

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Current Quarter Ended 31.03.2015 (Unaudited) RM'000	Corresponding Quarter Ended 31.03.2014 (Unaudited) RM'000	Current Year-To-Date Ended 31.03.2015 (Unaudited) RM'000	Corresponding Year-To-Date Ended 31.03.2014 (Unaudited) RM'000
Revenue	8,036	8,435	8,036	8,435
Operating profit	2,321	2,916	2,321	2,916
Operating expenses	(1,833)	(2,455)	(1,833)	(2,455)
Finance expenses	(65)	(80)	(65)	(80)
Profit before taxation	423	381	423	381
Tax expense	(30)	(120)	(30)	(120)
Profit after taxation	393	261	393	261
Other comprehensive income, net of tax <i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	15	22	15	22
	15	22	15	22
Total comprehensive income	408	283	408	283
Profit after taxation attributable to Owners of the Company:	393	261	393	261
Total comprehensive income attributable to Owners of the Company:	408	283	408	283
Earnings per share (sen) attributable to Owners of the Company:				
- Basic	0.23	0.17	0.23	0.17

Note:-

The above condensed consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	As At Financial Year Quarter 31.03.2015 (Unaudited) RM'000	As At Financial Year End 31.12.2014 (Audited) RM'000
ASSETS		
Non - current assets		
Property, plant and equipment	29,221	29,451
Product development expenditure	-	-
	<u>29,221</u>	<u>29,451</u>
Current assets		
Inventories	7,154	8,416
Trade receivables	5,841	6,578
Other receivables, deposits and prepayments	1,743	960
Tax refundable	755	608
Fixed and short term deposits with licensed banks	6,353	6,305
Cash and bank balances with licensed banks and other financial institution	9,024	8,934
	<u>30,870</u>	<u>31,801</u>
TOTAL ASSETS	<u>60,091</u>	<u>61,252</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	17,339	16,577
Share premium	7,155	7,155
Treasury shares	(39)	(39)
Retained profits	19,786	19,394
Revaluation reserves	15,650	15,651
Merger deficit	(8,397)	(8,397)
Currency translation reserve	(15)	(30)
	<u>51,479</u>	<u>50,311</u>
Non-current liabilities		
Deferred taxation	1,500	1,494
Hire purchase payables	150	221
Term loans	3,576	3,725
	<u>5,226</u>	<u>5,440</u>
Current Liabilities		
Trade payables	1,888	3,384
Bill payable	-	360
Other payables and accruals	841	1,083
Hire purchase payables	74	100
Term loans	582	574
Provision for taxation	1	-
	<u>3,386</u>	<u>5,501</u>
TOTAL LIABILITIES	<u>8,612</u>	<u>10,941</u>
TOTAL EQUITY AND LIABILITIES	<u>60,091</u>	<u>61,252</u>
Net assets per share (RM) attributable to owners of the Company	<u>0.30</u>	<u>0.30</u>

Note:-

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 divided by the number of ordinary shares in issue at the end of the reporting period of 173,240,235 (2014 - 165,618,666).

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	← Non-distributable				Merger Deficit RM'000	Currency Translation Reserve RM'000	→ Distributable	
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserves RM'000			Retained Profits RM'000	Total Equity RM'000
Quarter ended 31 March 2015 (Unaudited)								
Balance at 1 January 2015	16,577	7,155	(39)	15,650	(8,397)	(30)	19,393	50,309
Profit after taxation for the financial period	-	-	-	-	-	-	393	393
Other comprehensive income for the financial period, net of tax:								
- Foreign currency translation	-	-	-	-	-	15	-	15
Total comprehensive income for the financial period	-	-	-	-	-	15	393	408
Allotment of shares:								
- Exercise of warrants 2014/2019	762	-	-	-	-	-	-	762
Balance at 31 March 2015	17,339	7,155	(39)	15,650	(8,397)	(15)	19,786	51,479
Quarter ended 31 March 2014 (Unaudited)								
Balance at 1 January 2014	14,939	3,520	(14)	3,176	(8,397)	(98)	19,440	32,566
Profit after taxation for the financial period	-	-	-	-	-	-	261	261
Other comprehensive income for the financial period, net of tax:								
- Foreign currency translation	-	-	-	-	-	22	-	22
Total comprehensive income for the financial period	-	-	-	-	-	22	261	283
Purchase of own shares	-	-	(14)	-	-	-	-	(14)
Balance at 31 March 2014	14,939	3,520	(28)	3,176	(8,397)	(76)	19,701	32,835

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Current Year To Date Ended 31.03.2015 (Unaudited) RM'000	Corresponding Year To Date Ended 31.03.2014 (Unaudited) RM'000
Cash flows from/(for) operating activities		
Profit before taxation	423	381
Adjustments for:-		
Amortisation of product development expenditure	-	18
Depreciation of property, plant and equipment	138	135
Interest expense	61	76
Inventories written off	89	8
Write down of inventories	(375)	-
Gain on disposal of plant and equipment	(24)	-
Interest income	(50)	(23)
Provision for write off of receivables	-	416
Unrealised gain on foreign exchange	(66)	(6)
Operating profit before working capital changes	<u>196</u>	<u>1,005</u>
Decrease in inventories	1,549	381
(Increase)/Decrease in trade and other receivables	(33)	1,988
Decrease in trade and other payables	<u>(2,088)</u>	<u>(1,404)</u>
Cash (for)/from operations	<u>(376)</u>	<u>1,970</u>
Net tax paid	(172)	(181)
Interest paid	<u>(62)</u>	<u>(77)</u>
Net cash (for)/from operating activities	<u>(610)</u>	<u>1,712</u>
Cash flows from/(for) investing activities		
Interest received	50	23
Proceeds from disposal of plant and equipment	130	-
Purchase of property, plant and equipment	<u>(15)</u>	<u>(36)</u>
Net cash from/(for) investing activities	<u>165</u>	<u>(13)</u>
Cash flows from/(for) financing activities		
Repayment of term loans	(141)	(136)
Advances from directors	-	30
Repayment of hire purchase obligations	(97)	(22)
Treasury shares	-	(14)
Proceeds from exercise of warrants 2014/2019	<u>762</u>	<u>-</u>
Net cash from/(for) financing activities	<u>524</u>	<u>(142)</u>
Net increase in cash and cash equivalents	79	1,557
Cash and cash equivalents at beginning of the financial period	15,239	7,961
Foreign exchange difference	<u>59</u>	<u>32</u>
Cash and cash equivalents at end of the financial period	<u>15,377</u>	<u>9,550</u>
Cash and cash equivalents comprise:		
Fixed and short term deposits with licensed banks	6,353	3,275
Cash and bank balances with licensed banks and other financial institution	<u>9,024</u>	<u>6,275</u>
	<u>15,377</u>	<u>9,550</u>

Note:-

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 2015

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 2014.

The following Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2015. The adoption of the amendments did not have any material impacts on the financial statements of the Group.

- Amendment to MFRS 119, Defined Benefit Plans: Employee Contributions
- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

The following revised MFRSs and Amendments to MFRSs issued by the MASB are not yet effective for adoption by the Group and are not expected to have any material impacts on the financial statements of the Group.

Amendments effective for financial periods beginning on or after 1 January 2016

- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendment to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 11, Accounting for Acquisitions of Interests in Joint Operations
- MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 101, Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138, Clarification of Acceptance Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141, Agriculture: Bearer Plants
- Amendments to MFRS 127, Equity Method in Separate Financial Statements
- Amendments to MFRS 10, MFRS 12 and MFRS 128, Investment Entities: Applying the Consolidation Exception

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

Amendments effective for financial periods beginning on or after 1 January 2017

- MFRS 15, Revenue from Contracts with Customers

Amendments effective for financial periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in July 2014)

A2. Auditors' report on preceding annual financial statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2014 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.

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

For the current quarter ended 31 March 2015, total of 7,621,569 new ordinary shares of RM0.10 each were issued pursuant to the exercise of warrants 2014/2019. Total number of ordinary shares have been increased to 173,388,235 shares, out of which total of 148,000 shares were carried forward and held as treasury shares with carrying amount of RM39,000.

A7. Dividend paid

There was no dividend payment made during the current 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 2015 RM'000	Corresponding Year-To-Date Ended 31 March 2014 RM'000
Asia other than Malaysia	1,834	2,344
Malaysia	6,202	6,091
Total revenue	8,036	8,435

For the current quarter, revenue tapped from overseas market decreased by 21.76% while revenue from local market posted a 1.82% increase compared to the corresponding quarter in 2014.

A9. Valuation of property, plant and equipment

The revaluation of the Group's freehold lands and buildings has been brought forward without any amendments from the financial statement for FYE 31 December 2014.

A10. Capital commitments

At the end of the reporting date, there were no outstanding capital commitments not provided for in the interim statements under review.

A11. Material subsequent event after the Reporting Period

An Extraordinary General Meeting was convened on 15 April 2015, in which the Board was granted an approval by the shareholders in respect of:

- (i) a bonus issue of up to 109,523,280 new ordinary shares to the shareholders of the Company on the basis of one (1) bonus share for every two (2) existing ordinary shares of RM0.10 each held at book closure date on 5 May 2015 at 5 p.m; and
- (ii) proposed increase in authorised share capital of the Company to RM50 million from RM25 million comprising 500 million ordinary shares and 250 million ordinary shares respectively.

A12. Changes in the Composition of the Group

Since the last announcement of quarterly results on 25 February 2015, there were no changes in the composition of the Group.

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

A13. Contingent Liabilities

Save for the following corporate guarantees, 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 Company has placed a corporate guarantee in favour of Maybank Islamic Berhad for Islamic banking facilities granted to Sunzen Corporation Sdn Bhd for RM17,131,000 as follows:

Islamic Banking Facility	Corporate Guarantee RM'000	Facility Limit RM'000	Outstanding Balance As At 31 March 2015 RM'000
Bank overdraft	500	500	-
Trade line	6,000	6,000	-
Term loans	10,631	6,465	4,158
<hr/>			
Total	17,131	12,965	4,158

The Company has also placed a corporate guarantee in favour of Zuellig Pharma Sdn Bhd for Sunzen Corporation Sdn Bhd, for due payment, all liabilities and obligation in respect of supply of goods for existing credit limits of up to RM2.5 million.

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 2015 RM'000	Corresponding Quarter Ended 31 March 2014 RM'000	Current Year-To-Date Ended 31 March 2015 RM'000	Corresponding Year-To-Date Ended 31 March 2014 RM'000
Revenue	8,036	8,435	8,036	8,435
Profit before taxation ("PBT")	423	381	423	381

Group revenue posted 4.73% lower in the current quarter compared to the corresponding quarter in 2014 mainly caused by decrease in sales of companion animal products in the current quarter.

However, PBT for the current quarter increased by 11.02% compared to the corresponding quarter in 2014 mainly due to reduction in operating expenses incurred in the current quarter, particularly for write down of inventories or receivables which are in well control.

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 2015 RM'000	Corresponding Quarter Ended 31 March 2014 RM'000	Current Year-To-Date Ended 31 March 2015 RM'000	Corresponding Year-To-Date Ended 31 March 2015 RM'000
Trading	3,888	4,179	3,888	4,179
Manufacturing	4,148	4,256	4,148	4,256
Total	8,036	8,435	8,036	8,435

For the current quarter under review, trading products revenue decreased by 6.96% compared to the corresponding quarter in 2014 mainly caused by decline in sales of companion animal products in the current quarter. Manufacturing products revenue reported a 2.54% decrease compared to the previous year mainly attributed to decrease in sales for feed supplement products in the country for the current quarter.

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

B3. Profit before taxation

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

	Current Quarter Ended 31 March 2015 RM'000	Corresponding Quarter Ended 31 March 2014 RM'000	Current Year-To-Date Ended 31 March 2015 RM'000	Corresponding Year-To-Date Ended 31 March 2014 RM'000
Interest income	50	23	50	23
Interest expense	(61)	(76)	(61)	(76)
Depreciation and Amortisation	(138)	(153)	(138)	(153)
Provision for write off of receivables	-	(416)	-	(416)
Inventories written off	(89)	(8)	(89)	(8)
Write down of inventories	375	-	375	-
Gain/(loss) on foreign exchange:				
- Realised	48	16	48	16
- Unrealised	66	6	66	6

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

	Current Quarter Ended 31 March 2015 RM'000	Preceding Quarter Ended 31 December 2014 RM'000	Variance	
			RM'000	%
Revenue	8,036	10,557	(2,521)	(23.88)
PBT	423	609	(186)	(30.54)

Group's revenue for the current quarter reported a 23.88% decrease compared to the preceding quarter due to shorter trading period in the first quarter as a result of long holidays in February. PBT for the current quarter reduced by 30.54% compared to preceding quarter, mainly due to decrease in operating profit as a result of lower sales volume in the current quarter.

B5. Prospects

The upgrading work of existing pilot plant for production of Powder Fat is now at the final stage, with estimated capacity of 600 metric ton a month. The Group is planning to increase the output capacity through acquisition of additional units of machines. "Seeing what's possible", an approach which is initiated by the new Management team to consolidate all resources and to explore new business potentials including business partnership which can create synergy to existing animal healthcare business of the Group. The Group has also invested in human resources by recruiting more professionals like veterinary doctor and nutritionist in product division which is also responsible for research and development, in continually improving product quality of Sunzen as well as developing new products for livestock industry.

B6. Profit forecast and profit guarantee

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

B7. Taxation

	Current Quarter Ended 31 March 2015 RM'000	Corresponding Quarter Ended 31 March 2014 RM'000	Current Year-To-Date Ended 31 March 2015 RM'000	Corresponding Year-To-Date Ended 31 March 2014 RM'000
<u>Income tax expense:-</u>				
Current financial year	24	118	24	118
Overprovision in previous financial year	-	-	-	-
	24	118	24	118
<u>Deferred tax expense:-</u>				
Current financial year	6	2	6	2
	6	2	6	2
Tax expense	30	120	30	120

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 commencing from 1 January 2010 to 31 December 2019.

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

B8. Status of Corporate Proposal

As at the date of announcement of the quarterly results for the current quarter, there was no other corporate proposal announced but not completed.

Bonus issue of 95,209,117 new ordinary shares of RM0.10 each in Sunzen on the basis of one (1) Bonus Share for every two (2) existing shares held as at 5.00 p.m. on 5 May 2015 (“entitlement date”) has been completed on 6 May 2015.

In view of the Bonus Issue and pursuant to the Deed Poll constituting the Warrants 2014/2019 dated 28 March 2014, additional 11,730,262 Warrants 2014/2019 being the adjustment to 23,460,525 outstanding Warrants as at the entitlement date, has been effected on 6 May 2015.

(i) Warrants 2014/2019 with exercise right expiring on 14 April 2019

As of 31 March 2015, the number of warrants converted into ordinary shares at RM0.10 each and the balance as follows:

Total number of warrants listed	Total number of warrants converted into ordinary shares	Balance number of warrants
49,756,260	9,117,735	40,638,525

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

B8. Status of Corporate Proposal (Cont'd)

(ii) Utilisation of Private Placement proceeds

As of 31 March 2015, the status of utilisation of the gross proceeds of approximately RM5.356 million raised from the private placement of 14,880,000 shares placed out at RM0.36 each as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation from the listing date* (Months)	Deviation		Explanation
				RM'000	%	
Upgrading/ purchase of plant and machinery	5,181	1,102	24	-	-	
Estimated expenses related to Private placement	175	112	0.5	0.063		Note ⁽¹⁾
Total	5,356	1,214				

Notes:

* Listing of placement shares was on 14 November 2014.

(1) The surplus amount of the listing expenses incurred has been adjusted to the upgrading/purchase of plant and machinery.

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

B9. Group borrowings and debt securities

The Group's borrowings as at 31 March 2015 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short-term borrowings:-</u>			
Bills payable	-	-	-
Hire purchases	74	-	74
Term loans	582	-	582
	<u>656</u>	<u>-</u>	<u>656</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long-term borrowings:-</u>			
Hire purchases	150	-	150
Term loans	3,576	-	3,576
	<u>3,726</u>	<u>-</u>	<u>3,726</u>
Total	<u>4,382</u>	<u>-</u>	<u>4,382</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

There was no dividend declared by the Board in the current quarter.

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 2015	Corresponding Quarter Ended 31 March 2014	Current Year-To-Date Ended 31 March 2015	Corresponding Year-To-Date Ended 31 March 2014
Group's profit after taxation attributable to owners of the Company (RM'000)	393	261	393	261
Weighted average number of ordinary shares in issue excluding treasury shares	173,240,235	149,270,500	173,240,235	149,270,500
Basic earnings per share (sen)	0.23	0.17	0.23	0.17

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 2015 RM'000	Corresponding Year-To-Date Ended 31 March 2014 RM'000
Total retained profits of the Group:-		
- Realised	21,168	20,090
- Unrealised	(1,382)	(389)
Group's retained profits as per consolidated financial statements	19,786	19,701

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

This quarterly report for the financial period ended 31 March 2015 has been seen and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 25 May 2015