

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 2016

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 September 2016 RM'000	Preceding Period Corresponding Quarter Ended 30 September 2015 RM'000	Current Period To Date Ended 30 September 2016 RM'000	Preceding Period To Date Ended 30 September 2015 RM'000
Revenue	20,786	20,734	60,848	53,849
Cost of sales	(16,379)	(16,451)	(48,488)	(42,516)
Gross profit	4,407	4,283	12,360	11,333
Other income	(63)	380	337	762
Selling and distribution expenses	(848)	(938)	(2,556)	(2,553)
Administration expenses	(1,864)	(1,432)	(5,842)	(4,982)
Other expenses	260	37	(207)	(328)
Operating profit	1,892	2,330	4,092	4,232
Finance cost	(95)	(109)	(282)	(301)
Profit before tax	1,797	2,221	3,810	3,931
Tax expense	(510)	(599)	(1,085)	(1,169)
Profit for the period	1,287	1,622	2,725	2,762
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,287	1,622	2,725	2,762
Total comprehensive income attributable to the				
Owners of the Company	1,287	1,624	2,725	2,766
Non-controlling interests	-	(2)	-	(4)
	1,287	1,622	2,725	2,762
Weighted average no. of ordinary shares in issue ('000)	206,800	203,939	206,800	193,371
Earnings per share (sen):				
-Basic	0.62	0.80	1.32	1.43
-Diluted	0.62	0.80	1.32	1.43

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 2015 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 2016**

	Unaudited As at 30 September 2016	Audited As at 31 December 2015
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	14,120	12,297
Deferred tax assets	-	95
	<u>14,120</u>	<u>12,392</u>
Current assets		
Inventories	9,927	10,820
Trade receivables	20,485	21,972
Other receivables	5,282	1,684
Cash and bank balances	8,382	3,634
	<u>44,076</u>	<u>38,110</u>
TOTAL ASSETS	<u><u>58,196</u></u>	<u><u>50,502</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	20,680	20,680
Share premium	4,477	4,477
Unappropriated profits	15,111	13,834
	<u>40,268</u>	<u>38,991</u>
Non-controlling interests	-	-
Total equity	<u>40,268</u>	<u>38,991</u>
Non-current liabilities		
Finance lease liabilities	636	322
Borrowings	5,142	2,046
Deferred tax liabilities	145	26
	<u>5,923</u>	<u>2,394</u>
Current liabilities		
Trade payables	3,689	3,051
Other payables	2,967	2,551
Finance lease liabilities	298	136
Borrowings	4,834	3,059
Tax payables	217	320
	<u>12,005</u>	<u>9,117</u>
Total liabilities	<u>17,928</u>	<u>11,511</u>
TOTAL EQUITY AND LIABILITIES	<u><u>58,196</u></u>	<u><u>50,502</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	19.47	18.85

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2015.

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 2016**

	Attributable to Equity Holders of the Company					
	<u>Non-Distributable</u>		<u>Distributable</u>		Non-controlling interests RM'000	Total equity RM'000
	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000		
At 1 January 2016	20,680	4,477	13,834	38,991	-	38,991
Total comprehensive income for the financial period	-	-	2,725	2,725	-	2,725
Dividend of 0.7% per share	-	-	(1,448)	(1,448)	-	(1,448)
At 30 September 2016 (Unaudited)	20,680	4,477	15,111	40,268	-	40,268
At 1 January 2015	18,800	2,691	11,434	32,925	(138)	32,787
Private Placement	1,880	1,786	-	3,666	-	3,666
Total comprehensive income for the financial period	-	-	2,766	2,766	(4)	2,762
Dividend of 0.5% per share	-	-	(940)	(940)	-	(940)
At 30 September 2015 (Unaudited)	20,680	4,477	13,260	38,417	(142)	38,275

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 2015.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	Current Period To Date Ended 30 September 2016 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 30 September 2015 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	3,810	3,931
Adjustments for:-		
- Non cash items	1,220	749
- Non-operating items	117	239
Operating profit before working capital changes	5,147	4,919
Changes in working capital		
Inventories	1,036	(2,552)
Receivables	(2,175)	(3,714)
Payables	1,045	650
Bill payables	1,763	2,020
Cash generated from operations	6,816	1,323
Tax expense paid	(975)	(734)
Interest received	84	59
Interest paid	(154)	(180)
Net cash from operating activities	5,771	468
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,314)	(1,195)
Proceed from disposal of property, plant and equipment	78	43
Net cash used in investing activities	(2,236)	(1,152)
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	(1,448)	(940)
Interest paid	(127)	(121)
Proceeds from issuance of shares pursuant to private placement	-	3,666
Repayment of term loan	(329)	(207)
Drawdown of term loan	3,437	-
Repayment of finance lease liabilities	(163)	43
Net cash from financing activities	1,370	2,441
Net Changes In Cash And Cash Equivalents	4,905	1,757
Effect of exchange rate changes	(157)	-
Cash And Cash Equivalents At The Beginning Of The Period	3,634	4,214
Cash And Cash Equivalents At The End Of The Period	8,382	5,971

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2015.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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

A1. Basis preparation

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

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2015 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 2015.

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 not early adopted new or revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 July 2016.

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 2015.

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 2016 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 30 September 2016 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date</i>
	30.09.2016	30.09.2016
	RM'000	RM'000
Other income including investment income	(16)	(165)
Unrealised foreign exchange loss	(22)	158
Realised foreign exchange gain	(1)	(9)
Interest expense	95	282
Interest income	(34)	(84)
Depreciation	348	851
Gain on disposal of property, plant and equipment written off	(58)	(78)
Inventories written down	16	202
Reversal of inventories written down	(70)	(347)

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 30 September 2016	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	19,339	1,447	-	20,786
Inter-segment revenue	2,720	6,632	(9,352)	-
Total revenue	22,059	8,079	(9,352)	20,786
Profit before tax	1,456	341	-	1,797
Tax expense				(510)
Profit for the period				1,287

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 30 September 2016	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	55,877	4,971	-	60,848
Inter-segment revenue	9,198	19,515	(28,713)	-
Total revenue	65,075	24,486	(28,713)	60,848
Profit before tax	2,995	815	-	3,810
Tax expense				(1,085)
Profit for the period				2,725

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

Authorised and contracted for :	Group	
	As at 30/9/2016 RM'000	As at 31/12/2015 RM'000
- Plant & machinery	-	2,963
- Factory building	4,185	-
	<u>4,185</u>	<u>2,963</u>

A11. Material subsequent event

Save as disclosed below, there were no material events subsequent to the end of the current financial quarter under review that have not been reflected: -

- On 29 June 2016, Peterlabs Sdn Bhd and Osmosis Nutrition Sdn Bhd, wholly owned subsidiaries had accepted a trade facility of RM16 million and RN4.2 million term loan from Al Rajhi Banking And Investment Corporation (M) Bhd for working capital purpose and capital expenditure incurred for the acquisition of one (1) unit of 3-Storey Semi Detached Office Block cum Factory Unit in Klang. The first drawdown on term loan was on 27 September 2016.

A12. Changes in composition of the Group

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 (CONT'D)

A13. Contingent liabilities or contingent assets

	Company	
	As at 30/9/2016 RM'000	As at 31/12/2015 RM'000
Corporate guarantee given by the Company to financial Institutions for credit facilities granted to Subsidiaries		
- Utilised	9,976	5,105
- Limit	33,450	13,250

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2015, 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 2016 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

The Group registered RM20.786 million revenue for the current quarter which represents an increase of RM0.052 million or 0.25% as compared to the revenue of RM20.734 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.797 million for the quarter under review which represents decrease of RM0.424 million or 19.09% as compared to the Group's profit before tax of RM2.221 million reported in the previous period's corresponding quarter. Profit before tax decrease due to higher operating expenses incurred.

For the current quarter, trading segment registered revenue of RM19.339 million from the external customers and RM2.720 million from inter-company transactions and reported profit before tax of RM1.456 million for the quarter under review. In the previous quarter, the group achieved revenue of RM18.497 million from the external customers and RM3.325 million from inter-company transactions and reported profit before tax of RM0.997 million for the trading segment. The increase in profit before tax for the trading segment for the current quarter was mainly due to higher gross revenue achieved.

The manufacturing segment registered revenue of RM1.447 million from the external customers and RM6.632 million from inter-company transactions and reported profit before tax of RM0.341 million for the quarter under review. In the previous quarter, the Group achieved revenue of RM1.507 million from external customers and RM7.242 million from inter-company transactions and reported profit before tax of RM0.195 million for the manufacturing segment. The increase in profit before tax for the manufacturing segment for the current quarter was mainly attributable to higher gross margin achieved coupled with lower operating expenses incurred.

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 increase in revenue of 3.91% from RM20.004 million to RM20.786 million and significance increase in profit before tax of 50.76% from RM1.192 million to RM1.797 million as compared to preceding quarter ended 30 June 2016. The significant increase in profit before tax was mainly attributable to higher gross margin achieved as compared with previous quarter. For the current quarter, trading segment achieved revenue of RM19.339 million and profit before tax of RM1.456 million as compared to revenue of RM18.497 million and profit before tax of RM0.997 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM1.447 million and reported profit before tax of RM0.341 million as compared to revenue of RM1.507 million and profit before tax of RM0.195 million in the previous quarter.

B3. Prospects

As the Group moves forward, we will continue to keep a keen eye on our current projects as we seek out new opportunities to expand the business into both domestic and foreign markets. With the new plants, we look forward to developing and maintaining both our current and new markets.

In the future, the Group looks to development in expanding its range of biological products as well to obtain Good Manufacturing Practice ("GMP") Resources accreditation to achieve higher quality standards for all our products. The Group will continue to look out for opportunities to expand its business in Malaysia and overseas.

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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 (CONT'D)

B4. Profit forecast

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

B5. Tax expense

	Current quarter ended 30.09.2016 RM'000	Current year to-date 30.09.2016 RM'000
Income tax		
- Current period	355	871
- Deferred Tax	<u>155</u>	<u>214</u>
	<u>510</u>	<u>1,085</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 subsidiaries and certain expenses which were not deductible for tax purposes.

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

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

B7. Quoted securities

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

B8. Status of corporate proposals

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this report:

- a) On 27 April 2016 and 28 April 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced that the Company proposes to undertake a special Bumiputera issue by topping up the difference between the prescribed equity requirement of 12.50% of the Company's enlarged issued and paid-up share capital and the percentage of equity interest which had been allocated to its Bumiputera investors via public balloting when the Company was listed on 26 July 2011 for the purposes of complying with the Bumiputera equity condition which was imposed by the Securities Commission Malaysia (Equity Compliance Unit) ("SC(ECU)") via its approval letter dated 22 December 2010 for the Company's initial public offering ("Proposed Special Bumiputera Issue").

Further to the above, on 6 June 2016 and 7 June 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced further details on the Proposed Special Bumiputera Issue and the approval received from the SC(ECU), via its letter dated 3 June 2016 which was received on 6 June 2016, approving the Proposed Special Bumiputera Issue.

Subsequently, on 28 June 2016, the shareholders of the Company had approved the renewal of the Company's authority to issue Shares pursuant to Section 132D of the Companies Act, 1965 which will be utilised for the Proposed Special Bumiputera Issue.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 (CONT'D)

B8. Status of corporate proposals (cont'd)

In addition to that, on 30 June 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced that MITI has, via its letter dated 29 June 2016 taken note and has no objection for the Company to undertake the special Bumiputera issue of up to 19,270,000 new PLabs Shares ("Special Bumiputera Shares") to comply with the Bumiputera Equity Requirement, representing approximately 8.52% of the new enlarged issued and paid-up share capital of PLabs to Bumiputera investors to be identified by the Company and/or MITI and approved by MITI at an issue price to be determined later.

Further to the above, on 29 July 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced that the additional listing application in relation to the Proposed Special Bumiputera Issue has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities").

On 5 August 2016, RHB Investment Bank Berhad had, on behalf of the Board, announced that Bursa Securities had, via its letter dated 4 August 2016, approved the listing and quotation of up to 19,270,000 Special Bumiputera Shares to be issued pursuant to the Proposed Special Bumiputera Issue.

- b) On 21 June 2016, the Company announced that its wholly-owned subsidiary, Osmosis Nutrition Sdn Bhd, had on 20 June 2016 entered into a Sale and Purchase Agreement with In-Cube Kitchen Sdn Bhd (Company No. 743765-K) for the acquisition of one (1) unit of 3-Storey Semi Detached Office Block cum Factory Unit in the development project known as Excellent Technology Park for a total purchase consideration of Ringgit Malaysia Four Million Six Hundred and Fifty Thousand (RM4,650,000.00) to be financed through a combination of internally generated funds and/or bank borrowings.
- c) On 8 August 2016 the company announced that on 3 August 2016, the Company received notices from Companies Commission of Malaysia ("CCM") in respect of its wholly-owned subsidiaries, Biojava Sdn Bhd and OMS Aquaculture Sdn Bhd, being struck off from CCM under Section 308(1) of the Companies Act, 1965 with effect from 19 April 2016 and 29 April 2016 respectively. Accordingly Biojava Sdn Bhd and OMS Aquaculture Sdn Bhd shall cease to be the subsidiaries of the Company with effect from the date hereof.

B9. Group borrowings and debts securities

The Group's borrowings as at 30 September 2016 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Finance lease liabilities	-	298	298
Bank borrowings	<u>4,834</u>	-	<u>4,834</u>
Total	<u>4,834</u>	<u>298</u>	<u>5,132</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Finance lease liabilities	-	636	636
Bank borrowings	<u>5,142</u>	-	<u>5,142</u>
Total	<u>5,142</u>	<u>636</u>	<u>5,778</u>

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 (CONT'D)

B10. Off balance sheet financial instruments

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

B11. Material litigation

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

B12. Dividends

- a) No interim dividend has been recommended for the financial quarter ended 30 September 2016 and previous year's corresponding period ended 30 September 2015.
- b) There was no dividend paid during the financial quarter ended 30 September 2016 and previous year's corresponding period ended 30 September 2015.

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	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Comprehensive income attributable to owners of the Company (RM'000)	1,287	1,624	2,725	2,766
Weighted average number of ordinary shares in issue ('000)	206,800	203,939	206,800	193,371
Earnings per share (sen)				
- Basic	0.62	0.80	1.32	1.43
- Diluted	0.62	0.80	1.32	1.43

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 (CONT'D)

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 2016 RM'000	Audited as at 31 December 2015 RM'000
Realised retained earnings	28,666	27,023
Unrealised retained earnings	(332)	70
	28,334	27,093
Less: Consolidated adjustments	(13,223)	(13,259)
Total group retained earnings	<u>15,111</u>	<u>13,834</u>

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

Date: 30 November 2016