

(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 30 SEPTEMBER 2018**

	Current Quarter Ended 30.09.2018 (Unaudited) RM'000	Corresponding Quarter Ended 30.09.2017 (Unaudited) RM'000	Current Year-To-Date Ended 30.09.2018 (Unaudited) RM'000	Corresponding Year-To-Date Ended 30.09.2017 (Unaudited) RM'000
Revenue	101,627	78,739	224,075	200,360
Operating profit	3,684	3,381	12,139	10,255
Operating expenses	(5,117)	(1,953)	(11,080)	(6,283)
Finance expenses	(122)	(25)	(226)	(85)
(Loss)/Profit before tax	(1,555)	1,403	833	3,887
Income tax credit/(expense)	114	(450)	55	(356)
(Loss)/Profit after tax	(1,441)	953	888	3,531
Other comprehensive income/(expense), net of tax <i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	(16)	(36)	(10)	(56)
	(16)	(36)	(10)	(56)
Total comprehensive (expense)/income	(1,457)	917	878	3,475
(Loss)/Profit after tax attributable to:				
Equity holders of the company	(1,195)	874	977	3,365
Non-controlling interests	(246)	79	(89)	166
	(1,441)	953	888	3,531
Total comprehensive (expense)/income attributable to:				
Equity holders of the company	(1,200)	838	977	3,309
Non-controlling interests	(257)	79	(99)	166
	(1,457)	917	878	3,475
(Loss)/Earnings per ordinary share (sen) attributable to equity holders of the company				
- Basic	(0.24)	0.18	0.20	0.70
- Diluted	(0.24)	0.16	0.19	0.63

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	As At Financial Year Quarter 30.09.2018 (Unaudited) RM'000	As At Financial Year End 31.12.2017 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	61,246	37,671
Investment property	2,200	-
Product development expenditure	-	-
Business ownership and rights	150	-
Goodwill	3,632	-
	<u>67,228</u>	<u>37,671</u>
Current assets		
Derivative financial instrument	230	-
Inventories	14,396	6,086
Trade receivables	25,177	22,669
Other receivables, deposits and prepayments	3,223	3,799
Tax recoverable	1,948	1,526
Fixed and short term deposits with licensed banks	15,363	19,624
Cash and bank balances with licensed banks and other financial institution	25,439	27,776
	<u>85,776</u>	<u>81,480</u>
TOTAL ASSETS	<u>153,004</u>	<u>119,151</u>
EQUITY		
Share capital	75,374	63,286
Share premium	-	-
Treasury shares	(336)	(242)
Warrants Reserve	10,909	10,909
Retained profits	21,640	20,663
Revaluation reserve	13,369	13,369
Merger deficit	(8,397)	(8,397)
Currency translation reserve	(144)	(134)
Total equity attributable to equity holders of the Company	<u>112,415</u>	<u>99,454</u>
Non-controlling interests	7,144	266
TOTAL EQUITY	<u>119,559</u>	<u>99,720</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	1,341	898
Hire purchase payables	1,232	150
Term loans	3,689	900
	<u>6,262</u>	<u>1,948</u>
Current liabilities		
Trade payables	16,437	14,919
Other payables and accruals	9,284	2,015
Amount owing to Directors	9	22
Hire purchase payables	80	59
Term loans	504	370
Bank overdraft	584	-
Tax payable	285	98
	<u>27,183</u>	<u>17,483</u>
TOTAL LIABILITIES	<u>33,445</u>	<u>19,431</u>
TOTAL EQUITY AND LIABILITIES	<u>153,004</u>	<u>119,151</u>
Net assets per ordinary share (RM) attributable to equity holders of the Company	<u>0.22</u>	<u>0.21</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 2017 and the accompanying explanatory notes attached to the interim financial statements.

The net assets per share attributable to equity holders 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 522,452,625 (2017: 481,620,347) excluding treasury shares held.

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	Attributable to equity holders of the Company										Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000		
Quarter ended 30 September 2018 (Unaudited)												
Balance at 1 January 2018	63,286	-	(242)	10,909	13,369	(8,397)	(134)	20,663	99,454	266	99,720	
Profit after tax for the financial period	-	-	-	-	-	-	-	977	977	(89)	888	
Other comprehensive income/(expense), net of tax for the financial period:												
- Foreign currency translation	-	-	-	-	-	-	(10)	-	(10)	-	(10)	
Total comprehensive income for the financial period	-	-	-	-	-	-	(10)	977	967	(89)	878	
Net assets of subsidiaries acquired via:												
- Shares exchange	12,050	-	-	-	-	-	-	-	12,050	6,563	18,613	
- cash consideration	-	-	-	-	-	-	-	-	-	404	404	
Purchase of treasury shares	-	-	(94)	-	-	-	-	-	(94)	-	(94)	
Issuance of shares	38	-	-	-	-	-	-	-	38	-	38	
Balance at 30 September 2018	75,374	-	(336)	10,909	13,369	(8,397)	(144)	21,640	112,415	7,144	119,559	

Quarter ended 30 September 2017
(Unaudited)

Balance at 1 January 2017	47,912	15,054	(242)	10,909	13,393	(8,397)	(4)	18,610	97,235	100	97,335
Profit after tax for the financial period	-	-	-	-	-	-	-	3,365	3,365	166	3,531
Other comprehensive income/(expense), net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	(56)	-	(56)	-	(56)
Total comprehensive income/(expense) for the financial period	-	-	-	-	-	-	(56)	3,365	3,309	166	3,475
Issuance of shares	308	-	-	-	-	-	-	-	308	-	308
Balance at 30 September 2017	48,220	15,054	(242)	10,909	13,393	(8,397)	(60)	21,975	100,852	266	101,118

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 2017 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 30 SEPTEMBER 2018**

	Current Year To Date Ended 30.09.2018 (Unaudited) RM'000	Corresponding Year To Date Ended 30.09.2017 (Unaudited) RM'000
Cash flows from/(for) operating activities		
Profit before tax	833	3,887
Adjustments for:-		
Depreciation of property, plant and equipment	1,611	717
Amortisation	13	-
Negative goodwill on acquisition of subsidiary	(3,625)	-
Interest expense	178	75
Inventories written off	59	-
Write down/(write back) of inventories	106	(117)
Reversal of doubtful debts	(4)	-
Gain on disposal of property, plant and equipment	(68)	-
Interest income	(439)	(603)
Unrealised loss on derivative financial instrument	142	-
Unrealised (gain)/loss on foreign exchange	(52)	39
Operating (loss)/profit before working capital changes	<u>(1,246)</u>	<u>3,998</u>
Decrease in inventories	1,933	1,081
Decrease/(Increase) in trade and other receivables	10,916	(12,588)
(Decrease)/Increase in trade and other payables	<u>(13,887)</u>	<u>24,450</u>
Cash (for)/from operations	<u>(2,284)</u>	<u>16,941</u>
Net tax paid	(1,035)	(198)
Interest paid	<u>(180)</u>	<u>(76)</u>
Net cash (for)/from operating activities	<u>(3,499)</u>	<u>16,667</u>
Cash flows (for)/from investing activities		
Interest received	439	603
Proceeds from disposal of property, plant and equipment	566	-
Purchase of property, plant and equipment	(1,805)	(2,624)
Acquisition of subsidiary	<u>(2,185)</u>	<u>-</u>
Net cash for investing activities	<u>(2,985)</u>	<u>(2,021)</u>
Cash flows (for)/from financing activities		
Repayment of term loans	(324)	(260)
Repayment of bills payable	-	(2,783)
Repayment to Directors	(13)	-
Repayment of hire purchase obligations	(348)	(50)
Purchase of treasury shares	(94)	-
Proceeds from issuance of shares	<u>38</u>	<u>308</u>
Net cash for financing activities	<u>(741)</u>	<u>(2,785)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(7,225)</u>	<u>11,861</u>
Cash and cash equivalents at beginning of the financial period	47,400	50,553
Foreign exchange difference	<u>43</u>	<u>(53)</u>
Cash and cash equivalents at end of the financial period	<u>40,218</u>	<u>62,361</u>
Cash and cash equivalents comprise:		
Fixed and short term deposits with licensed banks	15,363	31,402
Cash and bank balances with licensed banks and other financial institution	<u>24,855</u>	<u>30,959</u>
	<u>40,218</u>	<u>62,361</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 2017 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 30 SEPTEMBER 2018

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 (“MFRS”) 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 2017.

The following MFRS and Interpretation 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 2018

- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)
- Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- MFRS 9 Financial Instruments (2014)
- MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 128 Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)
- Amendments to MFRS 140 Transfers of Investment Property
- Amendments to MFRS 15 - Classifications to MFRS 15
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments effective for financial periods beginning on or after 1 January 2019

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to MFRS 9 Financial Instruments (2014) - Prepayment Features with Negative Compensation
- Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long-term Interest in Associates and Joint Ventures
- Amendments to MFRS 3 Business Combinations - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)
- Amendments to MFRS 11 Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)

A1. Basis of reporting preparation (Cont'd)

Amendments effective for financial periods beginning on or after 1 January 2019 (Cont'd)

- Amendments to MFRS 112 Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle)
- Amendments to MFRS 123 Borrowing Costs - Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)
- Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement

A2. Auditors' report on preceding annual financial statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2017 were not subjected to any qualification.

A3. Seasonal or cyclical factors

Trading of crude palm oil and related products segment in the current quarter was affected by price fluctuation and external market conditions. TCM segment was impacted by seasonal demand and external factor.

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

During the quarter under review, a total of 204,300 warrants 2014/2019 were exercised, bringing the total number of ordinary shares in issue to 523,625,625 as of 30 September 2018. Aside from this, the Company has repurchased total number of 475,000 its own shares in the open market at RM0.19505 per share, the treasury shares have increased to 1,173,000 with net carrying amount of RM335,915 as at 30 September 2018.

A7. Dividend paid

No dividend paid in the current quarter under review.

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(Incorporated in Malaysia)

A8. Segmental information

	Current Quarter Ended 30 September 2018 RM'000	Corresponding Quarter Ended 30 September 2017 RM'000	Current Year-To-Date Ended 30 September 2018 RM'000	Corresponding Year-To-Date Ended 30 September 2017 RM'000
Revenue				
Manufacturing and trading of animal health products	1,673	11,277	13,346	29,141
Trading of crude palm oil and related products ("CPO")	89,284	67,462	193,513	171,019
Traditional Chinese medicine, herbal health foods and beverages ("TCM")	9,027	-	14,856	-
Food ingredients products	1,643	-	2,360	-
Others	-	-	-	200
Total	101,627	78,739	224,075	200,360

Revenue from trading of crude palm oil and related products increased by 32.35% as compared to the corresponding quarter, while year-to-date posted 13.15% increase. Manufacturing and trading of animal health products posted a decrease of 85.16% in revenue for the current quarter and a decrease of 54.20% for year-to-date as compared to the corresponding period.

A9. Valuation of property, plant and equipment

Revaluation of the Group's freehold lands and buildings has been brought forward without any amendments from the financial statement for FYE 31 December 2017. The last revaluation of freehold land and factory buildings of the Group was on 25 June 2014 by an independent firm of professional valuers. The Group adopts a revaluation policy to revalue its freehold lands and buildings in every 5 years, thus the next revaluation will be due in 2019.

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(Incorporated in Malaysia)

A10. Capital commitments

Capital commitment authorised but not provided for in the interim financial statements under review as follows:

	30 September 2018 RM'000	30 September 2017 RM'000
Approved and contracted for:		
- acquisition of plant and equipment	3,606	4,227
- purchase of CPO and raw materials	9,418	-

The outstanding balance as at 30 September 2018 is made up of balance brought forward from the previous quarter and outstanding purchase orders for trading of crude palm oil.

A11. Material subsequent event after the Reporting Period

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.

A12. Changes in the Composition of the Group

For the current quarter under review, there were no changes on the corporate structure.

A13. Contingent Liabilities

	30 September 2018 RM'000	30 September 2017 RM'000
Unsecured corporate guarantee given to bank for banking facilities extended to subsidiaries	997	1,360
Bank guarantee to vendor for purchase of CPO by a subsidiary	1,000	-
	<u>1,997</u>	<u>1,360</u>

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 (Company No: 680889-W)
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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 30 September 2018 RM'000	Corresponding Quarter Ended 30 September 2017 RM'000	Current Year-To-Date Ended 30 September 2018 RM'000	Corresponding Year-To-Date Ended 30 September 2017 RM'000
Revenue	101,627	78,739	224,075	200,360
(Loss)/Profit before tax	(1,555)	1,403	833	3,887

Group's revenue for the current quarter increased by 29.07% compared to the corresponding quarter mainly due to the increase in trading of crude palm oil and TCM products for the current quarter. For year-to-date, Group posted 11.84% increase in revenue as compared to the corresponding year.

Group incurred a loss before tax of approximately RM1.56 million for the current quarter mainly due to the decline in profit margin of both animal health products and herbal foods and beverages. Year-to-date, Group's profit before tax decreased by 78.57% mainly due to decrease in profit margin contribution from both trading of animal health products and trading of CPO and related products in the current year.

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

	Current Quarter Ended 30 September 2018 RM'000	Corresponding Quarter Ended 30 September 2017 RM'000	Current Year-To-Date Ended 30 September 2018 RM'000	Corresponding Year-To-Date Ended 30 September 2017 RM'000
<u>Revenue</u>				
Manufacturing and trading of animal health products	1,673	11,277	13,346	29,141
Trading of crude palm oil and related products ("CPO")	89,284	67,462	193,513	171,019
Traditional Chinese medicines, herbal foods and beverages ("TCM")	9,027	-	14,856	-
Food ingredients products	1,643	-	2,360	-
Others	-	-	-	200
Total revenue	101,627	78,739	224,075	200,360
<u>Results</u>				
Manufacturing and trading of animal health products	(881)	1,264	(2,870)	635
Trading of crude palm oil and related products	(256)	(396)	(284)	2,531
Traditional Chinese medicines, herbal foods and beverages	(516)	-	178	-
Food ingredients products	48	-	(87)	-
Others	50	535	3,896	721
(Loss)/Profit before tax	(1,555)	1,403	833	3,887

Animal health products and trading of CPO segment registered a loss before tax of approximately RM0.88 million and RM0.26 million respectively for the current quarter while year-to-date reported a loss before tax of approximately RM2.87 million and RM0.28 million respectively compared to preceding year. TCM segment recorded RM0.52 million loss before tax in the current quarter whereas in the preceding quarter the segment showed a profit before tax of around RM0.69 million.

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(Company No: 680889-W)
(Incorporated in Malaysia)

B3. (Loss)/Profit before tax

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

	Current Quarter Ended 30 September 2018 RM'000	Corresponding Quarter Ended 30 September 2017 RM'000	Current Year-To-Date Ended 30 September 2018 RM'000	Corresponding Year-To-Date Ended 30 September 2017 RM'000
Interest income	110	296	439	603
Interest expense	(89)	(22)	(178)	(75)
Depreciation	(811)	(239)	(1,611)	(717)
Amortisation	(10)	-	(13)	-
Negative goodwill	3,625	-	3,625	-
Inventories written off	(33)	-	(59)	-
Write back/(Write down) of inventories	148	1	(106)	117
Reversal of doubtful debts	4	-	4	-
Gain on disposal of property, plant and equipment	38	-	68	-
Loss on derivative financial instrument:				
- realised	(119)	-	(117)	-
- unrealised	(133)	-	(142)	-
(Loss)/Gain on foreign exchange:				
- realised	(56)	(82)	(45)	(9)
- unrealised	20	80	52	(39)

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 (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 30 September 2018 RM'000	Preceding Quarter Ended 30 June 2018 RM'000	Variance	
			RM'000	%
Revenue	101,627	51,516	50,111	97.27
(Loss)/Profit before tax	(1,555)	2,837	(4,392)	(154.81)

Group's revenue for the current quarter increased by 97.27% compared to preceding quarter mainly due to the increase in the trading of CPO.

Group posted a loss before tax of RM1.56 million in the current quarter due to decrease in profit margin of herbal foods and beverages in contrast to profit before tax of RM2.84 million which includes the recognition of negative goodwill in the preceding quarter.

B5. Prospects

The Board remains cautious in view of uncertainty in global economy and trade war between the United States of America and China. The TCM segment is expected to improve and contribute to the Group in the coming quarter in view of the Chinese New Year in early 2019 for sales of gift sets and hampers. With anticipated seasonal high production and unprecedented high inventory of CPO in Malaysia and Indonesia, it gives us an opportunity to capture forward sales starting August 2018. Moving forward, with lower CPO prices, the trading of CPO volume is expected to expand further and thus giving better rate of return on capital utilisation.

B6. Profit forecast and profit guarantee

Amplio has issued a three-year profit guarantee as one of the conditions in the sale of shares agreement dated 8 May 2018, with a net profit of RM0.8 million for the first year upon completion of the agreement, RM1 million for the second year and RM1.2 million in the final year.

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 (Company No: 680889-W)
 (Incorporated in Malaysia)

B7. Income tax (credit)/expense

	Current Quarter Ended 30 September 2018 RM'000	Corresponding Quarter Ended 30 September 2017 RM'000	Current Year-To-Date Ended 30 September 2018 RM'000	Corresponding Year-To-Date Ended 30 September 2017 RM'000
<u>Income tax expense</u>				
Current financial year	(96)	253	105	344
Under/(Over) provision in prior financial year	24	-	24	-
	<u>(72)</u>	<u>253</u>	<u>129</u>	<u>344</u>
<u>Deferred tax expense</u>				
Current financial year	(42)	197	(184)	12
	<u>(42)</u>	<u>197</u>	<u>-</u>	<u>12</u>
<u>Total</u>	<u>(114)</u>	<u>450</u>	<u>(55)</u>	<u>356</u>

The Company's wholly-owned subsidiary, Sunzen LifeSciences Sdn. Bhd. is awarded with BioNexus status and granted a 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 spanning from 1 January 2010 to 31 December 2019.

B8. Status of Corporate Proposal

As at announcement date of this report, there were no corporate proposals which were already announced but not completed yet.

Share Issuance Scheme ("SIS"), with effective date 15 April 2016

Pursuant to the establishment of SIS of up to 30% of the Company's issued and paid-up capital (excluding treasury shares) for the eligible Directors and employees of Sunzen and its subsidiaries (excluding dormant subsidiaries), the Company has yet to finalise the details of the eligibility and allocation criteria as well as exercise of the SIS.

SIS is subject to any adjustments in accordance with the by-laws, the Subscription Price shall be the higher of the following:

- (i) the Five-day volume weight average market price (5D-VWAP) of the Company's Shares immediately preceding the date of offer of the SIS Option, as quoted on Bursa Securities, with discount of not more than 10%; or
- (ii) the par value of the Company's Shares.

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

B8. Status of Corporate Proposal (Cont'd)

Warrants

The total number of respective Warrants exercised and Warrants yet to be exercised as at 30 June 2018 as follows:

Description	Maturity date	Exercise price (RM)	Number of Warrants listed	Number of Warrants exercised	Number of Warrants to be exercised
Warrants 2014/2019	14.04.2019	0.10	65,092,198	43,874,038	21,218,160
Warrants 2016/2021	25.02.2021	0.25	179,423,296	-	179,423,296

B8. Status of Corporate Proposal (Cont'd)

Utilisation of Proceeds from Rights Issue of 179,423,296 ordinary shares

The current status of utilisation of the gross proceeds of approximately RM44.855 million raised from the Rights Issue of 179,423,296 new ordinary shares together with 179,423,296 free detachable warrants as follows:

Description	Proposed utilisation RM'000	Proposed 1 st revision [^] RM'000	Proposed 2 nd revision [#] RM'000	Actual utilisation RM'000	Intended timeframe from the listing date* Months
Purchase of machineries	17,000	(5,860)	(3,382)	7,758	6 ⁽²⁾
Upgrade of building	2,800	(300)	(96)	2,404	6 ⁽²⁾
Working capital	24,405	6,160 ⁽³⁾	3,478 ⁽⁴⁾	33,747 ⁽¹⁾	12
Estimated listing expenses	650	-	-	946 ⁽¹⁾	0.5
Total	44,855	-	-	44,855	

Notes:

- * Listing date of Rights Shares on 4 March 2016.
- [^] The Company had on 18 April 2018 announced the proposed 1st revision of the utilisation of proceeds in view of lesser units of machineries purchased and over-estimation of fund required for the renovation of the existing office.
- [#] Announced on 27 September 2018 the proposed 2nd revision for the remaining proceeds be utilised for the purchase of crude palm oil and related products.
- (1) Shortfall of the listing expenses incurred has been adjusted from the working capital.
- (2) The Company had on 5 September 2017 announced the extension of time for the utilisation of balance proceeds up to 5 September 2018.
- (3) The additional proceeds for working capital are intended to be utilised within 6 months from the date of announcement of the proposed 1st revision, up to 17 October 2018.
- (4) The additional proceeds for working capital to be utilised within 6 months from the date of announcement, up 27 March 2019.

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

B9. Group borrowings and debt 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>			
Hire purchases	80	-	80
Term loans	504	-	504
Bank overdraft	584	-	584
	1,168	-	1,168
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long-term borrowings</u>			
Hire purchases	1,232	-	1,232
Term loans	3,689	-	3,689
	4,921	-	4,921
Total	6,089	-	6,089

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 for the current quarter under review.

B12. Disclosure of nature of outstanding derivatives

There was no outstanding derivatives as at reporting period.

B13. Disclosure of gains/losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of financial liabilities as at the reporting period.

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

B14. (Loss)/Earnings per ordinary share

Basic (Loss)/Earnings per ordinary share is calculated based on Group's (loss)/profit after tax attributable to equity holders of the Company for the financial period over the weighted average number of ordinary shares in issue during the financial period excluding treasury shares.

	Current Quarter Ended 30 September 2018	Corresponding Quarter Ended 30 September 2017	Current Year-To-Date Ended 30 September 2018	Corresponding Year-To-Date Ended 30 September 2017
(Loss)/Profit after tax attributable to equity holders of the Company	(1,195,117)	874,373	976,597	3,365,494
Weighted average number of ordinary shares in issue excluding treasury shares	495,275,948	479,384,275	495,275,948	479,384,275
Basic (loss)/earnings per ordinary share (sen)	(0.24)	0.18	0.20	0.70

Diluted (loss)/earnings per ordinary share is calculated based on Group's (loss)/profit after tax attributable to equity holders of the Company for the financial period over the weighted average number of ordinary shares in issue during the financial period and adjustment for assumed exercise of Warrants of 507,550,301 (2017: 535,625,037).

This quarterly report for the financial period ended 30 September 2018 has been reviewed and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 23 November 2018