

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Note	Current Quarter Ended 30.06.2021 (Unaudited) RM'000	Corresponding Quarter Ended 30.06.2020 (Unaudited) RM'000	Current Year-To-Date Ended 30.06.2021 (Unaudited) RM'000	Corresponding Year-To-Date Ended 30.06.2020 (Unaudited) RM'000
Revenue	A8	20,354	12,679	44,004	34,020
Operating profit		5,902	2,184	10,081	3,462
Operating expenses		(5,072)	(3,844)	(8,791)	(8,115)
Finance costs		(92)	(164)	(175)	(357)
Profit/(Loss) before tax	B2, B3	738	(1,824)	1,115	(5,010)
Income tax (expense)/credit	B7	(325)	(46)	(465)	135
Profit/(Loss) for the financial period		413	(1,870)	650	(4,875)
Other comprehensive income/(expense), net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(6)	(59)	50	(37)
		(6)	(59)	50	(37)
Total comprehensive income/(expense)		407	(1,929)	700	(4,912)
Profit/(Loss) attributable to:					
Equity holders of the company		178	(1,696)	(40)	(4,264)
Non-controlling interests		235	(174)	690	(611)
		413	(1,870)	650	(4,875)
Total comprehensive income/(expense) attributable to:					
Equity holders of the company		174	(1,687)	10	(4,288)
Non-controlling interests		233	(242)	690	(624)
		407	(1,929)	700	(4,912)
Earnings/(Loss) per ordinary share (sen)					
-Basic/Diluted	B14	0.03	(0.32)	(0.01)	(0.81)

Note:-

The above 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 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

SUNZEN BIOTECH BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	As At Financial Year End 30.06.2021 (Unaudited) RM'000	As At Financial Year End 31.12.2020 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		48,141	47,278
Right-of-use assets		98	140
Deferred tax assets		236	162
Financing receivables		1,576	-
Investment property		493	-
Goodwill		2,853	-
Intangible asset		47	66
		<u>53,444</u>	<u>47,646</u>
Current assets			
Inventories		15,570	12,269
Trade receivables		8,793	7,662
Financing receivables		4,007	-
Other receivables, deposits and prepayments		1,688	2,463
Tax recoverable		1,128	1,384
Fixed and short term deposits with licensed banks		15,672	15,532
Cash and bank balances with licensed banks and other financial institution		26,593	23,204
		<u>73,451</u>	<u>62,514</u>
Assets classified as held for sales		-	13,372
Total current assets		<u>73,451</u>	<u>75,886</u>
TOTAL ASSETS		<u>126,895</u>	<u>123,532</u>
EQUITY			
Share capital	A6	84,023	76,524
Treasury shares	A6	(956)	(956)
Warrants reserve		-	10,909
Share option reserve		9,135	9,415
Accumulated losses		(4,796)	(15,664)
Revaluation reserve		15,719	15,719
Merger deficit		(8,397)	(8,397)
Currency translation reserve		(28)	(78)
Total equity attributable to equity holders of the Company		<u>94,700</u>	<u>87,472</u>
Non-controlling interests		6,751	6,012
TOTAL EQUITY		<u>101,451</u>	<u>93,484</u>
LIABILITIES			
Non-current liabilities			
Lease Liabilities		35	68
Deferred tax liabilities		3,421	3,206
Hire purchase payables	B9	277	428
Term loans	B9	4,678	4,742
		<u>8,411</u>	<u>8,444</u>
Current liabilities			
Trade payables		10,123	5,875
Other payables and accruals		6,563	5,512
Lease Liabilities		68	76
Hire purchase payables	B9	87	121
Term loans	B9	141	10,012
Tax payable		51	8
		<u>17,033</u>	<u>21,604</u>
TOTAL LIABILITIES		<u>25,444</u>	<u>30,048</u>
TOTAL EQUITY AND LIABILITIES		<u>126,895</u>	<u>123,532</u>
Net assets per ordinary share (RM) attributable to equity holders of the Company		<u>0.17</u>	<u>0.17</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 2020 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 572,975,459 (2020: 528,764,688) excluding treasury shares held.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	← Attributable to equity holders of the Company →										
	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Share Option Reserve RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Currency Translation Reserve RM'000	(Accumulated Losses) RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Quarter ended 30 June 2021 (Unaudited)											
Balance at 1 January 2021	76,524	(956)	10,909	9,415	15,719	(8,397)	(78)	(15,664)	87,472	6,012	93,484
Profit/(Loss) for the financial period	-	-	-	-	-	-	-	(40)	(40)	690	650
Other comprehensive income/(expense), net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	50	-	50	-	50
Total comprehensive income/(expense) for the financial period	-	-	-	-	-	-	50	(40)	10	690	700
Transfer of warrants reserve to accumulated losses upon expiry	-	-	(10,908)	-	-	-	-	10,908	-	-	-
Issuance of shares pursuant to:											
- acquisition of a subsidiary through shares exchange	6,800	-	-	-	-	-	-	-	6,800	-	6,800
- Warrants exercised	2	-	(1)	-	-	-	-	-	1	-	1
- Share option	697	-	-	(280)	-	-	-	-	417	-	417
Issuance of shares to non-controlling interest	-	-	-	-	-	-	-	-	-	49	49
Balance at 30 June 2021	84,023	(956)	-	9,135	15,719	(8,397)	(28)	(4,796)	94,700	6,751	101,451
Quarter ended 30 June 2020 (Unaudited)											
Balance at 1 January 2020	76,524	(956)	10,909	-	15,754	(8,397)	3	(2,471)	91,366	5,812	97,178
Loss for the financial period	-	-	-	-	-	-	-	(4,264)	(4,264)	(611)	(4,875)
Other comprehensive expense, net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	(24)	-	(24)	(13)	(37)
Total comprehensive expense for the financial period	-	-	-	-	-	-	(24)	(4,264)	(4,288)	(624)	(4,912)
Balance at 30 June 2020	76,524	(956)	10,909	-	15,754	(8,397)	(21)	(6,735)	87,078	5,188	92,266

Note:-

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Note	Current Year To Date Ended 30.06.2021 (Unaudited) RM'000	Corresponding Year To Date Ended 30.06.2020 (Unaudited) RM'000
Cash flows from/(for) operating activities		
Profit/(Loss) before tax	1,115	(5,010)
Adjustments for:-		
Amortisation of intangible assets	19	19
Allowance for impairment loss on trade receivables	8	372
Depreciation of property, plant and equipment	1,073	1,465
Depreciation of right-of-use assets	41	40
Gain on disposal of property, plant and equipment	(952)	(26)
Reversal of impairment loss on other receivables	(1,310)	(135)
Reversal of impairment loss on trade receivables	(6)	(60)
Reversal of inventories written down	(1,136)	(46)
Interest income	(123)	(286)
Interest expense	164	347
Inventories written off	76	252
Inventories written down	750	614
Unrealised (gain)/loss on foreign exchange	(9)	101
Operating loss before working capital changes	(290)	(2,353)
Increase in inventories	(2,876)	(7,205)
Decrease in trade and other receivables	801	9,426
Decrease in financing receivables	349	-
(Decrease)/Increase in trade and other payables	(500)	663
Cash (for)/from operations	(2,516)	531
Net income tax refunded/(paid)	7	(380)
Interest paid	(163)	(354)
Net cash for operating activities	(2,672)	(203)
Cash flows from/(for) investing activities		
Interest received	123	286
Proceeds from disposal of property, plant and equipment	13,975	70
Proceeds from disposal of asset held for sale	350	-
Purchase of property, plant and equipment	(1,703)	(815)
Acquisition of a subsidiary	** 2,875	-
Net cash from/(for) investing activities	15,620	(459)
Cash flows (for)/from financing activities		
Drawdown of term loans	-	11
Repayment of term loans	(9,932)	(381)
Repayment of hire purchase obligations	(185)	(83)
Repayment of lease liabilities	(44)	(40)
Issuance of shares to non-controlling interest	49	-
Proceeds from issuance of shares	418	-
Net cash for financing activities	(9,694)	(493)
Net increase/(decrease) in cash and cash equivalents	3,254	(1,155)
Cash and cash equivalents at beginning of the financial period	38,931	32,757
Foreign exchange difference	80	(138)
Cash and cash equivalents at end of the financial period	42,265	31,464
Cash and cash equivalents comprise:		
Fixed and short term deposits with licensed banks	15,672	15,375
Cash and bank balances with licensed banks and other financial institution	26,593	16,089
	42,265	31,464

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

** Acquisition of Finsource Solution Sdn Bhd (formerly known as Save Solution Sdn Bhd) for a purchase consideration of RM 6.8 million, on 1 June 2021

Net assets acquired were as follows:

	RM'000
Property, plant and equipment	234
Investment property	493
Trade receivables	5,787
Deposit	28
Tax recoverable	31
Cash and bank balances	2,875
Other payable and accruals	(5,500)
Deferred tax liabilities	(1)
Net assets acquired	3,947
Goodwill	2,853
Purchase consideration	6,800
Less: Issuance and allotment of 41,212,121 ordinary shares at RM0.165 each	(6,800)
Add: Cash and bank balances	2,875
Cash flow on acquisition, net of cash and cash equivalents acquired	2,875

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NOTES TO THE INTERIM STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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 2020.

The following MFRS, amendments and Interpretations that have been 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.

MFRSs, Amendments to MFRSs and Interpretations effective for financial periods beginning on or after 1 January 2021

- Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases - Interest Rate Benchmark Reform Phase 2

MFRSs, Amendments to MFRSs and Interpretations effective for financial periods beginning on or after 1 April 2021

- Amendment to MFRS 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

MFRSs, Amendments to MFRSs and Interpretations effective for financial periods beginning on or after 1 January 2022

- Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

A1. Basis of reporting preparation (Cont'd)

MFRSs, Amendments to MFRSs and Interpretations effective for financial periods beginning on or after 1 January 2023

- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

A2. Auditors' report on preceding annual financial statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2020 were not subjected to any qualification.

A3. Seasonal or cyclical factors

Sales performance of TCM segment, which involves herbal foods and beverages, traditional Chinese medicines and edible bird's nest, is partially influenced by seasonal 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

In the current quarter ended 30 June 2021, there were 1,065,000 shares option exercised and 41,212,121 ordinary shares at RM0.165 each issued in relation to the acquisition of 100% interest in Finsource Solution Sdn Bhd on 1 June 2021, bringing the total number of ordinary shares in issue to 579,256,859, out of which 6,281,400 are retained as treasury shares.

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A7. Dividend paid

There was no dividend paid in the current quarter under review.

A8. Segmental information

	Current Quarter Ended 30 June 2021 RM'000	Corresponding Quarter Ended 30 June 2020 RM'000	Current Year-To-Date Ended 30 June 2021 RM'000	Corresponding Year-To-Date Ended 30 June 2020 RM'000
Revenue				
Manufacturing and trading of animal health products ("AH")	3,956	3,285	7,370	6,722
Trading of crude palm oil products ("CPO")	-	897	432	12,143
Traditional Chinese medicine, herbal health foods and beverages, bird's nest ("TCM")	16,284	8,497	36,088	15,155
Loan financing**	114	-	114	-
Total	20,354	12,679	44,004	34,020

** acquisition of Finsource Solution Sdn Bhd on 1 June 2021

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 financial year ended 31 December 2020.

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A10. Capital commitments

Capital commitments which have been authorised but not provided for in the interim financial statements under review are as follows:

	30 June 2021 RM'000	30 June 2020 RM'000
Acquisition of property, plant and equipment	1,612	2,613

The outstanding balance of RM1.61 million as at 30 June 2021, out of which RM1.14 million relating to machineries was brought forward from the previous years.

A11. Recurrent Related Party Transaction

There were no recurrent related party transactions in the current quarter under review.

A12. 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.

A13. Changes in the Composition of the Group

Save for the following, there were no changes in the corporate structure of the Group since the previous reporting date.

On 1 June 2021, the Company acquired 100% stake in Finsource Solution Sdn Bhd for a purchase consideration of RM6.8 million, which was satisfied by the issuance and allotment of 41,212,121 ordinary shares at RM0.165 each.

A14. Contingent Liabilities

	30 June 2021 RM'000	30 June 2020 RM'000
Unsecured Corporate Guarantee to financial institutions for banking facilities granted to subsidiaries	4,819	5,314
Bank guarantee to vendor for purchase of CPO by a subsidiary	-	1,000
Total	<u>4,819</u>	<u>6,314</u>

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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 June 2021 RM'000	Corresponding Quarter Ended 30 June 2020 RM'000	Current Year-To-Date Ended 30 June 2021 RM'000	Corresponding Year-To-Date Ended 30 June 2020 RM'000
Revenue	20,354	12,679	40,004	34,020
Profit/(Loss) before tax	738	(1,824)	1,115	(5,010)

The Group reported a pre-tax profit of RM0.74 million on the back of a revenue of RM20.35 million in the current quarter under review compared to a pre-tax loss of RM1.82 million and a revenue of RM12.68 million in the corresponding quarter. The improved profitability was mainly attributed to higher profit contribution on higher revenue from TCM segment and reversal of inventories written down, reversal of impairment loss on other receivables as well as the recognition of gain on disposal of property.

Year-to-date, the Group registered a pre-tax profit of RM1.12 million over a revenue of RM40.00 million in the current year compared to a pre-tax loss of RM5.01 million over a revenue of RM34.02 million in the corresponding year. The improved financial performance was mainly due to the contributing factors as explained in above paragraph.

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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 June 2021 RM'000	Corresponding Quarter Ended 30 June 2020 RM'000	Current Year-To-Date Ended 30 June 2021 RM'000	Corresponding Year-To-Date Ended 30 June 2020 RM'000
Revenue				
Manufacturing and trading of animal health products ("AH")	3,956	3,285	7,370	6,722
Trading of crude palm oil products ("CPO")	-	897	432	12,143
Traditional Chinese medicines, herbal foods and beverages, bird's nest ("TCM")	16,284	8,497	36,088	15,155
Loan financing**	114	-	114	-
Total revenue	20,354	12,679	44,004	34,020
Results				
Manufacturing and trading of animal health products	(45)	(1,428)	(802)	(2,598)
Trading of crude palm oil products	(42)	(150)	(41)	(830)
Traditional Chinese medicines, herbal foods and beverages, bird's nest	783	(246)	1,916	(1,582)
Loan financing**	42	-	42	-
Profit/(Loss) before tax	738	(1,824)	1,115	(5,010)

** acquisition of Finsource Solution Sdn Bhd on 1 June 2021

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

AH segment registered a pre-tax loss of RM0.05 million over a revenue of RM3.96 million in the current quarter compared to a pre-tax loss of RM1.43 million and a revenue of RM3.29 million in the corresponding quarter, the improved result was mainly bolstered by other incomes from gain on disposal of property and reversal of inventories written down as well as reversal of impairment loss on other receivables. Year-to-date, loss in the current year reduced significantly compared to the corresponding year mainly attributed to the contributing factors highlighted as above.

CPO segment reported a pre-tax loss of RM0.04 million for the current quarter against a pre-tax loss of RM0.15 million over a revenue of RM0.90 million in the corresponding quarter. Year-to-date, current year's loss has reduced significantly compared to the corresponding year as the company has been closely monitoring the commodity market and the profitability of such commodity product.

TCM segment posted a pre-tax profit of RM0.78 million over a revenue of RM16.28 million in the current quarter relative to a pre-tax loss of RM0.25 million and a revenue of RM8.50 million in the corresponding quarter mainly attributed to higher profit contribution on higher revenue achieved. Year-to-date, it reported a pre-tax profit of RM1.92 million on the back of a revenue of RM36.09 million in the current year compared to pre-tax loss of RM1.58 million and a revenue of RM15.16 million in the corresponding year, the significantly improved profit contribution was driven by higher revenue in the current year of more than double the corresponding year.

Loan financing segment reported a pre-tax profit of RM0.04 million and a revenue of approximately RM0.11 million for a single month period since the acquisition of this business was taken place only on 1 June 2021.

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B3. Profit/(Loss) before tax

Profit/(loss) before tax is arrived after (charging)/crediting:

	Current Quarter Ended 30 June 2021 RM'000	Corresponding Quarter Ended 30 June 2020 RM'000	Current Year-To-Date Ended 30 June 2021 RM'000	Corresponding Year-To-Date Ended 30 June 2020 RM'000
Interest income	57	127	123	286
Interest expense	(90)	(159)	(164)	(347)
Depreciation of property, plant and equipment	(543)	(735)	(1,073)	(1,465)
Depreciation of right-of-use assets	(20)	(20)	(41)	(40)
Amortisation of intangible assets	(10)	(10)	(19)	(19)
Inventories:				
- written off	(43)	(198)	(76)	(252)
- written down	(725)	(614)	(750)	(614)
Reversal of inventories written down	941	-	1,136	46
Allowance for impairment loss on trade receivables	(8)	-	(8)	(372)
Reversal of impairment loss:				
- other receivables	555	135	1,310	135
- trade receivables	-	60	6	60
Gain on disposal of property, plant and equipment	924	68	952	26
Gain/(Loss) on foreign exchange:				
- realised	41	204	53	239
- unrealised	2	(118)	9	(101)

B4. Material changes in the current quarter's results compared to the results of the preceding quarter

	Current Quarter Ended 30 June 2021 RM'000	Preceding Quarter Ended 31 March 2021 RM'000	Variance	
			RM'000	%
Revenue	20,354	23,650	(3,296)	(13.94)
Profit before tax	738	377	361	95.76

The Group reported a pre-tax profit of RM0.74 million over a revenue of RM20.35 million in the current quarter under review compared to a pre-tax profit of RM0.38 million and a revenue of RM23.65 million in the preceding quarter. The Group attributed the improved profitability to other operating incomes from gain on disposal of property and reversal of inventories written down, despite having lower revenue from TCM segment and higher marketing costs and other operating expenses in the current quarter.

B5. Prospects

The Board remains cautious in view of current economic factors and the impacts of pandemic on business activities, and is fully committed to continuously improve the financial performance of the Group.

Animal Health segment continues to focus on Tomofat Functional red palm oil range, targeting premium meat and eggs producers to improve sales performance. Besides, with new intestinal health products which include Ding Su 3CIII, Ding Su T and Active Four successfully registered with Department of Veterinary Services Malaysia ("DVS"), it is expected to capture significant market share in coming quarters.

Loan financing segment, a newly acquired business is expected to contribute positively to the profitability of the Group in view of new injection of fund to expand the potential growth of the business.

TCM segment is expecting its sales orders to pick up in the second half of the year in view of more business activities are gradually resumed after the movement control measures and the vaccination program in the country has been progressing well. Export of edible bird's nest to overseas market is expected to perform well in view of the increasing sales orders received.

B6., Profit forecast and profit guarantee

No profit forecast or profit guarantee has been issued by the Group in the current quarter save for the following.

In accordance with share sale agreement dated 12 January 2021 between Finsource Solution Sdn Bhd (“Finsource”) and the Company (“purchaser”), the guarantors have given a guaranteed profit of not less than RM2 million based on audited profit after tax (“PAT”) of Finsource for the financial years ending (“FYE”) 31 December 2021 and 31 December 2022. As security for the performance of the guaranteed profit, the guarantors have placed with the stakeholder an amount of Consideration Shares of value equivalent to the guaranteed profit.

In the event, the aggregate of audited PAT for FYE 2021 and FYE2022 is lower than the guaranteed profit, the guarantors shall compensate the purchaser of the deficiency. The guarantors and the purchaser agreed that the stakeholder shall be entitled to offset the deficiency by disposing into the open market the equivalent value of the consideration shares held as security, not later than 14 business days from the certified accounts for FYE 2022.

B7. Income tax expense/(credit)

	Current Quarter Ended 30 June 2021 RM’000	Corresponding Quarter Ended 30 June 2020 RM’000	Current Year-To-Date Ended 30 June 2021 RM’000	Corresponding Year-To-Date Ended 30 June 2020 RM’000
Income tax expense/(credit):				
Current financial year	218	8	316	16
Underprovision of previous year	2	-	2	-
	220	8	318	16
Deferred tax expense/(credit):				
Current financial year	107	38	149	(151)
Overprovision of previous year	(2)	-	(2)	-
	105	38	147	(151)
Total	325	46	465	(135)

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B8. Status of Corporate Proposal

There were no corporate proposals which have already announced but not yet completed as at the reporting date.

Share Issuance Scheme (“SIS”), expiring on 15 April 2026

The total number of share option vested at an exercise price of RM0.1395 each and total number of share option exercised as at the reporting date were as follows.

	No. of share option vested ‘000	No. of share option exercised ‘000	Balance share option unexercised ‘000
Directors	94,000	-	94,000
Employees	6,588	3,136	3,452

B9. Loans and borrowings

The Group’s loans and borrowings as at 30 June 2021 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current portion</u>			
Hire purchase payables	87	-	87
Term loans	141	-	141
	228	-	228
<u>Non-current portion</u>			
Hire purchases payables	277	-	277
Term loans	4,678	-	4,678
	4,955	-	4,955
Total	5,183	-	5,183

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, save for the following legal action.

Sunzen Feedtech Sdn Bhd, a subsidiary of the Company has recently commenced a legal action in Shah Alam Sessions Court to recover an outstanding amount of RM0.629 million from a purchaser of CPO product, who has defaulted in payment. The appointed solicitors complied with the terms of the order for substituted service and would proceed to obtain default judgement against the defendant in the event of no appearance is entered.

B11. Dividend declared or recommended

No dividend was declared for the current quarter under review.

B12. Disclosure of nature of outstanding derivatives

There were 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.

B14. Earnings/(Loss) per ordinary share

Basic earnings/(loss) per ordinary share is calculated based on consolidated profit/(loss) for the financial period attributable to equity holders of the Company over the weighted average number of ordinary shares in issue excluding treasury shares during the financial period.

	Current Quarter Ended 30 June 2021	Corresponding Quarter Ended 30 June 2020	Current Year-To-Date Ended 30 June 2021	Corresponding Year-To-Date Ended 30 June 2020
Profit/(Loss) attributable to equity holders of the Company (RM'000)	178	(1,696)	(40)	(4,264)
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	533,202	529,011	533,202	529,011
Basic earnings/(loss) per ordinary share (sen)	0.03	(0.32)	(0.01)	(0.81)

Diluted loss per ordinary share will be the same as basic loss per share due to anti-dilutive effect since diluted loss per share should not be higher than basic loss per share.

This quarterly report for the financial period ended 30 June 2021 has been reviewed and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 27 August 2021