

(Company No : 680889-W)

**SUNZEN BIOTECH BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

|  | <b>Current<br/>Quarter<br/>Ended<br/>30.09.2011<br/>(Unaudited)<br/>RM'000</b> | <b>Corresponding<br/>Quarter<br/>Ended<br/>30.09.2010<br/>(Unaudited)<br/>RM'000</b> | <b>Current<br/>Year-To-Date<br/>Ended<br/>30.09.2011<br/>(Unaudited)<br/>RM'000</b> | <b>Corresponding<br/>Year-To-Date<br/>Ended<br/>30.09.2010<br/>(Unaudited)<br/>RM'000</b> |
|--|--|--|---|---|
| Revenue  | <b>7,701</b>   | 7,846  | <b>23,147</b>   | 21,039  |
| Operating profit   | <b>2,667</b>   | 2,567  | <b>8,182</b>  | 6,790   |
| Operating expenses   | <b>(1,987)</b>   | (1,491)  | <b>(5,914)</b>  | (4,711)   |
| Finance costs  | <b>(125)</b>   | (124)  | <b>(358)</b>  | (327)   |
| Profit before taxation   | <b>555</b>   | 952  | <b>1,910</b>  | 1,752   |
| Tax expense  | <b>(124)</b>   | (150)  | <b>(440)</b>  | (300)   |
| Profit after taxation  | <b>431</b>   | 802  | <b>1,470</b>  | 1,452   |
| Other comprehensive income, net of tax                               | <b>(1)</b>   | -  | <b>4</b>  | -   |
| Total comprehensive income   | <b>430</b>   | 802  | <b>1,474</b>  | 1,452   |
| Profit after taxation attributable to<br>Owners of the Company:      | <b>431</b>   | 802  | <b>1,470</b>  | 1,452   |
| Total comprehensive income attributable to<br>Owners of the Company: | <b>430</b>   | 802  | <b>1,474</b>  | 1,452   |
| Earnings per share (sen) attributable to<br>Owners of the Company:   |  |  |   |   |
| - Basic  | <b>0.29</b>  | 0.54   | <b>0.98</b>   | 0.97  |

Note:-

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**SUNZEN BIOTECH BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2011**

|  | As At<br>Current Year<br>Quarter<br>30.09.2011<br>(Unaudited)<br>RM'000 | As At<br>Financial Year<br>End<br>31.12.2010<br>(Audited)<br>RM'000 |
|--|---|---|
| <b>ASSETS</b>  |   |   |
| <b>Non - current assets</b>  |   |   |
| Property, plant and equipment  | 15,798  | 15,349  |
| Product development expenditure  | 822   | 1,009   |
| Goodwill   | 58  | 58  |
| Quoted investments   | 20  | 16  |
|  | <u>16,698</u>   | <u>16,432</u>   |
| <b>Current assets</b>  |   |   |
| Inventories  | 10,217  | 9,998   |
| Trade receivables  | 6,005   | 6,129   |
| Other receivables, deposits and prepayments                                | 724   | 357   |
| Tax refundable   | 37  | 81  |
| Amount owing by directors  | 12  | -   |
| Fixed and short term deposits with licensed banks                          | 3,266   | 4,862   |
| Cash and bank balances with licensed banks and other financial institution | 7,497   | 6,538   |
|  | <u>27,758</u>   | <u>27,965</u>   |
| <b>TOTAL ASSETS</b>  | <u>44,456</u>   | <u>44,397</u>   |
| <b>EQUITY AND LIABILITIES</b>  |   |   |
| <b>Equity</b>  |   |   |
| Share capital  | 14,939  | 14,939  |
| Share premium  | 3,520   | 3,520   |
| Retained profits   | 16,017  | 15,219  |
| Fair value reserve   | 9   | 5   |
| Revaluation reserve  | 3,179   | 3,179   |
| Merger deficit   | (8,397)   | (8,397)   |
|  | <u>29,267</u>   | <u>28,465</u>   |
| <b>Non-current liabilities</b>   |   |   |
| Deferred taxation  | 537   | 523   |
| Hire purchase payables   | 205   | 209   |
| Term loans   | 5,502   | 5,003   |
|  | <u>6,244</u>  | <u>5,735</u>  |
| <b>Current Liabilities</b>   |   |   |
| Trade payables   | 2,688   | 4,194   |
| Bill payable   | 3,598   | 2,024   |
| Other payables and accruals  | 2,070   | 2,406   |
| Amount owing to directors  | -   | 34  |
| Proposed dividend  | -   | 896   |
| Hire purchase payables   | 111   | 115   |
| Term loans   | 478   | 528   |
|  | <u>8,945</u>  | <u>10,197</u>   |
| <b>TOTAL LIABILITIES</b>   | <u>15,189</u>   | <u>15,932</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>44,456</u>   | <u>44,397</u>   |
| <b>Net assets per share (RM) attributable to owners of the Company</b>     | <u>0.20</u>   | <u>0.19</u>   |

Note:-

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

The net assets per share attributable to owners of the Company is calculated based on net assets value and the issued paid up share capital of 149,390,500 shares.

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**SUNZEN BIOTECH BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

|  | ← Non-distributable        |                            |                                 |                                  | → Distributable                  |                             |                               |                           |
|--|----------------------------|----------------------------|---------------------------------|----------------------------------|----------------------------------|-----------------------------|-------------------------------|---------------------------|
|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Fair Value<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Translation<br>Reserve<br>RM'000 | Merger<br>Deficit<br>RM'000 | Retained<br>Profits<br>RM'000 | Total<br>Equity<br>RM'000 |
| <b>9 months ended 30 September 2011</b>              |                            |                            |                                 |                                  |                                  |                             |                               |                           |
| <b>(Unaudited)</b>                                   |                            |                            |                                 |                                  |                                  |                             |                               |                           |
| Balance at 1 January 2011                            | 14,939                     | 3,520                      | 5                               | 3,179                            | -                                | (8,397)                     | 15,219                        | 28,465                    |
| Total comprehensive income for the period            | -                          | -                          | 4                               | -                                | -                                | -                           | 1,470                         | 1,474                     |
| Tax-exempt dividend                                  | -                          | -                          | -                               | -                                | -                                | -                           | (672)                         | (672)                     |
| <b>Balance at 30 September 2011</b>                  | <b>14,939</b>              | <b>3,520</b>               | <b>9</b>                        | <b>3,179</b>                     | <b>-</b>                         | <b>(8,397)</b>              | <b>16,017</b>                 | <b>29,267</b>             |
| <b>9 months ended 30 September 2010</b>              |                            |                            |                                 |                                  |                                  |                             |                               |                           |
| <b>(Unaudited)</b>                                   |                            |                            |                                 |                                  |                                  |                             |                               |                           |
| Balance at 1 January 2010 - as previously reported   | 14,939                     | 3,520                      | -                               | -                                | -                                | (8,397)                     | 13,966                        | 24,028                    |
| Effects of adopting FRS 139                          | -                          | -                          | (2)                             | -                                | -                                | -                           | -                             | (2)                       |
| <b>Balance at 1 January 2010 - as restated</b>       | <b>14,939</b>              | <b>3,520</b>               | <b>(2)</b>                      | <b>-</b>                         | <b>-</b>                         | <b>(8,397)</b>              | <b>13,966</b>                 | <b>24,026</b>             |
| Total comprehensive income for the period            | -                          | -                          | -                               | -                                | -                                | -                           | 1,452                         | 1,452                     |
| Foreign currency translation difference              | -                          | -                          | -                               | -                                | 10                               | -                           | -                             | 10                        |
| Changes in value of quoted investment                | -                          | -                          | 5                               | -                                | -                                | -                           | -                             | 5                         |
| Revaluation surplus on property, plant and equipment | -                          | -                          | -                               | 3,363                            | -                                | -                           | -                             | 3,363                     |
| <b>Balance at 30 September 2010</b>                  | <b>14,939</b>              | <b>3,520</b>               | <b>3</b>                        | <b>3,363</b>                     | <b>10</b>                        | <b>(8,397)</b>              | <b>15,418</b>                 | <b>28,856</b>             |

Note:-

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**SUNZEN BIOTECH BERHAD**

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

|  | Current Year<br>To Date Ended<br>30.09.2011<br>(Unaudited)<br>RM'000 | Corresponding Year<br>To Date Ended<br>30.09.2010<br>(Unaudited)<br>RM'000 |
|--|--|--|
| <b>Cash flows from/(for) operating activities</b>                          |  |  |
| Profit before taxation   | 1,910  | 1,752  |
| <b>Adjustments for:-</b>   |  |  |
| Depreciation of property, plant and equipment                              | 391  | 514  |
| Non-cash items   | 696  | 184  |
| Operating profit before working capital changes                            | <u>2,997</u>   | <u>2,450</u>   |
| Changes in working capital   | <u>(1,048)</u>   | <u>(2,373)</u>   |
| Tax paid   | 1,949  | 77   |
| Tax refunded   | (382)  | -  |
| Interest paid  | -  | 200  |
| <b>Net cash from/(for) operating activities</b>                            | <u>(332)</u>   | <u>(300)</u>   |
|  | <u>1,235</u>   | <u>(23)</u>  |
| <b>Cash flows from/(for) investing activities</b>                          |  |  |
| Interest received  | 100  | 92   |
| Payment for product development expenditure                                | -  | -  |
| Purchase of property, plant and equipment                                  | (784)  | (2,128)  |
| Proceeds from disposal of property, plant and equipment                    | 47   | -  |
| <b>Net cash for investing activities</b>                                   | <u>(637)</u>   | <u>(2,036)</u>   |
| <b>Cash flows from/(for) financing activities</b>                          |  |  |
| Drawdown of term loans   | 665  | 4,000  |
| Repayment of term loans  | (220)  | (4,180)  |
| Repayment to directors   | (46)   | (41)   |
| Repayment of hire purchase obligations                                     | (66)   | (84)   |
| Payment of dividend  | (1,568)  | -  |
| <b>Net cash for financing activities</b>                                   | <u>(1,235)</u>   | <u>(305)</u>   |
| Net decrease in cash and cash equivalents                                  | (637)  | (2,364)  |
| Cash and cash equivalents at beginning of the period                       | 11,400   | 10,040   |
| <b>Cash and cash equivalents at end of the period</b>                      | <u>10,763</u>  | <u>7,676</u>   |
| <b>Cash and cash equivalents comprise:</b>                                 |  |  |
| Fixed and short term deposits with licensed banks                          | 3,266  | 5,332  |
| Cash and bank balances with licensed banks and other financial institution | 7,497  | 2,344  |
|  | <u>10,763</u>  | <u>7,676</u>   |

Note:-

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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## NOTES TO THE INTERIM STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

### A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

#### A1. Basis of reporting preparation

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standards 134 (FRS 134): “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE LR”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements presented in the annual report for the financial year ended (“FYE”) 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

The accounting policies and methods of computation adopted by Sunzen Biotech Berhad (“Sunzen Biotech” or “Company”) and its subsidiaries (“Group”) in the interim financial statements are consistent with those adopted in the most recent audited financial statements for the FYE 31 December 2010, except for the mandatory adoption of the following new and revised Financial Reporting Standards (“FRSs”) and Issues Committee Interpretations (“IC Int.”) beginning on and after 1 January 2011 as detailed below:

|  |  |
|--|--|
| FRS 1 (Revised)                                  | First-time adoption of Financial Reporting Standards                         |
| FRS 3 (Revised)                                  | Business Combinations  |
| FRS 124 (Revised)                                | Related Party Disclosures  |
| FRS 127 (Revised)                                | Consolidated and Separate Financial Statements                               |
| Amendments to FRS 1 (Revised)                    | Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters |
| Amendments to FRS 1                              | Additional Exemptions for First-time Adopters                                |
| Amendments to FRS 2                              | Scope of FRS 2 and Revised FRS 3 (2010)                                      |
| Amendments to FRS 2                              | Group Cash-settled Share-based Payment Transactions                          |
| Amendments to FRS 5                              | Plan to Sell the Controlling Interest in a Subsidiary                        |
| Amendments to FRS 7                              | Improving Disclosures about Financial Instruments                            |
| Amendments to FRS 138                            | Consequential Amendments Arising from Revised FRS 3 (2010)                   |
| Amendments to IC Int. 14                         | Prepayment of a Minimum Funding Requirement                                  |
| Amendments to IC Int. 9                          | Scope of IC Interpretation 9 and FRS 3 (Revised)                             |
| Amendments to FRSs “Improvements to FRSs (2010)” |  |
| IC Int. 4  | Determining Whether An arrangement Contains Lease                            |
| IC Int. 12                                       | Service Concession Arrangements  |
| IC Int. 15                                       | Agreements for the Construction of Real Estate                               |

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

|            |   |
|------------|---|
| IC Int. 16 | Hedges of a Net Investment in a Foreign Operation           |
| IC Int. 17 | Distributions of Non-cash Assets to Owners                  |
| IC Int. 18 | Transfers of Assets from Customers                          |
| IC Int. 19 | Extinguishing Financial Liabilities with Equity Instruments |

The adoption of the above FRSs, Amendments and IC Int. did not have any significant impact on the interim financial statements upon their initial application, other than the following:

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for its future transactions or arrangements.

**A2. Auditors' report on preceding annual financial statements**

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2010 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.

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**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**

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

**A7. Dividends paid**

Dividend paid during the current quarter under review was RM672,257.

**A8. Segmental information**

Segmental information on revenue for current year-to-date ended 30 September 2011 was on the basis of geographical segment by customer's location as follows:

| <b>Geographical Market</b> | <b>Total Revenue<br/>RM'000</b> |
|----------------------------|---------------------------------|
| Asia other than Malaysia   | 3,606                           |
| Middle East                | 872                             |
| Malaysia                   | 18,669                          |
| Total                      | 23,147                          |

**A9. Valuation of property, plant and equipment**

The valuation of the Group's freehold lands and buildings has been brought forward without any amendments from the annual financial statements for the FYE 31 December 2010.

**A10. Capital commitments**

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

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**A11. Material subsequent event**

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

**A12. Changes in the Composition of the Group**

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

**A13. Contingent Liabilities**

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

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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**

|                                      | <b>Current<br/>Quarter<br/>Ended<br/>30 September<br/>2011<br/>RM'000</b> | <b>Corresponding<br/>Quarter<br/>Ended<br/>30 September<br/>2010<br/>RM'000</b> | <b>Current<br/>Year-To-Date<br/>Ended<br/>30 September<br/>2011<br/>RM'000</b> | <b>Corresponding<br/>Year-To-Date<br/>Ended<br/>30 September<br/>2010<br/>RM'000</b> |
|--------------------------------------|---|---|--|--|
| Revenue                              | 7,701   | 7,846   | 23,147   | 21,039   |
| Profit before<br>taxation<br>("PBT") | 555   | 952   | 1,910  | 1,752  |

For the current quarter under review, the Group registered a decrease in revenue by 1.85% or RM145,000 as compared to the corresponding quarter ended 30 September 2010 mainly due to a decrease in overseas sales of 30% or RM557,000 despite local sales had increased by 7% or RM412,000.

The PBT for the current quarter ended 30 September 2011 indicated a decrease of 41.7% or RM397,000. The decrease in PBT was mainly due to lower gain on foreign exchange and higher operating expenses incurred in the current quarter.

**B2. Material changes in the Current Quarter's results compared to the results of the immediate Preceding Quarter**

|         | <b>Current<br/>Quarter<br/>Ended<br/>30 September 2011<br/>RM'000</b> | <b>Preceding<br/>Quarter<br/>Ended<br/>30 June 2011<br/>RM'000</b> | <b>Variance</b> |          |
|---------|---|--|-----------------|----------|
|         |   |  | <b>RM'000</b>   | <b>%</b> |
| Revenue | 7,701   | 7,891  | (190)           | (2.41)   |
| PBT     | 555   | 563  | (8)             | (1.42)   |

For the current quarter under review, revenue decreased by 2.41% as compared to the preceding quarter ended 30 June 2011. The decrease in revenue was mainly due to a decrease in overseas sales.

The PBT indicated a decrease of 1.42% mainly due to the decrease in revenue in the current quarter despite a decrease in operating expenses by 5.25% or RM110,000 in the current quarter.

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**B3. Prospects**

The Board is of the opinion that the financial performance of the Group for the final quarter of 2011 is expected to maintain as that of the current quarter ended 30 September 2011.

**B4. Profit forecast and profit guarantee**

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

**B5. Taxation**

|   | <b>Current<br/>Quarter<br/>Ended<br/>30 September<br/>2011<br/>RM'000</b> | <b>Corresponding<br/>Quarter<br/>Ended<br/>30 September<br/>2010<br/>RM'000</b> | <b>Current<br/>Year-To-Date<br/>Ended<br/>30 September<br/>2011<br/>RM'000</b> | <b>Corresponding<br/>Year-To-Date<br/>Ended<br/>30 September<br/>2010<br/>RM'000</b> |
|---|---|---|--|--|
| <b><u>Income tax expense</u></b>                    |   |   |  |  |
| Current financial year                              | 153   | 202   | 476  | 341  |
| (Over)/Underprovision<br>in previous financial year | -   | -   | (50)   | 20   |
|   | <u>153</u>  | <u>202</u>  | <u>426</u>   | <u>361</u>   |
| <b><u>Deferred tax expense</u></b>                  |   |   |  |  |
| Current financial year                              | (29)  | (52)  | 14   | (61)   |
| (Over)/Underprovision<br>in previous financial year | -   | -   | -  | -  |
|   | <u>(29)</u>   | <u>(52)</u>   | <u>14</u>  | <u>(61)</u>  |
| Tax expense   | <u>124</u>  | <u>150</u>  | <u>440</u>   | <u>300</u>   |

The effective tax rate of the Group for the current quarter under review was lower than the statutory tax rate largely due to the 100% tax exemption of the statutory income of the Company's wholly owned subsidiary, Sunzen LifeSciences Sdn Bhd for the BioNexus status incentive awarded by the Ministry of Finance, with the recommendation from Malaysian Biotechnology Corporation Sdn Bhd. The tax incentive granted is for a period of 10 years which commenced from 1 January 2010.

**B6. Unquoted investments and or properties**

There were no acquisitions or disposals of unquoted investments and properties for the current quarter under review.

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**B7. Quoted securities**

(a) Investments in quoted securities as at 30 September 2011 were as follows:

|               | <b>Cost</b><br><b>RM'000</b> | <b>Market Price</b><br><b>RM'000</b> |
|---------------|------------------------------|--------------------------------------|
| Quoted shares | 11                           | 20                                   |

There were no acquisitions or disposals of quoted securities for the current quarter under review.

**B8. Status of Corporate Proposal**

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

**Utilisation of IPO Proceeds**

As at 30 September 2011, the status of utilisation of the gross proceeds of RM8 million raised from the public issue was as follows:

| <b>Purpose</b>             | <b>Proposed utilisation</b><br><b>RM'000</b> | <b>Actual utilisation</b><br><b>RM'000</b> | <b>Intended timeframe for utilisation from the listing date*</b><br><b>(Months)</b> | <b>Deviation</b> |          | <b>Explanation</b>  |
|----------------------------|--|--|---|------------------|----------|---------------------|
|                            |  |  |   | <b>RM'000</b>    | <b>%</b> |                     |
| Research and development   | 4,770  | 2,055                                      | 36  | -                | -        | Note <sup>(1)</sup> |
| Overseas expansion         | 1,000  | 1,000                                      | 48  | -                | -        | -                   |
| Working capital            | 430  | 250  | 24  | -                | -        | -                   |
| Estimated listing expenses | 1,800  | 1,980                                      | 3   | (180)            | (10.00)  | Note <sup>(2)</sup> |
| <b>Total</b>               | <b>8,000</b>                                 | <b>5,285</b>                               |   |                  |          |                     |

Notes:

(1) Sunzen Biotech had announced to Bursa Securities on 26 May 2011 to extend the utilisation of proceeds period to 8 October 2012.

(2) The excess amount of listing expenses incurred during the implementation of Sunzen Biotech's listing exercise was adjusted to the Company's working capital.

\* Sunzen Biotech was listed on 8 October 2008.

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**B9. Group borrowings and debt securities**

The Group's borrowings as at 30 September 2011 were as follows:

|                                | <b>Secured<br/>RM'000</b> | <b>Unsecured<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--------------------------------|---------------------------|-----------------------------|-------------------------|
| <u>Short-term borrowings:-</u> |                           |                             |                         |
| Bills payable                  | 3,598                     | -                           | 3,598                   |
| Hire purchases                 | 111                       | -                           | 111                     |
| Term loan                      | 478                       | -                           | 478                     |
|                                | <hr/> 4,187               | <hr/> -                     | <hr/> 4,187             |
| <br>                           |                           |                             |                         |
|                                | <b>Secured<br/>RM'000</b> | <b>Unsecured<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <u>Long-term borrowings:-</u>  |                           |                             |                         |
| Hire purchases                 | 205                       | -                           | 205                     |
| Term loan                      | 5,502                     | -                           | 5,502                   |
|                                | <hr/> 5,707               | <hr/> -                     | <hr/> 5,707             |
| Total                          | <hr/> 9,894               | <hr/> -                     | <hr/> 9,894             |

The above borrowings are denominated in Ringgit Malaysia.

**B10. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off-balance sheet risk.

**B11. 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.

**B12. Dividend declared or recommended**

There was no dividend declared during the quarter under review.

**SUNZEN BIOTECH BERHAD**

(Company No: 680889-W)

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**B13. Earnings per share**

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

|  | <b>Current<br/>Quarter<br/>Ended<br/>30 September<br/>2011</b> | <b>Corresponding<br/>Quarter<br/>Ended<br/>30 September<br/>2010</b> | <b>Current<br/>Year-To -Date<br/>Ended<br/>30 September<br/>2011</b> | <b>Corresponding<br/>Year-To-Date<br/>Ended<br/>30 September<br/>2010</b> |
|--|--|--|--|---|
| Group's profit after taxation attributable to owners of the Company (RM) | 431,000  | 802,000  | 1,470,000  | 1,452,000   |
| Weighted average number of ordinary shares in issue                      | 149,390,500  | 149,390,500  | 149,390,500  | 149,390,500   |
| Basic earnings per share (sen)   | 0.29   | 0.54   | 0.98   | 0.97  |

**B14. Update on the status of the Memorandum of Understanding ("MOU") pursuant to Rule 9.29 of the ACE LR**

- (a) On 24 November 2008, the Company signed a MOU with University Putra Malaysia for the collaboration on research and development work on animal health products.

As at the date of this report, there was no material development on the abovementioned MOU since the last announcement.

- (b) On 14 December 2009, the Company signed a MOU with Erapoly Sdn Bhd ("Erapoly") for the business collaboration arrangement in developing the market for the Company's animal feed supplement products known as Orgacids in Middle East market as well as appointed Erapoly as one of the Company's distributor for the Middle East market.

Both companies have agreed that the MOU signed be construed as the Distribution Agency Agreement as there were no variations on the terms and conditions in relation thereto. Business transaction is on-going between both companies.

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**B14. Update on the status of the Memorandum of Understanding (“MOU”) pursuant to Rule 9.29 of the ACE LR (Cont’d)**

- (c) On 2 June 2010, Sunzen Feedtech Sdn Bhd signed a MOU with Universiti Sains Malaysia for the research collaboration on development and pre-commercialisation of a new organic acid blend for enhancement of growth performance and disease resistance in farmed aquatic animals without the use of antibiotics.

On 25 September 2010, the Ministry of Agriculture (“MOA”) had approved a Technofund grant of RM1,155,000 to Sunzen Feedtech Sdn Bhd for above collaboration. The grant will be utilised according to the scaled down scope.

**B15. Realised and Unrealised Profits or Losses Disclosure**

|   | <b>Current<br/>Year-To-Date<br/>Ended<br/>30 September<br/>2011<br/>RM’000</b> | <b>Corresponding<br/>Year-To-Date<br/>Ended<br/>30 September<br/>2010<br/>RM’000</b> |
|---|--|--|
| <b>Total retained profits of the Group:-</b>                          |  |  |
| - Realised  | 16,506   | 15,585   |
| - Unrealised  | (489)  | (167)  |
| <br>  |  |  |
| Total group retained profits as per consolidated financial statements | <b>16,017</b>  | <b>15,418</b>  |

This quarterly report for the financial period ended 30 September 2011 has been seen and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 17 November 2011