

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 2018

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 September 2018 RM'000	Preceding Period Corresponding Quarter Ended 30 September 2017 RM'000	Current Period To Date Ended 30 September 2018 RM'000	Preceding Period To Date Ended 30 September 2017 RM'000
Revenue	22,692	26,946	66,722	73,100
Cost of sales	(18,128)	(22,245)	(53,459)	(60,033)
Gross profit	4,564	4,701	13,263	13,067
Other income	163	291	763	872
Selling and distribution expenses	(724)	(1,146)	(2,598)	(3,511)
Administration expenses	(2,170)	(1,828)	(6,590)	(5,533)
Other expenses	(90)	(164)	(206)	(311)
Operating profit	1,743	1,854	4,632	4,584
Finance cost	(222)	(118)	(617)	(391)
Profit before tax	1,521	1,736	4,015	4,193
Tax expense	(508)	(732)	(1,217)	(1,344)
Profit for the period	1,013	1,004	2,798	2,849
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,013	1,004	2,798	2,849
Total comprehensive income attributable to the Owners of the Company	1,013	1,004	2,798	2,849
Weighted average no. of ordinary shares in issue ('000)	214,740	214,740	214,740	210,581
Earnings per share (sen):				
-Basic	0.47	0.47	1.30	1.35

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 2017 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 2018**

	Unaudited	Audited
	As at	As at
	30 September 2018	31 December 2017
	RM'000	RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	18,168	18,711
	<u>18,168</u>	<u>18,711</u>
Current assets		
Inventories	29,056	17,239
Trade receivables	22,732	23,458
Other receivables	489	2,443
Tax recoverable	276	38
Cash and bank balances	3,728	7,033
	<u>56,281</u>	<u>50,211</u>
TOTAL ASSETS	<u>74,449</u>	<u>68,922</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	27,459	27,459
Unappropriated profits	19,791	18,282
Total equity	<u>47,250</u>	<u>45,741</u>
Non-current liabilities		
Finance lease liabilities	1,002	811
Borrowings	3,676	4,380
Deferred tax liabilities	604	711
	<u>5,282</u>	<u>5,902</u>
Current liabilities		
Trade payables	5,321	4,261
Other payables	6,079	4,225
Finance lease liabilities	413	288
Borrowings	9,274	8,342
Tax payable	830	163
	<u>21,917</u>	<u>17,279</u>
Total liabilities	<u>27,199</u>	<u>23,181</u>
TOTAL EQUITY AND LIABILITIES	<u>74,449</u>	<u>68,922</u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	22.00	21.30

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2017.

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 2018**

	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 equity RM'000
At 1 January 2018	27,459	-	18,282	45,741
Total comprehensive income for the financial period	-	-	2,798	2,798
Dividend of RM0.6 sen per share in respect of financial year ended 31 December 2017 and paid on 9 February 2018	-	-	(1,289)	(1,289)
At 30 September 2018 (Unaudited)	27,459	-	19,791	47,250
At 1 January 2017	20,680	4,477	14,274	39,431
Special Bumiputera Issue	2,302	-	-	2,302
Adjustment for effect of Companies Act 2016 (Note A)	4,477	(4,477)	-	-
Total comprehensive income for the financial period	-	-	2,849	2,849
At 30 September 2017 (Unaudited)	27,459	-	17,123	44,582

Note A

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM4.477 million has been transferred to the share capital account. Pursuant to subsection 618 (3) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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 2017.

PETERLABS HOLDINGS BERHAD (Company No. 909720-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	Current Period To Date Ended 30 September 2018 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 30 September 2017 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	4,015	4,193
Adjustments for:-		
- Non cash items	1,137	901
- Non-operating items	538	298
Operating profit before working capital changes	5,690	5,392
Changes in working capital		
Inventories	(11,764)	(1,724)
Receivables	2,726	2,884
Payables	2,905	1,127
Bill payables	880	(2,033)
Cash generated from operations	437	5,646
Tax expense paid	(894)	(1,266)
Tax refunded	-	163
Interest received	77	81
Interest paid	(351)	(124)
Net cash (used in) / from operating activities	(731)	4,500
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(201)	(1,098)
Proceed from disposal of property, plant and equipment	23	9
Net cash used in investing activities	(178)	(1,089)
FINANCING ACTIVITIES		
Dividend paid on ordinary shares	(1,289)	(1,448)
Proceeds from special bumiputera issue	-	2,302
Interest paid	(266)	(266)
Repayment of term loan	(652)	(649)
Repayment of finance lease liabilities	(250)	(231)
Net cash used in financing activities	(2,457)	(292)
Net Changes In Cash And Cash Equivalents	(3,366)	3,119
Effect of exchange rate changes	61	58
Cash And Cash Equivalents At The Beginning Of The Period	7,033	5,568
Cash And Cash Equivalents At The End Of The Period	3,728	8,745

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2017.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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 2017 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 2017.

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

The Group has adopted new or revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2018.

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 2017.

A4. Seasonal or cyclical factors

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

A5. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group that were unusual because of their nature, size or incidence for the quarter under review and current period-to-date.

A6. Material changes in estimates

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 30 September 2018 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	30.09.2018 RM'000	30.09.2018 RM'000
Other income including investment income	(37)	(534)
Unrealised foreign exchange gain	(36)	(42)
Net Realised foreign exchange loss	87	149
Interest expense	222	617
Interest income	(13)	(77)
Depreciation	449	1,302
Impairment loss on trade receivables no longer required	(57)	(57)
Reversal of inventories written down	(20)	(53)

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 30 September 2018	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	22,240	452	-	22,692
Inter-segment revenue	809	6,236	(7,045)	-
Total revenue	23,049	6,688	(7,045)	22,692
Profit/ (Loss) before tax	2,015	(494)	-	1,521
Tax expense				(508)
Profit for the period				1,013

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 30 September 2018	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	64,562	2,160	-	66,722
Inter-segment revenue	2,690	20,413	(23,103)	-
Total revenue	67,252	22,573	(23,103)	66,722
Profit/ (Loss) before tax	4,665	(650)	-	4,015
Tax expense				(1,217)
Profit for the period				2,798

A9. Valuation of property, plant and equipment

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

A10. Capital commitments

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

A11. Material subsequent events

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

A12. Changes in composition of the Group

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

A13. Contingent liabilities or contingent assets

	Company	
	As at 30/09/2018	As at 31/12/2017
	RM'000	RM'000
Corporate guarantee given by the Company to financial institutions for credit facilities granted to Subsidiaries		
- Utilised	12,950	12,722
- Limit	33,450	33,450

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2017, there were no other significant related party transactions for the current quarter under review.

PETERLABS HOLDINGS BERHAD (Company No: 909720-W)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (CONT'D)

**NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018
(CONT'D)**

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

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

	3QFY18	3QFY17	Variance	FY 2018	FY 2017	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	22,692	26,946	-15.8%	66,722	73,100	-8.7%
Operating Profit	1,743	1,854	-6.0%	4,632	4,584	1.0%
Profit Before Interest And Tax	1,743	1,854	-6.0%	4,632	4,584	1.0%
Profit Before Tax	1,521	1,736	-12.4%	4,015	4,193	-4.2%
Profit After Tax	1,013	1,004	0.9%	2,798	2,849	-1.8%
Profit Attributable to Ordinary Equity Holders Of The Parent	1,013	1,004	0.9%	2,798	2,849	-1.8%

The Group registered RM22.692 million revenue for the current quarter which represents decrease of RM4.254 million or 15.8% as compared to the revenue of RM26.946 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.521 million for the quarter under review which represents decrease of RM0.215 million or 12.4% as compared to the Group's profit before tax of RM1.736 million reported in the previous period's corresponding quarter. Profit before tax decrease due to lower revenue achieved for the quarter under review.

For the current quarter, trading segment registered revenue of RM22.240 million from the external customers and RM0.809 million from inter-company transactions and reported profit before tax of RM2.015 million for the quarter under review. In the previous period's corresponding quarter, the group achieved revenue of RM21.046 million from the external customers and RM2.034 million from inter-company transactions and reported profit before tax of RM1.100 million for the trading segment. The increase in profit before tax for the trading segment for the current quarter was mainly due to higher revenue achieved couple with lower sales & marketing expenditure incurred.

The manufacturing segment registered revenue of RM0.452 million from the external customers and RM6.236 million from inter-company transactions and reported loss before tax of RM0.494 million for the quarter under review. In the previous period's corresponding quarter, the Group achieved revenue of RM5.900 million from external customers and RM7.212 million from inter-company transactions and reported profit before tax of RM0.636 million for the manufacturing segment. The increase in loss before tax for the manufacturing segment for the current quarter was mainly attributable to lower revenue achieved.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (CONT'D)

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

	3QFY18	2QFY18	Variance
	RM'000	RM'000	%
Revenue	22,692	22,490	0.9%
Operating Profit	1,743	1,309	33.2%
Profit Before Interest And Tax	1,743	1,309	33.2%
Profit Before Tax	1,521	1,141	33.3%
Profit After Tax	1,013	783	29.4%
Equity Holders Of The Parent	1,013	783	29.4%

For the quarter under review, the Group registered increase in revenue of 0.9% from RM22.490 million to RM22.692 million and significant increase in profit before tax of 33.3% from RM1.141 million to RM1.521 million as compared to preceding quarter ended 30 June 2018. The significant increase in profit before tax was mainly attributable to higher revenue achieved from trading segment couple with higher gross margin achieved. For the current quarter, trading segment achieved revenue of RM22.240 million and profit before tax of RM2.015 million as compared to revenue of RM21.583 million and profit before tax of RM1.343 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM0.452 million and reported loss before tax of RM0.494 million as compared to revenue of RM0.907 million and loss before tax of RM0.202 million in the previous quarter.

B3. Prospects for the remaining quarters of current financial year ending 31 December 2018

We are at challenging business environment that are influenced by factors such as weak consumer sentiment in the regional market and fluctuating currency, we will continue to uphold our healthy business practices to strive for our business sustainability and add value to our shareholders.

On 07 November 2018, we have inked a distribution agreement with Henan Chia Tai Biochemistry Trading Co., Ltd ("CTB") for the appointment of CTB as an exclusive distributor to distribute, market, sell and promote our products which consist of Osmofat 100, Osmofat 300 and related fat powder products in the People's Republic in China.

We are expecting the sale of the product is expected to enlarge the Group's order book and to provide a steady stream of revenue for the Group over the next three years.

Barring any unforeseen circumstances, this Agreement is expected to contribute positively to the earnings and earnings per share of the Group as the earnings would be realised in stages over the tenure of the Agreement.

Barring any unforeseen circumstances, the Board of Directors is optimistic about the Group's prospect for the remaining quarter of current financial year ending 31 December 2018.

B4. Profit forecast

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (CONT'D)

B5. Tax expense

	Current quarter ended 30.09.2018 RM'000	Current period-to-date 30.09.2018 RM'000
Income tax		
-Current period	588	1,401
-Over provision in previous year	(62)	(62)
-Deferred taxation	<u>(18)</u>	<u>(122)</u>
	<u>508</u>	<u>1,217</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

There were no other corporate proposals announced but not completed as at the date of this report.

B9. Group borrowings and debts securities

The Group's borrowings as at 30 September 2018 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Finance lease liabilities	-	413	413
Bank borrowings	<u>9,274</u>	-	<u>9,274</u>
Total	<u>9,274</u>	<u>413</u>	<u>9,687</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Finance lease liabilities	-	1,002	1,002
Bank borrowings	<u>3,676</u>	-	<u>3,676</u>
Total	<u>3,676</u>	<u>1,002</u>	<u>4,678</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 2018 (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

No interim dividend has been recommended for the financial quarter ended 30 September 2018 and previous year's corresponding period ended 30 September 2017.

B13. Earnings per share

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

	Quarter Ended		Period To Date Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Comprehensive income attributable to owners of the Company (RM'000)	1,013	1,004	2,798	2,849
Weighted average number of ordinary shares in issue ('000)	214,740	214,740	214,740	210,581
Earnings per share (sen)				
- Basic	0.47	0.47	1.30	1.35

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

Date: 30 November 2018