

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2020

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31 March 2020 RM'000	Preceding Period Corresponding Quarter Ended 31 March 2019 RM'000	Current Period To Date Ended 31 March 2020 RM'000	Preceding Period To Date Ended 31 March 2019 RM'000
Revenue	21,777	23,149	21,777	23,149
Cost of sales	(17,719)	(19,266)	(17,719)	(19,266)
Gross profit	4,058	3,883	4,058	3,883
Other income	221	483	221	483
Selling and distribution expenses	(636)	(683)	(636)	(683)
Administration expenses	(2,100)	(1,888)	(2,100)	(1,888)
Other expenses	(133)	(94)	(133)	(94)
Operating profit	1,410	1,701	1,410	1,701
Finance cost	(88)	(158)	(88)	(158)
Profit before tax	1,322	1,543	1,322	1,543
Tax expense	(411)	(540)	(411)	(540)
Profit for the period	911	1,003	911	1,003
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	911	1,003	911	1,003
Total comprehensive income attributable to the Owners of the Company	911	1,003	911	1,003
Weighted average no. of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen):				
-Basic	0.42	0.47	0.42	0.47

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

PETERLABS HOLDINGS BERHAD (Registration No. 201001025806 (909720-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Unaudited	Audited
	As at	As at
	31 March 2020	31 December 2019
	RM'000	RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	16,495	16,630
	<u>16,495</u>	<u>16,630</u>
Current assets		
Inventories	11,354	14,550
Trade receivables	24,622	26,347
Other receivables	624	390
Tax recoverable	42	39
Cash and bank balances	19,659	14,775
	<u>56,301</u>	<u>56,101</u>
TOTAL ASSETS	<u><u>72,796</u></u>	<u><u>72,731</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	27,459	27,459
Unappropriated profits	25,922	25,011
Total equity	<u>53,381</u>	<u>52,470</u>
Non-current liabilities		
Lease liabilities	1,291	1,133
Borrowings	-	16
Deferred tax liabilities	356	350
	<u>1,647</u>	<u>1,499</u>
Current liabilities		
Trade payables	5,518	5,851
Other payables	4,972	5,192
Lease liabilities	561	593
Borrowings	6,367	6,791
Tax payable	350	335
	<u>17,768</u>	<u>18,762</u>
Total liabilities	<u>19,415</u>	<u>20,261</u>
TOTAL EQUITY AND LIABILITIES	<u><u>72,796</u></u>	<u><u>72,731</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	24.86	24.43

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2019.

PETERLABS HOLDINGS BERHAD (Registration No.201001025806 (909720-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	Attributable to Equity Holders of the Company		
	<u>Non-Distributable</u>	<u>Distributable</u>	
	Share Capital RM'000	Unappropriated Profit RM'000	Total equity RM'000
At 1 January 2020	27,459	25,011	52,470
Total comprehensive income for the financial period	-	911	911
At 31 March 2020 (Unaudited)	<u>27,459</u>	<u>25,922</u>	<u>53,381</u>
At 1 January 2019	27,459	20,804	48,263
Opening balance adjustment from adoption of MFRS 16	-	(67)	(67)
Total comprehensive income for the financial period	-	1,003	1,003
At 31 March 2019 (Unaudited)	<u>27,459</u>	<u>21,740</u>	<u>49,199</u>

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 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	Current Period To Date Ended 31 March 2020 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 31 March 2019 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	1,322	1,543
Adjustments for:-		
- Non cash items	511	531
- Non-operating items	(16)	134
Operating profit before working capital changes	1,817	2,208
Changes in working capital		
Inventories	3,208	580
Receivables	1,511	(1,299)
Payables	(618)	(436)
Revolving credit	-	3,348
Bill payables	(424)	1,922
Cash generated from operations	5,494	6,323
Tax paid	(393)	(514)
Interest received	91	24
Interest paid	(66)	(79)
Net cash from operating activities	5,126	5,754
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(86)	(9)
Proceed from disposal of property, plant and equipment	36	-
Net cash used in investing activities	(50)	(9)
FINANCING ACTIVITIES		
Interest paid	(22)	(79)
Repayment of term loan	(16)	(3,450)
Repayment of lease liabilities	(175)	(98)
Net cash used in financing activities	(213)	(3,627)
Net Changes In Cash And Cash Equivalents	4,863	2,116
Effect of exchange rate changes	21	2
Cash And Cash Equivalents At The Beginning Of The Period	14,775	5,595
Cash And Cash Equivalents At The End Of The Period	19,659	7,713

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2019.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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 2019 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 2019 except for the adoption of the following Amendments to MFRSs during the current financial period:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and has no significant effect on these interim financial statements.

As at the date of authorisation of these interim financial statements, the following amendments to MFRSs which were in issue but not yet effective and have not been early adopted by the Group:

Amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between on Investor and its Associate or Joint Venture	Yet to be confirmed

The adoption of these amendments to MFRSs are not expected to have any material financial 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 2019.

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.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONT'D)

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.

A7. Profit for the period

Profit for the current quarter and period-to-date ended 31 March 2020 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	31.03.2020 RM'000	31.03.2020 RM'000
Other income including investment income	(94)	(94)
Interest income	(91)	(91)
Expected credit losses on trade receivables (net)	(11)	(11)
Gain on disposal of property, plant and equipment	(13)	(13)
Reversal of inventories written down	(12)	(12)
Interest expense	88	88
Depreciation	499	499
Net realised foreign exchange loss	60	60
Net unrealised foreign exchange loss	69	69

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 31 March 2020	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	20,426	1,351	-	21,777
Inter-segment revenue	880	6,646	(7,526)	-
Total revenue	21,306	7,997	(7,526)	21,777
Profit before tax	1,008	314	-	1,322
Tax expense				(411)
Profit for the period				911

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 31 March 2020	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from External customers	20,426	1,351	-	21,777
Inter-segment revenue	880	6,646	(7,526)	-
Total revenue	21,306	7,997	(7,526)	21,777
Profit/ (Loss) before tax	1,008	314	-	1,322
Tax expense				(411)
Profit for the period				911

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

Corporate guarantee given by the Company to financial institutions for credit facilities granted to Subsidiaries	Company	
	As at 31/03/2020 RM'000	As at 31/12/2019 RM'000
- Utilised	6,367	6,807
- Limit	21,897	21,897

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONT'D)

A14. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2019, 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 financial quarter under review.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

	1QFY20	1QFY19	Variance	FY 2020	FY2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	21,777	23,149	-5.9%	21,777	23,149	-5.9%
Operating Profit	1,410	1,701	-17.1%	1,410	1,701	-17.1%
Profit Before Interest And Tax	1,410	1,701	-17.1%	1,410	1,701	-17.1%
Profit Before Tax	1,322	1,543	-14.3%	1,322	1,543	-14.3%
Profit After Tax	911	1,003	-9.2%	911	1,003	-9.2%
Profit Attributable to Ordinary Equity Holders Of The Parent	911	1,003	-9.2%	911	1,003	-9.2%

The Group registered RM21.777 million revenue for the current quarter which represents decrease of RM1.372 million or 5.9% as compared to the revenue of RM23.149 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.322 million for the quarter under review which represents decrease of RM0.221 million or 14.3% as compared to the Group's profit before tax of RM1.543 million reported in the previous period's corresponding quarter. Profit before tax decrease due to lower revenue achieved coupled with higher operating expenses incurred.

For the current quarter, trading segment registered revenue of RM20.426 million from the external customers and RM0.880 million from inter-company transactions and reported profit before tax of RM1.008 million for the quarter under review. In the previous period's corresponding quarter, the group achieved revenue of RM22.031 million from the external customers and RM2.768 million from inter-company transactions and reported profit before tax of RM1.796 million for the trading segment. The decrease in profit before tax for the trading segment for the current quarter was mainly due to lower revenue achieved despite increase in gross profit margin.

The manufacturing segment registered revenue of RM1.351 million from the external customers and RM6.646 million from inter-company transactions and reported profit before tax of RM0.314 million for the quarter under review. In the previous period's corresponding quarter, the Group achieved revenue of RM1.118 million from external customers and RM8.353 million from inter-company transactions and reported loss before tax of RM0.253 million for the manufacturing segment. The increase in profit before tax for the manufacturing segment for the current quarter was mainly attributable to significant higher gross profit achieved despite of decrease in revenue.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONT'D)

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

	1QFY20	4QFY19	Variance
	RM'000	RM'000	%
Revenue	21,777	24,368	-10.6%
Operating Profit	1,410	1,639	-14.0%
Profit Before Interest And Tax	1,410	1,639	-14.0%
Profit Before Tax	1,322	1,504	-12.1%
Profit After Tax	911	1,290	-29.4%
Equity Holders Of The Parent	911	1,290	-29.4%

For the quarter under review, the Group registered decrease in revenue of 10.6% from RM24.368 million to RM21.777 million and decrease in profit before tax of 12.1% from RM1.504 million to RM1.322 million as compared to preceding quarter ended 31 December 2019. The decrease in profit before tax was mainly attributable to lower revenue achieved coupled with higher operating expenses incurred. For the current quarter, trading segment achieved revenue of RM20.426 million and profit before tax of RM1.008 million as compared to revenue of RM23.845 million and profit before tax of RM1.290 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM1.351 million and reported profit before tax of RM0.314 million as compared to revenue of RM0.523 million and profit before tax of RM0.214 million in the previous quarter.

B3. Prospects

Disruption from the COVID-19 situation is expected to persist throughout the next few months, compounded by some pressure from unfavorable exchange rates, higher prices for some raw material and slow collection.

All our manufacturing plants continue to operate, although with smaller workforce and with stringent safety measures in place to safeguard the wellbeing of our staff. At the same time, we are working closely with our suppliers and trade partners to ensure minimal supply disruption of our products during this period and explore opportunities to sustain mutual growth.

We remain fully confident in Malaysia's potential and we are confident to see a return to economic growth once the current COVID-19 crisis is behind us, we will continue to uphold our healthy business practices to strive for our business sustainability and add value to our shareholders.

B4. Profit forecast

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

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONT'D)

B5. Tax expense

	Current quarter ended 31.03.2020 RM'000	Current period-to-date 31.03.2020 RM'000
Income tax		
-Current period	405	405
-Deferred taxation	6	6
	411	411

The Group's effective tax rate for the current quarter is higher than the statutory rate mainly due to losses incurred by subsidiary 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 31 March 2020 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:</u>			
Lease liabilities-(Finance)	-	439	439
Bank borrowings	<u>6,367</u>	-	<u>6,367</u>
Total	<u>6,367</u>	439	<u>6,806</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:</u>			
Lease liabilities- (Finance)	-	731	731
Total	<u>-</u>	<u>731</u>	<u>731</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 FIRST QUARTER ENDED 31 MARCH 2020 (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 31 March 2020 and previous year's corresponding period ended 31 March 2019.

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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Comprehensive income attributable to owners of the Company (RM'000)	911	1,003	911	1,003
Weighted average number of ordinary shares in issue ('000)	214,740	214,740	214,740	214,740
Earnings per share (sen)				
- Basic	0.42	0.47	0.42	0.47

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

Date: 30 June 2020