

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2022

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 June 2022 RM'000	Preceding Period Corresponding Quarter Ended 30 June 2021 RM'000	Current Period To Date Ended 30 June 2022 RM'000	Preceding Period To Date Ended 30 June 2021 RM'000
Revenue	41,407	46,368	82,400	95,324
Cost of sales	(35,628)	(40,448)	(71,000)	(82,419)
Gross profit	5,779	5,920	11,400	12,905
Other income	310	294	591	705
Selling and distribution expenses	(1,374)	(696)	(2,462)	(2,020)
Administration expenses	(2,697)	(3,964)	(5,333)	(7,510)
Other expenses	(630)	(72)	(740)	(249)
Operating profit	1,388	1,482	3,456	3,831
Finance cost	(135)	(194)	(243)	(520)
Profit before tax	1,253	1,288	3,213	3,311
Tax expense	(334)	(283)	(909)	(810)
Profit for the period	919	1,005	2,304	2,501
Other comprehensive income	-	-	-	-
Total comprehensive income for th	919	1,005	2,304	2,501
Total comprehensive income attributable to the				
Owners of the Company	848	892	2,082	2,232
Non-controlling interests	71	113	222	269
	919	1,005	2,304	2,501
Weighted average no. of ordinary shares in issue ('000)	275,214	275,214	275,214	272,197
Earnings per share (sen):				
-Basic	0.31	0.32	0.76	0.82

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 2021 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 30 JUNE 2022

	Unaudited As at 30 June 2022 RM'000	Audited As at 31 December 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,156	17,738
Investment properties	992	998
Goodwill on consolidation	9,957	9,957
	<u>28,105</u>	<u>28,693</u>
Current assets		
Inventories	21,380	22,023
Trade receivables	38,271	41,101
Other receivables	6,160	5,571
Tax recoverable	13	30
Cash and bank balances	16,302	14,150
	<u>82,126</u>	<u>82,875</u>
TOTAL ASSETS	<u><u>110,231</u></u>	<u><u>111,568</u></u>
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the Company		
Share capital	40,401	40,401
Unappropriated profits	34,100	32,018
	<u>74,501</u>	<u>72,419</u>
Non-controlling interests	1,830	1,608
Total equity	<u>76,331</u>	<u>74,027</u>
Non-current liabilities		
Lease liabilities	2,734	2,946
Borrowings	1,140	1,272
Deferred tax liabilities	1,062	1,049
	<u>4,936</u>	<u>5,267</u>
Current liabilities		
Trade payables	8,403	9,403
Other payables	6,385	7,461
Lease liabilities	1,004	942
Borrowings	13,106	14,248
Tax payable	66	221
	<u>28,964</u>	<u>32,275</u>
Total liabilities	<u>33,900</u>	<u>37,541</u>
TOTAL EQUITY AND LIABILITIES	<u><u>110,231</u></u>	<u><u>111,568</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	27.07	26.31

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

	Attributable to Equity Holders of the Company				
	<u>Non-Distributable</u>	<u>Distributable</u>			
	Share	Unappropriated	Total	Non-controlling	Total
	Capital	Profits	RM'000	Interest	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	40,401	32,018	72,419	1,608	74,027
Total comprehensive income for the financial period	-	2,082	2,082	222	2,304
At 30 June 2022 (Unaudited)	40,401	34,100	74,501	1,830	76,331
At 1 January 2021	31,821	26,537	58,358	-	58,358
Issuing of 39,000,000 shares @ RM0.22 per unit	8,580	-	8,580	-	8,580
Acquisition of subsidiary	-	-	-	2,648	2,648
Total comprehensive income for the financial period	-	2,232	2,232	269	2,501
At 30 June 2021 (Unaudited)	40,401	28,769	69,170	2,917	72,087

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 2021.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

	Current Period To Date Ended 30 June 2022 (Unaudited) RM'000	Preceding Year Corresponding Period Ended 30 June 2021 (Unaudited) RM'000
OPERATING ACTIVITIES		
Profit before tax	3,213	3,311
Adjustments for:-		
- Non cash items	1,380	1,225
- Non-operating items	168	307
Operating profit before working capital changes	4,761	4,843
Changes in working capital		
Inventories	779	1,400
Receivables	1,627	(3,448)
Payables	(2,064)	2,079
Bill payables	(1,095)	88
Cash generated from operations	4,008	4,962
Tax expense paid	(1,035)	(647)
Tax refunded	1	-
Interest received	75	213
Interest paid	(159)	(71)
Net cash from operating activities	2,890	4,457
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(85)	(145)
Net outflow acquisition of equity interest in a subsidiary	-	1,913
Proceed from disposal of property, plant and equipment	95	-
Net cash from / (used in) investing activities	10	1,768
FINANCING ACTIVITIES		
Repayment of revolving credit	-	(1,000)
Interest paid	(84)	(449)
Repayment of term loans	(179)	(127)
Repayment of lease liabilities	(490)	(498)
Net cash used in financing activities	(753)	(2,074)
Net changes in cash and cash equivalents	2,147	4,151
Effect of exchange rate changes	5	54
Cash and cash equivalents at the beginning of the period	14,150	24,313
Cash and cash equivalents at the end of the period	16,302	28,518

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2021.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

A1. Basis of 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 (“AMLR”).

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2021 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 2021 except for the adoption of the following Amendments to Malaysian Financial Reporting Standards (“MFRSs”) during the current financial period:

- Amendments to MFRS 3 Business Combination : Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment : Proceeds before intended use
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
- Annual improvements to MFRS standards 2018 - 2020

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:

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements : Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors : Definition of Accounting Estimates	1 January 2023
MFRS 17*	Insurance Contracts 1 January 2023
Amendments to MFRS 17*	Insurance Contracts: Initial Application of MFRS 17 and MFRS 9- Comparative Information 1 January 2023
Amendments to MFRS 4*	Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9 1 January 2023

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (CONT'D)

A2. Significant accounting policies (Cont'd)

MFRS and Amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS 112	Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MRFS 128 *	Consolidated Financial Statements and Investment in Associates and Joint Ventures : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be confirmed

* Not applicable to the Group's and the Company's operation.

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 2021.

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 flows 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 SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (CONT'D)

A7. Profit for the period

Profit for the current quarter and period-to-date ended 30 June 2022 is arrived at after charging / (crediting), amongst other items, the following:

	<i>Quarter Ended</i>	<i>Period To Date Ended</i>
	30.06.2022 RM'000	30.06.2022 RM'000
Other income including investment income	(99)	(237)
Interest income	(39)	(75)
Gain on disposal of property, plant & equipment	-	(95)
Expected credit losses on trade receivables (net)	653	641
Reversal of inventory written down	(153)	(153)
Interest expense	135	243
Depreciation	511	1,017
Net realised foreign exchange loss	58	70
Net unrealised foreign exchange gain	(36)	(31)

A8. Segmental information

The Group is organised into the following operating segments:

- a) Trading
- b) Manufacturing

Quarter ended 30 June 2022	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	39,982	1,425	-	41,407
Inter-segment revenue	743	4,061	(4,804)	-
Total revenue	40,725	5,486	(4,804)	41,407
Profit before tax	937	316	-	1,253
Tax expense				(334)
Profit for the period				919

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (CONT'D)

A8. Segmental information (cont'd)

Period to Date ended 30 June 2022	Trading RM'000	Manufacturing RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from				
External customers	80,844	1,556	-	82,400
Inter-segment revenue	1,419	9,239	(10,658)	-
Total revenue	82,263	10,795	(10,658)	82,400
Profit before tax	2,875	338	-	3,213
Tax expense				(909)
Profit for the period				2,304

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 30/06/2022 RM'000	As at 31/12/2021 RM'000
Corporate guarantee given by the Company to financial institutions for credit facilities granted to subsidiaries		
- Utilised	14,246	15,521
- Limit	57,437	57,437

A14. Significant related party transactions

Save as disclosed in the audited financial statements for the FYE 31 December 2021, there were no other significant related party transactions for the current quarter under review.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)

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

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations, share held as treasury shares and resale of treasury shares during the quarter and financial period under review.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)

B: ADDITIONAL INFORMATION PURSUANT TO THE ACE LR

B1. Review of performance

	2QFY22	2QFY21	Variance	FY2022	FY2021	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	41,407	46,368	-10.70%	82,400	95,324	-13.56%
Operating Profit	1,388	1,482	-6.34%	3,456	3,831	-9.79%
Profit Before Interest And Tax	1,388	1,482	-6.34%	3,456	3,831	-9.79%
Profit Before Tax	1,253	1,288	-2.72%	3,213	3,311	-2.96%
Profit After Tax	919	1,005	-8.56%	2,304	2,501	-7.88%
Profit Attributable to Ordinary Equity Holders Of The Parent	848	892	-4.93%	2,082	2,232	-6.72%

The Group registered RM41.407 million revenue for the current quarter which represents decrease of RM4.961 million or 10.70% as compared to the revenue of RM46.368 million in the previous period's corresponding quarter. The Group registered profit before tax of RM1.253 million for the quarter under review which represents decrease of RM0.035 million or 2.72% as compared to the Group's profit before tax of RM1.288 million reported in the previous period's corresponding quarter. Profit before tax decreased due to decrease in revenue generated by the Group.

For the current quarter, trading segment registered revenue of RM39.982 million from the external customers and RM0.743 million from inter-company transactions and reported profit before tax of RM0.937 million for the quarter under review. In the previous period's corresponding quarter, the group achieved revenue of RM45.196 million from the external customers and RM1.019 million from inter-company transactions and reported profit before tax of RM0.809 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 profit achieved.

The manufacturing segment registered revenue of RM1.425 million from the external customers and RM4.061 million from inter-company transactions and reported profit before tax of RM0.316 million for the quarter under review. In the previous period's corresponding quarter, the Group achieved revenue of RM1.172 million from external customers and RM6.898 million from inter-company transactions and reported profit before tax of RM0.479 million for the manufacturing segment. The decrease in profit before tax for the manufacturing segment for the current quarter was mainly due to lower gross profit margin achieved coupled with lower revenue achieved.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)

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

	2QFY22	1QFY22	Variance
	RM'000	RM'000	%
Revenue	41,407	40,993	1.01%
Operating Profit	1,388	2,068	-32.88%
Profit Before Interest And Tax	1,388	2,068	-32.88%
Profit Before Tax	1,253	1,960	-36.07%
Profit After Tax	919	1,385	-33.65%
Profit Attributable to Ordinary Equity Holders Of The Parent	848	1,234	-31.28%

For the quarter under review, the Group registered increase in revenue of 1.01% from RM40.993 million to RM41.407 million and decrease in profit before tax of 36.07% from RM1.960 million to RM1.253 million as compared to preceding quarter ended 31 March 2022. The decrease in profit before tax was mainly attributable to higher operating expenses incurred. For the current quarter, trading segment achieved revenue of RM39.982 million and profit before tax of RM0.937 million as compared to revenue of RM40.861 million and profit before tax of RM1.938 million in the previous quarter, whilst the manufacturing segment achieved revenue of RM1.425 million and reported profit before tax of RM0.316 million as compared to revenue of RM0.132 million and profit before tax of RM0.022 million in the previous quarter.

B3. Prospects

The Group anticipates the challenging environment for the industry to continue for the year, as high commodities prices, rising freight costs, implementation of minimum wages of RM1,500.00, hike in the overnight policy rate of another 25 basis point by Bank Negara Malaysia, weakening of Ringgit Malaysia and geopolitical uncertainties weigh on the Group's margin while rising inflationary pressures may dampen discretionary spending.

The Group's latest diversification also reflected our confidence in the long-term potential of our newly acquired subsidiary and our ability to manage the risks of the current landscape while strategies are well placed to drive future growth.

Despite overall situations and business environment are still full of uncertainties and remain unpredictable, the Group is committed to the fulfillment of its obligations to steer through these tough times.

Whilst the Board foresee that the market will still be influenced by the COVID-19 development, the Board opined that the Group's effort in maintaining the business performance would continue to be challenging.

B4. Profit forecast

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)

B5. Tax expense

	Current quarter ended 30.06.2022 RM'000	Current period-to-date 30.06.2022 RM'000
Income tax		
-Current period	320	897
-Deferred taxation	14	12
	334	909

The Group's effective tax rate for the current quarter is higher than the statutory rate mainly due to certain expenses 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 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 June 2022 were as follows:

	Total RM'000
<u>Short-term borrowings:</u>	
Lease liabilities	1,004
Bank borrowings	<u>13,106</u>
Total	<u><u>14,110</u></u>
	Total RM'000
<u>Long-term borrowings:</u>	
Lease liabilities	2,734
Bank borrowings	<u>1,140</u>
Total	<u><u>3,874</u></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 SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)

B11. Material litigation

As at the date of this announcement, neither the Company nor any of its subsidiaries 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 subsidiaries 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 subsidiaries.

B12. Dividends

- a) The directors declared an interim single-tier tax exempt dividend of 0.006 sen per ordinary share amounting to RM 1.651 million, in respect of the financial year ended 31 December 2022. The interim dividend paid on 22 July 2022. Such dividend will account for in shareholders' equity as an appropriate unappropriated profits in the financial year ending 31 December 2022.
- b) No interim dividend has been recommended for the previous year's corresponding period ended 30 June 2021.

B13. Earnings per share

The basic 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:

	<u>Quarter Ended</u>		<u>Period To Date Ended</u>	
	<u>30.06.2022</u>	<u>30.06.2021</u>	<u>30.06.2022</u>	<u>30.06.2021</u>
Comprehensive income attributable to owners of the Company (RM'000)	848	892	2,082	2,232
Weighted average number of ordinary shares in issue ('000)	275,214	275,214	275,214	272,197
Earnings per share (sen)				
- Basic	0.31	0.32	0.76	0.82

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

Date: 30 August 2022