

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31 March 2017 RM'000	Preceding Period Corresponding Quarter Ended 31 March 2016 RM'000	Current Period To Date Ended 31 March 2017 RM'000	Preceding Period To Date Ended 31 March 2016 RM'000
Revenue	23,109	20,058	23,109	20,058
Cost of sales	(18,880)	(16,206)	(18,880)	(16,206)
Gross profit	4,229	3,852	4,229	3,852
Other income	247	256	247	256
Selling and distribution expenses	(1,248)	(833)	(1,248)	(833)
Administration expenses	(1,769)	(1,914)	(1,769)	(1,914)
Other expenses	(64)	(454)	(64)	(454)
Operating profit	1,395	907	1,395	907
Finance cost	(137)	(86)	(137)	(86)
Profit before tax	1,258	821	1,258	821
Tax expense	(376)	(190)	(376)	(190)
Profit for the period	882	631	882	631
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	882	631	882	631
Total comprehensive income attributable to the Owners of the Company	882	631	882	631
Weighted average no. of ordinary shares in issue ('000)	206,800	206,800	206,800	206,800
Earnings per share (sen):				
-Basic	0.43	0.31	0.43	0.31

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 December 2016 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 31 MARCH 2017**

	Unaudited As at 31 March 2017	Audited As at 31 December 2016
	RM'000	RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	18,393	18,744
	<u>18,393</u>	<u>18,744</u>
Current assets		
Inventories	11,039	11,584
Trade receivables	22,037	21,889
Other receivables	2,353	3,963
Tax recoverable	116	-
Cash and bank balances	7,706	5,568
	<u>43,251</u>	<u>43,004</u>
TOTAL ASSETS	<u><u>61,644</u></u>	<u><u>61,748</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	15,156	14,274
Total equity	<u>40,313</u>	<u>39,431</u>
Non-current liabilities		
Finance lease liabilities	837	761
Borrowings	5,055	5,295
Deferred tax liabilities	359	359
	<u>6,251</u>	<u>6,415</u>
Current liabilities		
Trade payables	4,415	3,776
Other payables	4,596	3,683
Finance lease liabilities	217	288
Dividend payable	-	1,448
Borrowings	5,784	6,645
Tax payables	68	62
	<u>15,080</u>	<u>15,902</u>
Total liabilities	<u>21,331</u>	<u>22,317</u>
TOTAL EQUITY AND LIABILITIES	<u><u>61,644</u></u>	<u><u>61,748</u></u>
	-	
Net assets per share attributable to ordinary equity holders of the Company (sen)	19.49	19.07

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2016.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	Attributable to Equity Holders of the Company				Total equity RM'000
	<u>Non-Distributable</u>		<u>Distributable</u>		
	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000	
At 1 January 2017	20,680	4,477	14,274	39,431	39,431
Total comprehensive income for the financial period	-	-	882	882	882
At 31 March 2017 (Unaudited)	20,680	4,477	15,156	40,313	40,313
At 1 January 2016	20,680	4,477	13,834	38,991	38,991
Total comprehensive income for the financial period	-	-	631	631	631
Dividend of 0.7% per share in respect of financial year ended 31 December 2015 paid on 30 March 2016	-	-	(1,448)	(1,448)	(1,448)
At 31 March 2016 (Unaudited)	20,680	4,477	13,017	38,174	38,174

Note:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the F 31 December 2016.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	Current Period To Date Ended 31 March 2017 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 31 March 2016 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	1,258	821
Adjustments for:-		
- Non cash items	173	588
- Non-operating items	112	69
Operating profit before working capital changes	1,543	1,478
Changes in working capital		
Inventories	551	1,148
Receivables	1,646	221
Payables	1,639	426
Bill payables	(901)	407
Cash generated from operations	4,478	3,680
Tax expense paid	(486)	(353)
Interest received	24	16
Interest paid	(46)	(43)
Net cash from/(used in) operating activities	3,970	3,300
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(27)	(19)
Proceed from disposal of property, plant and equipment	-	25
Net cash used in investing activities	(27)	6
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	(1,448)	(1,448)
Interest paid	(91)	(43)
Repayment of term loan	(202)	(108)
Repayment of finance lease liabilities	(74)	(47)
Net cash from financing activities	(1,815)	(1,646)
Net Changes In Cash And Cash Equivalents	2,128	1,660
Effect of exchange rate changes	10	(142)
Cash And Cash Equivalents At The Beginning Of The Period	5,568	3,633
Cash And Cash Equivalents At The End Of The Period	7,706	5,151

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2016.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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 2016 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 2016.

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 January 2017.

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

A3. Auditors’ report

There was no qualification on the Audited Financial Statements of the Group for the FYE 31 December 2016.

A4. Seasonal or cyclical factors

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

A5. Items of unusual nature and amount

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

A6. Material changes in estimates

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

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 31 March 2017 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	31.03.2017 RM'000	31.03.2017 RM'000
Other income including investment income	(207)	(207)
Unrealised foreign exchange gain	(10)	(10)
Net Realised foreign exchange loss	49	49
Interest expense	137	137
Interest income	(24)	(24)
Depreciation	378	378
Reversal of inventories written down	(6)	(6)

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 31 March 2017	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	20,064	3,045	-	23,109
Inter-segment revenue	1,982	6,672	(8,654)	-
Total revenue	22,046	9,717	(8,654)	23,109
Profit before tax	656	602	-	1,258
Tax expense				(376)
Profit for the period				882

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 31 March 2017	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	20,064	3,045	-	23,109
Inter-segment revenue	1,982	6,672	(8,654)	-
Total revenue	22,046	9,717	(8,654)	23,109
Profit before tax	656	602	-	1,258
Tax expense				(376)
Profit for the period				882

A9. Valuation of property, plant and equipment

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

A10. Capital commitments

There was no capital commitment as at date of this announcement.

A11. Material subsequent events

There were no material events subsequent to the reporting date up to the date of this report.

A12. Changes in composition of the Group

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

A13. Contingent liabilities or contingent assets

	Company	
	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Corporate guarantee given by the Company to financial Institutions for credit facilities granted to Subsidiaries		
- Utilised	10,839	11,940
- Limit	33,450	33,450

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2016, 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 period-to-date under review.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

The Group registered RM23.109 million revenue for the current quarter which represents an increase of RM3.051 million or 15.21% as compared to the revenue of RM20.058 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.258 million for the quarter under review which represents significant increase of RM0.437 million or 53.23% as compared to the Group's profit before tax of RM0.821 million reported in the previous period's corresponding quarter. Profit before tax increase due to higher revenue achieved coupled with lower operating expenses incurred.

For the current quarter, trading segment registered revenue of RM20.064 million from the external customers and RM1.982 million from inter-company transactions and reported profit before tax of RM0.656 million for the quarter under review. In the previous quarter, the group achieved revenue of RM20.923 million from the external customers and RM2.990 million from inter-company transactions and reported profit before tax of RM0.874 million for the trading segment. The decrease in profit before tax for the trading segment for the current quarter was mainly due to lower gross margin achieved coupled with higher operating expenses incurred.

The manufacturing segment registered revenue of RM3.045 million from the external customers and RM6.672 million from inter-company transactions and reported profit before tax of RM0.602 million for the quarter under review. In the previous quarter, the Group achieved revenue of RM1.806 million from external customers and RM7.646 million from inter-company transactions and reported profit before tax of RM0.531 million for the manufacturing segment. The increase in profit before tax for the manufacturing segment for the current quarter was mainly attributable to higher revenue achieved.

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 1.67% from RM22.729 million to RM23.109 million and decrease in profit before tax of 10.46% from RM1.405 million to RM1.258 million as compared to preceding quarter ended 31 December 2016. The decrease in profit before tax was mainly attributable to lower gross margin achieved as compared with previous quarter. For the current quarter, trading segment achieved revenue of RM20.064 million and profit before tax of RM0.656 million as compared to revenue of RM20.923 million and profit before tax of RM0.874 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM3.045 million and reported profit before tax of RM0.602 million as compared to revenue of RM1.806 million and profit before tax of RM0.531 million in the previous quarter.

B3. Prospects

With the successful commercialization of our new fat granular spray plant in Klang, the Group is optimistic of sustaining our growth momentum.

Our Group will continue to explore and penetrate the China and others market as the demand for products like Osmofat has been strong in China and others. Besides, our Group is expanding into wider range of products, which include vaccines.

Moving forward, the Group will ensure it stays ahead of market trends, responding swiftly to changes through further strengthening its position in the market with a wider range of products which include vaccines. In the near term, the Group expects the raw material prices to trend at higher levels due to supply and demand mechanism of raw materials and foreign exchange volatility.

However, the outlook of the global economy remains challenging and uncertain. Nevertheless, the Group strategies are to focus on leveraging on its extensive customer network, improved productivity, quality services and product range to enhance its competitive edge.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017 (CONT'D)

B3. Prospects (cont'd)

Barring any unforeseen circumstances, the Board believes that the Group's prospects in this financial year ending 31 December 2017 remains positive with challenges ahead and target to achieve a better result than last financial year ended 31 December 2016.

B4. Profit forecast

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

B5. Tax expense

	Current quarter ended 31.03.2017 RM'000	Current period- to-date 31.03.2017 RM'000
Income tax		
- Current period	<u>376</u>	<u>376</u>

The Group's effective tax rate for the current quarter and current period-to-date were higher than the statutory rate due to losses incurred by subsidiaries and certain expenses which were not deductible for tax purposes.

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

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

B7. Quoted securities

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

B8. Status of corporate proposals

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 FIRST QUARTER ENDED 31 MARCH 2017 (CONT'D)

B8. Status of corporate proposals (cont'd)
(a) (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.

On 17 January 2017, RHB Investment Bank Berhad had, on behalf of the Board, announced that an application has been submitted to Bursa Securities to seek its approval for an extension of time for the Company to implement the Special Bumiputera Issue and Bursa Securities had, vide its letter dated 18 January 2017 (which was received on 19 January 2017), resolved to grant the company an extension of time of six (6) months up to 3 August 2017 for the Company to complete the implementation of the Special Bumiputera Issue.

On 11 May 2017, RHB Investment Bank Berhad had, on behalf of the Board, announced that the issue price for up to 19,270,000 new PLabs Shares to be issued pursuant to the Special Bumiputera Issue ("Issue Shares") has been fixed on 11 May 2017 ("Price-Fixing Date") at RM0.29 per Issue Share.

On 24 May 2017, RHB Investment Bank Berhad had, on behalf of the Board, announced that 7,939,900 Issue Shares have been listed and quoted on the ACE Market of Bursa Securities with effect from 9.00a.m. on 24 May 2017. In view that the General Mandate which applies to this Special Bumiputera Issue will expire at the forthcoming annual general meeting which will be held on 30 May 2017, there will be no subsequent tranches for the Special Bumiputera Issue. In this regard, the Special Bumiputera Issue has been completed.

B9. Group borrowings and debts securities

The Group's borrowings as at 31 March 2017 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Finance lease liabilities	-	217	217
Bank borrowings	5,784	-	5,784
Total	<u>5,784</u>	<u>217</u>	<u>6,001</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Finance lease liabilities	-	837	837
Bank borrowings	5,055	-	5,055
Total	<u>5,055</u>	<u>837</u>	<u>5,892</u>

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

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017 (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 31 March 2017 and previous year's corresponding period ended 31 March 2016.
- b) An interim single-tier tax exempt dividend of 0.7 sen per ordinary share amounting to RM1.448 million, in respect of the FYE 31 December 2016 was paid on 24 January 2017 (a single-tier tax exempt dividend of 0.7 sen per ordinary share amounting to RM1.448 million, in respect of the FYE 31 December 2015 was paid on 30 March 2016).

B13. Earnings per share

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

	Quarter Ended		Period To Date Ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Comprehensive income attributable to owners of the Company (RM'000)	882	631	882	631
Weighted average number of ordinary shares in issue ('000)	206,800	206,800	206,800	206,800
Earnings per share (sen)				
- Basic	0.43	0.31	0.43	0.31

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 31 March 2017 RM'000	Audited as at 31 December 2016 RM'000
Realised retained earnings	28,736	28,015
Unrealised retained earnings	(370)	(430)
	28,366	27,585
Less: Consolidated adjustments	(13,210)	(13,311)
Total group retained earnings	<u>15,156</u>	<u>14,274</u>

PETERLABS HOLDINGS BERHAD (Company No: 909720-W)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017 (CONT'D)

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

Date: 31 May 2017