ("EPS") #		0.04
Net EPS #		0.03

Notes:-

(i) There were no exceptional items in the financial period under review.

(ii) There were no accounting policies which are peculiar to PeterLabs Holdings Group due to the nature of business or industry it is involved in and that would affect the determination of PeterLabs Holdings Group's income or financial position.

Based on weighted average number of ordinary shares issued during the financial period.

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.2 Consolidated statement of financial position

The following table sets out the summary of the consolidated statement of financial position prepared based on the audited financial statements of PeterLabs Holdings Group for the FPE 31 December 2010:-

Period ended	Note	31/12/2010 RM
ASSETS		
Non-current asset		
Property, plant and equipment	8.1.8	12,716,620
Total non-current asset		12,716,620
Current assets		
Inventories	8.1.9	3,015,516
Trade receivables	8.1.10	15,036,549
Other receivables	8.1.11	1,154,201
Cash and bank balances		1,449,308
Total current assets		20,655,574
TOTAL ASSETS		33,372,194
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	8.1.12	17,300,000
Unappropriated profit		2,672,552
		19,972,552
Non-controlling interests		2
Total equity		19,972,554
Non-current liabilities		
Hire purchase creditors	8.1.13	176,589
Borrowings	8.1.14	3,050,316
Deferred tax liabilities	8.1.15	58,900
Total non-current liabilities		3,285,805
Current liabilities		
Trade payables	8.1.16	3,087,975
Other payables	8.1.17	2,662,970
Hire purchase creditors	8.1.13	97,603
Borrowings	8.1.14	1,733,878
Bank overdraft	8.1.18	1,991,367
Tax payable		540,042
Total current liabilities		10,113,835

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.2 Consolidated statement of financial position (cont'd)

The following table sets out the summary of the consolidated statement of financial position prepared based on the audited financial statements of PeterLabs Holdings Group for the FPE 31 December 2010 (cont'd):-

Period ended	Note	31/12/2010 RM
TOTAL LIABILITIES		13,399,640
TOTAL EQUITY AND LIABILITIES		33,372,194
Net tangible asset ("NTA")		19,972,554
Number of ordinary shares		173,00,000
NTA per share		0.12

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.3 Consolidated statement of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of PeterLabs Holdings Group for the period from 28 July 2010 (date of incorporation) to FPE 31 December 2010:-

Period ended	Note	28/7/2010 to 31/12/2010 RM
OPERATING ACTIVITIES		
Profit before tax		3,851,745
Adjustments for:-		
Inventories written down		57,836
Interest expense		18,476
Depreciation		50,261
Impairment loss on trade receivables		19,808
Property, plant and equipment written off		136,087
Loss on disposal of property, plant and equipment		8,040
Excess of fair value of subsidiary company acquired over the cost of investment		(2,743,372)
Impairment loss on trade receivables no longer required		(70,235)
Operating profit before working capital changes		1,328,646
Changes in working capitals:-		
Inventories		(189,994)
Receivables		(859,649)
Payables		1,195,148
Bills payable		(728,489)
Cash generated from operations		745,662
Tax paid		(590,322)
Interest paid		(7,568)
Net cash from operating activities		147,772
INVESTING ACTIVITIES		
Acquisition of subsidiary company, net of cash acquired	A	854,357
Proceeds from disposal of property, plant and equipment		15,000
Purchase of property, plant and equipment		(1,496,547)
Net cash used in investing activities		(627,190)
FINANCING ACTIVITIES		
Interest paid		(45,042)
Proceeds from issuance shares		100
Repayment of hire-purchase installments		(17,699)
Net cash used in financing activities		(62,641)
CASH AND CASH EQUIVALENTS		
Net changes/Carried forward	B	(542,059)

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.3 Consolidated statement of cash flows (cont'd)

Notes to the consolidated statement of cash flows

A. Acquisition of subsidiary company, net of cash acquired

The fair value of the identified assets and liabilities of PLON Synergy Group at date of acquisition were as follows:-

Period ended	31/12/2010 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)
Hire purchase creditors	(291,891)
Borrowings	(5,512,683)
Deferred tax liabilities	(43,568)
Bank overdraft	(1,255,915)
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

B. Cash and cash equivalents

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

Period ended	31/12/2010 RM
Cash and bank balances	1,449,308
Bank overdraft	(1,991,367)
	(542,059)

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.4 Consolidated statement of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of PeterLabs Holdings Group for the period from 28 July 2010 (date of incorporation) to FPE 31 December 2010:-

	Non-distributable	Distributable			
	← Attributable to equity holders →				
	Share capital RM	Unappropriated profit RM	Total RM	Non-controlling interests RM	Total equity RM
Date of incorporation	2	-	2	-	2
Issued shares during the financial period					
- working capital	98	-	98	-	98
- acquisition of subsidiary company	17,299,900	-	17,299,900	-	17,299,900
Arising from acquisition of subsidiary company	-	-	-	2	2
Total comprehensive income for the financial period	-	2,672,552	2,672,552	-	2,672,552
Balance at 31 December 2010	17,300,000	2,672,552	19,972,552	2	19,972,554

8.1.5 Revenue

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

8.1.6 Profit before tax but after amortisation, depreciation and interest

Profit before tax has been arrived at after charging/(crediting):-

Period ended	**28/7/2010 to 31/12/2010 RM**
Inventories written down	57,836
Auditors' remuneration	35,345
Bank overdraft interest	8,151
Bankers' acceptance interest	7,568
Depreciation	50,261
Directors' emoluments	127,460
Hire-purchase interest	2,757
Impairment loss on trade receivables	19,808
Loss on disposal of property, plant and equipment	8,040
Property, plant and equipment written off	136,087
Rental expense	48,000
Impairment loss on trade receivables no longer required	(70,235)
Realised gain on foreign exchange	(1,825)
Excess of fair value of subsidiary company acquired over the cost of investment	(2,743,372)

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.7 Tax expense

Period ended	28/7/2010 to 31/12/2010 RM
Current period provision	1,163,737
Transferred to deferred tax liabilities	15,332
Underprovision of tax in prior year	124
Total tax expense	1,179,193

Reconciliation of income tax expense of statutory tax rate and effective tax rate of PeterLabs Holdings Group is as follows:-

Period ended	28/7/2010 to 31/12/2010 RM
Profit before tax	3,851,745
Tax at Malaysia statutory tax rate of 25%	962,936
Expenses not deductible for tax purposes	871,082
Underprovision of deferred tax liabilities in prior year	24,388
Losses of Company no allowable for group relief	13,306
Income not subject to tax	(692,643)
Underprovision of tax in prior year	124
Total tax expense	1,179,193

8.1.8 Property, plant and equipment

Period ended	31/12/2010 RM
Net carrying amount	
Freehold land	1,467,419
Building	5,538,110
Motor vehicles	339,466
Office equipment	28,992
Air-conditioners	6,403
Furniture and fittings	339
Computer equipment	8,345
Plant and machinery	146,719
Renovation	27,825
Capital work-in-progress	5,153,002
	12,716,620
Under hire-purchase creditors	339,466

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.8 Property, plant and equipment (cont'd)

The above freehold land and building are charged to financial institution for banking facilities granted to PeterLabs Holdings Group.

Interest capitalised in capital work-in-progress amounted to RM34,134 during the FPE 31 December 2010.

8.1.9 Inventories

Period ended	31/12/2010 RM
Cost	
Raw materials	1,163,329
Net realisable value	
Finished goods	1,852,187
	3,015,516
Inventories written down	57,836

8.1.10 Trade receivables

Period ended	31/12/2010 RM
Trade receivables	15,086,017
Less: Allowance for impairment	
Addition through acquisition of subsidiary company	99,895
Addition	19,808
No longer required	(70,235)
Carried forward	49,468
Net trade receivables	15,036,549

The normal credit terms granted by PeterLabs Holdings Group to the customers are ranging from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

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

Period ended	31/12/2010 RM
US Dollar	57,065

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.11 Other receivables

Period ended	31/12/2010 RM
Non-trade receivables	38,768
Advances to suppliers	316,219
Deposits	168,322
Prepayment listing expenses	630,892
	1,154,201

Included in 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 other receivables is as follows:-

Period ended	31/12/2010 RM
Sterling Pound	29,765
US Dollar	244,454

8.1.12 Share capital

Period ended		31/12/2010	
	No. of shares	Par value RM	Value RM
Authorised:-			
Created at date of incorporation	100,000	1.00	100,000
Subdivision of shares	1,000,000	0.10	100,000
Created during the period	249,000,000	0.10	24,900,000
Carried forward	250,000,000	0.10	25,000,000
Issued and fully paid up share capital:-			
Issued at date of incorporation	2	1.00	2
Subdivision of shares	20	0.10	2
Issued during the period	980	0.10	98
Issued of shared to acquired subsidiary company	172,999,000	0.10	17,299,900
Carried forward	173,00,000	0.10	17,300,000

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.13 Hire purchase creditors

Period ended	31/12/2010 RM
Minimum lease payment	
- not later than 1 year	110,329
- later than 1 year but not later than 5 years	191,645
Future finance charges on hire purchase creditors	301,974
Less: Future finance charges on hire purchase	(27,782)
	274,192
Present value of hire purchase creditors	
- not later than 1 year	97,603
- later than 1 year and not later than 5 years	176,589
	274,192

The effective interest rate of the hire purchase facility is 6.09% per annum.

8.1.14 Borrowings

Period ended	31/12/2010 RM
Secured:-	
Current	
Term loan	330,367
Bankers' acceptance	1,403,511
	1,733,878
Non-current	
Term loan	3,050,316
Total borrowings	4,784,194

The above borrowings are secured by means of following:-

a) a legal charge over the PeterLabs Holdings Group's freehold land and building;
b) joint and several guarantees by all the Directors of Peterlabs Holdings and all Directors of the subsidiary company.

The term loan bears interest at the rates ranging from 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 bears interest at the rates ranging from 0.80% to 1.50% per annum above the lending banks' cost of funds.

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.15 Deferred tax liabilities

Period ended	31/12/2010 RM
Addition through acquisition of subsidiary company	43,568
Recognised in profit or loss	15,332
Carried forward	58,900

The above deferred tax liabilities arose principally from accelerated capital allowances claimed on Peterlabs Holdings Group's property, plant and equipment over their accounting depreciation charges.

8.1.16 Trade payables

The normal credit terms granted by suppliers are ranging from 30 to 90 days.

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

Period ended	31/12/2010 RM
US Dollar	111,895

8.1.17 Other payables

Period ended	31/12/2010 RM
Accruals of expenses	840,820
Non-trade payables	1,094,383
Provision for commission payables	721,052
Amount due to non-controlling interests	6,715
	2,662,970

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

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

Period ended	31/12/2010 RM
Singapore Dollar	8,508

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.1 PeterLabs Holdings Group (cont'd)

8.1.18 Bank overdraft

The bank overdraft bears interest at the rates ranging from 5.55% to 6.50% per annum. The bank overdraft is secured by fixed deposits from the Directors and certain shareholders of PeterLabs Holdings and a third party.

8.1.19 Capital commitment

Period ended	31/12/2010 RM
Authorised and contracted for plant and machinery	279,120

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group

8.2.1 Consolidated statements of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

Year ended	Note	2007 RM	2008 RM	2009 RM
Revenue	8.2.5	23,634,218	27,344,295	33,459,758
Gross profit		7,410,813	8,912,611	10,110,050
Profit before amortisation, depreciation, interest and tax		2,806,419	4,080,784	5,775,803
Amortisation		-	-	-
Depreciation		(245,176)	(251,228)	(253,453)
Interest expense		(64,525)	(62,471)	(76,309)
Profit before tax but after amortisation, depreciation and interest ("PBT")	8.2.6	2,496,718	3,767,085	5,446,041
Tax expense	8.2.7	(663,491)	(1,128,415)	(1,331,588)
Profit after tax ("PAT")		1,833,227	2,638,670	4,114,453
Gross profit margin (%)		31.36	32.59	30.22
PBT margin (%)		10.56	13.78	16.28
PAT margin (%)		7.76	9.65	12.30
Effective tax rate (%)		26.57	29.95	24.45
Weighted average number of ordinary shares issued		2,040,002	2,571,618	4,000,000
Gross earnings per share ("EPS") #		1.22	1.46	1.36
Net EPS #		0.90	1.03	1.03

Notes:-

(i) There were no exceptional items in the financial years under review.

(ii) There were no accounting policies which are peculiar to PLON Synergy Group due to the nature of business or industry it is involved in and that would affect the determination of PLON Synergy Group's income or financial position.

Based on weighted average number of ordinary shares issued during the financial year.

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.2 Consolidated statements of financial position

The following table sets out the summary of the consolidated statements of financial position prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

Year ended	Note	2007 RM	2008 RM	2009 RM
ASSETS				
Non-current asset				
Property, plant and equipment	8.2.8	908,911	2,718,673	5,688,053
Total non-current asset		908,911	2,718,673	5,688,053
Current assets				
Inventories	8.2.9	1,988,331	2,890,235	1,990,493
Trade receivables	8.2.10	10,622,732	11,413,686	13,660,459
Other receivables	8.2.11	31,666	16,938	966,056
Tax recoverable		83,787	67,833	-
Cash and bank balances		451,803	180,850	455,163
Total current assets		13,178,319	14,569,542	17,072,171
TOTAL ASSETS		14,087,230	17,288,215	22,760,224
EQUITY AND LIABILITIES				
Equity attributable to owner of the Company				
Share capital	8.2.12	2,040,002	4,000,000	4,000,000
Share premium	8.2.13	-	2,508,377	2,508,377
Unappropriated profit		2,814,040	4,864,708	8,579,161
		4,854,042	11,373,085	15,087,538
Non-controlling interests		4,468,375	-	-
Total equity		9,322,417	11,373,085	15,087,538
Non-current liabilities				
Hire purchase creditors	8.2.14	141,597	165,141	81,198
Borrowings	8.2.15	-	-	2,035,598
Deferred tax liabilities	8.2.16	51,897	44,363	43,568
Total non-current liabilities		193,494	209,504	2,160,364

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.2 Consolidated statements of financial position (cont'd)

The following table sets out the summary of the consolidated statements of financial position prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

Year ended	Note	2007 RM	2008 RM	2009 RM
Current liabilities				
Trade payables	8.2.17	1,428,442	1,708,784	2,815,364
Other payables	8.2.18	564,388	1,277,618	559,461
Amount due to Directors	8.2.19	1,478,320	640,143	223,600
Hire purchase creditors	8.2.14	133,118	104,732	83,943
Borrowings	8.2.15	142,000	169,000	-
Bank overdraft	8.2.20	665,162	1,684,063	1,636,068
Tax payable		159,889	121,286	193,886
Total current liabilities		4,571,319	5,705,626	5,512,322
TOTAL LIABILITIES		4,764,813	5,915,130	7,672,686
TOTAL EQUITY AND LIABILITIES		14,087,230	17,288,215	22,760,224
Net tangible asset ("NTA")		9,322,417	11,373,085	15,087,538
Number of ordinary shares		2,040,002	4,000,000	4,000,000
NTA per share		4.57	2.84	3.77

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.3 Consolidated statements of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

Year ended	Note	2007 RM	2008 RM	2009 RM
OPERATING ACTIVITIES				
Profit before tax		2,496,718	3,767,085	5,446,041
Adjustments for:-				
Interest expense		64,525	62,471	76,309
Depreciation		245,176	251,228	253,453
Property, plant and equipment written off		-	-	13,437
Loss on disposal of property, plant and equipment		375	-	-
Operating profit before working capital changes		2,806,794	4,080,784	5,789,240
Changes in working capitals:-				
Inventories		(781,169)	(901,904)	899,742
Receivables		(1,214,478)	(743,254)	(3,211,169)
Payables		1,013,674	960,601	438,036
Bills payable		-	27,000	(169,000)
Cash generated from operations		1,824,821	3,423,227	3,746,849
Tax paid		(777,984)	(1,208,050)	(1,226,286)
Tax refund		-	49,451	-
Net cash from operating activities		1,046,837	2,264,628	2,520,561
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment		18,000	-	-
Purchase of property, plant and equipment	A	(292,690)	(1,930,990)	(3,236,269)
Net cash used in investing activities		(274,690)	(1,930,990)	(3,236,269)
FINANCING ACTIVITIES				
Dividend paid		(464,365)	(588,002)	(400,000)
Interest paid		(64,525)	(62,471)	(76,309)
Repayment of hire-purchase installments		(155,865)	(134,842)	(104,732)
Advance from/(Repayment to) Directors		314,545	(838,177)	(416,543)
Drawdown of term loan		-	-	2,035,598
Net cash (used in)/from financing activities		(370,210)	(1,623,492)	1,038,016
CASH AND CASH EQUIVALENTS				
Net changes		401,937	(1,289,854)	322,308
Brought forward		(615,296)	(213,359)	(1,503,213)
Carried forward	B	(213,359)	(1,503,213)	(1,180,905)

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.3 Consolidated statements of cash flows (cont'd)

Notes to the consolidated statements of cash flows

A. Purchase of property, plant and equipment

Year ended	2007 RM	2008 RM	2009 RM
Cash payment	292,690	1,930,990	3,236,269
Hire purchase	-	130,000	-
	292,690	2,060,990	3,236,269

B. Cash and cash equivalents

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

Year ended	2007 RM	2008 RM	2009 RM
Cash and bank balances	451,803	180,850	455,163
Bank overdraft	(665,162)	(1,684,063)	(1,636,068)
	(213,359)	(1,503,213)	(1,180,905)

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.4 Consolidated statements of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of PLON Synergy Group for the past three (3) FYE 31 December 2007 to 2009:-

	← Non-distributable →		Distributable →		
	← Attributable to equity holders →				
	Share capital RM	Share premium RM	Unappropriated profit RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2007	2,040,002	-	2,142,827	3,902,917	8,085,746
Total comprehensive income for the financial year	-	-	924,377	908,850	1,833,227
Transaction with owner					
Interim dividend paid	-	-	(253,164)	(343,392)	(596,556)
Total transaction with owner	-	-	(253,164)	(343,392)	(596,556)
Balance at 31 December 2007	2,040,002	-	2,814,040	4,468,375	9,322,417
Total comprehensive income for the financial year	-	-	2,638,670	-	2,638,670
Acquisition of non-controlling interests	-	-	-	(4,468,375)	(4,468,375)
Transaction with owner					
Issuance of share	1,959,998	2,508,377	-	-	4,468,375
Interim dividend paid	-	-	(588,002)	-	(588,002)
Total transaction with owner	1,959,998	2,508,377	(588,002)	-	3,880,373
Balance at 31 December 2008	4,000,000	2,508,377	4,864,708	-	11,373,085
Total comprehensive income for the financial year	-	-	4,114,453	-	4,114,453
Transaction with owner					
Interim dividend paid	-	-	(400,000)	-	(400,000)
Total transaction with owner	-	-	(400,000)	-	(400,000)
Balance at 31 December 2009	4,000,000	2,508,377	8,579,161	-	15,087,538

8.2.5 Revenue

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

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.6 Profit before tax but after amortisation, depreciation and interest

Profit before tax has been arrived at after charging:-

Year ended	2007 RM	2008 RM	2009 RM
Auditors' remuneration	15,000	18,220	24,100
Bank overdraft interest	42,843	50,729	38,739
Depreciation	245,176	251,228	253,453
Directors' emoluments			
- fees	1,145,908	506,413	244,560
- other emoluments	590,304	674,128	692,160
Loss on disposal of property, plant and equipment	375	-	-
Loss on foreign exchange	5,269	-	-
Property, plant and equipment written off	-	-	13,437
Rental of premises	278,933	288,000	288,000
Hire-purchase interest	21,682	11,742	12,713
Term loan interest	-	-	24,857

8.2.7 Tax expense

Year ended	2007 RM	2008 RM	2009 RM
Current year provision	625,554	1,137,792	1,332,383
Transferred from/(to) deferred tax liabilities	37,937	(7,534)	(795)
Over provision in prior year	-	(1,843)	-
Total tax expense	663,491	1,128,415	1,331,588

Reconciliation of income tax expense of statutory tax rate and effective tax rate of PLON Synergy Group is as follows:-

Year ended	2007 RM	2008 RM	2009 RM
Profit before tax	2,496,718	3,767,085	5,446,041
Income tax at rate of 27%, (2008: 26% and 2009: 25%)	674,114	979,442	1,361,510
Expenses not deductible for tax purposes	50,772	208,178	52,185
Effect of preferential tax rate for small and medium scale enterprises	(104,250)	(42,345)	(44,325)
Effect of change in tax rate	-	(1,375)	(1,186)
Taxable temporary differences under/(over) taken up in prior year	42,855	(13,642)	(36,596)
Over provision in prior year	-	(1,843)	-
Total tax expense	663,491	1,128,415	1,331,588

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.8 Property, plant and equipment

Year ended	2007 RM	2008 RM	2009 RM
Net carrying amount			
Freehold land	-	1,467,419	1,467,419
Motor vehicles	412,452	402,760	226,156
Office equipment	89,822	83,082	71,418
Air-conditioners	9,391	7,990	6,589
Furniture and fittings	55,231	39,683	23,742
Computer equipment	18,487	40,766	46,453
Plant and machinery	251,933	223,504	195,145
Renovation	71,595	66,550	61,507
Capital work-in-progress	-	386,919	3,589,624
	908,911	2,718,673	5,688,053
Under hire-purchase creditors	378,027	385,548	169,556

The above freehold land and capital work-in-progress which is buildings under construction are charged to financial institution for banking facilities granted to PLON Synergy Group.

8.2.9 Inventories

Year ended	2007 RM	2008 RM	2009 RM
At cost:-			
Raw materials	786,186	814,079	610,105
Finished goods	1,202,145	2,076,156	1,380,388
	1,988,331	2,890,235	1,990,493

8.2.10 Trade receivables

Year ended	2007 RM	2008 RM	2009 RM
Trade receivables	11,081,519	11,872,473	14,119,246
Less: Allowance for impairment	(458,787)	(458,787)	(458,787)
Net trade receivables	10,622,732	11,413,686	13,660,459

The normal credit terms granted by PLON Synergy Group to the customers are ranging from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.11 Other receivables

Year ended	2007 RM	2008 RM	2009 RM
Non-trade receivables	-	-	668,321
Amount due from companies in which certain Directors have interest	-	2,700	33,121
Deposits	11,100	12,010	264,614
Prepayment	20,566	2,228	-
	31,666	16,938	966,056

The amount due from companies in which certain Directors have interest is unsecured, bears no interest and repayable on demand.

8.2.12 Share capital

Year ended	2007		2008		2009	
	No. of shares	Value RM	No. of shares	Value RM	No. of shares	Value RM
Authorised:-						
Ordinary share of RM1.00 each	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid up share capital:-						
Ordinary share of RM1.00 each						
Brought forward	2,040,002	2,040,002	2,040,002	2,040,002	4,000,000	4,000,000
Issued during the year	-	-	1,959,998	1,959,998	-	-
Carried forward	2,040,002	2,040,002	4,000,000	4,000,000	4,000,000	4,000,000

8.2.13 Share premium

Year ended	2007 RM	2008 RM	2009 RM
Brought forward	-	-	2,508,377
Share premium arising from issuance of shares	-	2,508,377	-
Carried forward	-	2,508,377	2,508,377

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.14 Hire purchase creditors

Year ended	2007 RM	2008 RM	2009 RM
Minimum lease payment			
- not later than 1 year	144,405	117,446	91,044
- later than 1 year but not later than 5 years	148,900	176,705	85,661
Future finance charges on hire purchase creditors	293,305	294,151	176,705
Less: Future interest	(18,590)	(24,278)	(11,564)
	274,715	269,873	165,141
Present value of hire purchase creditors			
- not later than 1 year	133,118	104,732	83,943
- later than 1 year and not later than 5 years	141,597	165,141	81,198
	274,715	269,873	165,141

The effective interest rates of the hire purchase facility ranging from 4.75% to 8.45% (2008: 4.75% to 8.45% and 2009: 3.01% to 4.92%) per annum.

8.2.15 Borrowings

Year ended	2007 RM	2008 RM	2009 RM
Secured:-			
Term loan	-	-	2,035,598
Bankers' acceptance	142,000	169,000	-
	142,000	169,000	2,035,598
Current	142,000	169,000	-
Non-current	-	-	2,035,598
	142,000	169,000	2,035,598

The above borrowings are secured by means of following:-

a) a legal charge over the PLON Synergy Group's buildings which is under construction;
b) a legal charge over the freehold land of PLON Synergy;
c) corporate guarantees from PLON Synergy and Osmosis Nutrition; and
d) joint and several guarantees by all the Directors of PLON Synergy and certain Directors of Osmosis Nutrition and PeterLabs.

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.15 Borrowings (cont'd)

The term loan for FYE 2010 bears interest at the rates ranging from 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 bears interest at rates ranging from 0.80% to 1.00% (2008: 0.8% to 1.00%; 2009: Nil) per annum above the lending banks' cost of funds.

8.2.16 Deferred tax liabilities

Year ended	2007 RM	2008 RM	2009 RM
Brought forward	13,960	51,897	44,363
Transfer from/(to) profit or loss	37,937	(7,534)	(795)
Carried forward	51,897	44,363	43,568

The above deferred tax liabilities arose principally from accelerated capital allowances claimed on PLON Synergy Group's property, plant and equipment over their accounting depreciation charges.

8.2.17 Trade payables

The normal credit terms granted by suppliers are ranging from 30 days to 90 days.

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

Year ended	2007 RM	2008 RM	2009 RM
US Dollar	523,707	446,013	772,366

8.2.18 Other payables

Year ended	2007 RM	2008 RM	2009 RM
Accruals of expenses	18,750	558,310	48,103
Non-trade payables	217,467	161,186	81,043
Provision for commission payables	328,171	558,122	430,315
	564,388	1,277,618	559,461

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.2 PLON Synergy Group (cont'd)

8.2.19 Amount due to Directors

The amount due to Directors is unsecured, bears no interest and repayable on demand.

8.2.20 Bank overdraft

The bank overdraft bears interest at the rates ranging from 3.72% to 8.30% (2008: 3.72% to 8.05%; 2009: 5.55% to 6.05%) per annum. The bank overdraft is secured by third party fixed deposit and as per items disclosed in Note 8.2.15.

8.2.21 Capital commitment

Year ended	2007 RM	2008 RM	2009 RM
Authorised and contracted for:-			
- Plant and machinery	-	-	805,989
- Factory and office building	-	-	2,788,886
	-	-	3,594,875

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.3 OMS Resources

8.3.1 Statements of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of OMS Resources for the past four (4) FYE 31 December 2007 to 2010:-

Year ended	Note	2007 RM	2008 RM	2009 RM	2010 RM
Revenue	8.3.5	2,321,232	3,237,478	3,595,106	3,915,953
Gross profit		324,511	493,527	460,052	403,973
Profit before amortisation, depreciation, interest and tax		241,259	438,348	395,449	321,680
Amortisation		-	-	-	-
Depreciation		-	-	-	-
Interest expense		-	-	-	-
Profit before tax but after amortisation, depreciation, and interest ("PBT")	8.3.6	241,259	438,348	395,449	321,680
Tax expense	8.3.7	(48,684)	(88,448)	(79,893)	(82,577)
Profit after tax ("PAT")		192,575	349,900	315,556	239,103
Gross profit margin (%)		13.98	15.24	12.80	10.32
PBT margin (%)		10.39	13.54	11.00	8.21
PAT margin (%)		8.30	10.81	8.78	6.11
Effective tax rate (%)		20.18	20.18	20.20	25.67
Weighted average number of ordinary shares issued		4	4	4	4
Gross earnings per share ("EPS") #		60,315	109,587	98,862	80,420
Net EPS #		48,144	87,475	78,889	59,776

Notes:-

(i) There were no exceptional items in the financial years under review.

(ii) There were no accounting policies which are peculiar to OMS Resources due to the nature of business or industry it is involved in and that would affect the determination of OMS Resources' income or financial position.

Based on weighted average number of ordinary shares issued during the financial year.

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.3 OMS Resources (cont'd)

8.3.2 Statements of financial position

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of OMS Resources for the past four (4) FYE 31 December 2007 to 2010:-

Year ended	Note	2007 RM	2008 RM	2009 RM	2010 RM
ASSETS					
Non-current asset					
Investment in subsidiary company	8.3.8	-	-	-	70
Total non-current asset		-	-	-	70
Current assets					
Inventories	8.3.9	-	10,500	31,425	-
Trade receivables	8.3.10	614,008	647,543	983,850	958,177
Amount due from subsidiary company	8.3.11	-	-	-	641
Cash and bank balances		165,899	114,969	106,003	447,610
Total current assets		779,907	773,012	1,121,278	1,406,428
TOTAL ASSETS		779,907	773,012	1,121,278	1,406,498
EQUITY AND LIABILITIES					
Equity attributable to owner of the Company					
Share capital	8.3.12	4	4	4	4
Unappropriated profit		182,332	352,232	667,788	906,891
Total equity		182,336	352,236	667,792	906,895
Current liabilities					
Trade payables	8.3.13	160,187	14,550	8,726	5,592
Other payables	8.3.14	3,100	4,100	4,500	25,795
Amount due to related companies	8.3.11	405,600	373,678	422,243	463,724
Tax payables		28,684	28,448	18,017	4,492
Total current liabilities		597,571	420,776	453,486	499,603
TOTAL EQUITY AND LIABILITIES		779,907	773,012	1,121,278	1,406,498
Net tangible asset ("NTA")		182,336	352,236	667,792	906,895
Number of ordinary shares		4	4	4	4
NTA per share		45,584	88,059	166,948	226,724

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.3 OMS Resources (cont'd)

8.3.3 Statements of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of OMS Resources for the past four (4) FYE 31 December 2007 to 2010:-

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
OPERATING ACTIVITIES				
Profit before tax/Operating profits before working capital changes	241,259	438,348	395,449	321,680
Changes in working capital:-				
Inventories	-	(10,500)	(20,925)	31,425
Receivables	(614,008)	(33,535)	(336,307)	25,673
Payables	148,104	(144,637)	(5,424)	18,161
Cash (used in)/generated from operation	(224,645)	249,676	32,793	396,939
Tax paid	(20,000)	(88,684)	(90,324)	(96,102)
Net cash (used in)/from operating activities	(244,645)	160,992	(57,531)	300,837
INVESTING ACTIVITY				
Investment in subsidiary company	-	-	-	(70)
Net cash used in investing activity	-	-	-	(70)
FINANCING ACTIVITES				
Advances to subsidiary company	-	-	-	(641)
Advances from/(to) related companies	405,600	(31,922)	48,565	41,481
Dividends paid	-	(180,000)	-	-
Net cash from/(used in) financing activities	405,600	(211,922)	48,565	40,840
CASH AND CASH EQUIVALENTS				
Net changes	160,955	(50,930)	(8,966)	341,607
Brought forward	4,944	165,899	114,969	106,003
Carried forward	165,899	114,969	106,003	447,610

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.3 OMS Resources (cont'd)

8.3.4 Statements of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of OMS Resources for the past four (4) FYE 31 December 2007 to 2010:-

	Non-distributable	Distributable	
	Share capital	(Accumulated loss)/ Unappropriated profit	Total
	RM	RM	RM
Balance at 1 January 2007	4	(10,243)	(10,239)
Total comprehensive income for the year	-	192,575	192,575
Balance at 31 December 2007	4	182,332	182,336
Total comprehensive income for the year	-	349,900	349,900
Transaction with owner			
Tax exempt interim dividend	-	(180,000)	(180,000)
Total transaction with owner	-	(180,000)	(180,000)
Balance at 31 December 2008	4	352,232	352,236
Total comprehensive income for the year	-	315,556	315,556
Balance at 31 December 2009	4	667,788	667,792
Total comprehensive income for the year	-	239,103	239,103
Balance at 31 December 2010	4	906,891	906,895

8.3.5 Revenue

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

8.3.6 Profit before tax but after amortisation, depreciation and interest

Profit before tax has been arrived at after charging:-

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
Auditors' remuneration	1,900	2,900	3,100	6,000

Grant Thornton

8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.3 OMS Resources (cont'd)

8.3.7 Tax expense

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
Current year provision	48,684	88,448	79,893	82,453
Under provision in prior year	-	-	-	124
Total tax expense	48,684	88,448	79,893	82,577

Reconciliation of income tax expense of statutory tax rate and effective tax rate of OMS Resources is as follows:-

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
Profit before tax	241,259	438,348	395,449	321,680
Tax at statutory tax rate of 27% (2008: 26%, 2009: 25% and 2010: 25%)	65,140	113,970	98,862	80,420
Expenses not deductible for tax purposes	432	778	803	2,033
Under provision in prior year	-	-	-	124
Effect of preferential tax rate for small and medium scale enterprises	(16,888)	(26,300)	(19,772)	-
Total tax expense	48,684	88,448	79,893	82,577

8.3.8 Investment in subsidiary company

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
At cost	-	-	-	70

8.3.9 Inventories

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
Trading goods, at cost	-	10,500	31,425	-

8.3.10 Trade receivables

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
Trade receivables	614,008	647,543	983,850	958,177

Grant Thornton

8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.3 OMS Resources (cont'd)

8.3.10 Trade receivables (cont'd)

The normal credit terms granted by OMS Resources to customers are ranging from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

8.3.11 Amount due from subsidiary company/due to related companies

The amount due from subsidiary company/due to related companies are unsecured, bears no interest and repayable on demand.

8.3.12 Share capital

Year ended	2007		2008		2009		2010	
	No. of shares	Value RM	No. of shares	Value RM	No. of shares	Value RM	No. of shares	Value RM
Authorised:- Ordinary share of RM1.00 each	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Issued and fully paid up share capital:- Ordinary share of RM1.00 each	4	4	4	4	4	4	4	4

8.3.13 Trade payables

The normal credit terms granted by suppliers are ranging from 30 to 60 days.

8.3.14 Other payables

Year ended	2007 RM	2008 RM	2009 RM	2010 RM
Accruals of expenses	3,100	4,100	4,500	19,480
Non-trade payables	-	-	-	6,315
	3,100	4,100	4,500	25,795

Grant Thornton

8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.4 Biojava

8.4.1 Summarised statements of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of Biojava for the period from 19 May 2006 (date of incorporation) to FPE 30 June 2007, past three (3) FYE 30 June 2008 to 2010 and for the period from 1 July 2010 to FPE 31 December 2010:-

Period/Year ended	Note	19/5/2006 to 30/6/2007 RM	1/7/2007 to 30/6/2008 RM	1/7/2008 to 30/6/2009 RM	1/7/2009 to 30/6/2010 RM	1/7/2010 to 31/12/2010 RM
Revenue	8.4.5	-	-	-	-	-
Gross profit		-	-	-	-	-
Loss before amortisation, depreciation, interest and tax		(3,322)	(1,268)	(1,510)	(1,333)	(1,752)
Amortisation		-	-	-	-	-
Depreciation		-	-	-	-	-
Interest expense		-	-	-	-	-
Loss before tax but after amortisation, depreciation and interest ("LBT")	8.4.6	(3,322)	(1,268)	(1,510)	(1,333)	(1,752)
Tax expense	8.4.7	-	-	-	-	-
Loss after tax ("LAT")		(3,322)	(1,268)	(1,510)	(1,333)	(1,752)
Gross profit margin (%)		-	-	-	-	-
LBT margin (%)		-	-	-	-	-
LAT margin (%)		-	-	-	-	-
Effective tax rate (%)		-	-	-	-	-
Weighted average number of ordinary shares issued		2	2	2	2	485
Gross loss per share ("LPS") #		(1,661)	(634)	(755)	(667)	(7.22)^
Net LPS #		(1,661)	(634)	(755)	(667)	(7.22)^

Notes:-

(i) There were no exceptional items in the financial period/years under review.

(ii) There were no accounting policies which are peculiar to Biojava due to the nature of business or industry it is involved in and that would affect the determination of Biojava' income or financial position.

\# Based on weighted average number of ordinary shares issued during the financial period/year.

^ Annualised to 12 months for comparison purposes.

Grant Thornton

8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.4 Biojava (cont'd)

8.4.2 Summarised statements of financial position

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of Biojava for the FPE 30 June 2007 and the past three (3) FYE 30 June 2008 to 2010 and FPE 31 December 2010:-

Period/Year ended	Note	30/6/2007 RM	30/6/2008 RM	30/6/2009 RM	30/6/2010 RM	31/12/2010 RM
ASSET						
Current asset						
Cash in hand		2	2	2	2	1,000
Total current asset/ **TOTAL ASSET**		2	2	2	2	1,000
EQUITY AND LIBILITIES						
Equity attributable to owner of the Company						
Share capital	8.4.8	2	2	2	2	1,000
Accumulated loss		(3,322)	(4,590)	(6,100)	(7,433)	(9,185)
Total equity		(3,320)	(4,588)	(6,098)	(7,431)	(8,185)
Current liabilities						
Other payables	8.4.9	650	950	665	718	1,718
Amount due to a shareholder	8.4.10	2,672	3,640	5,435	6,715	6,715
Amount due to related company	8.4.11	-	-	-	-	752
Total current liabilities/ **TOTAL LIABILITIES**		3,322	4,590	6,100	7,433	9,185
TOTAL EQUITY AND LIABILITIES		2	2	2	2	1,000
Net tangible liabilities ("NTL")		(3,320)	(4,588)	(6,098)	(7,431)	(8,185)
Number of ordinary shares		2	2	2	2	1,000
NTL per share		(1,660)	(2,294)	(3,049)	(3,716)	(8.19)

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.4 Biojava (cont'd)

8.4.3 Statements of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of Biojava for the period from 19 May 2006 (date of incorporation) to FPE 30 June 2007, past three (3) FYE 30 June 2008 to 2010 and for the period from 1 July 2010 to FPE 31 December 2010:-

Period/Year ended	19/5/2006 to 30/6/2007 RM	1/7/2007 to 30/6/2008 RM	1/7/2008 to 30/6/2009 RM	1/7/2009 to 30/6/2010 RM	1/7/2010 to 31/12/2010 RM
OPERATING ACTIVITIES					
Loss before tax/Operating loss before working capital changes	(3,322)	(1,268)	(1,510)	(1,333)	(1,752)
Changes in working capital:-					
Payables	650	300	(285)	53	1,000
Net cash used in operating activities	(2,672)	(968)	(1,795)	(1,280)	(752)
FINANCING ACTIVITIES					
Proceed from issuance of share capital	2	-	-	-	998
Advances from a shareholder	2,672	968	1,795	1,280	-
Advances from related company	-	-	-	-	752
Net cash from financing activities	2,674	968	1,795	1,280	1,750
Net changes	2	-	-	-	998
Brought forward	-	2	2	2	2
Carried forward	2	2	2	2	1,000

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.4 Biojava (cont'd)

8.4.4 Statements of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of Biojava for the period from 19 May 2006 (date of incorporation) to FPE 30 June 2007, past three (3) FYE 30 June 2008 to 2010 and for the period from 1 July 2010 to FPE 31 December 2010:-

	Share capital RM	Accumulated loss RM	Total RM
At date of incorporation	2	-	2
Total comprehensive loss for the financial period	-	(3,322)	(3,322)
Balance at 30 June 2007	2	(3,322)	(3,320)
Total comprehensive loss for the financial year	-	(1,268)	(1,268)
Balance at 30 June 2008	2	(4,590)	(4,588)
Total comprehensive loss for the financial year	-	(1,510)	(1,510)
Balance at 30 June 2009	2	(6,100)	(6,098)
Total comprehensive loss for the financial year	-	(1,333)	(1,333)
Balance at 30 June 2010	2	(7,433)	(7,431)
Issuance of ordinary shares	998	-	998
Total comprehensive loss for the financial period	-	(1,752)	(1,752)
Balance at 31 December 2010	1,000	(9,185)	(8,185)

8.4.5 Revenue

There was no revenue being generated during the financial periods/years under review.

8.4.6 Loss before tax but after amortisation, depreciation and interest

Loss before tax has been arrived at after charging:-

Period/Year ended	19/5/2006 to 30/6/2007 RM	1/7/2007 to 30/6/2008 RM	1/7/2009 to 30/6/2009 RM	1/7/2008 to 30/6/2010 RM	1/7/2010 to 31/12/2010
Auditors' remuneration	350	350	350	350	1,000
Preliminary expenses written off	2,300	-	-	-	-

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.4 Biojava (cont'd)

8.4.7 Tax expense

There is no provision for tax. A reconciliation of the statutory income tax rate to the effective income tax of Biojava has not presented during the financial periods/years under review as Biojava has no chargeable income.

8.4.8 Share capital

Period/Year ended	30/6/2007		30/6/2008		30/6/2009		30/6/2010		31/12/2010	
	No. of shares	Value RM	No. of shares	Value RM	No. of shares	Value RM	No. of shares	Value RM	No. of shares	Value RM
Authorised:- Ordinary share of RM1.00 each	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Issued and fully paid up share capital:- Ordinary share of RM1.00 each	2	2	2	2	2	2	2	2	1,000	1,000

8.4.9 Other payables

Period/Year ended	30/6/2007 RM	30/6/2008 RM	30/6/2009 RM	30/6/2010 RM	31/12/2010 RM
Accruals of expenses	650	950	665	718	1,718

8.4.10 Amount due to a shareholder

The amount due to a shareholder is unsecured, bears no interest and repayable on demand.

8.4.11 Amount due to a related company

The amount due to a related company is unsecured, bears no interest and repayable on demand.

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.5 OMS Laboratory

8.5.1 Statements of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of OMS Laboratory for the period from 10 July 2009 (date of incorporation) to FPE 30 June 2010 and for the period from 1 July 2010 to FPE 31 December 2010:-

Period ended	Note	10/7/2009 to 30/6/2010 RM	1/7/2010 to 31/12/2010 RM
Revenue	8.5.5	-	-
Gross profit		-	-
Loss before amortisation, depreciation, interest and tax		-	(7,224)
Amortisation		-	-
Depreciation		-	-
Interest expense		-	-
Loss before tax but after amortisation, depreciation and interest ("LBT")	8.5.6	-	(7,224)
Tax expense	8.5.7	-	-
Loss after tax ("LAT")		-	(7,224)
Gross loss margin (%)		-	-
LBT margin (%)		-	-
LAT margin (%)		-	-
Effective tax rate (%)		-	-
Weighted average number of ordinary shares issued		4	52
Gross losses per share ("LPS") #		-	(277.85)^
Net LPS #		-	(277.85)^

Notes:-

(i) There were no exceptional items in the financial period under review.

(ii) There were no accounting policies which are peculiar to OMS Laboratory due to the nature of business or industry it is involved in and that would affect the determination of OMS Laboratory's income or financial position.

Based on weighted average number of ordinary shares issued during the financial period.

^ Annualised to 12 months for comparison purposes.

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.5 OMS Laboratory (cont'd)

8.5.2 Statements of financial position

The following table sets out the summary of the financial position prepared based on the audited financial statements of OMS Laboratory for FPE 30 June 2010 and FPE 31 December 2010:-

Period ended	Note	30/6/2010 RM	31/12/2010 RM
ASSET			
Current asset			
Cash in hand		4	100
Total current asset/ **TOTAL ASSET**		4	100
EQUITY AND LIABILITIES			
Equity attributable to owner of the Company			
Share capital	8.5.8	4	100
Accumulated loss		-	(7,224)
Total equity		4	(7,124)
Current liabilities			
Other payable	8.5.9	-	1,000
Amount due to immediate holding company	8.5.10	-	641
Amount due to related company	8.5.10	-	5,583
Total current liabilities/ **TOTAL LIABILITIES**		-	7,224
TOTAL EQUITY AND LIABILITIES		4	100
Net tangible asset ("NTA")/Net tangible liabilities ("NTL")		4	(7,124)
Number of ordinary shares		4	100
NTA/(NTL) per share		1	(71.24)

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.5 OMS Laboratory (cont'd)

8.5.3 Statement of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of OMS Laboratory for the period from 10 July 2009 (date of incorporation) to FPE 30 June 2010 and for the period from 1 July 2010 to FPE 31 December 2010:-

Period ended	10/7/2009 to 30/6/2010 RM	1/7/2010 to 31/12/2010 RM
OPERATING ACTIVITY		
Loss before tax/Operating loss before working capital changes	-	(7,224)
Changes in working capital		
Payables	-	1,000
Net cash used in operating activities	-	(6,224)
FINANCING ACTIVITIES		
Advances from immediate holding company	-	641
Advances from related company	-	5,583
Proceeds from issuance of shares	4	96
Net cash generated from financing activities	4	6,320
Net changes	4	96
Brought forward	-	4
Carried forward	4	100

8.5.4 Statement of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of OMS Laboratory for the period from 10 July 2009 (date of incorporation) to FPE 30 June 2010 and for the period from 1 July 2010 to FPE 31 December 2010:-

	Share capital RM	Accumulated loss RM	Total RM
At date of incorporation	4	-	4
Total comprehensive profit for the financial period	-	-	-
Balance at 30 June 2010	4	-	4
Issuance of ordinary share	96	-	96
Total comprehensive loss for the financial period	-	(7,224)	(7,224)
Balance at 31 December 2010	100	(7,224)	(7,124)

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8. HISTORICAL FINANCIAL INFORMATION (CONT'D)

8.5 OMS Laboratory (cont'd)

8.5.5 Revenue

There was no revenue being generated during the financial periods.

8.5.6 Loss before tax but after amortisation, depreciation and interest

Period ended	30/6/2010 RM	31/12/2010 RM
Auditors' remuneration	-	1,000

8.5.7 Tax expense

There is no provision for tax. A reconciliation of the statutory income tax rate to the effective income tax of OMS Laboratory has not presented as OMS Laboratory has no chargeable income.

8.5.8 Share capital

Period ended	30/6/2010		31/12/2010	
	No. of shares	Value RM	No. of shares	Value RM
Authorised:-				
Ordinary share of RM1.00 each	100,000	100,000	100,000	100,000
Issued and fully paid up share capital:-				
Ordinary share of RM1.00 each	4	4	100	100

8.5.9 Other payable

Period ended	30/6/2010 RM	31/12/2010 RM
Accrual of expense	-	1,000

8.5.10 Amount due to a immediate holding company/related company

The amount due to a immediate holding company/related company is unsecured, bears no interest and repayable on demand.

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9. SIGNIFICANT EVENTS DURING THE FPE 2010

a) On 15 October 2010, the Directors have approved PeterLabs Holdings to apply to Bursa Malaysia Securities Berhad and the Security Commissions for the listing of and quotation on the ACE Market of Bursa Malaysia Securities Berhad.

b) An interim single tier tax exempt dividend of 3.18% amounted to RM127,200 for the FYE 2010 have been declared and paid out to shareholders of PLON Synergy on 30 September 2010.

10. SIGNIFICANT EVENT SUBSEQUENT TO THE FPE 2010

There was no significant event subsequent to the reporting date other than the flotation exercise as mentioned in Note 3.1.1.

11. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 December 2010.

Yours faithfully,

SJ GRANT THORNTON
Firm Number: AF 0737
Chartered Accountants

DATO' N.K. JASANI
Approval Number: 708/03/12(J/PH)
Partner of the Firm

Appindex I (1/2)

Grant Thornton

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PETERLABS HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 909720 W

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Level 11, Faber Imperial Court
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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 2010, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 28 July 2010 (date of incorporation) to 31 December 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 56.

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.

Chartered Accountants
Member firm of Grant Thornton International Ltd

Appendix I (2/2)

Grant Thornton

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 of 31 December 2010 and of their financial performance and cash flows for the financial period from 28 July 2010 (date of incorporation) to 31 December 2010.

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 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
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N.K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
26 April 2011

Chartered Accountants
Member firm of Grant Thornton International Ltd

Company No.:
598746-V

Appendix II

TAN TIN & CO.

[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Podium Block
Plaza Berjaya, 12, Jalan Imbi
55100 Kuala Lumpur
Tel: 603-21415709 Fax: 603-21442936
e-mail: tantin@pd.jaring.my

REPORT OF THE AUDITORS TO THE MEMBERS OF PLON SYNERGY GROUP SDN. BHD.
(Incorporated in Malaysia)

We have audited the accompanying financial statements of Plon Synergy Group Sdn. Bhd., comprising the balance sheets of the Group and of the Company as at 31 December 2007, the related statements of income, cash flows and changes in equity for the year ended on that date.

The preparation of the financial statements is the responsibility of the Company's directors.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and cash flows of the Group and of the Company for the year ended on that date; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries 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 consolidated financial statements, and we have received satisfactory information and explanations as required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/08(J/PH)]
Chartered Accountant

Kuala Lumpur
Date: 9 April 2008

Appendix III

Company No:
598746-V

TAN TIN & CO.
[AF 0823]
Chartered Accountants

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12, Jalan Imbi, 55100 Kuala Lumpur, Malaysia
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e-mail: tantin@pd.jaring.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLON SYNERGY GROUP SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Plon Synergy Group Sdn. Bhd., which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 22.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 the 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 and fair presentation of the financial statements 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity 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 of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Company No:
598746-V

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 subsidiaries have been properly kept in accordance with the provisions of the Act.

b) we are satisfied that the financial statements of the subsidiaries 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) our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/10 (J/PH)]
Chartered Accountant

Kuala Lumpur
Date : 8 June 2009

Company No:
598746-V

TAN TIN & CO.
[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Plaza Berjaya,
12, Jalan Imbi, 55100 Kuala Lumpur, Malaysia
Tel: 603-21415709 / 21432936 Fax: 603-21442936
e-mail: tantin@pd.jaring.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLON SYNERGY GROUP SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Plon Synergy Group Sdn. Bhd., which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 23.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 the 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 and fair presentation of the financial statements 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity 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 of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Company No:
909746-V

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 subsidiaries have been properly kept in accordance with the provisions of the Act.

b) we are satisfied that the financial statements of the subsidiaries 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) our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/12 (J/PH)]
Chartered Accountant

Kuala Lumpur
Date : 8 June 2010

Appendix V (1/2)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

PLON SYNERGY GROUP SDN. BHD.

(Incorporated in Malaysia)
Company No: 598746 - V

SJ Grant Thornton (AF:0737
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Plon Synergy Group Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 37.

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.

Chartered Accountants
Member firm of Grant Thornton International Ltd

Grant Thornton

Company No: 598746 - V

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 Company as at 31 December 2010 and of its 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 that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member 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.

The financial statements of the Company as at 31 December 2009 were audited by another firm of Chartered Accountants whose audit report dated 8 June 2010 expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N.K.JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
26 April 2011

Chartered Accountants
Member firm of Grant Thornton International Ltd

Company No:
594810-K

TAN TIN & CO.

[AF 0823]
Chartered Accountants

Appendix VI

Lot 3.09, 3rd Floor, Podium Block
Plaza Berjaya, 12, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-21415709 Fax: 03-21442936
e-mail: tantin@pd.jaring.my

REPORT OF THE AUDITORS TO THE MEMBERS OF PETERLABS SDN. BHD.
(Incorporated in Malaysia)

We have audited the accompanying financial statements of Peterlabs Sdn. Bhd., comprising the balance sheet as at 31 December 2007, the related statements of income, cash flows and changes in equity for the financial year then ended.

The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility is to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Company as at 31 December 2007 and of the results and cash flows of the Company for the year ended on that date; and

   (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements of the Company; and

(b) the accounting and other records and the registers required by the Companies Act 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/08(J/PH)]
Chartered Accountant

Kuala Lumpur
Date: 9 April 2008

Company No:
594810-K

TAN TIN & CO.
[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Plaza Berjaya,
12, Jalan Imbi, 55100 Kuala Lumpur, Malaysia
Tel: 603-21415709 / 21432936 Fax: 603-21442936
e-mail: tantin@pd.jaring.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETERLABS SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Peterlabs Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 17.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 the 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 and fair presentation of the financial statements 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the year then ended.

Company No:
594810-K

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/10(J/PH)]
Chartered Accountant

Kuala Lumpur
Date : 8 June 2009

Company No:
594810-K

TAN TIN & CO.
[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Plaza Berjaya,
12, Jalan Imbi, 55100 Kuala Lumpur, Malaysia
Tel: 603-21415709 / 21432936 Fax: 603-21442936
e-mail: tantin@pd.jaring.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETERLABS SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Peterlabs Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 17.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 the 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 and fair presentation of the financial statements 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the 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 that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Company No:
594810-K

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.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/12(J/PH)]
Chartered Accountant

Kuala Lumpur
Date : 8 June 2010

Appendix IX (1/2)

Grant Thornton

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

PETERLABS SDN. BHD.

(Incorporated in Malaysia)
Company No: 594810 - K

SJ Grant Thornton (AF:07
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of PeterLabs Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 44.

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.

Chartered Accountants
Member firm of Grant Thornton International Ltd

Grant Thornton

Company No: 594810 - K

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 Company as at 31 December 2010 and of its 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 that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member 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.

The financial statements of the Company as at 31 December 2009 were audited by another firm of Chartered Accountants whose audit report dated 8 June 2010 expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N.K.JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
26 April 2011

Chartered Accountants
Member firm of Grant Thornton International Ltd

Company No:
594876-A

Appendix X

TAN TIN & CO.

[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Podium Block
Plaza Berjaya, 12, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-21415709 Fax: 03-21442936
e-mail: tantin@pd.jaring.my

REPORT OF THE AUDITORS TO THE MEMBERS OF OSMOSIS NUTRITION SDN. BHD.
(Incorporated in Malaysia)

We have audited the accompanying financial statements of Osmosis Nutrition Sdn. Bhd., comprising the balance sheet as at 31 December 2007, the related statements of income, cash flows and changes in equity for the financial year then ended.

The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act 1965 [illegible] for no other purpose. We do not assume responsibility to any other person for the content of this [illegible]rt.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Company as at 31 December 2007 and of the results and cash flows of the Company for the year ended on that date; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/08(J/PH)]
Chartered Accountant

Kuala Lumpur
Date: 9 April 2008

Company No:
594876-A

TAN TIN & CO.
[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Podium Block, Plaza Berjaya,
12, Jalan Imbi, 55100 Kuala Lumpur, Malaysia
Tel: 603-21415709 / 21432936 Fax: 603-21442936
e-mail: tantin@pd.jaring.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSMOSIS NUTRITION SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Osmosis Nutrition Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 17.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 the 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 and fair presentation of the financial statements 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the 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 that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Company No:
594876-A

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.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/10(J/PH)]
Chartered Accountant

Kuala Lumpur
Date : 8 June 2009

Company No:
594876-A

TAN TIN & CO.
[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Podium Block, Plaza Berjaya,
12, Jalan Imbi, 55100 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSMOSIS NUTRITION SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Osmosis Nutrition Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 18.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 the 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 and fair presentation of the financial statements 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the 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 that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Company No:
594876-A

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.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/12(J/PH)]
Chartered Accountant

Kuala Lumpur
Date : 8 June 2010

Appendix XIII (1/2)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

OSMOSIS NUTRITION SDN. BHD.

(Incorporated in Malaysia)
Company No: 594876 - A

SJ Grant Thornton (A
Level 11, Faber Imperial Cc
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P. O. Box 12337
50774 Kuala Lumpur, Mala

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Osmosis Nutrition Sdn. Bhd. which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 46.

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.

Chartered Accountants
Member firm of Grant Thornton International Ltd

Grant Thornton

Company No: 594876 - A

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 Company as at 31 December 2010 and of its 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 that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member 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.

The financial statements of the Company as at 31 December 2009 were audited by another firm of Chartered Accountant whose audited report dated 8 June 2010 expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N. KNASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
26 April 2011

Chartered Accountants
Member firm of Grant Thornton International Ltd

Company No:
611524-W

Appendix XIV

TAN TIN & CO.

[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Podium Block
Plaza Berjaya, 12, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-21415709, Fax: 03-21442936
e-mail: tantin@pd.jaring.my

REPORT OF THE AUDITORS TO THE MEMBERS OF ZEUS BIOTECH (ASIA) SDN. BHD.
(Incorporated in Malaysia)

We have audited the accompanying financial statements of Zeus Biotech (Asia) Sdn. Bhd., comprising the balance sheet as at 31 December 2007, the related statements of income, cash flows and changes in equity for the financial year ended on that date.

The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:

(i) the financial position of the Company as at 31 December 2007 and of the results and cash flows of the Company for the financial year ended on that date; and

(ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements of the Company; and

(b) the accounting and other records and the registers required by the Companies Act 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/08(J/PH)]
Chartered Accountant

Kuala Lumpur
Date: 21 March 2008

Appendix XV (1/2)

Company No:
611524-W

TAN TIN & CO.
[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Podium Block, Plaza Berjaya,
12, Jalan Imbi, 55100 Kuala Lumpur, Malaysia
Tel: 603-21415709 / 21432936 Fax: 603-21442936
e-mail: tantin@pd.jaring.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEUS BIOTECH (ASIA) SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Zeus Biotech (Asia) Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 13.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 the 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 and fair presentation of the financial statements 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the 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 that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

13. ACCOUNTANTS' REPORT *(Cont'd)*

Company No:
611524-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.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/10(J/PH)]
Chartered Accountant

Kuala Lumpur
Date : 8 June 2009

Company No:
611524-W

TAN TIN & CO.
[AF 0823]
Chartered Accountants

Lot 3.09, 3rd Floor, Podium Block, Plaza Berjaya,
12, Jalan Imbi, 55100 Kuala Lumpur, Malaysia
Tel: 603-21415709 / 21432936 Fax: 603-21442936
e-mail: tantin@pd.jaring.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEUS BIOTECH (ASIA) SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Zeus Biotech (Asia) Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 13.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 the 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 and fair presentation of the financial statements 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the 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 that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

13. ACCOUNTANTS' REPORT *(Cont'd)*

Company No:
611524-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.

TAN TIN & CO.
[AF 0823]
Chartered Accountants

TAN TIN
[1451/06/12(J/PH)]
Chartered Accountant

Kuala Lumpur
Date : 17 May 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

OMS RESOURCES SDN. BHD.
(formerly known as Zeus Biotech (Asia) Sdn. Bhd.)

(Incorporated in Malaysia)
Company No: 611524 W

SJ Grant Thornton (AF:
Level 11, Faber Imperial Cou
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malays

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of OMS Resources Sdn. Bhd. (formerly known as Zeus Biotech (Asia) Sdn. Bhd.), which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 35.

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.

Grant Thornton

Company No: 611524 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 Company as at 31 December 2010 and of its 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 that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member 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.

The financial statements of the Company as at 31 December 2009 were audited by another firm of Chartered Accountants whose audit report dated 17 May 2010 expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N.K.JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
26 April 2011

Chartered Accountants
Member firm of Grant Thornton International Ltd

S. P. Lee & Co (AF 0582)
Chartered Accountants
265-B-1, Taman AST, Jalan Sungai Ujong,
70200 Seremban, Negeri Sembilan, Malaysia.
Tel : 06-7628330 / 7648330 / 7610697
Fax : 06-7633684
Email : spiec_co@yahoo.com

Company No : 734171 H

BIOJAVA SDN BHD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS – 30TH JUNE 2007

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 8 to 13.

These financial statements are the responsibility of the company's directors. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion: -

a) the financial statements which have been prepared under the historical cost convention are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :

(i) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the company; and

(ii) the state of affairs of the company at 30th June 2007 and of the results of the operations of the company and of its cash flow for the period from 19th May 2006 (date of incorporation) to 30th June 2007; and

b) the accounting and other records and the registers required by the Companies Act 1965 to be kept by the company have been properly kept in accordance with the provisions of the said Act.

S. P. LEE & CO.
NO. AF-0582
CHARTERED ACCOUNTANTS

LEE SEE MOI @ LEE SEE POI
NO. 1221/12/08 (J/PH)
CHARTERED ACCOUNTANT

SEREMBAN.

DATE: 7 SEP 2007

S. P. Lee & Co (AF 0582)
Chartered Accountants
265-B-1, Taman AST, Jalan Sungai Ujong,
70200 Seremban, Negeri Sembilan, Malaysia.
Tel : 06-7628330 / 7648330 / 7610697
Fax : 06-7633684
Email : splee_co@yahoo.com

Company No : 734171 H

BIOJAVA SDN BHD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS – 30TH JUNE 2008

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 8 to 13.

These financial statements are the responsibility of the company's directors. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

Appendix XIX (2/2)

Company No : 734171 H

In our opinion:-

a) the financial statements which have been prepared under the historical cost convention are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of :

i) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the company; and

ii) the state of affairs of the company at 30th June 2008 and of the results of the operations of the company and of its cash flow for the year ended on that date; and

b) the accounting and other records and the registers required by the Companies Act 1965 to be kept by the company have been properly kept in accordance with the provisions of the said Act.

S.P.LEE & CO.
NO. AF-0582
CHARTERED ACCOUNTANTS

LEE SEE MOI @ LEE SEE POI
NO. 1221/12/08 (J/PH)
CHARTERED ACCOUNTANT

KUALA LUMPUR

DATE: 10 OCT 2008

S. P. Lee & Co (AF 0582)
Chartered Accountants
265-B-1, Taman AST, Jalan Sungai Ujong,
70200 Seremban, Negeri Sembilan, Malaysia.
Tel : 06-7628330 / 7648330 / 7610697
Fax : 06-7633684
Email : splee_co@yahoo.com

Company No : 734171 H

FINANCIAL STATEMENTS – 30TH JUNE 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BIOJAVA SDN BHD (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements set out on pages 8 to 13 of Biojava Sdn Bhd, comprising of the balance sheet as at 30th June 2009, and the income statement, the statement of changes in equity and cash flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Private Entities Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit 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 and fair presentation of the financial statements as a basis for designing audit procedures that are appropriate in their 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 the accounting policies used and the reasonableness of significant estimates made by the directors, as well as evaluating the overall financial statement presentation and disclosure.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Appendix xx (2/2)

Company No : 734171 H

Opinion

In our opinion, the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with Private Entities Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the company as at 30th June 2009 and of its financial performance and cash flows for the 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 that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

S. P. LEE & CO.
NO. AF-0582
CHARTERED ACCOUNTANTS

LEE SEE MOI @ LEE SEE POI
NO. 1221/12/10 (J/PH)
CHARTERED ACCOUNTANT

SEREMBAN.

DATE: 28 SEP 2009

S. P. Lee & Co (AF 0582)
Chartered Accountants
265-B-1, Taman AST, Jalan Sungai Ujong,
70200 Seremban, Negeri Sembilan, Malaysia.
Tel : 06-7628330 / 7648330 / 7610697
Fax : 06-7633684
Email : splee_co@yahoo.com

Company No : 734171 H

FINANCIAL STATEMENTS – 30TH JUNE 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOJAVA SDN BHD (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements set out on pages 8 to 13 of Biojava Sdn Bhd, comprising of the balance sheet as at 30th June 2010, and the income statement, the statement of changes in equity and cash flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Private Entities Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit 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 and fair presentation of the financial statements as a basis for designing audit procedures that are appropriate in their 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 the accounting policies used and the reasonableness of significant estimates made by the directors, as well as evaluating the overall financial statement presentation and disclosure.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Company No : 734171 H

Opinion

In our opinion, the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with Private Entities Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the company as at 30th June 2010 and of its financial performance and cash flows for the 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 that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

S. P. LEE & CO.
NO. AF-0582
CHARTERED ACCOUNTANTS

LEE SEE MOI @ LEE SEE POI
NO. 1221/12/10 (J/PH)
CHARTERED ACCOUNTANT

SEREMBAN.

DATE: 20 JUL 2010

Appendix XXII (1/2)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

BIOJAVA SDN. BHD.

(Incorporated in Malaysia)
Company No: 734171-H

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Biojava Sdn. Bhd. which comprise the statement of financial poistion as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period ended 31 December 2010 and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 25.

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 the 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.

Chartered Accountants
Member firm of Grant Thornton International Ltd

Grant Thornton

Company No: 734171-H

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 Company as at 30 June 2010 and of its financial performance and cash flows for the financial period from 1 July 2010 to 31 December 2010.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

The financial statements of the Company as at 30 June 2010 were audited by another firm of Chartered Accountants whose audit report dated 20 July 2010 expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N.K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
26 April 2011

Chartered Accountants
Member firm of Grant Thornton International Ltd

Appendix XX III (1/2)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

OMS LABORATORY SDN. BHD.
(formerly known as Zeus Biotech (M) Sdn. Bhd.)

(Incorporated in Malaysia)
Company No: 864020-X

SJ Grant Thornton (A
Level 11, Faber Imperial Cc
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Mala

T +6 (03) 2692 4022
F +6 (03) 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of OMS Laboratory Sdn. Bhd. (formerly known as Zeus Biotech (M) Sdn. Bhd.) which comprise the balance sheet as at 30 June 2010 and the income statement, statement of changes in equity and cash flow statement for the financial period from 10 July 2009 (date of incorporation) to 30 June 2010 and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 20.

Directors' Responsibilities for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibilities

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 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 and fair presentation of the financial statements 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.

Grant Thornton

Company No: 864020-X

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 Company as at 30 June 2010 and of its financial performance and cash flows for the financial period from 10 July 2009 (date of incorporation) to 30 June 2010.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

TAN CHEE BENG
CHARTERED ACCOUNTANT
(NO: 2664/02/13(J))

Kuala Lumpur
13 December 2010

Appendix XXIV (1/2)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

OMS LABORATORY SDN. BHD.
(formerly known as Zeus Biotech (M) Sdn. Bhd.)

(Incorporated in Malaysia)
Company No: 864020-X

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Report on the Financial Statements

We have audited the financial statements of OMS Laboratory Sdn. Bhd. (formerly known as Zeus Biotech (M) Sdn. Bhd.) which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 1 July 2010 to 31 December 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 24.

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.

Chartered Accountants
Member firm of Grant Thornton International Ltd

Company No: 864020-X

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 Company as at 31 December 2010 and of its financial performance and cash flows for the financial period from 1 July 2010 to 31 December 2010.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N.K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
26 April 2011

Chartered Accountants
Member firm of Grant Thornton International Ltd

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The Board of Directors
PeterLabs Holdings Berhad
33G, 33A & 33B
Jalan Saujana Indah 4
Taman Industri Saujana Indah
Seksyen U2, Batu 3,
40150 Shah Alam
Selangor Darul Ehsan.

Dear Sirs,

Executive Summary of the Animal Feed Additives Market in Malaysia

This Executive Summary of the Animal Feed Additives Market in Malaysia is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the Prospectus of PeterLabs Holdings Berhad ("PeterLabs Holdings" or "the Company") in relation to the proposed listing of and quotation for the entire issued and paid-up share capital of PeterLabs Holdings on the ACE Market of Bursa Malaysia Securities Berhad.

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Global and Malaysian Economic Overview

The global economy emerged from 2010 on a stronger footing as it managed to drag the growth in its output out of negative territory on the back of comprehensive policy steps to stabilise financial conditions, sizeable fiscal support, gradual improvement in credit conditions, a rebound in manufacturing, a turn in the inventory cycle, stabilising retail sales and firmer housing markets. The world output in 2009 increased by 5 percent year-on-year based on the latest economic indicators released by the International Monetary Fund ("IMF").

Moving forward, the IMF is confident that the recovery in the global economy is set to continue in the near future. The IMF expects the world output to increase by 4.4 percent in 2011 and 4.5 percent in 2012. The impetus for the sustained recovery in the global economy is expected to come from the broadly improving global financial conditions, implementation of new fiscal packages in US and sustained strength in domestic demand particularly in the Sub-Saharan Africa region

The Malaysian economy entered 2011 on a strong footing, having recorded real GDP at 2000 prices of RM558.4 billion in 2010 representing an expansion of 7.2 percent from the year prior. The expansion was an immediate rebound from the contraction experienced by Malaysia's economy in 2009. Robust domestic demand and strong expansion in private sector activity have been credited as the main reasons driving the economy back onto the growth path.

Despite the positive results revealed in most of Malaysia's key economic indicators for 2010, the Malaysian Government remains mindful of the uncertainty in the international environment, which can dampen the local economy's growth. Besides that, it has continued to grapple with volatile capital inflows and rising inflationary pressures against the backdrop of large swings in global financial markets and rising food and commodity prices.

In another development, the Malaysian Government officially launched the Economic Transformation Programme ("ETP") on 26 October 2010 in an effort to propel Malaysia towards becoming a high-income developed nation with a RM1.7 trillion gross national income ("GNI") economy by 2020. Under the ETP, private-sector driven projects with an investment value of RM1.3 trillion are to be undertaken to spearhead Malaysia's economic growth over the next ten years. In the near future, the growth in the Malaysian economy is expected to be driven by higher private investment arising from the implementation of the

ETP and robust domestic demand. The BNM has projected Malaysia's real GDP at 2000 prices to grow by between 5.0 to 6.0 percent in 2011.

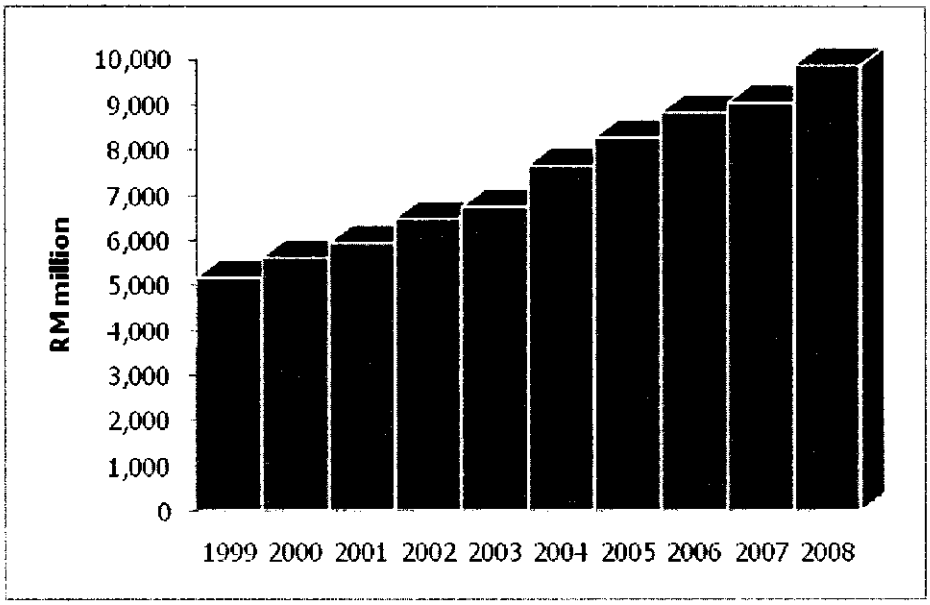
The Livestock Industry in Malaysia

The animal health and nutrition market and the animal feed additives market in Malaysia is a part of the larger livestock industry. Products from both markets are a critical part of a livestock farm's operations in ensuring proper nutrition, health and hygiene of livestock.

The Malaysian livestock industry is an important component of the country's agriculture sector as it contributes directly towards the production of food commodities. Meat, eggs and dairy produce derived from the livestock industry contribute significantly as a major source of protein-rich food for the population. The livestock industry is also critical as it enables Malaysia to ensure national food security and self-sufficiency.

As can be seen in Figure 1, Malaysia's production of livestock from 1999 to 2008 has been on the rise.

Figure 1: Production Value of Livestock in Malaysia, 1999-2008



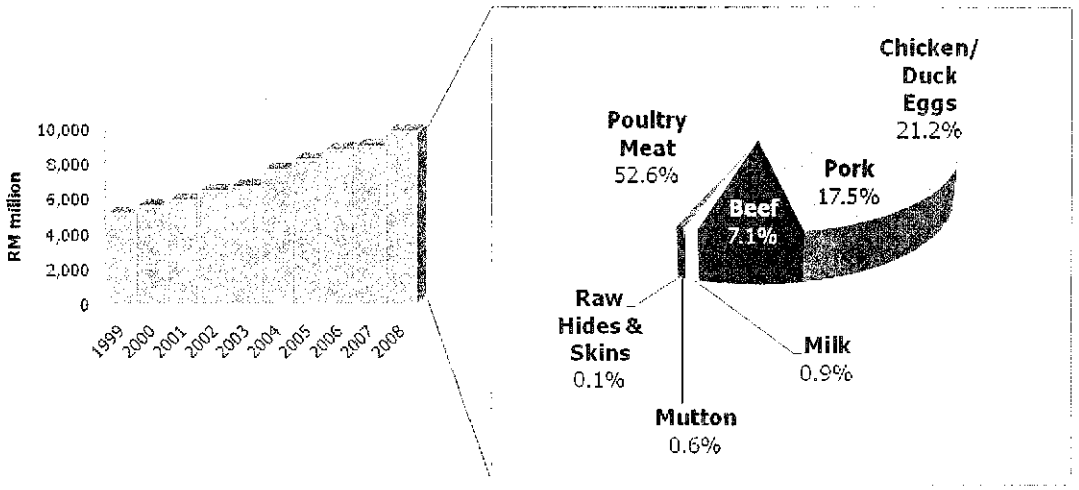
Note: 2008 statistics are based on projections by the Department of Veterinary Sciences ("DVS") Malaysia

Source: Protégé Associates

In 2008, the total livestock output of Malaysia was projected to hit RM9.85 billion representing growth of 9.2 percent from 2007.

The production value for livestock in 2008 can be further segmented as follows – with poultry products topping the list, followed by eggs, pork, beef and others. This is as illustrated below:

Figure 2: Breakdown of Livestock Production by Value, 2008



Source: Protégé Associates

The percentage share of production value according to the different types of livestock is also indicative of the level of development and the commercial scale of each type of sub-industry. Hence, within Malaysia, the poultry sub-industry (which includes poultry meat products and table eggs) is the dominant sub-industry, followed by the swine sub-industry and the ruminant sub-industry, with a 73.8 percent, 17.5 percent and 8.7 percent of total production value respectively.

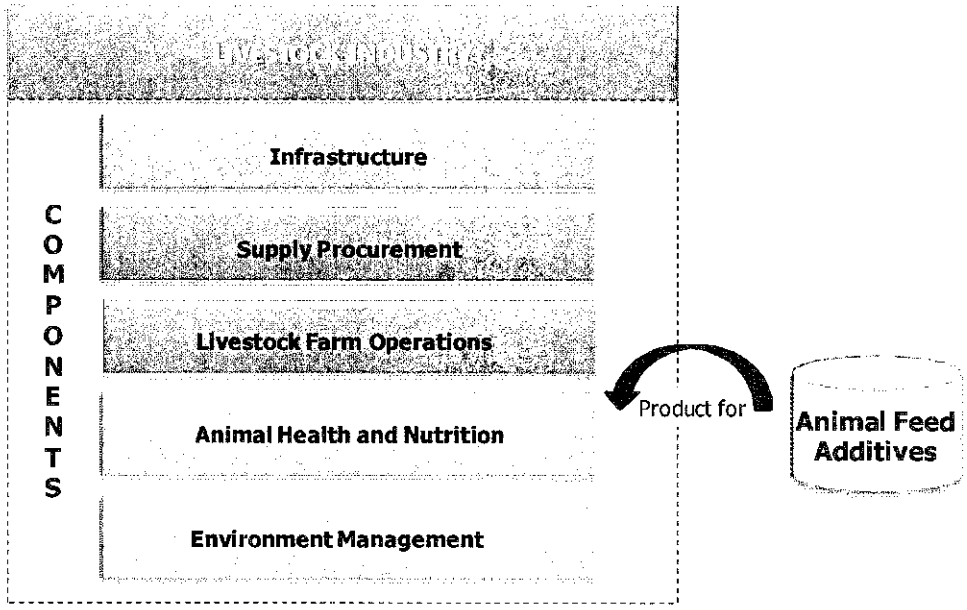
In addition, the level of self-sufficiency also correlates to the share in production value. Hence, in terms of poultry and pork, Malaysia is highly self-sufficient. The country is able to cater for all domestic needs for poultry meat and eggs – becoming a small exporter of both to Singapore, while in terms of pork, the country was 96.6 percent self-sufficient in 2008. However, the same cannot be said for beef and mutton which are typically not cultivated on a commercial basis – and mostly comprised of smallholding farmers.

The Animal Health and Nutrition Market in Malaysia

Animal health and nutrition is a vital function of livestock farming operations. It serves the livestock industry in achieving 2 main objectives i.e. ensuring that animals are untainted and safe for human consumption, free of disease, and of an acceptable level of quality and taste; and also helping to increase a farm's yield by decreasing mortality rates and ensuring that animals stay healthy during its growth to marketable size.

The above involves 4 main processes of feed formulation, feed milling, disease prevention and control and therapeutic treatment. Both the feed formulation and feed milling processes will formulate, plan for and subsequently include the addition of animal feed additives into the feed.

Figure 3: Position of the Animal Feed Additives Market within the Livestock Industry and Animal Health and Nutrition Market in Malaysia

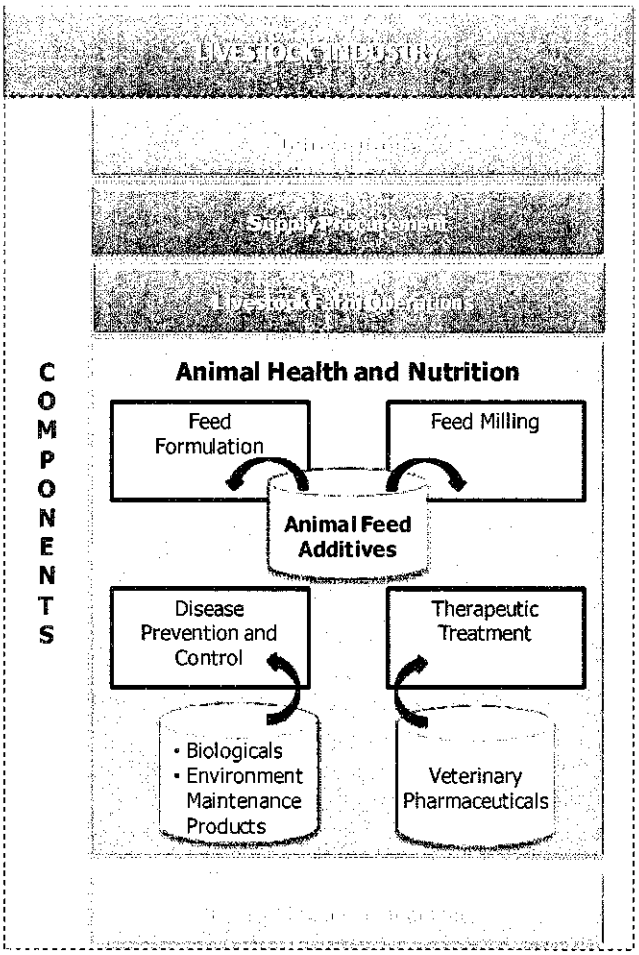


Note: Marketable livestock products are harvested and packaged before they are distributed to end-user markets. The process of harvesting and distribution are part of the livestock farm operations component.

Source: Protégé Associates

The following illustrates the respective product inputs for each process of the animal health and nutrition market.

Figure 4: Animal Health and Nutrition Processes and Required Product Inputs



Note:

Denotes a product which correlates to the respective process

Source: Protégé Associates

The sale of the required product inputs for the animal health and nutrition processes leads to the development of what is known as the animal health and nutrition market which includes the following products:

- Animal feed additives - To provide specific health or nutrition effects (e.g. promoting growth, ensuring balanced nutrition, increasing livestock appetite, enhancing digestion

and absorption of nutrients, controlling intestinal health and keeping feed safe from harmful parasites, pollutants and mould

- Biologicals - To prevent disease outbreaks among livestock animals through stimulating an animal's immune system to develop more antibodies to counter various pathogens.
- Environment maintenance products - To ensure the cleanliness and health of livestock animals through maintaining hygiene levels at a livestock farm.
- Veterinary pharmaceuticals - To cure disease in animals upon infection.

Other than the sale of products in the form of animal feed additives, biologicals, environment maintenance products and veterinary pharmaceuticals, the Malaysian animal health and nutrition market also includes a range of value-added services. These services are provided by market players to aid farmers in managing the health and nutrition of their livestock. They include veterinary services, feed milling and feed formulation services, farm cleaning services and others.

Malaysia's animal health and nutrition market was valued at RM529.0 million in 2009. The market size was estimated based on the total revenues generated by market players in 2009. Growth is attributable to the derived demand from the Malaysian livestock industry as follows:

- Demand for animal health and nutrition products is derived from the livestock industry.
- As the livestock industry is targeted as one of the main contributors for growth in the Malaysian agriculture sector (throughout the 10MP), demand is likely to continue for animal health and nutrition products.
- Demand is also high from the poultry sub-industry. As the poultry sub-industry is more advanced in terms of processes and integration, industry players are very much aware of the necessity in maintaining health and ensuring nutrition as a means to greater production capacity and thus, profitability.
- Although the present state of the swine sub-industry is one that is fragmented, there has been a consistent push towards modernisation subsequent to the last Nipah virus outbreak which caused losses for the farmers. Animal health and nutrition has since become a greater priority.
- With the government promoting the ruminant sub-industry, and also with increasing private sector interest, ruminant farming is expected to change from its small-holding

nature to more commercially run operations. This is expected to contribute towards increasing the demand for animal health and nutrition products.

Competitive Landscape of the Animal Health and Nutrition Market

The animal health and nutrition market has as its subset, the animal feed additives market. Hence, analysing the competitive landscape for one will provide a foundation for understanding the competitive landscape of the other.

The following are the key types of market players, their descriptions and a listing of the top players.

Figure 5: Animal Health and Nutrition Market Players in Malaysia

Type	Description	Top Market Players
Domestic product manufacturer	• Involved in the development and manufacture of proprietary health products • Vested in product research and development • May distribute products of other brands to enhance product portfolio	• PeterLabs Holdings • Sunzen Biotech Bhd ("Sunzen") • Range Pharma Sdn Bhd ("RPSB") • Nam Pharma Animal Health Sdn Bhd ("Nam Pharma") • Pahang Pharmacy Sdn Bhd ("PPSB") • Rhone Ma Malaysia Sdn Bhd ("Rhone Ma")
Distributors	• Involved in the marketing and distribution of various local and international brands • Some may offer value-added services which include feed formulation and milling, feed cleaning and management services	• Asia Veterinary Sdn Bhd ("AsiaVet") • Danberg (M) Sdn Bhd ("Danberg") • Gladron Chemicals Sdn Bhd ("Gladron") • Pacific Vet Group (Malaysia) Sdn Bhd ("Pacific Vet") • Age D'Or Sdn Bhd ("ADSB") • Agritech Enterprise Sdn Bhd ("Agritech") • Ritma Prestasi Sdn Bhd ("Ritma") • Borneosew Medical Trading (M) Sdn Bhd ("Borneosew") • SCC Holdings Bhd ("SCC") • Agro-Farmchem Sdn Bhd ("Agro-Farmchem")
Subsidiaries of international product manufacturers	• Act as trade representatives and agents solely for parent brands	• Behn Meyer Nutri-Vet Sdn Bhd ("BMN") • Alltech Biotechnology Malaysia Sdn Bhd ("Alltech") • Biomin (Malaysia) Sdn Bhd ("Biomin") • Elanco Animal Health ("Elanco") • Lohmann Animal Health (Malaysia) Sdn Bhd ("Lohmann")

Source: Protégé Associates

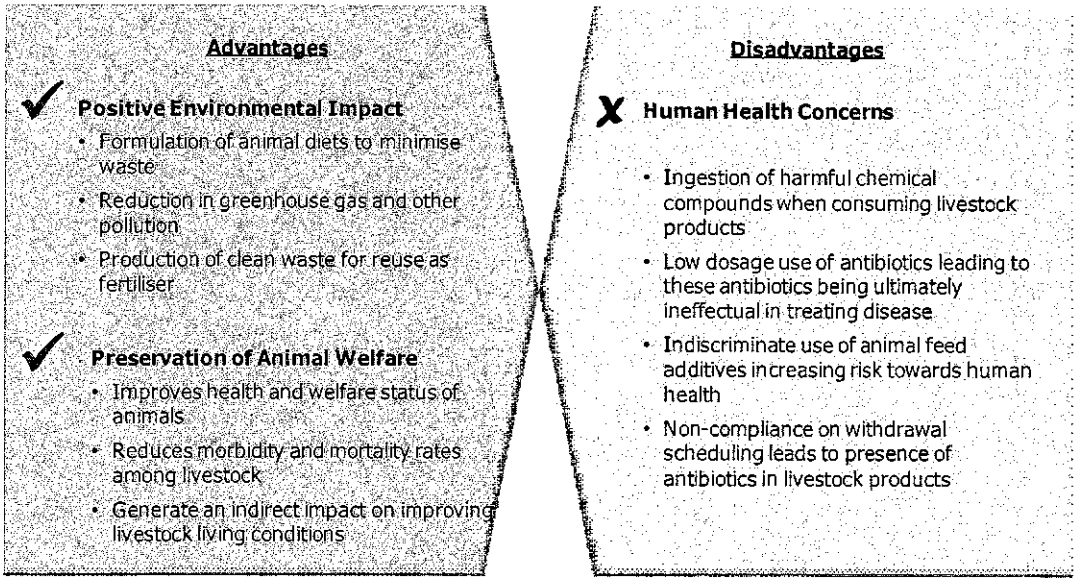
The Animal Feed Additives Market in Malaysia

In 2010, the total revenue of the animal feed additives market in Malaysia stood at RM213.5 million. By 2015, this is expected to grow to RM291.1 million, representing a CAGR of 6.4 percent over the next 5 years. The growth is expected to be driven by demand conditions which include the derived demand from the growing Malaysian livestock industry, scientific advancement in non-antibiotic feed additives and a changing preference towards non-antibiotic feed additives.

Advantages and Disadvantages in the Usage of Animal Feed Additives

Animal feed additives when used responsibly are able to meet the livestock industry's needs and are beneficial in terms of providing for animal welfare and positively impacting the environment. However, the disadvantages of using animal feed additives are the potential human health concerns it creates.

Figure 6: Advantages and Disadvantages of Animal Feed Additives



Source: Protégé Associates

A positive aspect of the health concerns arising from the use of antibiotic animal feed additives is the growing use of non-antibiotic alternatives. The global livestock industry has accepted the need for new methods and products – of using organic, non-chemical and environmentally-friendly compounds – and this is leading to the new developments of such products to meet the growing need from the livestock industry.

The Malaysian livestock industry too is seeing a shift, largely driven by the global trends and increasing consumer awareness and demand. This is facilitated by the accessibility of non-

antibiotic feed additives via local manufacturers, distributors and also international manufacturers. However, the change from the present practice of the majority of livestock farms, which relies predominantly on antibiotic feed additives, may take time. This is due to the cost factor as antibiotic feed additives are cheaper than the non-antibiotic variety. In addition, there will need to be efforts to increase awareness among medium and small-sized farms on the benefits of using non-antibiotic feed additives. Government regulation and control may also be required to bring about a greater transformation in the livestock industry in this regard.

In the due course of time, Protégé Associates believes that the Malaysian livestock industry will also change to use non-antibiotic feed additives, in line with changing consumer demands where organic, environmentally-friendly and healthy products are preferred.

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Market Dynamics Analysis and Indicators

The market dynamics scorecard provides a snapshot of the overall market characteristics based on selected key market indicators and its respective measurements and trends. The market dynamics for the animal feed additives market is as shown in Figure 7 below.

Figure 7: Market Dynamics Scorecard for the Animal Feed Additives Market in Malaysia

Market Dynamics Indicators	Measurement	Trends
2010 Market Size (RM million)	213.5	Increasing
2011 Market Growth Rate (%)	5.5	Increasing
2015 Forecast Market Size (RM million)	291.1	Increasing
Forecast Period Market CAGR (2010 – 2015) (%)	6.4	-
Pricing Trends	Depending on the category of feed additives, prices may either decline or increase slightly. Anticipated decrease for antibiotic feed additives and slight premium for non-antibiotic feed additives.	Varies depending on product types
Types of Market Players	More than 50 market players with varying sizes. These include domestic manufacturers, distributors and local subsidiaries of international manufacturers	Stable
2011 Demand Conditions	Mostly positive impacts on the industry – providing drive and impetus for growth	Stable
2011 Supply Conditions	Mostly positive impact on the industry with minimal restraints on growth	Stable
Threat of Substitution	Nil	Stable
Reliance and Vulnerability on Imports	Moderate	Stable
Government Policy and Regulatory Stance	Pro-Industry (Expansive) with a focus on further development domestically	Stable

Source: Protégé Associates

Market Size and Growth Forecast

Due to the derived demand for animal feed additives from the Malaysian livestock industry, the market has been steadily growing alongside the growth in the livestock industry. In addition, the animal feed additives market in Malaysia is also expected to continue on this growth trajectory with growth rates between 5.5 to 7.5 percent from 2010 to 2015.

In 2010, the total revenue of the animal feed additives market in Malaysia stood at RM213.5 million. By 2015, this is expected to grow to RM291.1 million, representing a CAGR of 6.4 percent over the next 5 years.

The market size and growth forecast for the animal feed additives market in Malaysia from 2010 to 2015 is shown in Figure 8 below.

Figure 8: Market Size and Revenue Forecast for the Animal Feed Additives Market in Malaysia, 2010-2015

Year	Market Size (RM million)	Growth Rate (%)
2010	213.5	-
2011	225.3	5.5
2012	237.6	5.5
2013	253.1	6.5
2014	270.8	7.0
2015	291.1	7.5

CAGR (2010 – 2015): 6.4 percent
Note: All figures are rounded; the base year is 2010.

Source: Protégé Associates

Growth in the market will be moderate in the short term and there will be continued preference towards the use of antibiotic animal feed additives. However, moving into the medium to long term, there is an expected increase in the use of non-antibiotic animal feed additives – which are able to produce the same results while removing concerns on public health, animal welfare and environmental degradation. The change is expected to bring greater growth to the market due to the premium which non-antibiotic animal feed additives are able to command.

Competitive Analysis and Competitive Landscape

The competitive landscape of the animal feed additives market is similar to the animal health and nutrition market as the former is a subset of the latter. As such, the market players of the animal feed additives market in Malaysia comprise of domestic product manufacturers, distributors and subsidiaries of international product manufacturers.

The local animal feed additives market is highly competitive and comprises more than 50 market players which include domestic product manufacturers, distributors and subsidiaries of international product manufacturers.

- ***Domestic product manufacturers*** consist of local market players who manufacture and distribute proprietary products and brands of animal feed additives. The majority of local manufacturers established themselves by producing and marketing antibiotic feed additives but have since gradually moved towards the manufacture of non-antibiotic alternatives through research and development efforts. Larger manufacturers are involved in the entire animal feed additives value chain from the development and manufacture of feed additives to the marketing and distribution to end-users. Many of the larger manufacturers also distribute other brands – usually those of global manufacturers – in the local market as a means to comprehensively cater to the broad needs of livestock farmers and feed millers. Sunzen Biotech Bhd for example, is the sole distributor of Pfizer animal health products in Malaysia apart from manufacturing and distributing proprietary brands. Other manufacturers include PeterLabs Holdings Berhad, Nam Pharma Animal Health Sdn Bhd and Range Pharma Sdn Bhd.

- ***Distributors*** consist of market players solely involved in the distribution of animal feed additives to local livestock producers. They are not involved in the development/ manufacture of animal feed additives. This category of market players may distribute the products of both local and foreign feed additive producers. Larger and more established market players are able to procure distributorship of renowned global animal feed additives producers, and act as the sole agency of these brands in the country. Distributors typically distribute more than one brand and type of feed additives in order to provide comprehensively to the need of farmers. Larger distributors are distinguishable from smaller players by the size of their product portfolio.

  With price competition on the rise, especially in the antibiotics feed additives segment, some market players such as SCC Holdings Bhd and Age D'Or Sdn Bhd are adding value to their products by providing technical and advisory services including feed formulation consultancy, feed milling, feed cleaning and management services.

- ***Subsidiaries of international product manufacturers*** consist of local subsidiaries of multinational companies manufacturing animal feed additives. These market players usually have sole distributorship of their parent brands in the local market. Typically, they also usually only distribute parent brands of feed additives.

Key Players

The following lists some of the key market players within Malaysia's animal feed additives market and their key activities.

Figure 9: Key Players in the Animal Feed Additives Market in Malaysia

Company Name	Key Activities
Agritech	• Involved in the trading and distribution of animal feed additives and other animal health and nutrition management products.
Alltech	• Malaysian subsidiary of Alltech US, a Kentucky-based feed additives manufacturer which specialises in non-antibiotic feed additives e.g. yeast cultivation and natural enzyme technology. • Alltech solely carries Alltech US' feed additive brands including Alltech, Allzyme SSF, Bioplex, Integral, Biomos, Mycosorb and MTB-100. • Includes additives such as enzymes, vitamins and minerals, supplements for gastrointestinal health and anti-mould additives.
BMN	• Subsidiary of Behn Meyer & Co (M) Sdn Bhd and part of the larger Behn Meyer International Group, which specialises in the trade of chemical products. • Specialises in the distribution of a comprehensive range of animal health and nutrition management products for both livestock and companion animals. • Distributor of international feed additive brands; its products cover a comprehensive range of antibiotic and non-antibiotic feed additives which include enzymes, prebiotics, vitamins, toxin binders, and in-feed antibiotics (chlortetracycline, flumequine, sulphamin, etc).
Borneosew	• An importer and distributor of various types of animal health and nutrition management products. • Product portfolio includes veterinary pharmaceuticals for curative use, vaccines and biological for livestock, feed additives including vitamin and mineral supplements, and hygiene and farm environment management products such as cleaning agents and disinfectants.
Danberg	• Involved in the trading and distribution of animal feed additives and other animal health and nutrition management products.
Nam Pharma	• Involved in the manufacture and distribution of animal health products for poultry and ruminant livestock. • Range of products includes antibiotic and non-antibiotic feed additives such as acidifiers, amino acid supplements, anti-fungal agents, herbs, vitamins and minerals.
Pacific Vet	• An Asia-wide group of companies involved in the marketing and distribution of animal feed additives and pharmaceuticals in the Philippines, Malaysia, Indonesia, Japan, Korea and Thailand. • Carries feed additive brands from the UK and US including Agil, Mosaic, Brookside Agra, DSM, Church and Dwight and Paragon. • Range of products includes acidifiers, vitamins, feed cleaners and phosphates.
PeterLabs Holdings	• Principally involved in the manufacture, trade and distribution of animal feed additives and other animal health products including feed premixes, feed macronutrients, and environment disinfectants. • Distributor of Osmosis Nutrition products, a proprietary brand of animal health products manufactured by its subsidiary company Osmosis Nutrition Sdn Bhd

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Company Name	Key Activities
	("Osmosis Nutrition"). • Also acts as distributor for international brands such as Novus, Neovia, Optivite and Hangzhou Kingtechnica Technology. • Distributes both antibiotic and non-antibiotic feed additives including prebiotics, probiotics, vitamins and mineral supplements, anthelmintics and anti-microbials.
Ritma	• Subsidiary of Teo Seng Capital Bhd (owner of some of the largest integrated layer chicken farms in Malaysia) • Involved in trade and distribution of animal health products including pet food, animal feed additives and pharmaceuticals. • Sole agent and distributor for Bayer animal pharmaceutical products in Singapore, Malaysia and Brunei. • Distributes feed additives and disinfectants for Farmcare GB and Nutri-Ad (Belgium). • Distributes both antibiotic and non-antibiotic animal feed additives.
RPSB	• A manufacturer and distributor of animal feed additives, developing its own products through research and development efforts. • Portfolio of products includes both antibiotic and non-antibiotic feed additives.
SCC	• Distributes various types of animal feed additves including anti-mould and anti-fungi additives, toxin binders, probiotics, plant extracts and natural growth promoters. • Exclusive distributor for Anitox products (globally recognised developer of feed additives based in Texas) in Malaysia. • Supplies its products to farmers as a part of a clean feed programme to help integrated farmers formulate and mill feed, maintain feed safety and optimum livestock nutrition to increase farm productivity and ensure the food-safety of consequent livestock products.
Sunzen	• A leading animal health products specialist based in Malaysia, and a Bionexus-status company. • Reputable developer, manufacturer and marketer of animal healthcare products. • Product portfolio includes feed additives, vaccines and other health products for livestock and companion animals. • Also the sole distributor of Pfizer's animal health products in Malaysia. • Feed additive products include non-antibiotic types such as acidifiers, enzymes and coccidiostats as well as antibiotic additives such as oxytetracycline and neomycin.

Note:

1) List is arranged alphabetically and does not denote ranking.

2) With the exception of Alltech and SCC, all other market players listed above presently sell and/or distribute both antibiotics and non-antibiotics animal feed additives.

Source: Protégé Associates

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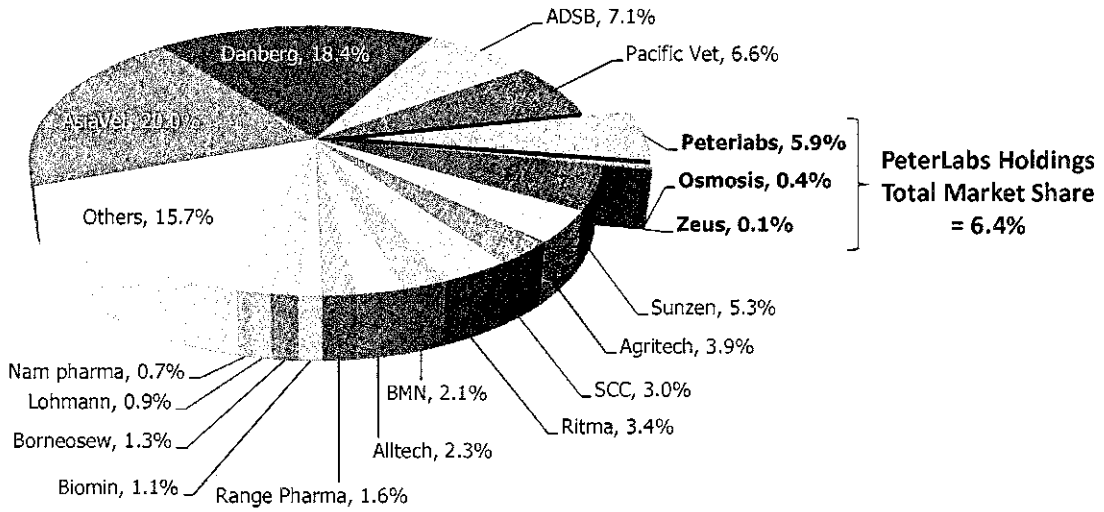
Market Share Analysis

The following Figure 10 is a market share breakdown of key market players including PeterLabs Holdings by revenue within the wider animal health and nutrition market in 2009.

Figure 10: Market Share of Key Market Players within the Animal Health and Nutrition Market by Revenue, 2009



Note:

1) *Revenues of market players could not be segmented further according to various animal health product types e.g. feed additives, biological, veterinary pharmaceuticals, etc*
2) *PeterLabs Holdings' market share is based on the combined revenues from its subsidiaries PeterLabs Sdn. Bhd. ("PeterLabs"), Osmosis Nutrition and OMS Resources Sdn Bhd ("OMS Resources").*
3) *2009 revenues for Gladron, Agro-Farmchem, Rhone Ma and PPSB were not obtainable from the Companies' Commission of Malaysia ("CCM") during the time of this report*
4) *Sunzen and SCC are listed on the ACE Market of the Bursa Malaysia*

Source: Protégé Associates

PeterLabs Holdings' market share in the animal health and nutrition market stood at 6.4 percent in 2009, of which 5.9 percent was contributed by PeterLabs Sdn. Bhd., 0.4 percent by Osmosis Nutrition and another 0.1 percent by OMS Resources. PeterLabs Holdings a top-10 player within the Malaysian animal health and nutrition market.

PeterLabs Holdings' Share of the Animal Feed Additives Market

Based on PeterLabs Holdings' revenue derived from the sale of animal feed additives of RM40.7 million for the financial year ended 31 December 2010 and the revenue of the Malaysian animal feed additives market of RM213.5 million, illustrated is the company's market share of 19.1 percent.

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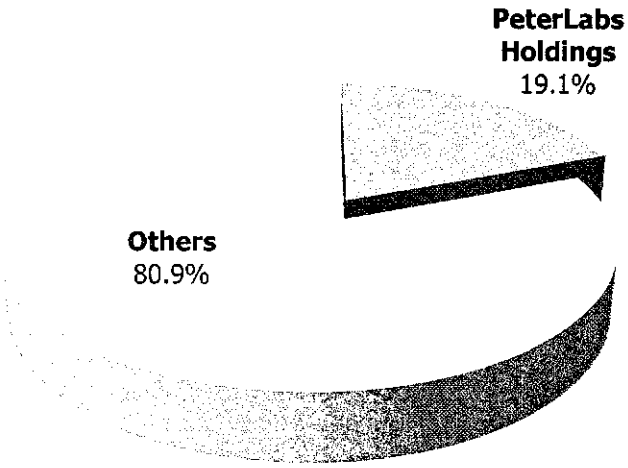
Figure 11: Market Share of PeterLabs Holdings within the Animal Feed Additives Market, 2010



Note:
Market share of other players is not obtainable due to the lack of similar revenue segmentation or latest official financial information

Source: Protégé Associates

The company's core competency lies in its ability to develop and manufacture its own animal feed additive products. This is borne of the company's strength in product development. PeterLabs Holdings is also focused on operating its business to address the issue of sustainability through production of additives that generate the least impact on the environment, while maintaining quality.

PeterLabs Holdings has invested in a new, integrated manufacturing facility in Nilai which will comply with Good Manufacturing Practice ("GMP") standards. Its new facility will enable larger scale production of existing products and allow PeterLabs Holdings to venture into toll manufacturing of semi-finished products for local and overseas clients. Being GMP certified is an added advantage as GMP is an internationally recognised quality system which provides guidance and outlines on the production and testing processes with the objective to improve quality of end products. PeterLabs Holdings also intends to expand its product portfolio to include more innovative products to suit current needs of both local and foreign customers. It is actively developing its presence in the local market, as well as extending its export reach.

In addition to manufacturing standard products, PeterLabs Holdings is also able to customise the animal feed according to requirements from customers. The company is also one of the leading market players serving the livestock industry in Malaysia, and has also ventured overseas into the Pakistan and Taiwan markets.

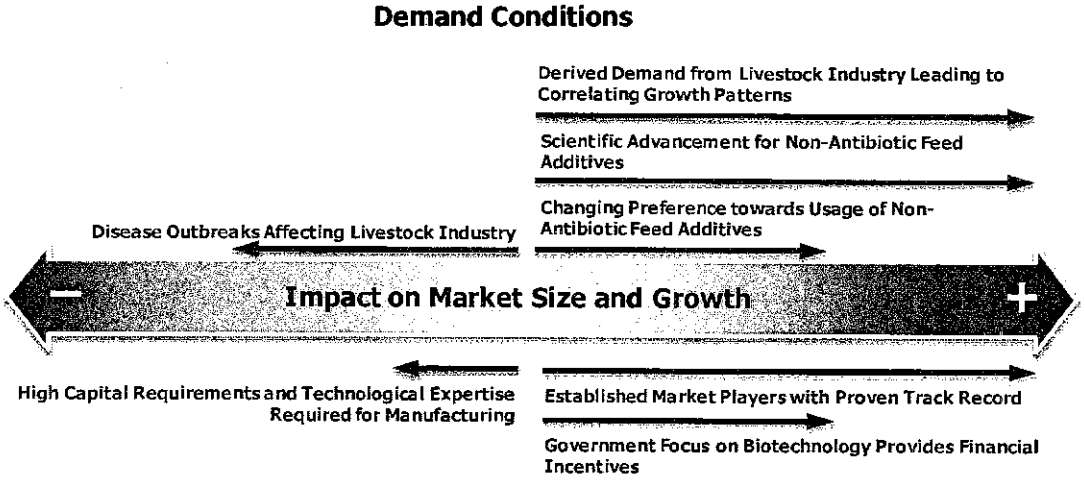
In comparing PeterLabs Holdings with other market players, Sunzen stands out as the competitor with the closest similarities to PeterLabs Holdings. These similarities include:

- Being among the top market players in the animal health and nutrition market
- Acting as domestic product manufacturers of animal feed additives (antibiotics and non-antibiotics) with their own line of proprietary products
- Conducting intensive research and development
- Focusing on creating environmentally-friendly animal feed additives

Demand and Supply Conditions

Demand and supply conditions refer to market factors that can positively or negatively affect future market size and growth by specifically altering demand or supply dynamics. These demand and supply factors can include trends, key developments or events that spur market expansion, leading to increases in sales or revenues, or developments that negatively affect market growth. The following figure depicts the demand and supply conditions affecting the value and growth of the industry, and highlighting the impact on the present situation of the market.

Figure 12: Demand and Supply Conditions Affecting the Animal Feed Additives Market in Malaysia, 2011



Source: Protégé Associates

Demand Conditions

- **Derived Demand from Livestock Industry Leading to Correlating Growth Patterns**

  As demand for animal feed additives is derived from the needs of the livestock industry in maintaining its animals' health, quality and quantity, the anticipated growth in the livestock industry will lead to a correlating growth pattern for the animal feed additives market in Malaysia.

  The Malaysian livestock industry is expected to continue growing throughout the period for the 10MP (2011-2015). The government has targeted an average annual growth rate of 3.3 percent for the agriculture sector during this time and the livestock industry is expected to be a core contributor for this growth. Continued growth is likely in line with the historical performance of the industry over the last few years. Growth in the livestock industry is also expected to occur due to the increase in consumption of livestock products and demand from the export market

- **Scientific Advancement of Non-Antibiotic Feed Additives**

  While demand is usually an externally driven event and led by the purchasers/ consumers/ users of various markets, in certain instances demand may be due to internal forces – e.g. the development of new and innovative products. Within the animal feed additives market, scientific advancement of non-antibiotic feed additives is one such internal force which will propel market demand and growth.

  With continued efforts in research and development, the Malaysian market is expected to see the entrance of new products into the long term, which will drive further value creation for the market. This is predominantly due to 2 different reasons – firstly, the gradual replacement of antibiotic feed additives which are at present the main type of feed additives used in the Malaysian livestock industry, and secondly, the higher premium attached to non-antibiotic feed additives. As the gradual replacement process takes place, the highly price competitive and lower margin segment of antibiotic feed additives will be replaced by the premium-commanding, higher margin segment of non-antibiotic feed additives. The expanding non-antibiotic feed additives segment will be able to cushion the shrinking antibiotic feed additives segment, while still growing at a pace to result in overall market growth.

- **Changing Preference towards Usage of Non-Antibiotic Feed Additives**

  The Malaysian livestock industry is also expected to trend towards increasing the use of non-antibiotic feed additives into the long term. The main factors leading to the change towards greater use of non-antibiotic animal feed additives includes the increasing consumer awareness on health and environmental impact of antibiotic feed additives, stringent global regulatory trends, a proactive change by the local livestock industry, support from local animal feed additives manufacturers and local regulatory pressure.

- **Disease Outbreaks Affecting Livestock Industry**

  Disease outbreaks affecting livestock result in culling – which reduces the number of livestock animals and thus leading to lesser demand for animal feed additives within a short period of time, before livestock population can be increased again. While this has only a moderate effect and is constrained to a short time period, it nonetheless affects demand within the market. For instance, during the Nipah virus outbreak in 1998 there was large-scale culling of swine stocks, leading to greatly decreased livestock populations. The avian flu outbreak in 2008, and more recently the H1N1 swine flu pandemic in 2009 to some extent made consumers wary about the consumption of chicken and pork respectively. In the latter outbreak, pork was still safe for consumption, but the outbreak's origin from the swine negatively altered consumer perception of pork consumption. In either case, local livestock production was hampered, leading to falling demand for animal feed and feed additives. Similar outbreaks in the future could have similar effects on livestock demand and supply, as well as the demand for animal feed additives.

Supply Conditions

- **Established Market Players with Proven Track Record**

  The market for animal feed additives in Malaysia is one that is matured, with established market players contributing in their various roles – whether as domestic product manufacturers, distributors or subsidiary of international product manufacturers. This aids the market in ensuring a continuous supply of animal feed additives that meets the standard of quality and also meets the needs of the local livestock industry. The animal feed additives presently sold in Malaysia are either brands from internationally recognised manufacturers or locally developed products which have managed to break into the market due to the efficacy of their products. In addition, key market players have had many years of experience – for instance, some of the key players began operations at

least 20 to 30 years ago, among which include SCC (established 1974), AsiaVet (established 1981), Danberg (established 1980), Gladron (established 1982) and Agritech (established 1980) to name a few. Other newer entrants who have since established themselves also have about 10 years of experience – including Sunzen (established 1998).

- **Government Focus on Biotechnology Provides Financial Incentives**

  According to the Malaysian Biotechnology Information Centre ("MABIC") and the Malaysia Industrial Development Authority ("MIDA"), the Malaysian government provides tax incentives for companies in the biotechnology sector. This may likely benefit domestic product manufacturers as financial incentives can further enable the companies to carry out greater research into the non-antibiotic animal feed additives product categories, and hence this supply condition contributes positively towards the market. Under the National Biotechnology Policy, various tax incentive schemes include tax exemption, tax deductions for BioNexus Status Companies and biotechnology funding for Bionexus Status Companies.

- **High Capital Requirements and Technological Expertise Required for Manufacturing**

  A negative supply condition which may act to deter growth of the market is the high capital requirements and technological expertise required for manufacturing of animal feed additives.

  Feed additives manufacturing is a capital intensive activity requiring substantial investment in technological research and development, machinery and equipment, manufacturing and logistics facilities and others. Such investments are necessary prior to the set up of a manufacturing facility and regularly throughout the company's lifecycle in order to keep up with changing trends in the global and local market. The need for high technology research and development coupled with the suitable technical expertise for such initiatives is especially pertinent. As the animal feed additives market transitions towards the use of non-antibiotic feed additives, new manufacturers will need to commit substantially to the development and innovation of new product types to differentiate themselves from existing market offerings. These factors may become a barrier to entry for new entrants. However, due to the fact that there are many established market

players (around 50 to 60), this negative supply condition will only minimally impact the market, as it affects mainly new entrants into the market.

Substitute Products

There are currently no good substitutes to animal feed additives. There is substitution between antibiotic and non-antibiotic, and also competition within each category, but there are no substitutes to feed additives as a whole category.

Reliance and Vulnerability on Imports

The Malaysian animal feed additives market features many imported products, distributed by local distributors or subsidiaries set up by international market players. However, there is no risk related to this reliance on imports as all market players usually have a portfolio of products to cater to the market. In addition, domestic product manufacturers are very much shielded from any risk on imports as they are able to produce their own in-house products. In terms of raw material supply, local feed additives manufacturers may rely on imported materials. Nevertheless these are widely available from various countries and suppliers, thus mitigating risks related to obtaining critical raw material supply.

Barriers to Entry

Barriers to entry are factors that affect the entry of new players into the market. The animal feed additives market in Malaysia faces 3 main barriers to entry which are as follows:

- Strong track record of incumbent market players – The animal feed additives market is highly competitive, comprising many large and reputable local manufacturers, as well as internationally renowned brands distributed by local agents. New market entrants will have to compete against established market players who are well-experienced, and already have a wide range of high-quality proven feed additive products. New market entrants may therefore find it difficult to penetrate the animal feed additives market due to the strength of its incumbents.
- High capital requirements and strong technical competencies – Potential entrants to the animal feed additives market in Malaysia will need to possess strong financial resources and backing as investments into plants, machinery and also human resources (those with research and technical competencies) will be necessary. This may act as a deterrent and prohibit any new entrance of companies into the marketplace.
- Established high adoption rate of animal feed additives – The use of feed additives in livestock farming is not new in Malaysia and the vast majority of local livestock farmers

already use feed additives in their operations. Any new market entrants will thus have to penetrate a market where established market players have a firm foothold and a loyal clientele. Encouraging product and supplier substitution among local livestock farmers is likely to be difficult as farmers who are used to their existing products will be reluctant to change their existing practices at the risk of affecting their livestock quality and quantity.

Government Regulations

Feed Act 2009

The Feed Act 2009 came into effect on 1 January 2010. The purpose of the Feed Act is to regulate feed quality by controlling the manufacture, import, sale and use of animal feed and feed additives as a means to ensure that animal welfare is preserved, and resulting animal products are not contaminated so that they are safe for human consumption. A Feed Board has been established very recently under the Feed Act. This Feed Board is chaired by the Director General of the DVS. The Feed Board is still in its infancy and has yet to take in applications for or issue licences under the Feed Act 2009.

Animals Act 1957

The Animals Act 1957 provides that no person shall knowingly import into Malaysia or shall have in his possession any living germ or virus or any bacterial culture, of a nature that is potentially harmful or dangerous to animals without the previous written permission of the Director General of the DVS. Consistent with this position, the DVS has required animal feed additive manufacturers, importers and sellers to register their products with them if such products contain bacterial cultures. It is expected that the Animals Act will become less prominent in the future once the Feed Act and the licensing and registration regime that is expected to be contained in its regulations is introduced and fully implemented later.

Poisons Act 1952

The Poisons Act 1952 seeks to regulate the importation, possession, storage or use of the poisons that are listed in its schedules. As such, only a person, usually a pharmacist, that is licensed under the Poisons Act may import possess, store or use the scheduled poisons.

Sale of Drugs Act 1952

The Sale of Drugs Act 1952 seeks to govern and control the sale of drugs in Malaysia. The Sale of Drugs Act regards "drugs" as any substance, product or article intended to be used or capable of being used on humans or on any animal, whether internally or externally, for medicinal purposes.

The regulatory control that is mentioned above is achieved through the Control of Drugs and Cosmetics Regulations 1984, subsidiary legislation passed under the Sale of Drugs Act. Very briefly, the Control of Drugs and Cosmetics Regulations requires drugs including those that are used on animals to be registered with the National Pharmaceutical Control Bureau of the Ministry of Health.

Price Control (Labelling by Manufacturers, Importers, Producers or Wholesalers) Order 1980 ("Labelling Order 1980")

The Labelling Order 1980 requires manufacturers, importers, producers or wholesalers of pre-packed goods (including compounds or substances that may be contained in animal feed) to label their goods in a manner that is in conformity with the Labelling Order 1980. The labels of these pre-packed compounds or substances must indicate the appropriate designation of the goods, the minimum weight, quantity or amount of the goods in the package, the name and address of the manufacturer, importer, producer or wholesaler of the goods and the chemical composition of the goods.

GMP Requirements for Animal Feed Additives Manufacturers

On 1 January 2002, the National Pharmaceutical Control Bureau ("NPCB") of the Ministry of Health Malaysia, was accepted as a member of the Pharmaceutical Inspection Co-operation Scheme ("PIC/S"). PIC/S is an international co-operation between authorities of member countries working towards an active and constructive cooperation towards ensuring good quality practices among pharmaceutical product manufacturers via a harmonised adoption of GMP practices.

As a means to ensure the maintenance of high standards of quality assurance across the process of developing, manufacturing and controlling medicinal products, the PIC/S Guide to GMP for Medicinal Products and its Annexes were adopted. Although the majority of PIC/S' GMP guidelines apply to medicines and pharmaceuticals intended for human use, it was highly recommended that similar attention towards GMP adoption be given in the manufacture of veterinary products.

The PIC/S recommends the adoption of GMP practices for entities involved in the development and manufacture of biological products, curative pharmaceuticals and medicated feeding stuffs. Most relevant to the animal feed additives market are the recommendation of GMP for manufacturing medicated feeding stuffs and premixes, where:

- **A medicated feeding stuff** is any mixture of a veterinary medicinal product or products and feed or feeds which is ready prepared for marketing and intended to be fed to animals without further processing because of its curative or preventative properties or other properties (e.g. medical diagnosis, restoration, correction or modification of physiological functions in animals).
- **A pre-mix for medicated feeding stuffs** is any veterinary medicinal product prepared in advance with a view to the subsequent manufacture of medicated feeding stuffs.

These include antibiotic feed additives and antibiotic feed additive premixes. Within Malaysia's animal feed additives market, these GMP guidelines only apply to product *manufacturers,* and only manufacturers producing medicated feeding stuffs/ antibiotic feed additives.

At present, the NPCB has indicated intentions to make certification compulsory commencing 1 January 2012. Nevertheless, it is beneficial for the local animal feed additives manufacturers producing antibiotic and medicated feed additives to adopt these guidelines prior to the mandated deadline to boost the quality credentials of locally manufactured medicated feed additives products. This is especially pertinent should local market players desire to penetrate export markets. Many countries, including PIC/S' 26 member countries require imported pharmaceutical products to be GMP-certified in order to be legally registered and sold locally.

Among key local market players, Rhone Ma and RPSB are known to be GMP-certified. For Rhone Ma and RPSB, GMP practices are currently only applied to their manufacture of veterinary pharmaceuticals. PeterLabs is currently the only company applying GMP practices to the manufacture of animal feed additives.

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Market Outlook and Future Prospects

In 2010, the total revenue of the animal feed additives market in Malaysia stood at RM213.5 million. By 2015, this is expected to grow to RM291.1 million, representing a CAGR of 6.4 percent over the next 5 years. As a market that is relatively mature, the ability of the animal feed additives market to maintain a consistent growth performance is a positive sign.

This bright outlook is well supported by trends of steady growth within Malaysia's livestock industry. The market is also expected to expand at a slightly accelerating pace moving forward as livestock farmers gradually switch to the use of higher-value non-antibiotic feed additives from in-feed antibiotics. This will be further aided by the scientific advancements expected within the segment which will enable better products to enter the marketplace.

On the supply side, the existence of established market players with a good track record ensures the continued supply of proven brands and high quality products within the market. The Malaysian government's focus on biotechnology as a growth sector for our economy has also led to financial incentives which will benefit domestic animal feed additives manufacturers, as they continue to conduct research into the growth segment of non-antibiotic animal feed additives.

Market growth may only be slightly limited in the event of disease outbreaks leading to a reduction in livestock animal quantity. However, this will only be for a short duration before livestock numbers are expected to increase again, leading to a dip in the sales, but not the overall market viability. Market growth may also be slightly impacted as the high capital requirements and requirement for technical skills may limit new entrants from participating in the manufacture of animal feed additives locally. However, this is not expected to be a significant issue as there are already approximately more than 50 established market players in the animal feed additives market in Malaysia today.

As there are no risks of substitution or reliance/vunerability on imports, and there are also no adverse regulations impacting the market, Protégé Associates believes that the Malaysian animal feed additives market will continue to perform well throughout the forecast period.

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Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,

SEOW CHEOW SENG

Managing Director

Protégé Associates Sdn. Bhd.

15. DIRECTORS' REPORT

PeterLabs Holdings Berhad
(Company No. 909720-W)
16014 (PT No.24341), Jalan Nilam 3,
Bandar Nilai Utama,
71800 Nilai, Negeri Sembilan, Malaysia.

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www.peterlabs.com.my

PeterLabs Holdings Berhad
(909720-W)

Registered Office:
10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

The shareholders of PeterLabs Holdings Berhad ("PeterLabs Holdings" or "Company")

Dear Sirs/Madams,

On behalf of the Board of Directors of PeterLabs Holdings, I report after due and careful enquiry that during the period from 31 December 2010 (being the date to which the last audited financial statements of our Company and our subsidiary companies which have been made) up to 20 JUN 2011 (being a date not earlier than 14 days before the issuance of this Prospectus):

(i) the business of our Company and subsidiary companies have, in the opinion of the Directors, been satisfactorily maintained;

(ii) in the opinion of our Directors, no circumstances have arisen since the last audited financial statements of our Company and our subsidiary companies which have adversely affected the trading of the value of the assets of our Company or of our subsidiary companies;

(iii) the current assets of our Company and our subsidiary companies appears in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities by reason of any guarantee or indemnities given by our Company or our subsidiary companies;

(v) since the last audited financial statements of our Company and our subsidiary companies, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which we are aware of; and

(vi) since the last audited financial statements of our Company and our subsidiary companies, save as disclosed in the Accountants' Report enclosed in this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Company and our subsidiary companies.

Yours faithfully
For and on behalf of the Board of Directors
PETERLABS HOLDINGS BERHAD

LIM TONG SENG
Managing Director

16. ADDITIONAL INFORMATION

16.1 SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.

(ii) None of the capital of our Company or our subsidiary companies are under option or agreed conditionally or unconditionally to be put under option.

(iii) There is no scheme involving our employees in the capital of our Company or our subsidiary companies.

(iv) Save as disclosed in Section 8.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company or our subsidiary companies.

(v) There is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by the applicable Malaysian law or by our Memorandum and Articles of Association.

16.2 ARTICLES OF ASSOCIATION

The following provisions relate to the remuneration of directors, voting and borrowing powers of directors, transfer of securities and changes in capital and variation of class rights as reproduced from our Articles of Association ("Articles"). The words and expressions appearing in the following provisions shall bear the same meaning used in our Articles unless they are otherwise defined here or the context otherwise requires:

(i) Remuneration of Directors

Article 98 – Remuneration of Directors

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by an Ordinary Resolution of the Company in General Meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, or, failing agreement, equally, except that any Director who shall hold office or part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office Provided Always that:-

(1) the fees payable to the Directors shall not be increased except pursuant to a resolution of the Company in General Meeting, where notice of the proposed increase has been given in the notice convening the General Meeting;

(2) on the other hand, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine;

(3) fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;

(4) salaries payable to executive Directors may not include a commission on or percentage of turnover; and

(5) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

(ii) Voting Powers and Borrowing Powers of Directors

Article 114 – Borrowing Powers of Directors

(1) The Directors may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries.

(2) The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 125 – Restriction on Voting

In amplification of and not in derogation of Articles 112 and 113, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

Article 126 – Power to Vote

Subject to Article 125, a Director may vote in respect of:-

(1) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(2) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

(iii) Transfer of Securities

Article 28 – Transfer of Securities

Subject to the provisions of the Depositories Act and the Rules of the Depository, the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and, notwithstanding sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 29 – Instrument of Transfer

Every instrument of transfer for Listed Securities shall be in writing and in the form approved in the Rules of the Depository and shall be presented to the Depository with such evidence (if any) as the Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

Article 30 – Refusal to Transfer

The Depository may refuse to register any transfer of Listed Securities that does not comply with the Depositories Act and the Rules of the Depository. Subject to the provisions of the Act, the Depositories Act and the Rules of the Depository, no Listed Securities in any circumstances be transferred or transmitted to any infant, bankrupt or person of unsound mind or any partnership or unincorporated association or body.

Article 31 – Suspension or Closing of Registers

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. At least ten (10) clear Market Days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange or such number of days as may be prescribed by the Exchange. The said notice shall state the purpose or purposes for which the register is being closed. In relation to the closure, the Company shall give written notice in accordance with the Rules of Depository to prepare the appropriate Record of Depositors. At least three (3) Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors Provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) Market Days prior notice shall be given to the Depository or such other notice period in accordance with the Rules of the Depository to enable the Depository to issue the appropriate Record of Depositors.

Article 32 – Renunciation

Subject to the provisions of these Articles the Directors may recognise a renunciation of any Listed Securities by the allottee thereof in favour of some other person.

Article 33 – Non-liability for the Company's Directors and Office in respect of Transfer

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside and in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto, PROVIDED ALWAYS that where the share is a Deposited Security, subject to the Rules of the Depository, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

Article 34 – Transmission of Securities from Foreign Register

Where-

(1) the securities of the company are listed on another stock exchange; and

(2) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendments) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,

such Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

(iv) Changes in Capital and Variation of Class Rights

Article 54 – Power to Increase Capital

The Company may from time to time, by Ordinary Resolution in General Meeting, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its share capital and/or its authorised capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 55 – Rights and Privileges of New Shares

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and, in default of such direction, as the Directors may determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting.

Article 56 – Offer of New Shares

Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities for the time being unissued and not allotted and any new shares or securities from time to time to be created shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors be conveniently offered under this Article.

Article 57 – Approval of Shareholders in General Meeting

Subject to the Listing Requirements, the provisions of the Act, the Depositories Act and/or the Rules of the Depository and notwithstanding the existence of a resolution pursuant to section 132D of the Act, the Company must ensure that it shall not issue any share or convertible securities if the nominal value of those shares or convertible securities, when aggregated with the nominal value of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the nominal value of the issued and paid-up capital of the Company, except where the shares or convertible securities are issued with the prior approval of the shareholders in General Meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible securities that may be issued by the Company, if the security is a convertible security, each of such security is counted as the maximum number of shares into which it can be converted or exercised.

Article 58 – New Shares to Rank with Original Shares

Except so far as otherwise provided by the conditions of issue, these Articles or the Depositories Act or the Rules of the Depository, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission forfeiture and otherwise as the original share capital.

Article 59 – Power to Alter Capital

The Company may from time to time in General Meeting by Ordinary Resolution:-

(1) *consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;*

(2) *divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;*

(3) *cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or*

(4) *subject to the provisions of these Articles and the Act, convert and/or re-classify any class of shares into any other class of shares.*

Article 60 – Power to Reduce Capital

The Company may from time to time by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by the provisions of the Act.

Article 61 – Rights of Shareholders may be Altered

If at any time the share capital is divided into different classes of shares, the rights attached to any class shall be expressed herein or in the resolution creating the same and may subject to the provisions of the Act whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Holders of three-fourths (¾) of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate General Meeting of the Holders of the shares of that class. To every such separate General Meetings the quorum shall be two (2) persons at least holding or representing by proxy one-tenth (1/10) of the issued shares of the class and that any Holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of section 152 of the Act shall with such adaptations as are necessary apply. A resolution in writing signed by all the Holders of a class or if all the shares in a class are held by one sole Holder a resolution in writing signed by such sole Holder shall have the same effect and validity as a Special Resolution of the Holders of the class passed at a separate General Meeting of the Holders of that class duly convened or held and constituted and may consist of several documents in the like form each signed by one or more of such Holders and if a Holder is a corporation, then such resolution shall be signed by its representatives.

Article 62 – Ranking of Class Rights

The rights conferred upon the Holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith.

16.3 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business, that have been entered into by our Group within the two (2) years preceding the date of this Prospectus:

(i) On 15 October 2010, PeterLabs Holdings entered into a Share Sale Agreement with Lim Tong Seng, Teo Chin Heng, Dr. Teo Kooi Cheng, Lau Yeng Khuan, Kho Siaw Sua, Chan Bee Chuan, Tan Chin Tee, Beh Boon Seong, Lim Swee Hwa, Kang Yeat Guat, Yap Lee Hsia, Lau Kim Moi, Vun Nyuk Pin, Leong Fui Ping, Yip Mee Nooi, Oh Seng Soon, Khor Poh Lye, Ng Ah Bah @ Ng See Kai, Theng Kok Boon, Lim Lin Hong, Lim Kah Eng, Ng Khai Yan, Dr Gan Yee Haw, Wong Lim Sim, Toh Tee Yong and Tan Teik Hun (collectively the "Vendors of PLON Synergy") whereby PeterLabs Holdings agreed to acquire the entire issued and paid-up share capital comprising 4,000,000 ordinary shares of RM1.00 each in PLON Synergy for a purchase consideration of RM17,299,900 to be satisfied by the issuance of 172,999,000 new Shares to the Vendors of PLON Synergy;

(ii) On 15 June 2011, PeterLabs Holdings entered into a Underwriting Agreement with Alliance for the underwriting of 15,000,000 Issue Shares for an underwriting commission of 2.0% of the total value of the underwritten Shares at the IPO Price; and

(iii) On 15 June 2011, PeterLabs Holdings entered into a Sponsorship Agreement with Alliance whereby Alliance will act as our Sponsor beginning from the date of the Company's listing until 31 December 2012 for a consideration of RM225,000 per annum.

16.4 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither we nor our subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors do not know of any proceedings pending or threatened against our Company or our subsidiary companies, or of any fact likely to give rise to any proceeding which may materially and adversely affect our financial position or business.

16.5 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

As our Group does not physically operate in other countries, there is no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

16.6 PUBLIC TAKE-OVER OFFERS

None of the following has occurred in the last financial year or the current financial year up to the LPD:

(i) Public take-over offers by third parties for our Shares; and

(ii) Public take-over offers by our Company for other companies' shares.

16. ADDITIONAL INFORMATION *(Cont'd)*

16.7 CONSENTS

The written consents of our Adviser, Sponsor, Underwriter and Placement Agent, Solicitors, Principal Bankers, Issuing House, Share Registrar and Company Secretary for inclusion in this Prospectus of their names and all references thereto in the manner, form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for the inclusion of its name, Accountants' Report, Letter on Proforma Consolidated Financial Information of PeterLabs Holdings and all references thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Executive Summary of the Independent Market Research Report and all reference thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consents of Tan Tin & Co. and S.P. Lee & Co. for the inclusion in this Prospectus of their names and all references thereto in the manner, form and context in which their names appear in the Accountants' Report have been given before the issue of this Prospectus and have not subsequently been withdrawn.

16.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our Registered Office during normal business hours for a period of twelve (12) months from the date of this Prospectus:

(i) Memorandum and Articles of Association of our Company;

(ii) Distributorship agreements as referred to in Section 6.10.2 of this Prospectus;

(iii) Material contracts as referred to in Section 16.3 of this Prospectus;

(iv) Reporting Accountants' Letter on the Proforma Consolidated Financial Information as included in Section 11.4 of this Prospectus;

(v) Accountants' Report as included in Section 13 of this Prospectus;

(vi) Independent Market Research Report referred to in this Prospectus and the Executive Summary thereof as included in Section 14 of this Prospectus;

(vii) Directors' Report as included in Section 15 of this Prospectus;

(viii) Audited financial statements of our subsidiary companies for the past four (4) FYE 31 December 2007 to 2010; and

(ix) Letters of consent as referred to in Section 16.7 of this Prospectus.

16.9 RESPONSIBILITY STATEMENT

Our Directors, Promoters and Offerors have seen and approved this Prospectus and we collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that to the best of our knowledge and belief there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

Alliance, being our Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

17.1 OPENING AND CLOSING OF APPLICATION

Application for the IPO Shares will open at 10.00 a.m. on 30 June 2011 and will remain open until 5.00 p.m. on 12 July 2011 or such later date or dates as our Directors, Promoters, Offerors, together with Alliance, may mutually decide at their absolute discretion. Any extension of the closing date of application will be published in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of application. **Late applications will not be accepted.**

17.2 ELIGIBILITY

You can only apply for our IPO Shares if you fulfil **all** of the following:

(i) You must have a CDS account. If you do not have a CDS account, you may open one by contacting any of the ADAs listed in Section 17.11 of this Prospectus;

(ii) You must be **one** of the following:

(a) A Malaysian citizen who is at least 18 years old as at the closing date of the application; or

(b) A corporation/ institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of directors/trustees and if uou have a share capital, more than half of the issued share capital, excluding preference share capital, is helf by Malaysian citizens; or

(c) A superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in (b) or (c) above.

(iii) You are not a director or employee of our Issuing House or their immediate family members.

17.3 CATEGORY OF INVESTORS

Application for the IPO Shares must be made using the method designated for each of the category of investors as follows:

Category of investors	Application Method
Public (for individuals)	White Application Form or Electronic Share Application [1]
Public (for non-individuals, e.g. corporations, institutions, etc.)	White Application Form
Identified investors	Green Application Form

Note:

(1) Except for Affin Bank Berhad, a surcharge of RM2.50 per ESA will be charged by the Participating Financial Institution

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

17.4 PROCEDURES FOR APPLICATION

Only one application from each applicant will be considered and an application must be for at least 100 Shares or multiples thereof. **Multiple applications will not be accepted.** If you submit multiple applications in your own name or by using the name of others, with or without their consent, you commit an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1.00 million and a jail term of up to 10 years under Section 182 of the CMSA.

17.4.1 Procedures for application by way of an Application Form

The public, the identified investors and other investors should follow the following procedures in making an application:

Step 1: Obtain application documents

Obtain the Application Form together with the Official 'A' and 'B' envelopes and this Prospectus. These documents can be obtained subject to availability from the following parties:

(a) Alliance;

(b) participating organisations of Bursa Securities;

(c) members of the Association of Banks in Malaysia;

(d) members of the Malaysian Investment Banking Association; and

(e) our Issuing House.

Step 2: Read the Prospectus

In accordance with Section 232(2) of the CMSA, the Application Form is accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the Application Form

Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in this Prospectus.

(i) **Personal particulars**

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. Please inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card ("NRIC") number or passport number must be the same as that stated in:

(a) your NRIC;

(b) any valid temporary identity document issued by the National Registration Department from time to time; or

(c) your 'Resit Pengenalan Sementara (JPN KP 09)' issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be the same as that stated in your authority card.

If you are a corporation/institution, your name and incorporation number must be the same as that stated in your certificate of incorporation.

(ii) **CDS account number**

You must state your CDS account number in the space provided in the Application Form. Invalid, nominee or third party CDS accounts will **not** be accepted.

(iii) **Details of payment**

You must state the details of your payment in the appropriate boxes provided in the Application Form.

(iv) **Number of Shares applied**

Your application must be for at least 100 Shares or multiples thereof.

Step 4: Prepare appropriate form of payment

Prepare the correct form of payment in RM for the FULL amount payable for our IPO Shares based on the IPO Price, which is RM0.30 per Share.

Payment must be made in favour of **'MIH SHARE ISSUE ACCOUNT NO. 521'** and crossed **'A/C PAYEE ONLY'** (excluding ATM statements) and endorsed on the reverse side with your name and address. We only accept the following forms of payment:

(i) banker's draft or cashier's order purchased within Malaysia only and drawn on a bank in Kuala Lumpur; or

(ii) money order or postal order (for applicants from Sabah and Sarawak only); or

(iii) Guaranteed Giro Order ("GGO") from Bank Simpanan Nasional Malaysia Berhad; or

(iv) ATM statement obtained only from any of the following financial insitutions:

- AFFIN BANK BERHAD; or
- ALLIANCE BANK MALAYSIA BERHAD; or
- AMBANK (M) BERHAD; or
- CIMB BANK BERHAD; or
- EON BANK BERHAD; or
- HONG LEONG BANK BERHAD; or
- MALAYAN BANKING BERHAD; or
- PUBLIC BANK BERHAD; or
- RHB BANK BERHAD.

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Step 5: Finalise application

Insert the Application Form with the appropriate payment and a legible photocopy of your identification document (NRIC/valid temporary identity document issued by the National Registration Department/'Resit Pengenalan Sementara (JPN KP09)'/authority card/certificate of incorporation) into the Official 'A' envelope and seal it. Write your name and address on the outside of the Official 'A' and 'B' envelopes. The name and address written must be identical to your name and address as per your NRIC/valid temporary identity document issued by the National Registration Department/'Resit Pengenalan Sementara (JPN KP09)'/authority card/certificate of incorporation. Affix a stamp on the Official 'A' envelope and insert the Official 'A' envelope into the Official 'B' envelope.

Step 6: Submit application

You can submit your application in the Official 'B' envelope by either one of the following methods:

(a) despatch by **ORDINARY POST** to:

Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
P.O.Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya

(b) **DELIVERY BY HAND** and deposited in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 12 July 2011 or such later date or dates as our Directors, together with Alliance, may mutually decide at their absolute discretion.

No acknowledgement of receipt of Application Form or application monies will be made.

17.4.2 Procedures for application by way of an Electronic Share Application (for individual Malaysian public only)

Applications for our IPO Shares by way of ESA are only applicable to Malaysian public who are individuals. Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for ESA and the procedures set out on the ATM screens of the Participating Financial Institution before making an ESA.

(i) **Steps for Electronic Share Application through a Participating Financial Institution's ATM**

You may apply for our IPO Shares *via* the ATM of the Participating Financial Institution by choosing the ESA option. Mandatory statements required for the application are set out in Section 17.4.3 below. You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your ESA require you to do so:

- Personal Identification Number ("PIN");
- **MIH Share Issue Account No. 521**;
- CDS Account Number;
- Number of IPO Shares applied for and/or the RM amount to be debited from the account; and
- Confirmation of several mandatory statements.

(ii) **Participating Financial Institutions**

ESA may be made through an ATM of the following Participating Financial Institutions and their branches:

- AFFIN BANK BERHAD; or
- AMBANK (M) BERHAD; or
- BANK MUAMALAT MALAYSIA BERHAD; or
- CIMB BANK BERHAD; or
- EON BANK BERHAD; or
- HSBC BANK MALAYSIA BERHAD; or
- MALAYAN BANKING BERHAD; or
- OCBC BANK (MALAYSIA) BERHAD; or
- PUBLIC BANK BERHAD; or
- RHB BANK BERHAD; or
- STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).

17.4.3 Terms and conditions of Electronic Share Application

The procedures for ESA are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for ESA at ATMs are set out in Section 17.4.2(i) above. The Steps set out the actions that you must take at the ATM to complete an ESA. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for ESA set out below before making an ESA.

You must have a CDS Account to be eligible to utilise the facility. You must have an existing account with, and be an ATM cardholder of, one of the Participating Financial Institutions before you can make an ESA. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your ESA transaction, you will receive a computer-generated transaction slip ("Transaction Record") confirming the details of your ESA. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the ESA or any data relating to such an ESA by our Company or our Issuing House. You must retain the Transaction Record and should not submit the Transaction Record with any Application Form.

Upon the closing of offer for the application for our IPO Shares on 12 July 2011 at 5.00 p.m. or such later date or dates as our Directors, together with Alliance, in their absolute discretion may mutually decide ("Closing Date and Time"), the Participating Financial Institutions shall submit magnetic tapes containing their respective customers' applications for our IPO Shares to our Issuing House as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

You are allowed to make an ESA for our IPO Shares *via* an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account at one of its branches, subject to you making only one application.

You must ensure that you use your own CDS account number when making an ESA. If you have a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

The ESA shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

(i) The ESA shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

(ii) You are required to confirm the following statements (by pressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given is true and correct:

- You have attained 18 years of age as at the closing date of the share application;
- You are a Malaysian citizen residing in Malaysia;
- You have read this Prospectus and understood and agreed with the terms and conditions of this application;
- This is the only application that you are submitting; and
- You hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to you and your account with the Participating Financial Institution and Bursa Depository to our Issuing House or other relevant regulatory bodies.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Central Depositories Act to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to our Issuing House, or any relevant regulatory bodies.

(iii) You confirm that you are not applying for our IPO Shares as a nominee of any other person and that any ESA that you make is made by you as the beneficial owner. You shall only make one ESA and shall not make any other application for our IPO Shares, whether at the ATMs of any Participating Financial Institution or on the prescribed Application Forms.

(iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your ESA, failing which your ESA will not be completed. Any ESA, which does not strictly conform to the instructions set out on the screens of the ATM through which the ESA is being made, will be rejected.

(v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your ESA. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your ESA is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.

(vi) Our Issuing House, on the authority of our Directors, reserves the right to reject any ESA or accept any ESA in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

(vii) If your ESA is not accepted or accepted in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful application within two (2) Market Days after the balloting date. If your ESA is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House. You may check your account on the fifth (5th) Market Day from the balloting date.

If your ESA is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to you by our Issuing House by way of cheques issued by our Issuing House. The cheques will be issued to the applicants not later than ten (10) Market Days from the date of the final ballot of the application list.

Should you encounter any problems with your application, you may refer to the Participating Financial Institutions.

(viii) You request and authorise us:

(a) to credit our IPO Shares allotted or allocated to you into your CDS account; and

(b) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

(ix) You acknowledge that your ESA is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control, our Issuing House or the Participating Financial Institution and irrevocably agree that if:

(a) our Company or our Issuing House did not receive your ESA; and

(b) data relating to your ESA is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or our Issuing House,

you shall be deemed not to have made an ESA and you shall not claim whatsoever against our Company, our Issuing House or the Participating Financial Institution for our IPO Shares applied for or for any compensation, loss or damage.

(x) All your particulars in the records of the relevant Participating Financial Institution at the time you make your ESA shall be deemed to be true and correct and we, our Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.

(xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

(xii) By making and completing an ESA, you agree that:

(a) in consideration of our Company agreeing to allow and accept the making of any application for our IPO Shares *via* the ESA facility established by the Participating Financial Institutions at their respective ATMs, your ESA is irrevocable;

(b) our Company, the Participating Financial Institutions, Bursa Depository and our Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your ESA due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;

(c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our IPO Shares for which your ESA has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;

(d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of our IPO Shares allocated to you; and

(e) we agree that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the ESA scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that we irrevocably submit to the jurisdiction of the Courts of Malaysia.

(xiii) If you are successful in your ESA, our Directors reserve the right to require you to appear in person at the registered office of our Issuing House within 14 days from the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

(xiv) Our Issuing House, on the authority of our Directors, reserves the right to reject any application which does not conform to these instructions.

(xv) Except for Affin Bank Berhad, a surcharge of RM2.50 per ESA will be charged by the respective Participating Financial Institution.

17.5 AUTHORITY OF OUR DIRECTORS AND OUR ISSUING HOUSE

If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of our Issuing House within fourteen (14) days from the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

Applicants will be selected in a manner to be determined by our Directors. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Our Issuing House, on the authority of our Directors, reserves the right to:

(i) reject applications which do not conform to the instructions in this Prospectus or are illegible, incomplete or inaccurate;

(ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without giving any reason; and

(iii) bank in all application monies from unsuccessful / partially successful applicants which would subsequently be refunded without interest by registered post.

17.6 OVER/UNDER-SUBSCRIPTION

In the event of an over-subscription, our Issuing House will conduct a ballot in a manner as approved by our Directors to determine acceptance of applications. In determining the manner of balloting, our Directors will consider the desirability of distributing our IPO Shares in a fair and equitable manner to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up share capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our Listing and completion of this IPO. We expect to achieve this at the point of our Listing. However, in the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

In the event of an under-subscription for our IPO Shares reserved for application by the Malaysian Public, all such IPO Shares not applied for will be subscribed by our Underwriter pursuant to the Underwriting Agreement.

Our IPO Shares reserved for subscription by identified investors will not be underwritten as written irrevocable undertakings to subscribe for such IPO Shares have been procured from the respective identified investors.

17.7 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your application, we will return your application monies without interest in the following manner:

17.7.1 For applications by way of Application Form

(i) The application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official 'A' envelope you provided by ordinary post (for fully unsuccessful applications) or by registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot.

(ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to the address stated in the NRIC or 'Resit Pengenalan Sementara (JPN KP 09)' or any valid temporary identity document issued by the National Registration Department from time to time at your own risk.

(iii) Our Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by registered post to your last address maintained with Bursa Depository or as per item (ii) above, as the case may be, at your own risk within ten (10) Market Days from the date of the final ballot.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

17.7.2 For applications by way of Electronic Share Application

(i) Our Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two (2) Market Days after the balloting date. The application monies or the balance of it will be credited into your account with the Participating Financial Institution without interest within two (2) Market Days after the receipt of confirmation from our Issuing House.

(ii) You may check your account on the fifth (5^{th}) Market Day from the balloting date.

(iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by our Issuing House by way of cheques by registered post or ordinary post. The cheques will be issued no later than ten (10) Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the relevant Participating Financial Institution credit - the application money (or part thereof) into your account without interest within two (2) Market Days.

17.8 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) our Shares allocated to you will be credited into your CDS account. We will not be issuing any share certificates to you.

(ii) a notice of allotment will be despatched to you at the address last maintained with Bursa Depository where you have an existing CDS account at your own risk prior to our Listing. This is your only acknowledgement of acceptance of your application.

17.9 CDS ACCOUNTS

Pursuant to Section 14(1) of the Central Depositories Act 1991, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, the IPO Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these IPO Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Central Depositories Act, all dealings in our Shares, including our IPO Shares, will be by book entries through CDS accounts. No share certificates will be issued but notices of allotment or transfer shall be despatched.

You must have a CDS account when applying for our IPO Shares. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to our Issuing House or our Company.

In the case of an application by way of ESA, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen require you to do so.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in your application being rejected. If a successful applicant fails to state his/her CDS account number, our Issuing House, on the authority of

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

our Directors, will reject the application. Our Issuing House, on the authority of our Directors, also reserves the right to reject any incomplete and/or inaccurate application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of ESA, if the records of the Participating Financial Institutions at the time of making the ESA, differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

17.10 ENQUIRIES

You may contact our Issuing House if you have any queries on the White Application Form at (603) 7841 8000 or 03-7841 8289. If you have any enquiry with regards to your ESA, you may refer to the relevant Participating Financial Institution.

You may check the status of your application by logging into our Issuing House's website at www.mih.com.my or by calling our Issuing House at 03-7841 8000 or 03-7841 8289 or your ADA at the telephone number as stated in Section 17.11 below between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

17.11 LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KUALA LUMPUR			
A.A. ANTHONY SECURITIES SDN BHD N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155	078-004	ECM LIBRA INVESTMENT BANK BERHAD 1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781888	052-009
AFFIN INVESTMENT BANK BERHAD Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001	ECM LIBRA INVESTMENT BANK BERHAD ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891800	052-001
ALLIANCE INVESTMENT BANK BERHAD Level 17, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03- 26976333	076-001	HONG LEONG INVESTMENT BANK BERHAD Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681188	066-001
AMINVESTMENT BANK BERHAD 15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001	HWANGDBS INVESTMENT BANK BERHAD 2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
BIMB SECURITIES SDN BHD - 32 Floor, Menara Multi Pupose Capital Square No.8, jalan Munshi Abdullah 50100 Kuala Lumpur No Tel: 03-26918887	024-001	HWANGDBS INVESTMENT BANK BERHAD Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan KasKas, 5th Mile Cheras 56100 Kuala Lumpur Tel No : 03-91303399	068-012
CIMB INVESTMENT BANK BERHAD 9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999	065-001	HWANGDBS INVESTMENT BANK BERHAD 7th, 22nd, 23rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888	068-014

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code
INTER-PACIFIC SECURITIES SDN BHD West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No : 03-79818811	054-005
JUPITER SECURITIES SDN BHD 7th -9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD 11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD 8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001
OSK INVESTMENT BANK BERHAD Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	056-054
M & A SECURITIES SDN BHD Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
MAYBANK INVESTMENT BANK BERHAD 5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MERCURY SECURITIES SDN BHD L-7-2, No. 2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD 11th & 12th Floor, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21788888	026-001
MIMB INVESTMENT BANK BERHAD Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26928899	061-001
OSK INVESTMENT BANK BERHAD 20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	056-001
OSK INVESTMENT BANK BERHAD No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	056-028
PUBLIC INVESTMENT BANK BERHAD 27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	056-058	RHB INVESTMENT BANK BERHAD Level 10, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
PM SECURITIES SDN BHD Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001	TA SECURITIES HOLDINGS BERHAD Floor 13, 15-18, 20, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
SELANGOR DARUL EHSAN			
AFFIN INVESTMENT BANK BERHAD 2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	028-002	HONG LEONG INVESTMENT BANK BERHAD Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002
AFFIN INVESTMENT BANK BERHAD Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003	HWANGDBS INVESTMENT BANK BERHAD 16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
AMINVESTMENT BANK BERHAD 4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003	HWANGDBS INVESTMENT BANK BERHAD East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
CIMB INVESTMENT BANK BERHAD Ground Floor Tropicana City Office Tower 3, Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173319	065-009		

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
ECM LIBRA INVESTMENT BANK BERHAD 35 (Ground & 1st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan No.Tel: 03-33488080	052-015		
INTER-PACIFIC SECURITIES SDN BHD No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh Selayang 68100 Batu Caves Selangor Darul Ehsan Tel No : 03-61371888	054-006	KENANGA INVESTMENT BANK BERHAD Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-016
JF APEX SECURITIES BERHAD 6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001	OSK INVESTMENT BANK BERHAD 24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	056-011
JF APEX SECURITIES BERHAD 15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002	OSK INVESTMENT BANK BERHAD No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	056-045
KENANGA INVESTMENT BANK BERHAD Ground- Fifth Floor East Wing, Quattro West No.4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan No Tel: 03-78626200	073-005	OSK INVESTMENT BANK BERHAD Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	056-047
KENANGA INVESTMENT BANK BERHAD 1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241682	073-006	OSK INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	056-048

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No : 03-30057550	073-007
PM SECURITIES SDN BHD No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007
SJ SECURITIES SDN BHD Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001
MELAKA	
CIMB INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
ECM LIBRA INVESTMENT BANK BERHAD 71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	052-008
ECM LIBRA INVESTMENT BANK BERHAD 22A & 22A - 1 and 26 & 26 – 1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka No Tel: 06-3372550	052-016
OSK INVESTMENT BANK BERHAD 3rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80236518	056-063
PM SECURITIES SDN BHD No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
TA SECURITIES HOLDINGS BERHAD No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD Damansara Utama Branch 2nd Floor Wisma TA 1A, Jalan SS20/1 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77295713	058-007
OSK INVESTMENT BANK BERHAD 579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	056-003
PM SECURITIES SDN BHD No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
MALACCA SECURITIES SDN BHD No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No : 06-3371533	012-001	RHB INVESTMENT BANK BERHAD Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No : 06-2833622	087-002
MERCURY SECURITIES SDN BHD No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003		
PERAK DARUL RIDZUAN			
A.A. ANTHONY SECURITIES SDN BHD 29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6232328	078-009		
CIMB INVESTMENT BANK BERHAD Ground, No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2088688	065-010		
ECM LIBRA INVESTMENT BANK BERHAD No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	052-002	OSK INVESTMENT BANK BERHAD 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	056-002
ECM LIBRA INVESTMENT BANK BERHAD Ground Floor No. 25 & 25A Jalan Jaya2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan No Tel: 05-6939828	052-014		
ECM LIBRA INVESTMENT BANK BERHAD No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	052-006	OSK INVESTMENT BANK BERHAD Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	056-014

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
HWANGDBS INVESTMENT BANK BERHAD Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003	OSK INVESTMENT BANK BERHAD 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	056-016
HWANGDBS INVESTMENT BANK BERHAD Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015	OSK INVESTMENT BANK BERHAD Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	056-034
M & A SECURITIES SDN BHD M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001	OSK INVESTMENT BANK BERHAD 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	056-044
MAYBANK INVESTMENT BANK BERHAD B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002	OSK INVESTMENT BANK BERHAD Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
HONG LEONG INVESTMENT BANK BERHAD 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003	TA SECURITIES HOLDINGS BERHAD Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
PULAU PINANG			
A.A. ANTHONY SECURITIES SDN BHD 1st, 2nd & 3rd Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002	HWANGDBS INVESTMENT BANK BERHAD Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
A.A. ANTHONY SECURITIES SDN BHD No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003	HWANGDBS INVESTMENT BANK BERHAD No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code
ALLIANCE INVESTMENT BANK BERHAD Suite 2.1 & Suite 2.4, Level 2 Wisma Great Eastern No. 25, Leboh Light 10200 Pulau Pinang Tel No: 04-2611688	076-015
AMINVESTMENT BANK BERHAD Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-004
CIMB INVESTMENT BANK BERHAD Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900	065-003
ECM LIBRA INVESTMENT BANK BERHAD No. 111, Jalan Macalister 10400 Pulau Pinang Tel No : 04-2281868	052-003
ECM LIBRA INVESTMENT BANK BERHAD 7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	052-010
OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04-3900022	056-005
OSK INVESTMENT BANK BERHAD Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	056-015
OSK INVESTMENT BANK BERHAD 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	056-032
INTER-PACIFIC SECURITIES SDN BHD Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888	054-002
KENANGA INVESTMENT BANK BERHAD Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2106666	073-013
MERCURY SECURITIES SDN BHD Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD 2nd Floor, Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
OSK INVESTMENT BANK BERHAD 64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No : 04-2634222	056-004
OSK INVESTMENT BANK BERHAD Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	056-042
PM SECURITIES SDN BHD Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
PERLIS INDRA KAYANGAN			
ALLIANCE INVESTMENT BANK BERHAD 2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No : 04-9765200	076-003	OSK INVESTMENT BANK BERHAD Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888	056-061
KEDAH DARUL AMAN			
A.A. ANTHONY SECURITIES SDN BHD Lot 4, 5 & 5A Tingkat 1EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman No Tel : 04-7322111	078-007	HWANGDBS INVESTMENT BANK BERHAD No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
ALLIANCE INVESTMENT BANK BERHAD 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004	OSK INVESTMENT BANK BERHAD No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	056-017
OSK INVESTMENT BANK BERHAD Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	056-021	OSK INVESTMENT BANK BERHAD 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	056-019
NEGERI SEMBILAN DARUL KHUSUS			
ECM LIBRA INVESTMENT BANK BERHAD 1C-1 & 1D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	052-013	OSK INVESTMENT BANK BERHAD 1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	056-037
HWANGDBS INVESTMENT BANK BERHAD Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007	OSK INVESTMENT BANK BERHAD 1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553014	056-040

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
HWANGDBS INVESTMENT BANK BERHAD No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013	OSK INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 346 & 347, Batu ½ , Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	056-046
OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	056-024	PM SECURITIES SDN BHD 1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
JOHOR DARUL TAKZIM			
A.A. ANTHONY SECURITIES SDN BHD Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001	ECM LIBRA INVESTMENT BANK BERHAD Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	052-005
A.A. ANTHONY SECURITIES SDN BHD 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6637398	078-005	KENANGA INVESTMENT BANK BERHAD No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
A.A. ANTHONY SECURITIES SDN BHD No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006	KENANGA INVESTMENT BANK BERHAD No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
A.A. ANTHONY SECURITIES SDN BHD No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008	HWANGDBS INVESTMENT BANK BERHAD Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code
ALLIANCE INVESTMENT BANK BERHAD No. 73, Ground Floor & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD 2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
AMINVESTMENT BANK BERHAD 18th & 31st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006
ECM LIBRA INVESTMENT BANK BERHAD No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222	052-004
MERCURY SECURITIES SDN BHD Suite 17.1, Level 17, Menara Pelangi No. 1, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
MIMB INVESTMENT BANK BERHAD Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388	061-002
OSK INVESTMENT BANK BERHAD 6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	056-006
INTER-PACIFIC SECURITIES SDN BHD 95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008
KENANGA INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	056-030
OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	056-031
OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	056-035

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD 53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	056-009
OSK INVESTMENT BANK BERHAD No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	056-025
OSK INVESTMENT BANK BERHAD Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	056-029
PM SECURITIES SDN BHD Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008
PAHANG DARUL MAKMUR	
ALLIANCE INVESTMENT BANK BERHAD A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002
CIMB INVESTMENT BANK BERHAD Ground, 1st & 2nd No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007
OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	056-038
OSK INVESTMENT BANK BERHAD 1st Floor, No. 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	056-039
OSK INVESTMENT BANK BERHAD Ground & 1st & 2nd Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	056-043
PM SECURITIES SDN BHD No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513232	064-005
OSK INVESTMENT BANK BERHAD Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	056-022

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
ECM LIBRA INVESTMENT BANK BERHAD A15, A17 & A19, Ground Floor Lorong Tun Ismail 2 Sri Dagangan 2 25000 Pahang Darul Makmur Tel No : 09-5171698	052-007	OSK INVESTMENT BANK BERHAD Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	056-041
OSK INVESTMENT BANK BERHAD B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	056-007		
KELANTAN DARUL NAIM			
OSK INVESTMENT BANK BERHAD Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	056-020	TA SECURITIES HOLDINGS BERHAD 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
TERENGGANU DARUL IMAN			
ALLIANCE INVESTMENT BANK BERHAD No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009	FA SECURITIES SDN BHD No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001
OSK INVESTMENT BANK BERHAD Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8502730	056-027	OSK INVESTMENT BANK BERHAD 31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	056-055
SARAWAK			
AMINVESTMENT BANK BERHAD No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-005	KENANGA INVESTMENT BANK BERHAD Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
CIMB INVESTMENT BANK BERHAD Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-004	KENANGA INVESTMENT BANK BERHAD No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
CIMB INVESTMENT BANK BERHAD No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084-367700	065-008		
HWANGDBS INVESTMENT BANK BERHAD Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No : 082-236999	068-005	OSK INVESTMENT BANK BERHAD Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No : 082-422252	056-008
HWANGDBS INVESTMENT BANK BERHAD No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016	OSK INVESTMENT BANK BERHAD Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	056-012
KENANGA INVESTMENT BANK BERHAD Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002	OSK INVESTMENT BANK BERHAD 101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	056-013
OSK INVESTMENT BANK BERHAD Ground Floor & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	056-050	TA SECURITIES HOLDINGS BERHAD 12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No : 084-319998	058-002
OSK INVESTMENT BANK BERHAD Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel No : 086-311770	056-053	TA SECURITIES HOLDINGS BERHAD 2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236333	058-006

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
SABAH			
CIMB INVESTMENT BANK BERHAD 1st & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-005	INNOSABAH SECURITIES BERHAD 11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	020-001
ECM LIBRA INVESTMENT BANK BERHAD Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	052-012	OSK INVESTMENT BANK BERHAD 5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788	056-010
HWANGDBS INVESTMENT BANK BERHAD Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688	068-008	OSK INVESTMENT BANK BERHAD Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	056-057