

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	Current Quarter Ended 31.3.2013 (Unaudited) RM'000	Corresponding Quarter Ended 31.3.2012 (Unaudited) RM'000	Current Year-To-Date Ended 31.3.2013 (Unaudited) RM'000	Corresponding Year-To-Date Ended 31.3.2012 (Unaudited) RM'000
Revenue	8,174	8,153	8,174	8,153
Operating profit	2,714	2,585	2,714	2,585
Operating expenses	(1,830)	(1,887)	(1,830)	(1,887)
Finance costs	(87)	(108)	(87)	(108)
Profit before taxation	797	590	797	590
Tax expense	(129)	(171)	(129)	(171)
Profit after taxation	668	419	668	419
Other comprehensive income, net of tax <i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	9	2	9	2
Total comprehensive income	677	421	677	421
Profit after taxation attributable to Owners of the Company:	668	419	668	419
Total comprehensive income attributable to Owners of the Company:	677	421	677	421
Earnings per share (sen) attributable to Owners of the Company:				
- Basic	0.45	0.28	0.45	0.28

Note:-

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

	As At Current Year Quarter 31.3.2013 (Unaudited) RM'000	As At Financial Year End 31.12.2012 (Audited) RM'000
ASSETS		
Non - current assets		
Property, plant and equipment	16,198	16,379
Product development expenditure	259	321
Goodwill	58	58
	<u>16,515</u>	<u>16,758</u>
Current assets		
Inventories	10,034	9,244
Trade receivables	6,944	7,171
Other receivables, deposits and prepayments	523	407
Tax refundable	92	107
Fixed and short term deposits with licensed banks	3,612	2,286
Cash and bank balances with licensed banks and other financial institution	5,217	5,284
	<u>26,422</u>	<u>24,499</u>
TOTAL ASSETS	<u>42,937</u>	<u>41,257</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	14,939	14,939
Share premium	3,520	3,520
Treasury shares	(12)	(12)
Retained profits	17,494	16,826
Revaluation reserves	3,177	3,177
Merger deficit	(8,397)	(8,397)
Currency translation reserve	(26)	(35)
	<u>30,695</u>	<u>30,018</u>
Non-current liabilities		
Deferred taxation	534	524
Hire purchase payables	65	84
Term loans	4,712	4,849
	<u>5,311</u>	<u>5,457</u>
Current Liabilities		
Trade payables	4,390	3,157
Bill payable	1,026	1,247
Other payables and accruals	854	716
Amount owing to directors	9	2
Hire purchase payables	118	133
Term loans	534	527
Provision for taxation	-	-
	<u>6,931</u>	<u>5,782</u>
TOTAL LIABILITIES	<u>12,242</u>	<u>11,239</u>
TOTAL EQUITY AND LIABILITIES	<u>42,937</u>	<u>41,257</u>
Net assets per share (RM) attributable to owners of the Company	<u>0.21</u>	<u>0.20</u>

Note:-

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

The net assets per share attributable to owners of the Company is calculated based on net assets value and the issued paid up share capital of 149,330,500 shares (149,330,500 shares - 2012) excluding treasury shares.

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	←			Non-distributable			→		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Revaluation Reserves RM'000	Merger Deficit RM'000	Currency Translation Reserve RM'000	Distributable Retained Profits RM'000	
Quarter ended 31 March 2013									
(Unaudited)									
Balance at 1 January 2013	14,939	3,520	(12)	-	3,177	(8,397)	(35)	16,826	30,018
Profit after taxation for the financial period	-	-	-	-	-	-	-	668	668
Other comprehensive income for the financial period, net of tax:									
- Foreign currency translation	-	-	-	-	-	-	9	-	9
Total comprehensive income for the financial period	-	-	-	-	-	-	9	668	677
Balance at 31 March 2013	14,939	3,520	(12)	-	3,177	(8,397)	(26)	17,494	30,695
Quarter ended 31 March 2012									
(Unaudited)									
Balance at 1 January 2012	14,939	3,520	-	*	3,178	(8,397)	(29)	16,305	29,516
Profit after taxation for the financial period	-	-	-	-	-	-	-	419	419
Other comprehensive income for the financial period, net of tax:									
- Foreign currency translation	-	-	-	-	-	-	2	-	2
- Fair value changes of available-for-sale financial asset	-	-	-	**	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	-	-	2	419	421
Balance at 31 March 2012	14,939	3,520	-	-	3,178	(8,397)	(27)	16,724	29,937

Note:-

* RM650

** (RM650)

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Current Year To Date Ended 31.3.2013 (Unaudited) RM'000	Corresponding Year To Date Ended 31.3.2012 (Unaudited) RM'000
Cash flows from/(for) operating activities		
Profit before taxation	797	590
Adjustments for:-		
Amortisation of product development expenditure	62	61
Depreciation of property, plant and equipment	115	153
Interest expense	82	104
Inventories written off	5	58
Gain on disposal of quoted shares	-	(2)
Interest income	(17)	(24)
Unrealised gain on foreign exchange	(19)	(94)
Operating profit before working capital changes	<u>1,025</u>	<u>846</u>
(Increase)/Decrease in inventories	(795)	168
Decrease/(Increase) in trade and other receivables	140	(243)
Increase in trade and other payables	1,194	307
Cash from operations	<u>1,564</u>	<u>1,078</u>
Net tax paid	(104)	(193)
Interest paid	(83)	(104)
Net cash from operating activities	<u>1,377</u>	<u>781</u>
Cash flows from/(for) investing activities		
Interest received	17	24
Purchase of property, plant and equipment	(1)	(665)
Proceeds from disposal of quoted shares	-	6
Net cash from/(for) investing activities	<u>16</u>	<u>(635)</u>
Cash flows from/(for) financing activities		
Repayment of term loans	(130)	(122)
Advances from directors	7	16
Repayment of hire purchase obligations	(34)	(33)
Net cash for financing activities	<u>(157)</u>	<u>(139)</u>
Net increase in cash and cash equivalents	1,236	7
Cash and cash equivalents at beginning of the financial period	7,569	10,375
Foreign exchange difference	24	2
Cash and cash equivalents at end of the financial period	<u>8,829</u>	<u>10,384</u>
Cash and cash equivalents comprise:		
Fixed and short term deposits with licensed banks	3,612	3,312
Cash and bank balances with licensed banks and other financial institution	5,217	7,072
	<u>8,829</u>	<u>10,384</u>

Note:-

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

NOTES TO THE INTERIM STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

A. NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The unaudited interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE LR”). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2012.

The following MFRSs and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2013.

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits (2011)
- MFRS 127 Separate Financial Statements (2011)
- MFRS 128 Investment in Associates and Joint Ventures (2011)
- Amendments to MFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116 Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11 Joint Arrangements: Transition Guidance
- Amendments to MFRS 12 Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above standards and amendments is not expected to have any material financial impact to the financial statements of the Group.

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

A1. Basis of reporting preparation (*Cont'd*)

The following revised MFRSs and Amendments to MFRSs applicable to the Group, have been issued by the MASB are not yet effective for adoption by the Group.

Amendments effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10 Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12 Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127 Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

MFRSs and Amendments effective for annual periods beginning on or after 1 January 2015

MFRS 9 Financial Instruments (2009)
MFRS 9 Financial Instruments (2010)
Amendments to MFRS 7 Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures

The adoption of the above standards and amendments is not expected to have any material financial impact to the Group upon their first adoption.

A2. Auditors' report on preceding annual financial statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2012 were not subjected to any qualification.

A3. Seasonal or cyclical factors

The principal business operations of the Group were not significantly affected by seasonal or cyclical factors during the current quarter under review.

A4. Items of unusual nature and amount

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter under review.

A5. Material changes in estimates

There were no material changes in estimates of amounts reported that will have a material effect in the current quarter under review.

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

A6. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuances, cancellations, resale and repayments of debt and equity securities during the current quarter under review.

A7. Dividends paid

No dividend paid during the quarter under review.

A8. Segmental information

Segmental revenue on the basis of geographical market is as follows:

Geographical Market	Current Year-To-Date Ended 31 March 2013 RM'000	Corresponding Year-To-Date Ended 31 March 2012 RM'000
Asia other than Malaysia	1,762	1,410
Middle East	259	-
Malaysia	6,153	6,743
Total	8,174	8,153

A9. Valuation of property, plant and equipment

The valuation of the Group's freehold lands and buildings has been brought forward without any amendments from the annual financial statements for the FYE 31 December 2012.

A10. Capital commitments

As at the end of reporting period, there were no outstanding capital commitments not provided for in the financial statements.

A11. Material subsequent event

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements, which are likely to substantially affect the current quarter results under review.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group in the current quarter under review.

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

A13. Contingent Liabilities

Save for the corporate guarantee granted by the Company in favour of financial institutions for Islamic banking facilities extended to a subsidiary amounting to **RM17,131,000**, neither the Company nor its subsidiaries have any contingent liabilities at the end of the reporting period, which upon becoming enforceable, may have a material effect on the financial position of the Group.

The corporate guarantee forms part of the securities for the following banking facilities made available to a subsidiary company.

Islamic Banking Facility	Corporate Guarantee RM'000	Limit RM'000	Outstanding Balance As At 31 March 2013 RM'000
Bank overdraft	500	500	-
Trade line	6,000	6,000	1,026
Term loans	10,631	6,465	5,246
Total	17,131	12,965	6,272

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED UNDER THE ACE LR**B1. Review of performance of the Company and its principal subsidiaries for the current quarter and financial year-to-date**

	Current Quarter Ended 31 March 2013 RM'000	Corresponding Quarter Ended 31 March 2012 RM'000	Current Year-To-Date Ended 31 March 2013 RM'000	Corresponding Year-To-Date Ended 31 March 2012 RM'000
Revenue	8,174	8,153	8,174	8,153
Profit before taxation ("PBT")	797	590	797	590

Group's revenue increased by 0.25% or RM21,000 in the current quarter compared with the corresponding quarter of previous year.

An increase of 35.08% or RM207,000 in Group's PBT for the current quarter compared with the corresponding quarter of previous year. The increase in PBT was mainly due to higher export sales of Orgacids products and the decrease in operating expenses in the current quarter under review.

B2. Review of performance of the operating segments of the Company and its principal subsidiaries for the current quarter and financial year-to-date

Revenue	Current Quarter Ended 31 March 2013 RM'000	Corresponding Quarter Ended 31 March 2012 RM'000	Current Year-To-Date Ended 31 March 2013 RM'000	Corresponding Year-To-Date Ended 31 March 2012 RM'000
Trading	3,804	4,282	3,804	4,282
Manufacturing	4,370	3,871	4,370	3,871
Total	8,174	8,153	8,174	8,153

Trading products sales decreased by 11.16% in the current quarter compared with the corresponding quarter previous year. This was mainly due to lower sales volume for products of water soluble, vaccine and disinfectant despite companion animal products recorded higher sales in the current quarter under review.

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

B2. Review of performance of the operating segments of the Company and its principal subsidiaries for the current quarter and financial year-to-date (Cont'd)

Manufacturing products recorded 12.89% increase in sales for the current quarter compared with the corresponding quarter previous year. The improved sales were mainly contributed by export sales of Orgacids products for the current quarter under review.

B3. Profit before taxation

Profit before taxation is arrived at after crediting/(charging):

	Current Quarter Ended 31 March 2013 RM'000	Corresponding Quarter Ended 31 March 2012 RM'000	Current Year-To-Date Ended 31 March 2013 RM'000	Corresponding Year-To-Date Ended 31 March 2012 RM'000
Interest income	17	24	17	24
Other income including investment income	-	-	-	-
Interest expense	(82)	(104)	(82)	(104)
Depreciation and Amortisation	(177)	(214)	(177)	(214)
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	(5)	(58)	(5)	(58)
Product development expenditure written off	-	-	-	-
Gain on disposal of quoted shares or plant and equipment	-	2	-	2
Impairment of assets	-	-	-	-
Gain/(loss) on foreign exchange				
- realised	63	17	63	17
- unrealised	19	94	19	94
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

B4. Material changes in the Current Quarter's results compared to the results of the immediate Preceding Quarter

	Current Quarter Ended 31 March 2013 RM'000	Preceding Quarter Ended 31 December 2012 RM'000	Variance	
			RM'000	%
Revenue	8,174	8,522	(348)	(4.08)
PBT	797	207	590	285.02

The Group reported 4.08% decrease in revenue for the current quarter ended 31 March 2013 compared with the preceding quarter ended 31 December 2012 mainly due to lower sales volume of products for water soluble, vaccine, premixes and veterinary pharmaceutical in the current quarter.

Group's PBT increased by 285.02% in the current quarter compared with the preceding quarter ended 31 December 2012. The increase was mainly attributed to lower operating expenses in the current quarter under review.

B5. Prospects

The Group's financial performance is expected to improve given the encouraging growth in demand for Orgacids products in export markets. Export sales for Orgacids products increased by 68.83% to RM1,482,000 in the current quarter compared to RM878,000 in 2012. The Group will implement a more aggressive plan to boost the local business for companion animal products. The Group also intends to launch additional range of nutritional supplement products from Korea and pet food as well as pet grooming accessories from Taiwan in the second quarter of this year.

B6. Profit forecast and profit guarantee

No profit forecast or profit guarantee has been issued by the Group for the current quarter under review.

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

B7. Taxation

	Current Quarter Ended 31 March 2013 RM'000	Corresponding Quarter Ended 31 March 2012 RM'000	Current Year-To-Date Ended 31 March 2013 RM'000	Corresponding Year-To-Date Ended 31 March 2012 RM'000
<u>Income tax expense</u>				
Current financial year (Over)/underprovision in previous financial year	119	158	119	158
	-	-	-	-
	<u>119</u>	<u>158</u>	<u>119</u>	<u>158</u>
<u>Deferred tax expense</u>				
Current financial year (Over)/underprovision in previous financial year	10	13	10	13
	-	-	-	-
	<u>10</u>	<u>13</u>	<u>10</u>	<u>13</u>
Tax expense	<u>129</u>	<u>171</u>	<u>129</u>	<u>171</u>

The Company's wholly-owned subsidiary, Sunzen LifeSciences Sdn. Bhd. was awarded the BioNexus status incentive under the Promotion of Investment Act, 1986 by the Ministry of Finance, with the recommendation made by Malaysian Biotechnology Corporation Sdn Bhd on 23 July 2007. Accordingly, the subsidiary is granted 100% tax exemption from the statutory income derived from the production of in-feed anti bacterial products and supplements for animal health products for a period of 10 years from 1 January 2010 to 31 December 2019.

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

B8. Status of Corporate Proposal

There was no other corporate proposal announced but not completed as at the date of this announcement.

Utilisation of IPO Proceeds

As at 31 March 2013, the status of utilisation of the gross proceeds of RM8 million raised from the public issue was as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation from the listing date* (Months)	Deviation		Explanation
				RM'000	%	
Research and development	4,770	4,187	36	-	-	Note ⁽¹⁾
Overseas expansion	1,000	1,000	48	-	-	-
Working capital	430	250	24	-	-	-
Estimated listing expenses	1,800	1,980	3	(180)	(10.00)	Note ⁽²⁾
Total	8,000	7,417				

Notes:

- (1) *Sunzen Biotech had announced to Bursa Securities on 3 October 2012 to further extend the utilisation period for the balance proceeds to 8 October 2013.*
- (2) *The excess amount of listing expenses incurred during the implementation of Sunzen Biotech's listing exercise was adjusted to the Company's working capital.*
- * *Sunzen Biotech was listed on 8 October 2008.*

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

B9. Group borrowings and debt securities

The Group's borrowings as at 31 March 2013 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short-term borrowings:-</u>			
Bills payable	1,026	-	1,026
Hire purchases	118	-	118
Term loans	534	-	534
	<u>1,678</u>	<u>-</u>	<u>1,678</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long-term borrowings:-</u>			
Hire purchases	65	-	65
Term loans	4,712	-	4,712
	<u>4,777</u>	<u>-</u>	<u>4,777</u>
Total	<u>6,455</u>	<u>-</u>	<u>6,455</u>

The above borrowings are denominated in Ringgit Malaysia.

B10. Material Litigation

As at the date of this announcement, neither the Company nor any of its subsidiaries is engaged in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries 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.

B11. Dividend declared or recommended

No dividend was declared during the quarter under review.

SUNZEN BIOTECH BERHAD

(Company No: 680889-W)

(Incorporated in Malaysia)

B12. Earnings per share

Basic earnings per share is calculated by dividing the Group's profit after taxation attributable to owners of the Company for the period over the weighted average number of ordinary shares in issue excluding treasury shares during the financial period as follows:

	Current Quarter Ended 31 March 2013	Corresponding Quarter Ended 31 March 2012	Current Year-To-Date Ended 31 March 2013	Corresponding Year-To-Date Ended 31 March 2012
Group's profit after taxation attributable to owners of the Company (RM)	668,000	419,000	668,000	419,000
Weighted average number of ordinary shares in issue excluding treasury shares	149,330,500	149,390,500	149,330,500	149,390,500
Basic earnings per share (sen)	0.45	0.28	0.45	0.28

B13. Disclosure of Realised and Unrealised Profits or Losses

The breakdown of the retained profits of the Group at the end of the reporting period is presented in accordance with the directive issued by Bursa Securities and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current Year-To-Date Ended 31 March 2013 RM'000	Corresponding Year-To-Date Ended 31 March 2012 RM'000
Total retained profits of the Group:-		
- Realised	17,986	17,255
- Unrealised	(492)	(531)
Total group retained profits as per consolidated financial statements	17,494	16,724

SUNZEN BIOTECH BERHAD
(Company No: 680889-W)
(Incorporated in Malaysia)

This quarterly report for the financial period ended 31 March 2013 has been seen and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 23 May 2013