

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

		Current Quarter Ended 30.06.2022 (Unaudited) RM'000	Corresponding Quarter Ended 30.06.2021 (Unaudited) RM'000	Current Year-To-Date Ended 30.06.2022 (Unaudited) RM'000	Corresponding Year-To-Date Ended 30.06.2021 (Unaudited) RM'000
Revenue	A8	<u>27,742</u>	20,354	<u>56,174</u>	44,004
Operating profit		6,960	5,902	13,896	10,081
Operating expenses		(5,060)	(5,072)	(9,784)	(8,791)
Finance costs		(58)	(92)	(110)	(175)
Profit before tax	B2, B3	<u>1,842</u>	738	<u>4,002</u>	1,115
Income tax expense	B7	(720)	(325)	(1,557)	(465)
Profit for the financial period		<u>1,122</u>	413	<u>2,445</u>	650
Other comprehensive income/(expense), net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		<u>15</u>	(6)	<u>(6)</u>	50
		15	(6)	(6)	50
Total comprehensive income		<u>1,137</u>	407	<u>2,439</u>	700
Profit/(Loss) attributable to:					
Equity holders of the company		<u>803</u>	178	<u>1,544</u>	(40)
Non-controlling interests		<u>319</u>	235	<u>901</u>	690
		<u>1,122</u>	413	<u>2,445</u>	650
Total comprehensive income attributable to:					
Equity holders of the company		<u>819</u>	174	<u>1,539</u>	10
Non-controlling interests		<u>318</u>	233	<u>900</u>	690
		<u>1,137</u>	407	<u>2,439</u>	700
Earnings/(Loss) per ordinary share (sen)					
-Basic	B14	0.12	0.03	0.24	(0.01)
-Diluted		0.11	0.03	0.21	(0.01)

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	As At Financial Period Ended 30.06.2022 (Unaudited)	As At Financial Year Ended 31.12.2021 (Audited)
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	46,724	47,095
Right-of-use assets	273	725
Trade receivables	42,401	21,782
Goodwill	2,853	2,853
Intangible asset	9	28
	<u>92,260</u>	<u>72,483</u>
Current assets		
Inventories	12,787	13,976
Trade receivables	18,576	12,518
Other receivables, deposits and prepayments	2,042	1,403
Tax recoverable	424	612
Fixed and short term deposits with licensed banks	12,890	3,752
Cash and bank balances with licensed banks and other financial institution	17,424	43,471
	<u>64,143</u>	<u>75,732</u>
Assets classified as held for sales	493	493
Total current assets	<u>64,636</u>	<u>76,225</u>
TOTAL ASSETS	<u>156,896</u>	<u>148,708</u>
EQUITY		
Share capital	A6 109,243	108,177
Treasury shares	A6 (956)	(956)
Share option reserve	7,437	7,674
Accumulated losses	(2,525)	(4,077)
Revaluation reserve	15,683	15,683
Merger deficit	(8,397)	(8,397)
Currency translation reserve	(11)	(6)
Total equity attributable to equity holders of the Company	<u>120,474</u>	<u>118,098</u>
Non-controlling interests	8,010	7,370
TOTAL EQUITY	<u>128,484</u>	<u>125,468</u>
LIABILITIES		
Non-current liabilities		
Lease Liabilities	365	468
Deferred tax liabilities	3,478	3,546
Term loans	B9 4,544	4,614
	<u>8,387</u>	<u>8,628</u>
Current liabilities		
Trade payables	13,698	9,578
Other payables and accruals	4,289	4,041
Lease Liabilities	236	373
Term loans	B9 138	133
Tax payable	1,664	487
	<u>20,025</u>	<u>14,612</u>
TOTAL LIABILITIES	<u>28,412</u>	<u>23,240</u>
TOTAL EQUITY AND LIABILITIES	<u>156,896</u>	<u>148,708</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 2021 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 710,136,959 (2021: 705,817,459) excluding 6,281,400 treasury shares held.

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	← 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 2022 (Unaudited)											
Balance at 1 January 2022	108,177	(956)	-	7,674	15,683	(8,397)	(6)	(4,077)	118,098	7,370	125,468
Profit for the financial period	-	-	-	-	-	-	-	1,544	1,544	901	2,445
Other comprehensive income/(expense), net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	(5)	-	(5)	(1)	(6)
Total comprehensive income/(expense) for the financial period	-	-	-	-	-	-	(5)	1,544	1,539	900	2,439
Issuance of shares pursuant to share options exercised	1,066	-	-	(429)	-	-	-	-	637	-	637
Reversal of share options granted under Share Issuance Scheme	-	-	-	(8)	-	-	-	8	-	-	-
Share option granted under Share Issuance Scheme	-	-	-	200	-	-	-	-	200	-	200
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	40	40
Dividend payment to non-controlling interest	-	-	-	-	-	-	-	-	-	(300)	(300)
Balance at 30 June 2022	109,243	(956)	-	7,437	15,683	(8,397)	(11)	(2,525)	120,474	8,010	128,484
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 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
- Warrant 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

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

SUNZEN BIOTECH BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

Note	Current Year To Date Ended 30.06.2022 (Unaudited) RM'000	Corresponding Year To Date Ended 30.06.2021 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	4,002	1,115
Adjustments for:-		
Amortisation of intangible assets	19	19
Bad debts written off	135	-
Depreciation of:		
- property, plant and equipment	1,112	939
- right-of-use assets	176	175
Gain from disposal of property, plant and equipment	-	(952)
Reversal of impairment loss of:		
- other receivables	-	(1,310)
- property, plant and equipment	(76)	-
Property, plant and equipment written off	3	-
Reversal of inventories written down	(645)	(1,136)
Share Issuance Scheme - employee benefit expenses	652	-
Net impairment loss of trade receivables	17	2
Interest income	(18)	(41)
Dividend income	(12)	(82)
Interest expense	101	164
Inventories written off	121	76
Inventories written down	510	750
Unrealised gain on foreign exchange	(67)	(9)
Operating profit/(loss) before working capital changes	<u>6,030</u>	<u>(290)</u>
Decrease/(Increase) in inventories	1,279	(2,876)
(Increase)/Decrease in trade and other receivables	(27,495)	1,150
Increase/(Decrease) in trade and other payables	<u>3,871</u>	<u>(500)</u>
Cash for operations	<u>(16,315)</u>	<u>(2,516)</u>
Income tax paid	(433)	(98)
Income tax refunded	172	105
Interest paid	<u>(94)</u>	<u>(163)</u>
Net cash for operating activities	<u>(16,670)</u>	<u>(2,672)</u>
Cash flows from/(for) investing activities		
Interest received	18	41
Dividend received	12	82
Proceeds from disposal of:		
- property, plant and equipment	778	13,975
- asset held for sale	-	350
Purchase of property, plant and equipment	(1,251)	(1,703)
Acquisition of a subsidiary	-	2,875
Net cash (for)/from investing activities	<u>(443)</u>	<u>15,620</u>
Cash flows from/(for) financing activities		
Repayment of term loans	(65)	(9,932)
Payment of lease liabilities	(165)	(229)
Proceeds from issuance of shares to non-controlling interest	40	49
Proceeds from issuance of shares pursuant to:		
- exercise of warrants	-	1
- share options	637	417
Dividend payment to non-controlling interest	(300)	-
Net cash from/(for) financing activities	<u>147</u>	<u>(9,694)</u>
Net (decrease)/increase in cash and cash equivalents	(16,966)	3,254
Cash and cash equivalents at beginning of the financial period	47,223	38,931
Foreign exchange difference	57	80
Cash and cash equivalents at end of the financial period	<u>30,314</u>	<u>42,265</u>
Cash and cash equivalents comprise:		
Fixed and short term deposits with licensed banks	12,890	15,672
Cash and bank balances with licensed banks and other financial institution	<u>17,424</u>	<u>26,593</u>
	<u>30,314</u>	<u>42,265</u>

SUNZEN BIOTECH BERHAD

[Registration No. 200501003843 (680889-W)]
(Incorporated in Malaysia)

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

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 2021.

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 impact on the financial statements of the Group.

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

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

- MFRS 17* Insurance Contracts
- Amendments to MFRS 17* Insurance Contracts
- Amendments to MFRS 4* Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9
- 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
- Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

A1. Basis of reporting preparation (Cont'd)

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

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

A2. Auditors' report on preceding annual financial statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2021 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 partly impacted 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

For the current quarter ended 30 June 2022, a total of 1,974,500 shares option were exercised, bringing the total number of ordinary shares in issue to 716,418,359, which is inclusive of 6,281,400 treasury shares.

A7. Dividend paid

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

SUNZEN BIOTECH BERHAD
 [Registration No. 200501003843 (680889-W)]
 (Incorporated in Malaysia)

A8. Segmental information

	Current Quarter Ended 30 June 2022 RM'000	Corresponding Quarter Ended 30 June 2021 RM'000	Current Year-To-Date Ended 30 June 2022 RM'000	Corresponding Year-To-Date Ended 30 June 2021 RM'000
Revenue				
Manufacturing and trading of animal health products (“AH”)	928	3,956	2,290	7,370
Trading of crude palm oil products (“CPO”)	-	-	-	432
Traditional Chinese medicine, herbal health foods and beverages, bird’s nest (“TCM”)	24,390	16,284	49,678	36,088
Loan financing	2,424	114 ^(a)	4,206	114 ^(a)
Total	27,742	20,354	56,174	44,004

Note:

(a) Acquired 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 2021.

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 2022 RM'000	30 June 2021 RM'000
Acquisition of property, plant and equipment	361	1,612

SUNZEN BIOTECH BERHAD
[Registration No. 200501003843 (680889-W)]
(Incorporated in Malaysia)

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

There were no changes in the corporate structure of the Group since the previous reporting date.

A14. Contingent Liabilities

	30 June 2022 RM'000	30 June 2021 RM'000
Unsecured Corporate Guarantee to financial institutions for banking facilities granted to subsidiaries	4,682	4,819
Total	<u>4,682</u>	<u>4,819</u>

SUNZEN BIOTECH BERHAD
[Registration No. 200501003843 (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 30 June 2022 RM'000	Corresponding Quarter Ended 30 June 2021 RM'000	Current Year-To-Date Ended 30 June 2022 RM'000	Corresponding Year-To-Date Ended 30 June 2021 RM'000
Revenue	27,742	20,354	56,174	40,004
Profit before tax	1,842	738	4,002	1,115

For the current quarter under review, the Group reported 36.30% increase in revenue to RM27.74 million, against RM20.35 million in the corresponding quarter, mainly attributed to TCM and loan financing segments. Year-to-date, the Group's revenue increased by 40.42% to RM56.17 million for the current year from RM40.00 million in the corresponding year.

The Group recorded a higher pre-tax profit of RM1.84 million in the current quarter compared to just a pre-tax profit of RM0.74 million in the corresponding quarter, primarily due to higher earnings from loan financing and TCM segments. Year-to-date, the Group's pre-tax profit reported RM4.00 million for the current year in comparison to RM1.12 million in the preceding year.

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 2022 RM'000	Corresponding Quarter Ended 30 June 2021 RM'000	Current Year-To-Date Ended 30 June 2022 RM'000	Corresponding Year-To-Date Ended 30 June 2021 RM'000
Revenue				
Manufacturing and trading of animal health products ("AH")	928	3,956	2,290	7,370
Trading of crude palm oil products ("CPO")	-	-	-	432
Traditional Chinese medicines, herbal foods and beverages, bird's nest ("TCM")	24,390	16,284	49,678	36,088
Loan financing	2,424	114(a)	4,206	114(a)
Total revenue	27,742	20,354	56,174	44,004
Results				
Manufacturing and trading of animal health products	(1,433)	(45)	(2,867)	(802)
Trading of crude palm oil products	-	(42)	-	(41)
Traditional Chinese medicines, herbal foods and beverages, bird's nest	1,245	783	3,446	1,916
Loan financing	2,030	42	3,423	42
Profit before tax	1,842	738	4,002	1,115

Note:

(a) Acquired on 1 June 2021

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)

AH segment, contributed a revenue of RM0.93 million in the current quarter compared to RM3.96 million in the corresponding quarter, mainly attributed to the decrease in product demand amid the rising feed costs facing by farms. Year-to-date's revenue decreased by 68.93% to RM2.29 million from RM7.37 million a year ago.

The segment incurred a pre-tax loss of RM1.43 million for the current quarter, a higher loss compared to the corresponding quarter's loss of RM0.05 million, which included one-off gain on disposal of property of RM0.92 million and reversal of impairment loss on receivable of RM0.56 million in the previous year. Year-to-date, incurred a pre-tax loss of RM2.87 million compared to the corresponding year's loss of RM0.80 million, mainly attributed to the same factors mentioned earlier.

TCM segment, recorded 49.78% increase in revenue to RM24.39 million for the current quarter compared to RM16.28 million a year ago mainly bolstered by the increased sales orders for contract manufacturing. Year-to-date's revenue increased by 37.66% to RM49.68 million for the current year.

The segment registered a pre-tax profit of RM1.25 million in the current quarter, increased by 59.00% compared previously, mainly attributed to higher earnings and operational efficiency in tandem with the increase in sales orders. Year-to-date, it posted a higher pre-tax profit of RM3.45 million in the current year, which is 79.85% higher compared to the previous year.

Loan financing segment, recorded a much higher revenue of RM2.42 million for the current quarter as compared to RM0.11 million previously when it was first acquired in June 2021, mainly due to business expansion. Year-to-date's revenue, reported as RM3.42 million for the current year versus RM0.11 million in the previous year.

The segment registered a higher pre-tax profit of RM2.03 million for the current quarter compared to just a pre-tax profit of RM0.04 million a year ago. Year-to-date, posted a pre-tax profit of RM3.42 million for the current year versus RM0.04 million in the previous year, the improved profitability was attributed to higher earnings underpinned by higher revenue contribution.

SUNZEN BIOTECH BERHAD
[Registration No. 200501003843 (680889-W)]
(Incorporated in Malaysia)

B3. Profit before tax

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

	Current Quarter Ended 30 June 2022 RM'000	Corresponding Quarter Ended 30 June 2021 RM'000	Current Year-To-Date Ended 30 June 2022 RM'000	Corresponding Year-To-Date Ended 30 June 2021 RM'000
Interest income	10	16	18	41
Dividend income	3	41	12	82
Interest expense	(55)	(90)	(101)	(164)
Depreciation of:				
- property, plant and equipment	(565)	(543)	(1,112)	(1,073)
- right-of-use assets	(99)	(20)	(176)	(41)
Amortisation of intangible assets	(10)	(10)	(19)	(19)
Inventories:				
- written off	(64)	(43)	(121)	(76)
- written down	(355)	(725)	(510)	(750)
Net reversal of/(allowance for) impairment loss of trade receivables	11	(8)	(17)	(2)
Reversal of inventories written down	451	941	645	1,136
Reversal of impairment loss of:				
- other receivables	-	555	-	1,310
- Property, plant and equipment	76	-	76	-
Property, plant and equipment written off	(3)	-	(3)	-
Share Issuance Scheme - employee benefit expenses	(452)	-	(652)	-
Gain from disposal of property, plant and equipment	-	924	-	952
Gain from foreign exchange:				
- realised	122	41	243	53
- unrealised	54	2	67	9

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

	Current Quarter Ended 30 June 2022 RM'000	Preceding Quarter Ended 31 March 2022 RM'000	Variance	
			RM'000	%
Revenue	27,742	28,432	(690)	(2.43)
Profit before tax	1,842	2,160	(318)	(14.72)

The Group recorded 2.43% lower in revenue for the current quarter compared to RM28.43 million in the preceding quarter, mainly due to lower sales achieved for TCM and AH segments, by 3.55% and 31.86% respectively.

The Group registered a lower pre-tax profit of RM1.84 million for the current quarter compared to pre-tax profit of RM2.16 million in the preceding quarter, mainly due to lower margin from TCM segment and the recognition of employee benefit (non-cash) of RM0.45 million in respect of Share Issuance Scheme, despite the fact that loan financing contributed higher earnings in the current quarter. However, net profit attributable to equity holders of the Company is RM0.80 million for the current quarter compared to RM0.74 million for the preceding quarter.

B5. Prospects

Sales and marketing team will continue to strengthen the existing overseas network to increase the sales for animal health products and to get more products registered. TCM segment expects to launch pouch packaging products in the coming quarter in order to expand its existing market share for its products. It also anticipates loan financing business to pick up in view of the gradual recovery of business activities after impacted by the pandemic.

B6. Profit forecast and profit guarantee

In accordance with share sale agreement dated 12 January 2021 between Finsource Credit (M) Sdn Bhd 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 2021 and 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 financial years 2021 and 2022 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 the financial year 2022.

B7. Income tax expense

	Current Quarter Ended 30 June 2022 RM’000	Corresponding Quarter Ended 30 June 2021 RM’000	Current Year-To-Date Ended 30 June 2022 RM’000	Corresponding Year-To-Date Ended 30 June 2021 RM’000
Income tax expense:				
Current financial year	770	218	1,626	316
Over-provision of the previous year	-	2	(1)	2
	770	220	1,625	318
Deferred tax expense:				
Current financial year	(50)	105	(68)	147
	(50)	105	(68)	147
Total	720	325	1,557	465

SUNZEN BIOTECH BERHAD
[Registration No. 200501003843 (680889-W)]
(Incorporated in Malaysia)

B8. Status of Corporate Proposal

Save for the following, there were no corporate proposals which have already announced but not yet completed as at the reporting date.

Bonus Issue of Warrants

The Company has obtained the approval from Shareholders during the Extraordinary General Meeting on 22 June 2022 in relation to the Bonus Issue of Warrants of up to 408,821,729 warrants on the basis of 1 Warrant for every 2 existing ordinary shares held by the entitled shareholders on an entitlement date to be announced later.

Subsequently, the Company announced on 24 August 2022 the entitlement date for the Bonus issue of Warrants be fixed on 8 September 2022 and the exercise price at RM0.20 per Warrant.

Utilisation of proceeds raised from Private Placement

The status of the utilisation as at 30 June 2022 is set out below:

Proposed utilisation	Proceeds RM'000	Utilised RM'000	Unutilised RM'000	Intended timeframe from the listing date (no. of month)
Expansion of money lending business	17,252	17,252	-	within 9 months
Expenses for new animal health products	863	111	752	within 18 months
Working capital	2,465	2,465	-	within 12 months
Estimated expenses	197	197	-	immediate
Total	20,777	20,025	752	

Share Issuance Scheme, expiring on 15 April 2026

The details of the total number of share options exercisable, cancelled, exercised and the balance as at the reporting date are as follows.

	Share option	Exercise price RM	No. of share option exercisable '000	No. of share option lapsed '000	No. of share option exercised '000	Balance of share option exercisable '000
Directors	A	0.1395	94,000.0	-	16,330.0	77,670.0
Employees	A	0.1395	11,416.8	480.0	6,822.5	4,114.3
Employees	B	0.1772	1,652.0	30.0	1,113.0	509.0
Total			107,068.8	510.0	24,265.5	82,293.3

A total of 23,315,200 share options are non-exercisable as of the reporting date, subject to performance criteria to be fulfilled by employees over the option tenure, giving a total outstanding number of share option of 105,608,500.

SUNZEN BIOTECH BERHAD
[Registration No. 200501003843 (680889-W)]
(Incorporated in Malaysia)

B9. Loans and borrowings

The Group's loans and borrowings as at 30 June 2022 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current portion</u>			
Term loans	138	-	138
<u>Non-current portion</u>			
Term loans	4,544	-	4,544
Total	4,682	-	4,682

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.

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.

SUNZEN BIOTECH BERHAD
[Registration No. 200501003843 (680889-W)]
(Incorporated in Malaysia)

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 6,281,400 treasury shares during the financial period.

	Current Quarter Ended 30 June 2022	Corresponding Quarter Ended 30 June 2021	Current Year-To-Date Ended 30 June 2022	Corresponding Year-To-Date Ended 30 June 2021
Profit/(Loss) attributable to equity holders of the Company (RM'000)	803	178	1,544	(40)
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	655,462	533,202	655,462	533,202
Basic earnings/(loss) per ordinary share (sen)	0.12	0.03	0.24	(0.01)

Diluted earnings/(loss) per ordinary share is calculated based on consolidated profit for the financial period attributable to equity holders of the Company over the weighted average of ordinary shares in issue excluding treasury shares after adjusting for the effects of all dilutive potential ordinary shares. While for diluted loss per share, it would be the same as basic loss per share due to anti-dilutive effect as diluted loss per share should not be lower than basic loss per share.

This quarterly report for the financial period ended 30 June 2022 has been reviewed and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 30 August 2022