

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 September 2014 RM'000	Preceding Period Corresponding Quarter Ended 30 September 2013 RM'000	Current Period To Date Ended 30 September 2014 RM'000	Preceding Period To Date Ended 30 September 2013 RM'000
Revenue	14,065	13,180	38,971	36,913
Cost of sales	(10,736)	(10,624)	(30,184)	(29,123)
Gross profit	3,329	2,556	8,787	7,790
Other income	76	65	333	308
Selling and distribution expenses	(459)	(640)	(1,864)	(1,738)
Administration expenses	(1,534)	(1,252)	(4,468)	(3,947)
Other expenses	(291)	28	(476)	(143)
Operating profit	1,121	757	2,312	2,270
Finance cost	(75)	(81)	(195)	(262)
Profit before tax	1,046	676	2,117	2,008
Tax expense	(443)	(258)	(713)	(775)
Profit for the period	603	418	1,404	1,233
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	603	418	1,404	1,233
Total comprehensive income attributable to the Owners of the Company	623	423	1,496	1,266
Non-controlling interests	(20)	(5)	(92)	(33)
	603	418	1,404	1,233
Weighted average no. of ordinary shares in issue ('000)	188,000	188,000	188,000	188,000
Earnings per share (sen):				
-Basic	0.33	0.23	0.80	0.67
-Diluted	0.33	0.23	0.80	0.67

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended ("FYE") 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

	Unaudited As at 30 September 2014 RM'000	Audited As at 31 December 2013 RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	11,130	11,766
Deferred tax assets	378	515
	<u>11,508</u>	<u>12,281</u>
Current assets		
Inventories	6,065	5,660
Trade receivables	17,500	16,878
Other receivables	128	1,956
Tax recoverable	218	-
Cash and bank balances	5,139	3,119
	<u>29,050</u>	<u>27,613</u>
TOTAL ASSETS	<u>40,558</u>	<u>39,894</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	18,800	18,800
Share premium	2,691	2,691
Unappropriated profit	9,905	8,973
	<u>31,396</u>	<u>30,464</u>
Non-controlling interests	(187)	(96)
Total equity	<u>31,209</u>	<u>30,368</u>
Non-current liabilities		
Finance lease liabilities	39	81
Borrowings	2,746	2,971
Deferred tax liabilities	-	9
	<u>2,785</u>	<u>3,061</u>
Current liabilities		
Trade payables	1,950	2,161
Other payables	1,703	1,491
Finance lease liabilities	79	81
Borrowings	2,782	2,699
Tax payables	50	33
	<u>6,564</u>	<u>6,465</u>
Total liabilities	<u>9,349</u>	<u>9,526</u>
TOTAL EQUITY AND LIABILITIES	<u>40,558</u>	<u>39,894</u>

Net assets per share attributable to ordinary equity holders of the Company (sen)	16.70	16.20
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Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2013.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	Attributable to Equity Holders of the Company					
	<u>Non-Distributable</u>		<u>Distributable</u>			
	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2014	18,800	2,691	8,973	30,464	(96)	30,368
Total comprehensive income for the financial period	-	-	1,496	1,496	(92)	1,404
Rounding adjustment	-	-	-	-	1	1
Dividend of 0.3% per share	-	-	(564)	(564)	-	(564)
At 30 September 2014 (Unaudited)	18,800	2,691	9,905	31,396	(187)	31,209
At 1 January 2013	18,800	2,691	8,262	29,753	(77)	29,676
Total comprehensive income for the financial period	-	-	1,266	1,266	(33)	1,233
Dividend of 0.7% per share	-	-	(1,316)	(1,316)	-	(1,316)
At 30 September 2013 (Unaudited)	18,800	2,691	8,212	29,703	(110)	29,593

Note:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2013.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	Current Period To Date Ended 30 September 2014 (Unaudited) RM'000	Preceding Period To Date Ended 30 September 2013 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	2,117	2,008
Adjustments for:-		
- Non cash items	1,094	735
- Non-operating items	145	250
Operating profit before working capital changes	3,356	2,993
Changes in working capital		
Inventories	(605)	533
Receivables	1,019	827
Payables	1	(1,183)
Bill payables	250	1,031
Cash generated from operations	4,021	4,201
Tax expense paid	(786)	(894)
Interest paid	(194)	(262)
Net cash from operating activities	3,041	3,045
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(69)	(209)
Interest received	47	12
Net cash used in investing activities	(22)	(197)
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	(564)	(1,316)
Repayment of term loan	(392)	(429)
Repayment of finance lease liabilities	(43)	(18)
Net cash used in financing activities	(999)	(1,763)
Net Changes In Cash And Cash Equivalents	2,020	1,085
Cash And Cash Equivalents At The Beginning Of The Period	3,119	1,658
Cash And Cash Equivalents At The End Of The Period	5,139	2,743

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2013.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

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

A1. Basis of reporting preparation

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

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

A2. Significant Accounting Policies

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the FYE 31 December 2013.

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

The Group has also adopted all the relevant new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2014.

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

A3. Auditors' report

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2013.

A4. Seasonal or cyclical factors

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

A5. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the quarter under review and current year-to-date.

A6. Material changes in estimates

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 30 September 2014 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	30 Sep 2014 RM'000	30 Sep 2014 RM'000
Other income including investment income	(55)	(195)
Reversal of inventories written down	(12)	(64)
Interest expense	75	195
Depreciation	210	629
Inventories written down	128	264
Foreign exchange gain	(21)	(139)

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 30 Sep 2014	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	13,864	201	-	14,065
Inter-segment revenue	2,539	4,338	(6,877)	-
Total revenue	16,403	4,539	(6,877)	14,065
Profit before tax	923	123	-	1,046
Tax expense				(443)
Profit for the period				603

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 30 Sep 2014	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	36,893	2,078	-	38,971
Inter-segment revenue	8,145	12,263	(20,408)	-
Total revenue	45,038	14,341	(20,408)	38,971
Profit before tax	1,624	493	-	2,117
Tax expense				(713)
Profit for the period				1,404

A9. Valuation of property, plant and equipment

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

A10. Capital commitments

As at the reporting date, there were no outstanding capital commitments not provided for in the interim financial report.

A11. Material subsequent event

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected.

A12. Changes in composition of the Group

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

A13. Contingent liabilities or contingent assets

There were no contingent liabilities and contingent assets, which upon becoming enforceable may have a material effect on the net assets, profits or financial position of the Group for the current quarter and current year-to-date under review.

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2013, there were no other significant related party transactions for the current quarter under review.

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

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

The Group registered RM14.065 million revenue for the current quarter which represents an increase of RM0.885 million or 6.71% as compared to the revenue of RM13.180 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.046 million for the quarter under review which represents an increase of RM0.370 million or 54.73% as compared to the Group's profit before tax of RM0.676 million reported in the previous period's corresponding quarter. Profit before tax improved due to higher revenue recorded coupled with higher gross margin achieved.

For the current quarter, trading segment registered revenue of RM13.864 million from the external customers and RM2.539 million from inter-company transaction and reported profit before tax of RM0.923 million for the quarter under review. In the previous quarter, the group achieved revenue of RM12.494 million from the external customers and RM2.978 million from inter-company transaction and reported profit before tax of RM0.622 million for the trading segment. The significant increase in profit before tax for the trading segment for the current quarter was mainly due to higher revenue generated coupled with higher gross margin achieved in the trading segment.

The manufacturing segment registered revenue of RM0.201 million from the external customers and RM4.338 million from inter-company transaction and reported profit before tax of RM0.123 million for the quarter under review. In the previous quarter, the Group achieved revenue of RM1.221 million from external customers and RM4.396 million from inter-company transaction and reported profit before tax of RM0.193 million for the manufacturing segment. The decrease in profit before tax for the manufacturing segment for the current quarter was mainly attributable to lower revenue achieved in the manufacturing segment.

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

For the quarter under review, the Group registered an increase in revenue of 2.55% from RM13.715 million to RM14.065 million and significant increase in profit before tax of 28.34% from RM0.815 million to RM1.046 million as compared to preceding quarter ended 30 June 2014. The increase in profit before tax was mainly attributable to higher revenue achieved coupled with improved gross profit margin as compared with previous quarter. For the current quarter, trading segment achieved revenue of RM13.864 million and profit before tax of RM0.923 million as compared to revenue of RM12.494 million and profit before tax of RM0.622 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM0.201 million and reported profit before tax of RM0.123 million as compared to revenue of RM1.221 million and profit before tax of RM0.193 million in the previous quarter.

B3. Prospects

The Group has aligned its goals to focus on the manufacturing, distribution and trading of animal health and nutrition products with the aim to further develop in the current market and pursue increased market share in the export market. The Group's next step is to develop the business segment into the aquaculture and ruminant sector and will continue to obtain GMP compliance to achieve higher quality standards for all products. Despite the current challenging business environment, barring any unforeseen circumstances, the Board of Directors expects the performance of the Group to remain satisfactory in the future.

B4. Profit forecast

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONT'D)

B5. Tax expense

	Current quarter ended 30 Sep 2014 RM'000	Current year to-date 30 Sep 2014 RM'000
Income tax		
- Current year	315	585
Deferred Tax	<u>128</u>	<u>128</u>
	<u>443</u>	<u>713</u>

The Group's effective tax rate for the current quarter and current year-to-date were higher than the statutory rate due to losses incurred by the investment holding company and subsidiaries.

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

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

B7. Quoted securities

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

B8. Status of corporate proposals

There was no corporate proposal announced but not completed as at the date of this quarterly report.

B9. Group borrowings and debts securities

The Group's borrowings as at 30 September 2014 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Finance lease liabilities	-	79	79
Bank borrowings	<u>2,782</u>	-	<u>2,782</u>
Total	<u>2,782</u>	<u>79</u>	<u>2,861</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Finance lease liabilities	-	39	39
Bank borrowings	<u>2,746</u>	-	<u>2,746</u>
Total	<u>2,746</u>	<u>39</u>	<u>2,785</u>

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

B10. Off balance sheet financial instruments

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONT'D)

B11. Material litigation

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

B12. Dividends

- a) No interim dividend has been recommended for the financial quarter ended 30 September 2014 and previous year's corresponding period ended 30 September 2013.
- b) There was no dividend paid during the financial quarter ended 30 September 2014 and previous year's corresponding period ended 30 September 2013.

B13. Earnings per share

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

	Quarter Ended		Year To Date Ended	
	30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013
Comprehensive income attributable to owners of the Company (RM'000)	623	423	1,496	1,266
Weighted average number of ordinary shares in issue ('000)	188,000	188,000	188,000	188,000
Earnings per share (sen)				
- Basic	0.33	0.23	0.80	0.67
- Diluted	0.33	0.23	0.80	0.67

B14. Supplementary information on the disclosure of realised and unrealised profit

The amount of realised and unrealised profits included in the retained profits of the Group are as follows:

	Unaudited as at 30 September 2014 RM'000	Audited as at 31 December 2013 RM'000
- Realised	9,527	8,467
- Unrealised	<u>378</u>	<u>506</u>
	<u>9,905</u>	<u>8,973</u>

By Order of the Board
 PeterLabs Holdings Berhad
 Wong Keo Rou (MAICSA 7021435)
 Company Secretary
 Kuala Lumpur

Date: 27 November 2014