Sunzen Biotech Berhad
(680889-W)

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Sunzen Biotech Berhad (680889-W)

ANNUAL REPORT 2008

Sunzen Biotech Berhad
(680889-W)

Improving Life with Biotechnology

Annual Report
08

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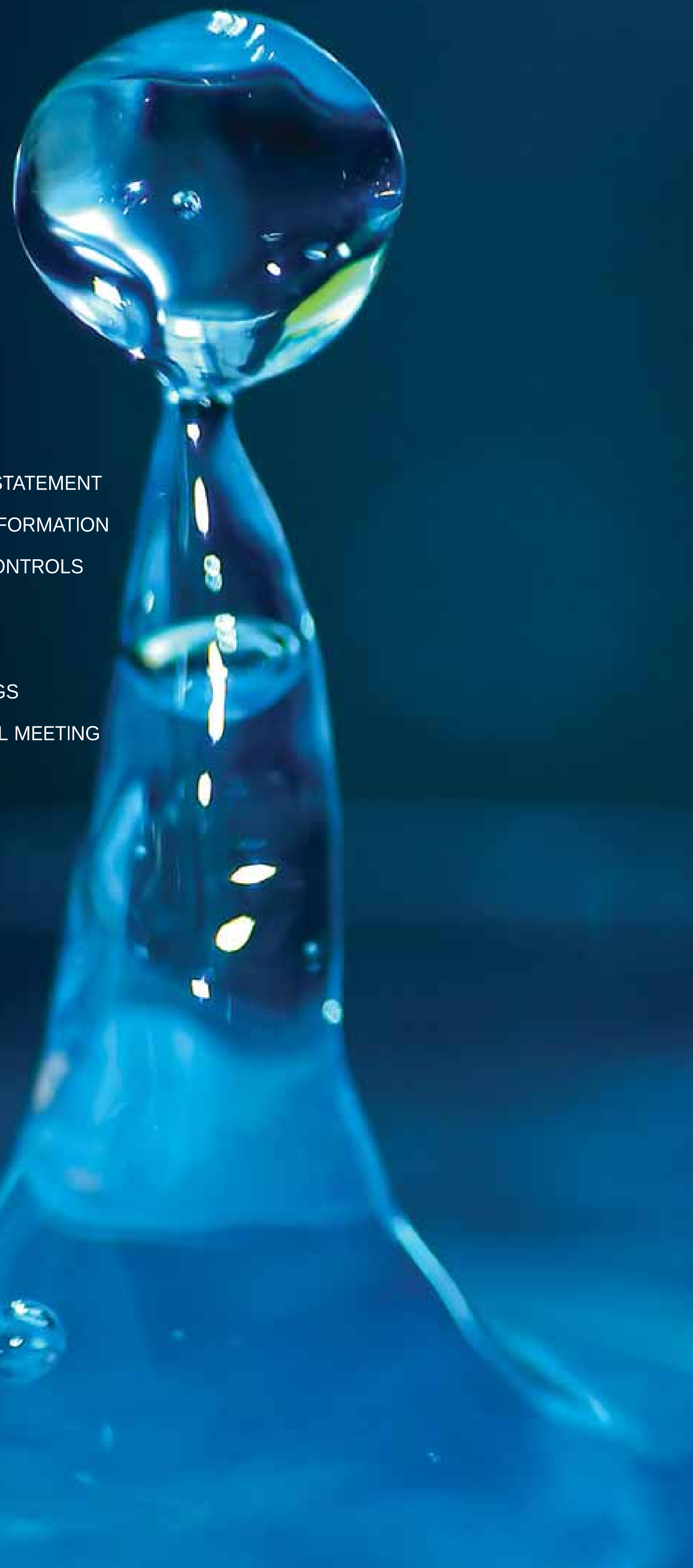


CORPORATE INFORMATION

BOARD OF DIRECTORS

DR TAN KIM SING	*Chairman and Managing Director*
DR KOK POE CHU	*Executive Director*
DR TEO KIM LAI	*Executive Director*
DR FONG CHAN SENG	*Executive Director*
S. GUNASEHARAN A/L P. SUBRAMANIAM	*Independent Non-Executive Director*
DATO' DR MHD NORDIN BIN MOHD NOR	*Independent Non-Executive Director*
PROFESSOR DATO' DR OMAR @ S. OMAR BIN ABDUL RAHMAN	*Independent Non-Executive Director*

AUDIT COMMITTEE

S. Gunaseharan A/L P. Subramaniam *(Chairman)*

Professor Dato' Dr Omar @ S. Omar Bin Abdul Rahman

Dato' Dr Mhd Nordin Bin Mohd Nor

NOMINATION COMMITTEE

Dato' Dr Mhd Nordin Bin Mohd Nor *(Chairman)*

Professor Dato' Dr Omar @ S. Omar Bin Abdul Rahman

REMUNERATION COMMITTEE

Professor Dato' Dr Omar @ S. Omar Bin Abdul Rahman *(Chairman)*

Dr Kok Poe Chu

S. Gunaseharan A/L P. Subramaniam

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)
Lee Wai Kim (MAICSA 7036446)

REGISTERED OFFICE

10th Floor Menara Hap Seng
No. 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur
Tel : 03-2382 4288
Fax : 03-2382 4170/71/72

HEAD OFFICE/ MANAGEMENT OFFICE

No. 11 Jalan Anggerik
Mokara 31/47
Kota Kemuning
40460 Shah Alam
Selangor Darul Ehsan
Tel : 03-5121 8998
Fax : 03-5121 9922

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2721 2222
Fax : 03-2721 2530

SPONSOR

Public Investment Bank Berhad
25th Floor Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2166 9382
Fax : 03-2166 9386

PRINCIPAL BANKER

Hong Leong Bank Berhad

AUDITORS

Horwath (AF1018)
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2166 0000
Fax : 03-2166 1000

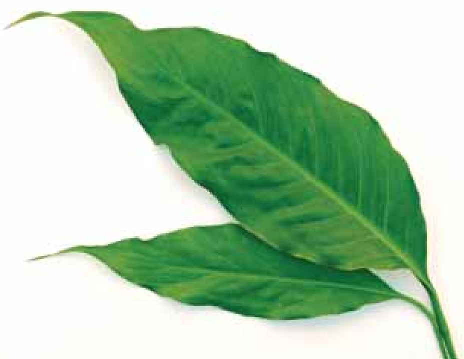
STOCK EXCHANGE LISTING

MESDAQ Market of Bursa Malaysia Securities Berhad
Stock Name : SUNZEN
Stock Code : 0148

CORPORATE STRUCTURE

Sunzen Biotech Berhad
(680889-W)

- **100%** Sunzen Corporation Sdn Bhd
- **100%** Sunzen LifeSciences Sdn Bhd
- **100%** Sunzen Feedtech Sdn Bhd



DIRECTORS' PROFILE

DR TAN KIM SING
(Chairman / Managing Director)

Dr Tan Kim Sing, a Malaysian, aged 59, is a co-founder and also the Chairman and Managing Director of Sunzen Biotech Berhad ("Sunzen Biotech" or "Company"). He was appointed to the board of Directors of Sunzen Biotech ("Board of Directors" or "Board") on 25 April 2008. He is responsible for the management of the business operations, finance, human resources and strategic planning of Sunzen Biotech and its subsidiary companies ("Group").

He obtained his Bachelor of Veterinary Science and Animal Husbandry from Bombay Veterinary College in India in 1975 and Master of Philosophy in Veterinary Science from Massey University, New Zealand in 1979.

Dr Tan has thirty (30) years industry experience, mainly in management, sales, marketing and technical service in the animal health industry. Prior to forming Sunzen Corporation Sdn Bhd ("Sunzen Corporation"), he spent about twenty one (21) years with Pfizer Private Ltd. ("Pfizer"). He gained valuable experience from Pfizer due to their practice of job rotation and training. He started as Technical Manager in 1979 before going on to become Sales Manager, Product Manager, Premix Manager and Division Director. In 1998, Dr Tan together with the existing management of Pfizer in Malaysia, established Sunzen Corporation to undertake a management buy-out of Pfizer's local distribution and marketing operations. Dr Tan was then appointed as the Managing Director of Sunzen Corporation since its inception.

Dr Tan is currently the Vice President of the Malaysian Animal Health & Nutrition Industries Association. In 2007, Dr Tan was awarded the "Excellence Veterinarian Award 2007" by Veterinary Association Malaysia for his outstanding contribution to the veterinary profession.

Dr Tan does not hold any directorship in other public companies.

DR KOK POE CHU
(Executive Director)

Dr Kok Poe Chu, a Malaysian, aged 48, was appointed to the Board as an Executive Director on 25 April 2008. He is also a member of the Remuneration Committee of our Company. He is responsible for the overall Research and Development ("R&D") activities of the Group, as well as corporate affairs.

He holds a Doctor of Veterinary Medicine ("D.V.M.") degree from University Putra Malaysia ("UPM") in 1987.

Dr Kok has twenty one (21) years industry experience. He has worked for Gold Coin Feedmills (Singapore) Pte Ltd in Singapore and Ciba-Geigy Sdn Bhd dealing in livestock farming and animal nutrition. He was the regional product manager for Pfizer Asean region from 1993 to 1997. He held the position of marketing manager of Pfizer from 1997 to 1998. Dr Kok together with the existing management of Pfizer in Malaysia, established Sunzen Corporation to undertake a management buy-out of Pfizer's local distribution and marketing operations. Dr Kok was then appointed as a Director of Sunzen Corporation since its inception.

Dr Kok was a member of the Malaysia Veterinary Council from 1997 to 2000. He held the post of Honourary Treasurer for the Veterinary Association of Malaysia in 1998 and was a volunteer veterinary officer of the National Nipah Virus Eradication Campaign for the Department of Veterinary Services ("DVS") of the Ministry of Agriculture in 1999.

Dr Kok is currently an adviser on the Technical Advisory Committee of the Federal Livestock Farmers Association Malaysia, a committee member of the CODEX National Sub Committee of Veterinary Drug Residue for the Ministry of Health, honourary treasurer of World's Poultry Science Association (Malaysian Branch) and a member of the working group on Good Animal Husbandry Practices of Standards and Industrial Research Institute of Malaysia (SIRIM).

Dr Kok was awarded the Cochrane Scholarship by the United States government to study biotechnology developments in the field of food animal production in July 2005. In 2007, Dr Kok was awarded the "Excellence Veterinarian Award 2007" by Veterinary Association Malaysia for his outstanding contribution to the veterinary profession.

Dr Kok does not hold any directorship in other public companies.

DIRECTORS' PROFILE (CONT'D)

DR TEO KIM LAI
(Executive Director)

Dr Teo Kim Lai, a Malaysian, aged 46, is a co-founder and was appointed to the Board as an Executive Director on 25 April 2008. He is responsible for sales planning and marketing management of the Group.

He obtained his D.V.M. degree from UPM in 1989 and was honored as an overall best student with a distinctive Royal Academic Award.

Dr Teo has eighteen (18) years industry experience. Prior to joining Sunzen Corporation, Dr Teo held the positions of field veterinarian in Federal Flourmill Bhd from 1989 to 1990, Operational Manager in Oriental Feedmill, which was under the wings of Robert Kuok's Group, Liaoyang Oriental Special Feed Company Ltd, in Liaoning, China from 1991 to 1992, Poultry Team Leader in Pfizer from 1993 to 1994, General Manager in Mallinckrodt Veterinary Inc of China and Hong Kong in 1995, and General Team Leader and National Sales Manager in Pfizer from 1996 to 1998. Dr Teo together with the existing management of Pfizer in Malaysia, established Sunzen Corporation to undertake a management buy-out of Pfizer's local distribution and marketing operations. Dr Teo was then appointed as a Director of Sunzen Corporation since its inception.

Dr Teo was the Vice President of the Malaysia Association of Food Animal Veterinarian ("MAFAV") from 2000 to 2001 and the Vice President of the Veterinary Alumni of UPM from 2003 to 2004. Dr Teo was also a volunteer veterinary officer of the National Nipah Virus Eradication Campaign of the DVS in 1999 and later became an adviser on the Technical Advisory Committee of Federation of Livestock Farmers Association Malaysia in 2000. Dr Teo is also an honourary secretary of the World's Poultry Science Association (Malaysia Branch).

Dr Teo does not hold any directorship in other public companies.

DR FONG CHAN SENG
(Executive Director)

Dr Fong Chan Seng, a Malaysian, aged 61, is a co-founder and was appointed to the Board as an Executive Director on 25 April 2008. He is responsible for the development of product dossiers, product registration, trade mark registration and other overseas-related activities, apart from sales, marketing and business development functions for the Group. In the domestic market, he covers areas of product development, business development and manufacturing.

He graduated with a Bachelor of Veterinary Science and Animal Husbandry degree in 1975 from Bombay Veterinary College, India. He had also attended a business management course at the Asian Institute of Management, Manila in 1987.

Dr Fong has thirty two (32) years industry experience. He has held several job portfolios during his employment with Phibro Corporation Ltd and Pfizer. Dr Fong joined Pfizer as Veterinary Promotions Manager in 1981. Throughout seven (7) years of serving the domestic market in Malaysia, he held positions as Product Manager, National Sales Manager and Feed Mill Marketing Manager. Dr Fong was posted to Thailand as the Business Manager of Pfizer Thailand Ltd for three (3) years from 1988 to 1990. His responsibilities included running the animal health business of Pfizer – Thailand, and a premix plant, product formulation, product quality control, and development of product stability. He was promoted to the position of Regional Director of Sales for Association of South East Asian Nations ("ASEAN") countries in 1991. Dr Fong was also in charge of business development for Pfizer in China, Hong Kong and Sri Lanka. When Pfizer acquired the worldwide animal health business of SmithKline Beecham, he was specifically in charge of acquisition and problem solving activities in the Philippines from 1994 to 1996. Dr Fong together with the existing management of Pfizer in Malaysia, established Sunzen Corporation to undertake a management buy-out of Pfizer's local distribution and marketing operations in 1998. Dr Fong left Sunzen Corporation to join Phibro Animal Health Inc, USA as Regional Director for ASEAN countries and as Managing Director of their local incorporated company, Phibro Malaysia Sdn Bhd in 2001. He later rejoined Sunzen Corporation in 2002.

Dr Fong does not hold any directorship in other public companies.

DIRECTORS' PROFILE (CONT'D)

PROFESSOR DATO' DR OMAR @ S. OMAR BIN ABDUL RAHMAN

(Independent Non-Executive Director)

Professor Dato' Dr Omar @ S. Omar bin Abdul Rahman, a Malaysian, aged 62, was appointed to the Board as an Independent Non-Executive Director on 25 April 2008. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of our Company.

He is also a Biotechnology Adviser of the Group.

He graduated with a Bachelor in Veterinary Science from University of Queensland, Brisbane, Australia. He also holds a Master Degree in Veterinary Science from University of Saskatchewan, Saskatoon, Canada. In 1977, he became a Member of Royal College of Veterinary Surgeons (MRCVS), London.

Upon graduation, Professor Dato' Dr Omar joined UPM as a lecturer from 1974 to 1981. In 1981, he was promoted to the position of Associate Professor and later, the position of Professor in 1993. In 2001, he retired as professor and dean of the Faculty Veterinary Medicine, UPM. Professor Dato' Dr Omar was an Independent Non-Executive Director of Guan Chong Berhad from 1 January 2006 to 1 April 2008. Presently, he is a lecturing professor. Professor Dato' Dr Omar does not hold any directorship in other public companies.

Among his current positions are Immediate Past President of the Malaysian Association of Professional Speakers, Fellow of the Academy of Sciences Malaysia and Fellow of Malaysian Scientific Association.

S. GUNASEHARAN A/L P SUBRAMANIAM

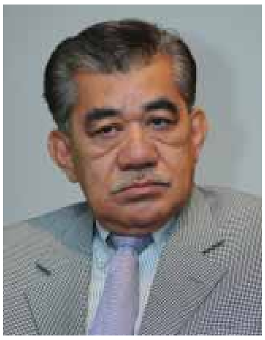
(Independent Non-Executive Director)

S. Gunaseharan A/L P Subramaniam, a Malaysian, aged 52, was appointed to the Board as an Independent Non-Executive Director on 25 April 2008. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of our Company.

He obtained a professional qualification in accounting from the Malaysian Institute of Certified Public Accountants in 1984. He started his career as a qualified assistant in PricewaterhouseCoopers in 1977 and later left to join Ericsson Telecommunications Sdn Bhd in 1985 as an Accountant. He moved to a subsidiary company in 1988 as a Manager cum Company Secretary and later moved to India to join Ericsson Telecommunications Pvt. Ltd as a General Manager in finance and accounting in 1993. He moved back to Malaysia and joined Perwira Ericsson Sdn Bhd in 1995 as a Finance and Accounts Manager and later moved to join Ericsson Academy (M) Sdn Bhd as Financial Controller cum Company Secretary in 1996. He moved to Ericsson Business Support Centre Sdn Bhd as Regional Business Controller from 2000 to 2002. He is a Fellow of the Malaysian Institute of Taxation, a member of the Malaysian Institute of Accountants.

Mr S. Gunaseharan does not hold any directorship in other public companies.

DIRECTORS' PROFILE (CONT'D)



DATO' DR MHD NORDIN BIN MOHD NOR

(Independent Non-Executive Director)

Dato' Dr Mhd Nordin Bin Mohd Nor, a Malaysian, aged 62, was appointed to the Board as an Independent Non-Executive Director on 25 April 2008. He is also the Chairman of the Nomination Committee and a member of the Audit Committee of our Company.

He graduated with a Bachelor in Veterinary Science from University of Queensland, Australia.

Upon graduation, Dato' Dr Mhd Nordin joined the Department of Agriculture in Adelaide, South Australia as a veterinary officer from 1971 to 1972. He later joined the DVS in Malaysia in 1972 where he started as a veterinary officer and retired as the Director General of DVS in 2002. Presently, he is an adviser to Prima Agri-Products Sdn Bhd. He is a Director of Dutch Lady Milk Industries Bhd.

Among his current positions are Chairman of the Malaysian National Animal Welfare Foundation, Patron of the Malaysia Feline Society and a member of the Veterinary Association Malaysia and Malaysian Equine Veterinary Association.

Save for the above, Dato' Dr. Mhd Nordin does not hold any directorship in other public companies.

Notes:

1) Family Relationship with Director and/or Substantial Shareholder

None of the Directors have any family relationship with any other director and/or substantial shareholder of the Company.

2) Conflict of Interest

None of the Directors have any conflict of interest with the Group.

3) Conviction for Offences

None of the Directors have been convicted for offences within the past ten (10) years, other than traffic offences, if any.

4) Attendance of Board Meetings

Details of the Directors' attendance at Board meetings are set out in the on Corporate Governance Statement in page 12 of this Annual Report.

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board, it is my pleasure to present the Annual Report of Sunzen Biotech for the Financial Year Ended ("FYE") 31 December 2008.

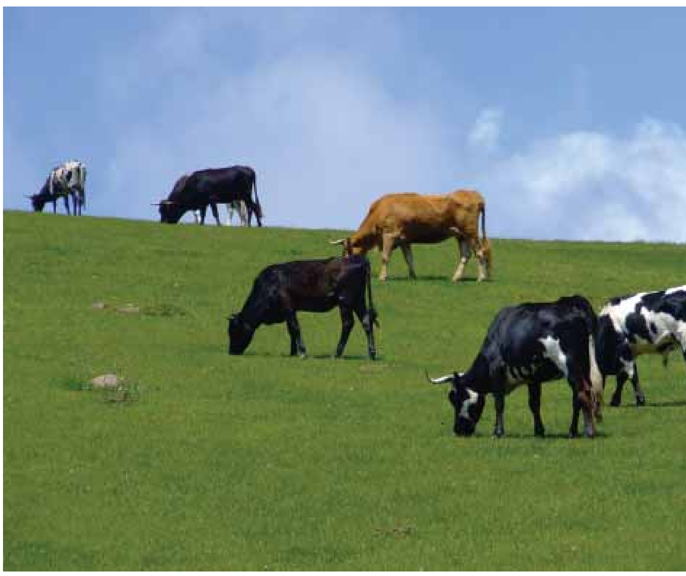
REVIEW OF FINANCIAL RESULTS

For the FYE 31 December 2008, the Group registered a positive set of financial results. The following are the key highlights:

- Group revenue of RM26.26 million
- Profit before tax of RM2.15 million
- Net earnings of RM1.89 million
- Basic earnings per share of 1.4 sen

The year 2008 proved to be a challenging year for the Group in view of the worldwide financial crisis and the rising prices of raw materials. Despite the prevailing unfavourable market condition as compared to the year 2007, there was a growth in revenue of 13.5%.

However, the net earnings dipped by 31% due to higher costs of key raw materials, the charging of depreciation of factory building for the first year and the increase in marketing expenses incurred for sales campaigns. The Group derived its revenue from the domestic as well as the overseas markets at a proportion of 85% and 15%, respectively. Key overseas markets included Taiwan, Philippines and Vietnam.



CHAIRMAN'S STATEMENT (CONT'D)

INDUSTRY TRENDS AND DEVELOPMENT

Due to increasing consumer's food safety concerns over antibiotic residues resulting in generating resistant bacteria in animals, there has been a growing trend for the animal feed additives market to switch from the usage of antibiotic to non-antibiotic feed additives both locally as well as overseas.

An increasing number of countries such as Japan, Singapore imposing a ban on the usage of antibiotics as growth promoters as evidences have shown residues in animals that could be harmful to human consumption.

In Malaysia, the transition on the usage is still rather slow due to reasons such as lack of controls and regulations on the use of antibiotic feed additives, lack of awareness of farmers on the benefits of non-antibiotics growth promoters and farmers' willingness towards changing feed formulation.

INITIAL PUBLIC OFFERING

The year 2008 marked the successful listing of Sunzen Biotech. Our many years of valuable experience and credible business performance had enabled the Company to be listed on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 8 October 2008, making it the first listed animal lifesciences technology company in Malaysia.

The Group focuses on scientific research, development and commercialisation of biotechnological products with the objective of creating value in the animal health industry. The aim is to supply "green" animal health products to meet the rising needs of poultry and livestock industries. This is to fulfill consumer demand for wholesome farm produce as antibiotic residue is a major concern.

DIVIDEND

The Board is proposing a final tax-exempt dividend of 1.2 sen per ordinary share of RM0.10 each in Sunzen Biotech ("Shares") on 149 million Shares for the FYE 31 December 2008. This amounts to a dividend payout of RM1.79 million to be tabled for shareholders' approval at the forthcoming Annual General Meeting. The Board will strive to improve the Company's dividend yield by providing more cash value return to shareholders.

FUTURE PROSPECTS

We forecast continued growth for the Group in 2009 as we open up our export to new emerging overseas markets. Our strong commitment towards biotechnology R&D and marketing strategies will ensure sustained growth and continued acceptance of our products in the non-antibiotic feed additive market. The 9th Malaysian Plan's emphasis on agro-based industries would fuel the growth of livestock industries including the poultry and ruminant sectors.

The Group will continue to develop and introduce new products in accordance with the requirements of the market. These products will be able to replace antibiotic products which are now banned or strictly regulated in their use in livestock production. In short, there is a huge market for non-antibiotic products.

The Group also expects to benefit from the effects of ASEAN Free Trade Area ("AFTA") and World Trade Organisation ("WTO"), which will result in lower cost of export. This will further enhance our competitiveness as the Group will be able to manufacture our products in a cost-effective manner. In addition, the Group has established a well channeled distribution network throughout Malaysia to efficiently distribute our products. Meanwhile, efforts are taken to strengthen overseas markets distribution.

The Group will continue to expand its operations in the existing domestic and international markets. Expansion plans into new overseas markets particularly Indonesia, the Middle East and China are being implemented through setting up of sales office and appointment of distributors. This will accelerate the penetration of the Group's products into these large and growing markets.

In light of the challenges ahead, the Group will continue to invest in human capital development to enhance its staff's productivity and performance. The Group will continue to exercise prudence in its management and will strive to enhance its competitiveness and efficiency.

R & D EXPENSES

We have incurred a total of RM450,000 on product developments for the FYE 31 December 2008. The Group focuses on non-antibiotic growth promotant. Our strength is collaboration with research institutions. On 24 November 2008, the Group signed a memorandum of understanding with UPM for the collaboration on R&D field. There are currently research projects on Orgacids range of products, Direct Fed Microbial and Plant extract. Outcomes from these projects will be expected to contribute positively towards the future growth of the Group.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our gratitude to the relevant government authorities and research institutions for their assistance and support.

The Board also wishes to take this opportunity to record its deep gratitude and appreciation to all our valued shareholders, employees, customers, business associates, financiers and suppliers for their continuous support, confidence and trust in making this journey with us.

Lastly, I extend my appreciation to my fellow members of the Board for their guidance and concerted effort during their stewardship in 2008.

Thank you.

Dr Tan Kim Sing
Chairman

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the FYE 31 December 2008. The Company was only listed on the MESDAQ Market of Bursa Securities on 8 October 2008. The Audit Committee ("AC" or "the Committee") met two (2) times during the year since its listing. The composition and details of the attendance of the AC members are set out as follows:

COMPOSITION OF THE AUDIT COMMITTEE

Name		Attendance
Chairman		
S. Gunaseharan A/L P. Subramaniam	(Independent Non-Executive Director)	2/2
Committee Members		
Professor Dato' Dr Omar @ S. Omar Bin Abdul Rahman	(Independent Non-Executive Director)	2/2
Dato' Dr Mhd Nordin Bin Mohd Nor	(Independent Non-Executive Director)	2/2

Details of the members of the AC are contained in the "Directors' Profiles" as set out on pages 5 and 6 of this Annual Report.

TERMS OF REFERENCE

The AC is governed by the following terms of reference:

1. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members. All the audit committee members must be non-executive directors with a majority of whom shall be independent directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Securities.

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the AC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

2. Chairman

The Chairman, who shall be elected by the AC, shall be an independent director.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the AC at the Registered Office or such other place as may be determined by the AC.

4. Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (Cont'd)

4. Meetings (Cont'd)

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The internal auditors and external auditors may appear at any meeting at the invitation of the AC and shall appear before the Committee when required to do so by the Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.

5. Rights

The AC shall:

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Group;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(e) have the right to obtain independent professional or other advice at the Company's expense;
(f) have the right to convene meetings with the internal auditors and external auditors, excluding the attendance of the other directors or employees of the Group, whenever deemed necessary;
(g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
(h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
(i) meet as and when required on a reasonable notice; and
(j) the Chairman shall call for a meeting upon the request of the internal and external auditors.

6. Duties and responsibilities

The duties and responsibilities of the AC shall be:

(a) To review with the external auditors on:
- o the audit plan, its scope and nature;
- o the audit report;
- o the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- o the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

(b) To review the adequacy of the scope, functions, competency, resources and set the standards of the internal audit function.

(c) To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.

(d) To review the internal audit programme and results of the internal audit, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(e) To review with Management:
- o audit reports and management letters issued by the external auditors and the implementation of audit recommendations;
- o interim financial information; and
- o the assistance given by the officers of the Company to external auditors.

(f) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (Cont'd)

6. Duties and responsibilities (Cont'd)

(g) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
- o changes in or implementation of major accounting policy and practices;
- o significant and / or unusual matters arising from the audit;
- o the going concern assumption;
- o compliance with accounting standards and other legal requirements; and
- o major areas.

(h) To consider the appointment and / or re-appointment of the internal auditors and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The activities undertaken by the AC during the FYE 31 December 2008 were as follows:

(a) Reviewed and recommended the unaudited quarterly results of the Group to the Board of Directors for approval prior to release to Bursa Securities;
(b) Reviewed with external auditors on their audit planning memorandum of the Group for the FYE 31 December 2008; and
(c) Met with the external auditors without the presence of the Executive Directors and the management to discuss the independent roles of Independent Non-Executive Directors.

INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to ACE Consulting Group Sdn Bhd ("ACE"), which was appointed on 24 February 2009, following the listing of the Company on the MESDAQ Market on 8 October 2008. The cost incurred for the internal audit function for FYE 31 December 2008 was RM32,078.

Prior to that, ACE was also appointed to review the key areas of internal controls system of the Group during the Company's initial public offering exercise.

Further details on internal audit function are set out in the Statement on Internal Controls on page 18 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Sunzen Biotech Berhad is committed in maintaining a high standard of corporate governance and upholding its fundamental duty to safeguard the Group's assets to enhance shareholders' value and the financial performance of the Group.

Set out below is a statement on how the Group has applied the Principles of good governance and the extent to which it has complied with the best practices as recommended by the Malaysian Code on Corporate Governance ("the Code").

BOARD OF DIRECTORS

Board Composition and Balance

The Board has seven (7) members which comprises of four (4) Executive Directors and three (3) Independent Non-Executive Directors. This composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market ("MMLR") that requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent. A brief profile of each Director is presented on pages 3 to 6 of the Annual Report.

The Executive Directors take on the primary responsibility of the day-to-day running of the Group's business as well as implementing the policies and decisions of the Board.

The Independent Non-Executive Directors are independent of the management and shareholders. They provide independent views and advice to the Board in the decision making process.

Together with their necessary skills of business, financial and technical experiences, the Board can effectively manage and run the Group's operations.

The Board has appointed Mr S. Gunaseharan A/L P. Subramaniam, the Chairman of the Audit Committee, as the Senior Independent Non-Executive Director to whom concerns of the shareholders may be conveyed. He may be contacted at SrDir@sunzenbio.com.

In recognition of the Managing Director's role as the co-founder of the Sunzen Group, Dr Tan Kim Sing is also appointed as Executive Chairman of the Board. The Board is comfortable that there is no undue risk involved in this convergence of roles.

Responsibility

The Board assumes full responsibility for the overall performance of the Company and the Group by discharging its stewardship responsibilities through providing strategic leadership, overseeing the conduct of the Company's business, identification and management of principal risks, reviewing the adequacy and integrity of the Company's internal controls system and developing an investor relations program. The Board has also delegated specific responsibilities to the Board Committees, all of which discharge the duties and responsibilities within their specific terms of reference.

Board Meetings

During the FYE 31 December 2008, the Board met two (2) times to discuss issues on the Group's financial performance, significant investments, corporate development, strategy and business plan as the Company was only listed on the MESDAQ Market of Bursa Securities on 8 October 2008. The attendance record of each Director is as follows:

Name of Directors	No. of Meetings Attended
Dr Tan Kim Sing	2/2
Dr Kok Poe Chu	2/2
Dr Teo Kim Lai	2/2
Dr Fong Chan Seng	2/2
Professor Dato' Dr Omar @ S.Omar bin Abdul Rahman	2/2
Dato' Dr Mhd Nordin Bin Mohd Nor	2/2
S. Gunaseharan A/L P. Subramaniam	2/2

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Supply of Information

All Board members are supplied with information on a timely manner. Board reports are circulated prior to the Board meetings for their deliberation. All meetings of the Board are duly recorded in the board minutes by the Company Secretary. Where required, Senior Management may be invited to attend these meetings to explain and clarify on the matters tabled.

In exercising their duties, the Board has unfettered access to all information on the Group, the advice and services of the Company Secretary and independent professional advice where necessary, at the Company's expense.

Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities.

The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. During the financial year under review, apart from the MAP, the Directors were also briefed on Merger and Takeover, Pre and Post-Listing Requirements of the MMLR.

Training on relevant topics relating to laws, regulations and the business environment would be identified for the Directors to attend in the coming year.

Appointment and Re-election of Directors

The Nomination Committee is responsible for making recommendations for any new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

Board members who are appointed by the Board are subject to retirement at the first Annual General Meeting ("AGM") of the Company subsequent to their appointment. Article 69 of the Company's Articles of Association provide that at least one-third (1/3) of the Directors shall retire by rotation at each AGM and all Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election.

Board Committees

The Board Committees were established to assist the Board in discharging its responsibilities as set out below with their terms of reference approved by the Board. They are as follows:

<u>Audit Committee</u>

The terms of reference, the number of meetings held during the financial year and the attendance of each member can be found on pages 9 to 11 of the Audit Committee Report.

<u>Nomination Committee</u>

The Nomination Committee, comprising entirely of Independent Non-Executive Directors, is tasked with the responsibility of proposing new nominees to the Board and for assessing directors on an ongoing basis.

For the FYE 31 December 2008, the Nomination Committee has met once to approve the methodology in reviewing the effectiveness of the Board and the contribution of each Director, including Non-Executive Directors and this had been documented accordingly.

<u>Remuneration Committee</u>

The Remuneration Committee recommends to the Board the remuneration packages of the Executive Directors. Such packages are designed to attract, retain and motivate the Directors, and are reflective of their experience and level of responsibilities. The remuneration of the Executive Directors is reviewed annually.

The Board as a whole determines the remuneration of the Non-Executive Directors. None of the individual Directors participate in determining their individual remuneration.

The Remuneration Committee met once during the FYE 31 December 2008 and the meeting was attended by all members.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

DIRECTORS REMUNERATION

Details of the remuneration of Directors of the Company for the FYE 31 December 2008 are as follows:

Aggregate remuneration:

	Salaries (RM)	Bonus (RM)	Fees (RM)	Benefits -in-kind (RM)	Total (RM)
Executive Directors	842,544	125,024	3,000	-	970,568
Non-Executive Directors	-	-	15,750	-	15,750

Number of Directors whose remuneration fall into the following bands:

	No. of Executive Directors	No. of Non-Executive Directors
RM50,000 and below	-	3
RM250,001 – RM300,000	3	-
RM300,001 – RM350,000	1	-

The details of the individual Director's remuneration are not disclosed in this report as the Board considers the above disclosures satisfy the accountability and transparency aspects of the Code.

SHAREHOLDERS

Shareholders and Investor Relations

The Company believes that an effective investor relationship is essential in enhancing value to its shareholders. To that end, the Board strives to provide shareholders and investors accurate, useful and timely information about the Company, its businesses and its activities via the timely release of quarterly financial results, press releases and announcements. Whilst the Company endeavors to provide as much information as possible, it is aware of the legal and regulatory framework governing the release of material and price sensitive information.

Corporate and financial information of the Group are also made available to shareholders and the public through the Group's website at www.sunzen.com.my.

Annual General Meeting

The principal forum for dialogue with individual shareholders is at the AGM where shareholders would have direct access to the Directors and are provided with sufficient opportunity and time to participate through questions on the prospects, performance of the Group and other matters of concern. Members of the Board as well as the external auditors will be present to answer and provide the appropriate clarifications at the meeting.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's financial position and prospects by making sure the financial statements and quarterly announcements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards.

The Statement on Directors' Responsibilities in respect of the preparation of the annual audited accounts is stated below.

Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal controls in the Company and the Group. These controls provide reasonable but no absolute assurance against material misstatement, loss or fraud. Information on the Group's internal controls is disclosed in the Statement on Internal Controls set out on page 18 of the Annual Report.

Relationship with External Auditors

The Board maintains a transparent and professional relationship with the Group's external auditors. The role of the Audit Committee in relation to the external auditors is further explained in the Audit Committee Report on pages 10 to 11 of the Annual Report.

Statement on Directors' Responsibilities

Directors are required by the Companies Act, 1965 to ensure that the financial statements for each financial year are prepared in accordance with the applicable approved accounting standards and the provisions of the Companies Act, 1965. Directors take responsibility to ensure that the financial statements give a true and fair view of the state of affairs of the Company.

In preparing the financial statements, the Directors have selected suitable accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent.

The Board has an overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

The following is presented in compliance with the Listing Requirements of Bursa Securities for the MESDAQ Market:

1) Utilisation of Proceeds raised from Corporate Proposal

As at FYE 31 December 2008, the proceeds of RM8 million raised by the Company from its public issue have been utilised as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
Research & Development	4,770	235	4,535
Overseas expansion	1,000	12	988
Working Capital	430	221	209
Estimated listing expenses	1,800	1,980	(180)*
	8,000	2,448	5,552

* The additional listing expenses were adjusted to the Company's working capital.

2) Shares Buy-back
There were no shares buy-back or cancellation or resale of treasury shares for the FYE 31 December 2008.

3) Option, Warrants or Convertible Securities
There were no options, warrants and other convertible securities exercised for the FYE 31 December 2008.

4) Depository Receipts ("DR")
The Company did not sponsor any DR programme for the FYE 31 December 2008.

5) Sanctions and/or Penalties Imposed
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory authorities for the FYE 31 December 2008.

6) Non-audit Fees
The non-audit fees paid to the external auditors or a firm or company affiliated to the auditors' firm by the Group during the FYE 31 December 2008 under review were RM12,435.

7) Profit Guarantee
There were no profit guarantees given by the Company or its subsidiaries for the FYE 31 December 2008.

8) Material Contract involving Directors and Substantial Shareholders
Save as disclosed below, there were no material contracts involving Directors and Substantial Shareholders entered into by the Company and its subsidiaries involving Directors and Substantial Shareholders' interests for the FYE 31 December 2008:

(i) share sale agreement and subsequently a supplemental agreement dated 18 April 2005 and 24 January 2008, respectively, between the Company as Purchaser and Dr Tan Kim Sing, Dr Fong Chan Seng, Dr Kok Poe Chu, Dr Teo Kim Lai, Tan Sok Ing, Wong Choi Lian, Cheong Yit Cheng, Ha Chan Kuan, Tan Choon Shong, Heng Teik Teow and Choi Heng Lam (collectively known as "the Vendors"), in respect of:

(a) the sale of all the Vendors' 2,000,000 ordinary shares of par value RM1.00 each in Sunzen Corporation, which constituted the entire issued and paid-up share capital of Sunzen Corporation, to the Company, in consideration of:

- the payment of a purchase price of RM10,397,548 to be satisfied by the issuance and allotment of 103,975,480 Ordinary Shares of RM0.10 each of the Company, by the Company to the Vendors or such person as each of the Vendors may nominate; and

- the assumption and settlement in full by the Company on behalf of Sunzen Corporation of shareholders' advances and loans amounting to RM2,041,482 previously provided by the Vendors to Sunzen Corporation, by the issuance and allotment of 20,414,820 fully paid-up or credited as fully paid-up ordinary shares of the Company, by the Company to the Vendors or such person as each of the Vendors may nominate;

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

8) Material Contract involving Directors and Substantial Shareholders (cont'd)

and

(b) the assignment between certain Vendors of rights, benefits and interests in and to certain amounts of the shareholders' loans, in consideration of the relevant amount of such shareholders' loans being settled directly between such Vendors at such date and in such manner as they may mutually agree on.

9) Revaluation of Landed Properties
The Company did not adopt any revaluation policy on landed properties for the FYE 31 December 2008.

10) Recurrent Related Party Transactions of a Revenue or Trading Nature
There were no recurrent related party transactions of a revenue or trading nature for the FYE 31 December 2008.

11) Variation in Results
The deviations of financial results between the profit forecast in the Prospectus of the Company dated 12 September 2008 and the announced unaudited results for the FYE 31 December 2008 are as follows:

	Unaudited results RM'000	Forecast results RM'000	Variance RM'000
Revenue	26,260	28,703	(2,443)
Consolidated profit before tax ("PBT")	2,157	4,510	(2,353)
Taxation	(187)	(512)	325
Consolidated profit after tax	1,970	3,998	(2,028)

The explanations for the deviations are as follows:

		Note	RM'000
1.	Reduction in profit due to sales contraction	1	(854)
2.	Cost of production increased due to higher raw material prices	2	(1,270)
3.	Realized foreign exchange loss	3	(132)
4.	Tax deduction adjustment	4	325
5.	Others	5	(97)
			(2,028)

Note 1
The lower revenue recorded of RM2,443,000 or 8.51%, as well as indirect consequences of the rise in overall livestock production costs had resulted in the decrease in profit of the Company by RM854,000.

Note 2
The increased amount of production costs recorded was due to the unprecedented sharp increase in raw material prices fuelled by the surge in global fuel price. A major factor in the rise of production costs has been the upsurge in the price of phosphoric acid by 206% in the third quarter of 2008.

Note 3
The foreign exchange loss for the purchase of raw materials and trading products from overseas was due to the weakening of Ringgit Malaysia against United States Dollar for the year 2008.

Note 4
Taxation amount has been adjusted in line with the lower PBT recorded for the unaudited FYE 31 December 2008.

Note 5
Included in others are generally due to the difference in operating and administration expenses.

12) Corporate Responsibilities ("CR")
The Company recognises the importance of being a responsible corporate citizen. As such, the Company will be planning and organising more CR activities for the next financial year.

STATEMENT ON INTERNAL CONTROLS

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard the Group's assets and shareholders investments. Pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Board of Directors is required to provide statement on internal controls in its annual report.

RESPONSIBILITY

The Board emphases the importance of having a sound system of internal controls and risk management practices to safeguard the interest of shareholders and customers as well as the assets of the Group. The Board affirms its overall responsibility for the Group's system of internal controls by reviewing the adequacy and integrity of this system and identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives throughout the year.

However, such a system is designed to reduce rather than eliminate the risk of failure in achieving its business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board and management implement proactive significant risks identification on quarterly basis or earlier as appropriate, particularly any major changes in nature of activities and / or operating environment, or venture into new operating environment which may entail different risks. The Group has put in place an appropriate risk response strategies and controls to mitigate or maintain such risks at a level acceptable to the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has engaged an independent professional accounting and consulting firm, Ace Consulting Group Sdn Bhd prior to the Company's listing, to review key areas of internal control system of the Group. The Group continues to engage this firm to provide internal audit services.

The internal audit adopts a risk-based approach in developing its audit plan which addresses the key risk areas. This audit plan is reviewed and approved by the Board and Audit Committee. Scheduled internal audits are to be carried and reported to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

OTHER RISK AND CONTROL PROCESSES

Apart from risk management and internal audit, the Group has put in place the following internal control elements:

- An organizational structure with well-defined lines of responsibility and delegation of authority.
- A set of documented internal policies and procedures for operational, financial and manufacturing management, which is subject to regular review and improvement.
- Quarterly financial information with variance management report is provided and presented to Audit Committee and the Board for deliberation.
- Monthly monitoring of actual results against budget, with major variances being followed up and management action taken.
- Close and active involvement of the Executive Directors in the day-to-day business operations of the Group.

In conclusion, the overall system of the internal controls is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require public disclosure.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of biotechnology research and development, manufacturing and marketing of animal feed supplement products and investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit for the financial year attributable to the equity holders of the Company	1,894,722	1,807,790

DIVIDENDS

The directors have recommended a final tax-exempt dividend of RM0.012 per ordinary share amounting to RM1,792,686 in respect of the current financial year. The dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) the Company increased its authorised share capital from RM2,500,000 to RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each by the creation of 225,000,000 new ordinary shares of RM0.10 each;

(b) the Company increased its issued and paid-up share capital from RM20 to RM14,939,050 comprising 149,390,500 ordinary shares of RM0.10 each by the allotment of 149,390,300 new ordinary shares of RM0.10 each pursuant to the Company's listing on the Mesdaq Market of Bursa Malaysia Securities Berhad, as detailed below:-

  (i) allotment of 20,414,820 new ordinary shares of RM0.10 each at par for the settlement of advances amounting to RM2,041,482 owed by Sunzen Corporation Sdn. Bhd. to its directors and shareholders;

  (ii) allotment of 103,975,480 new ordinary shares of RM0.10 each at par for the acquisition of a 100% equity interest in Sunzen Corporation Sdn. Bhd; and

  (iii) public issue of 25,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.32 per share for cash.

  The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company; and

(c) there were no issues of debentures by the Company.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that no allowance for doubtful debts is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

ITEMS OF AN UNUSUAL NATURE

The financial statements of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the financial statements of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

TAN KIM SING (Appointed on 25.4.2008)
KOK POE CHU (Appointed on 25.4.2008)
TEO KIM LAI (Appointed on 25.4.2008)
FONG CHAN SENG (Appointed on 25.4.2008)
DATO' DR OMAR @ S. OMAR BIN ABDUL RAHMAN (Appointed 25.4.2008)
S. GUNASEHARAN A/L P. SUBRAMANIAM (Appointed on 25.4.2008)
DATO' DR MHD NORDIN BIN MOHD NOR (Appointed on 25.4.2008)
TEE THIAM HUAT (Resigned on 25.4.2008)
TAN SIEW SIM (Resigned on 25.4.2008)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.1.2008	BOUGHT	SOLD	AT 31.12.2008
TAN KIM SING	-	41,046,510	-	41,046,510
KOK POE CHU	-	21,501,610	(7,100)	21,494,510
TEO KIM LAI	-	15,636,860	-	15,636,860
FONG CHAN SENG	-	15,636,860	-	15,636,860
DATO' DR OMAR @ S. OMAR BIN ABDUL RAHMAN	-	80,000	-	80,000
S. GUNASEHARAN A/L P. SUBRAMANIAM	-	80,000	-	80,000
DATO' DR MHD NORDIN BIN MOHD NOR	-	80,000	-	80,000

By virtue of his interest in shares in the Company, Tan Kim Sing is deemed to have interests in the shares of the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act, 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Company during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED

Tan Kim Sing

Kok Poe Chu

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

We, Tan Kim Sing and Kok Poe Chu, being two of the directors of Sunzen Biotech Berhad, state that, in the opinion of the directors, the financial statements set out on pages 26 to 56 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 22 APRIL 2009

Tan Kim Sing **Kok Poe Chu**

STATUTORY DECLARATION

I, Phang Tong Eng, I/C No. 641010-13-5663, being the officer primarily responsible for the financial management of Sunzen Biotech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 26 to 56 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Phang Tong Eng, I/C No. 641010-13-5663,
at Klang in the state of Selangor
Darul Ehsan on this 22 April 2009

Phang Tong Eng

Before me

Goh Cheng Teak (No.B204)
Commissioner For Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUNZEN BIOTECH BERHAD

Report on the Financial Statements

We have audited the financial statements of Sunzen Biotech Berhad, which comprise the balance sheets as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 56.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/10 (J)
Partner

Kuala Lumpur
22 April 2009

BALANCE SHEETS AT 31 DECEMBER 2008

	NOTE	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM	THE COMPANY AUDITED 2008 RM	THE COMPANY AUDITED 2007 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	10,397,554	2
Property, plant and equipment	7	9,362,670	8,947,508	155,297	83,626
Product development expenditure	8	1,221,292	797,129	-	-
Goodwill on consolidation	9	57,958	-	-	-
Quoted investments	10	11,094	4,200	-	-
		10,653,014	9,748,837	10,552,851	83,628
CURRENT ASSETS					
Inventories	11	10,711,911	8,734,453	3,234,695	2,027,772
Trade receivables	12	7,398,367	5,949,686	3,248,478	18,694,970
Other receivables, deposits and prepayments		65,613	685,597	100,996	552,274
Amount owing by a subsidiary	13	-	-	3,872,285	-
Tax refundable		1,120,183	1,259,491	669,864	392,142
Fixed and short term deposits with licensed banks	14	5,159,192	2,094,177	3,001,640	-
Cash and bank balances with licensed banks and other financial institution	15	3,827,842	2,363,533	2,468,327	199,981
		28,283,108	21,086,937	16,596,285	21,867,139
TOTAL ASSETS		38,936,122	30,835,774	27,149,136	21,950,767

The annexed notes form an integral part of these financial statements.

BALANCE SHEETS AT 31 DECEMBER 2008 (CONT'D)

	NOTE	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM	THE COMPANY AUDITED 2008 RM	THE COMPANY AUDITED 2007 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	14,939,050	10,397,568	14,939,050	20
Share premium	17	3,520,345	-	3,520,345	-
Merger deficit	18	(8,397,548)	(8,397,548)	-	-
Retained profits	19	14,005,787	12,111,065	4,932,143	3,124,353
TOTAL EQUITY		24,067,634	14,111,085	23,391,538	3,124,373
NON-CURRENT LIABILITIES					
Hire purchase payables	20	392,601	46,290	-	-
Term loans	21	4,214,056	4,633,272	-	-
Deferred taxation	22	424,000	224,000	11,000	6,000
		5,030,657	4,903,562	11,000	6,000
CURRENT LIABILITIES					
Trade payables	23	3,699,061	4,674,331	588,227	1,087,945
Bills payable	21	3,138,042	1,388,000	1,422,000	-
Other payables and accruals		2,295,245	952,616	1,636,375	15,671,396
Dividend payable		-	2,795,472	-	2,061,053
Amount owing to directors	24	165,949	1,700,185	99,996	-
Hire purchase payables	20	107,796	24,677	-	-
Term loans	21	431,738	285,846	-	-
		9,837,831	11,821,127	3,746,598	18,820,394
TOTAL LIABILITIES		14,868,488	16,724,689	3,757,598	18,826,394
TOTAL EQUITY AND LIABILITIES		38,936,122	30,835,774	27,149,136	21,950,767
NET ASSETS PER SHARE	25	16.1 sen	13.6 sen		

The annexed notes form an integral part of these financial statements.

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	NOTE	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM	THE COMPANY AUDITED 2008 RM	THE COMPANY AUDITED 2007 RM
REVENUE	26	26,260,099	23,141,415	12,913,593	8,734,157
COST OF SALES		(18,484,724)	(14,850,137)	(9,665,324)	(5,696,139)
GROSS PROFIT		7,775,375	8,291,278	3,248,269	3,038,018
OTHER OPERATING INCOME		149,388	78,435	56,726	-
MARKETING AND DISTRIBUTION EXPENSES		(3,120,714)	(2,761,189)	(1,066,155)	(632,666)
ADMINISTRATIVE EXPENSES		(1,519,875)	(1,342,327)	(100,897)	(53,666)
OTHER OPERATING EXPENSES		(673,448)	(747,595)	(84,664)	(147,246)
PROFIT FROM OPERATIONS		2,610,726	3,518,602	2,053,279	2,204,440
FINANCE EXPENSES		(457,523)	(305,602)	(78,689)	(37)
PROFIT BEFORE TAXATION	27	2,153,203	3,213,000	1,974,590	2,204,403
TAXATION	28	(258,481)	(449,700)	(166,800)	(143,350)
PROFIT FOR THE FINANCIAL YEAR		1,894,722	2,763,300	1,807,790	2,061,053
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		1,894,722	2,763,300	1,807,790	2,061,053
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	29	1.4 sen	2.2 sen		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
		NON-DISTRIBUTABLE			DISTRIBUTABLE	
		SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	RETAINED PROFITS	TOTAL EQUITY
THE GROUP	**NOTE**	**RM**	**RM**	**RM**	**RM**	**RM**
Balance at 1.1.2007		10,397,568*	-	(8,397,548)	12,143,237	14,143,257
Profit for the financial year		-	-	-	2,763,300	2,763,300
Dividends	30	-	-	-	(2,795,472)	(2,795,472)
Balance at 31.12.2007/1.1.2008		10,397,568	-	(8,397,548)	12,111,065	14,111,085
Allotment during the financial year:						
- settlement of advances		2,041,482	-	-	-	2,041,482
- public issue		2,500,000	5,500,000	-	-	8,000,000
		4,541,482	5,500,000	-	-	10,041,482
Profit for the financial year		-	-	-	1,894,722	1,894,722
Listing expenses		-	(1,979,655)	-	-	(1,979,655)
Balance at 31.12.2008		14,939,050	3,520,345	(8,397,548)	14,005,787	24,067,634

* The share capital as at 1.1.2007 of the Group is presented as if the share capital arising from the acquisition of a subsidiary amounting to RM10,397,548 had been combined at the previous balance sheet date under the merger method of accounting.

		SHARE CAPITAL	SHARE PREMIUM	RETAINED PROFITS	TOTAL EQUITY
THE COMPANY	**NOTE**	**RM**	**RM**	**RM**	**RM**
Balance at 1.1.2007		20	-	3,124,353	3,124,373
Profit for the financial year		-	-	2,061,053	2,061,053
Dividends	30	-	-	(2,061,053)	(2,061,053)
Balance at 31.12.2007/ 1.1.2008		20	-	3,124,353	3,124,373
Allotment during the financial year:					
- settlement of advances		2,041,482	-	-	2,041,482
- acquisition of subsidiaries		10,397,548	-	-	10,397,548
- public issue		2,500,000	5,500,000	-	8,000,000
		14,939,030	5,500,000	-	20,439,030
Profit for the financial year		-	-	1,807,790	1,807,790
Listing expenses		-	(1,979,655)	-	(1,979,655)
Balance at 31.12.2008		14,939,050	3,520,345	4,932,143	23,391,538

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	NOTE	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM	THE COMPANY AUDITED 2008 RM	THE COMPANY AUDITED 2007 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		2,153,203	3,213,000	1,974,590	2,204,403
Adjustments for:-					
Amortisation of product development expenditure		25,496	243,149	-	-
Depreciation of property, plant and equipment		417,422	251,738	35,055	16,261
Interest expense		430,020	289,010	60,892	-
Gain on disposal of plant and equipment		-	(5,739)	-	-
Interest income		(92,594)	(69,292)	(26,469)	-
Income from unit trust deposit with other financial institution		(2,446)	(3,404)	-	-
Operating profit before working capital changes		2,931,101	3,918,462	2,044,068	2,220,664
Increase in inventories		(1,977,458)	(2,702,961)	(1,206,923)	(468,085)
(Increase)/Decrease in trade and other receivables		(828,697)	866,322	15,897,770	(8,618,641)
Increase/(Decrease) in trade and other payables		1,056,696	(13,557)	(14,493,685)	7,846,517
CASH FROM OPERATIONS		1,181,642	2,068,266	2,241,230	980,455
Interest paid		(430,020)	(279,420)	(60,892)	-
Tax refunded/(paid)		80,827	(1,220,791)	(439,522)	(780,492)
NET CASH FROM OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD		832,449	568,055	1,740,816	199,963

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

	NOTE	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM	THE COMPANY AUDITED 2008 RM	THE COMPANY AUDITED 2007 RM
BALANCE BROUGHT FORWARD		832,449	568,055	1,740,816	199,963
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		92,594	69,292	26,469	-
Income received from unit trust with other financial institution		2,446	3,404	-	-
Proceeds from disposal of plant and equipment		-	10,009	-	-
Purchase of property, plant and equipment	31	(367,584)	(497,316)	(106,726)	-
Purchase of quoted investments		(6,894)	-	-	-
Payment for product development expenditure		(449,659)	(418,943)	-	-
Net cash inflow on acquisition of subsidiary	32	-	-	(4)	(2)
NET CASH FOR INVESTING ACTIVITIES		(729,097)	(833,554)	(80,261)	(2)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Proceeds from issuance of shares		8,000,000	-	8,000,000	-
Listing expenses paid		(1,979,655)	-	(1,979,655)	-
Advances to a subsidiary		-	-	(1,830,803)	-
Advances from directors		129,047	36,903	99,996	-
Drawdown of term loans		123,230	142,584	-	-
Repayment of hire purchase obligations		(35,570)	(22,783)	-	-
Repayment of term loans		(396,554)	(288,658)	-	-
Dividend paid		(1,414,526)	-	(680,107)	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		4,425,972	(131,954)	3,609,431	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,529,324	(397,453)	5,269,986	199,961
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,457,710	4,855,163	199,981	20
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	8,987,034	4,457,710	5,469,967	199,981

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at No. 11, Jalan Anggerik Mokara 31/47, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 April 2009.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of biotechnology research and development, manufacturing and marketing of animal feed supplement products and investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its currency, interest rate, market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group's exposure to foreign currency risk arises mainly from sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk are disclosed in the respective notes to the financial statements.

In respect of other monetary assets and liabilities held in foreign currencies, the Group carries out reviews periodically to ensure that the net exposure is kept at an acceptable level.

(ii) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase arrangements. Its policy is to obtain the most favourable interest rates available.

Information relating to the interest rate exposure of the Group is disclosed in the respective notes to the financial statements.

Surplus funds are placed with reputable financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group's principal exposure to market risks arises mainly from changes in market prices of its quoted investments. The Group manages this exposure by prudent investment policies and procedures.

(b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity and Cash Flow Risks

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through adequate committed credit facilities to meet estimated commitments arising from operational expenditure and financial liabilities. The Group also has effective cash management to ensure that the Group can pay its dividends to shareholders at an appropriate time.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following:

(i) FRSs issued and effective for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

FRS 111 and FRS 120 are not relevant to the Group's operations. The adoption of the other standards did not have any material impact on the form and content of disclosures presented in the financial statements.

(ii) Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates *Net Investment in a Foreign Operation* issued and effective for financial periods beginning on or after 1 July 2007.

This amendment is not relevant to the Group's operations.

(iii) IC Interpretations issued and effective for financial periods beginning on or after 1 July 2007:

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above IC Interpretations are not relevant to the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

4. BASIS OF PREPARATION (CONT'D)

(b) The Group has not adopted the following FRSs and IC Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:

(i) FRS issued and effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments

FRS 8 replaces FRS 114_{2004} Segment Reporting and requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

(ii) FRSs issued and effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 139	Financial Instruments: Recognition and Measurement

FRS 4 is not relevant to the Group's operations. The possible impacts of FRS 7 and FRS 139 upon their initial application are exempted by virtue of the exemptions given in these standards.

(iii) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

IC Interpretation 9 is not relevant to the Group's operations. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the current tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2008.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

The acquisition of Sunzen Corporation Sdn. Bhd. by the Company has been accounted for as a business combination among entities under common control. Accordingly, the financial statements of the Group have been consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

All other subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(c) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment loss, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement.

(d) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(e) Investments

(i) Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and its carrying amount of the investment is taken to the income statement.

(ii) Other investments

Investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the directors, there is a material decline other than temporary in the value of such investments. Where there has been a material decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged/ credited to the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment

Property, plant and equipment other than freehold land is stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Factory building	2%
Plant and machinery	14%
Furniture, fittings and office equipment	10% - 33.3%
Motor vehicles	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

(g) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the asset's net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement

(h) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(f) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Product Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its ability to use or sell the developed assets; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised product development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent periods.

Amortisation is calculated under the straight-line method to write off product development expenditure over the remaining period of the product's estimated economic useful life from the date of the initial product launch.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods includes cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(k) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(l) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(m) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All other borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(o) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(p) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenues and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), inventories, receivables, and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Functional and Foreign Currency

(i) Functional and Presentation Currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates.

The financial statements are presented in Ringgit Malaysia which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies of the Company and are recorded on initial recognition in the functional currencies, using the rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(t) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Related Parties (Cont'd)

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

(ii) Rental and Interest Income

Rental and interest income are recognised on an accrual basis.

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY 2008 RM	THE COMPANY 2007 RM
Unquoted shares, at cost:-		
At 1 January	2	2
Acquired during the financial year	10,397,552	-
At 31 December	10,397,554	2

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2008	Effective Equity Interest 2007	Principal Activities
Sunzen Corporation Sdn. Bhd.	100%	-	Biotechnology research and development, manufacturing and marketing of veterinary and animal health products.
Sunzen Lifesciences Sdn. Bhd.	100%	100%	R & D and commercialisation of in-feed anti bacterial products and supplements for animal health production.
Sunzen Feedtech Sdn. Bhd.	100%	-	Dormant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP (AUDITED)	NET CARRYING AMOUNT AT 1.1.2008 RM	TRANSFER RM	ADDITIONS RM	DEPRECIATION CHARGE RM	NET CARRYING AMOUNT AT 31.12.2008 RM
Freehold land	4,361,518	-	18,844	-	4,380,362
Factory building	404,659	3,468,123	133,588	(80,481)	3,925,889
Plant and machinery	272,880	-	123,855	(95,593)	301,142
Furniture, fittings and office equipment	217,060	-	32,789	(64,229)	185,620
Motor vehicles	223,268	-	523,508	(177,119)	569,657
Capital work-in-progress	3,468,123	(3,468,123)	-	-	-
Total	8,947,508	-	832,584	(417,422)	9,362,670

THE GROUP (PROFORMA)	NET CARRYING AMOUNT AT 1.1.2007 RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	NET CARRYING AMOUNT AT 31.12.2007 RM
Freehold land	4,285,126	76,392	-	-	4,361,518
Factory building	413,106	-	-	(8,447)	404,659
Plant and machinery	275,795	72,274	-	(75,189)	272,880
Furniture, fittings and office equipment	192,203	124,812	(4,270)	(95,685)	217,060
Motor vehicles	295,685	-	-	(72,417)	223,268
Capital work-in-progress	3,244,285	223,838	-	-	3,468,123
Total	8,706,200	497,316	(4,270)	(251,738)	8,947,508

AS AT 31.12.2008 (AUDITED)	COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
Freehold land	4,380,362	-	4,380,362
Factory building	4,024,064	(98,175)	3,925,889
Plant and machinery	633,439	(332,297)	301,142
Furniture, fittings and office equipment	635,417	(449,797)	185,620
Motor vehicles	939,591	(369,934)	569,657
Total	10,612,873	(1,250,203)	9,362,670

AS AT 31.12.2007 (PROFORMA)			
Freehold land	4,361,518	-	4,361,518
Factory building	422,353	(17,694)	404,659
Plant and machinery	509,584	(236,704)	272,880
Furniture, fittings and office equipment	602,628	(385,568)	217,060
Motor vehicles	416,083	(192,815)	223,268
Capital work-in-progress	3,468,123	-	3,468,123
Total	9,780,289	(832,781)	8,947,508

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	NET CARRYING AMOUNT AT 1.1.2008 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	NET CARRYING AMOUNT AT 31.12.2008 RM
Office equipment	-	12,016	(4,005)	8,011
Plant and machinery	83,626	94,710	(31,050)	147,286
	83,626	106,726	(35,055)	155,297

	NET CARRYING AMOUNT AT 1.1.2007 RM	DEPRECIATION CHARGE RM	NET CARRYING AMOUNT AT 31.12.2007 RM
Plant and machinery	99,887	(16,261)	83,626

AS AT 31.12.2008	COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
Office equipment	12,016	(4,005)	8,011
Plant and machinery	210,858	(63,572)	147,286
	222,874	(67,577)	155,297
AS AT 31.12.2007			
Plant and machinery	116,148	(32,522)	83,626

Property, plant and equipment of the Group pledged as security for banking facilities granted as disclosed in Note 21 to the financial statements are as follows:-

	THE GROUP	
	AUDITED 2008 RM	PROFORMA 2007 RM
At Net Carrying Amount:-		
Freehold land	4,380,362	4,361,518
Factory building	3,925,889	404,659

Included in the property, plant and equipment of the Group at the balance sheet date are motor vehicles with a total net carrying amount of RM508,856 (2007 - RM132,066) acquired under hire purchase terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

8. PRODUCT DEVELOPMENT EXPENDITURE

	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM
Cost		
At 1 January	1,516,639	1,097,696
Incurred during the financial year	449,659	418,943
At 31 December	1,966,298	1,516,639
Accumulated amortisation		
At 1 January	(719,510)	(476,361)
Amortised during the financial year	(25,496)	(243,149)
At 31 December	(745,006)	(719,510)
Net carrying amount	1,221,292	797,129

Expenditure capitalised included personnel costs and cost of materials consumed in development activities as well as fees paid to external researchers for product development purposes.

No impairment loss is recognised during the current financial year as the recoverable amount is higher than the carrying amount. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations using cash flow projections prepared and approved by the management.

Key assumptions used in value-in-use calculations

	THE GROUP AUDITED 2008	THE GROUP PROFORMA 2007
1. Discount rate The discount rate is on a pre-tax basis that reflects current market assessment of time value of money and the risks specific to the CGU.	10%	10%
2. Growth rates This is based on the management forecasts after incorporating changes in pricing and direct costs based on past experience and the expectations of future changes in the market.	15%	15%
3. Cash flow period The cash flow projections are based on financial budgets approved by the management. The cash flow projections for the product development expenditure are based on the expected life cycle of the products respectively.	5 years	5 years
4. Gross profit margin Net cash projections for the relevant cash flow period are extrapolated based on past gross profit generated by the CGU divided by the gross revenue generated by the respective CGU.	32%	34%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

9. GOODWILL ON CONSOLIDATION

	THE GROUP	
	AUDITED 2008 RM	PROFORMA 2007 RM
Goodwill on acquisition of a subsidiary:		
At 1 January	-	-
Arising during the financial year	57,958	-
At 31 December	57,958	-

The carrying amount of goodwill amounting to RM57,958 (2007 - Nil) is allocated to the cash-generating unit ("CGU").

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a period of five years using estimated growth rates which are based on past performance and their expectations of market developments and are discounted at a pre-tax discount rate of 10%.

In assessing the value-in-use, the management is of the view that no foreseeable changes to their assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

10. QUOTED INVESTMENTS

	THE GROUP	
	AUDITED 2008 RM	PROFORMA 2007 RM
Investment in quoted shares, at cost:		
At 1 January	4,200	4,200
Addition during the financial year	6,894	-
At 31 December	11,094	4,200
Market value as at 31 December	7,160	1,590

11. INVENTORIES

	THE GROUP		THE COMPANY AUDITED	
	AUDITED 2008 RM	PROFORMA 2007 RM	2008 RM	2007 RM
At cost:-				
Raw materials	2,344,512	1,695,831	2,144,791	1,542,129
Finished goods	8,021,010	6,530,599	774,371	94,590
Packing materials	346,389	508,023	315,533	391,053
	10,711,911	8,734,453	3,234,695	2,027,772

None of the inventories was valued at net realisable value as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

12. TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 days to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency profile of trade receivables is as follows:-

	THE GROUP		THE COMPANY	
	AUDITED	PROFORMA	AUDITED	
	2008	2007	2008	2007
	RM	RM	RM	RM
Singapore Dollar	507,757	440,459	349,352	-
United States Dollar	495,044	205,043	22,934	-

13. AMOUNT OWING BY A SUBSIDIARY

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

14. FIXED AND SHORT TERM DEPOSITS WITH LICENSED BANKS

The weighted average effective interest rates and average maturity period of the fixed and short term deposits of the Group and of the Company at the balance sheet date were 2.9% to 3.0% (2007 - 2.8%) per annum and 7 days to 3 months (2007 - 3 months) respectively.

The fixed deposits are pledged to licensed banks as security for banking facilities granted to the Group.

15. CASH AND BANK BALANCES WITH LICENSED BANKS AND OTHER FINANCIAL INSTITUTION

The foreign currency profile of the bank balances is as follows:-

	THE GROUP	
	AUDITED	PROFORMA
	2008	2007
	RM	RM
Singapore Dollar	199,522	7,566
United States Dollar	101,763	58,261

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

16. SHARE CAPITAL

	THE COMPANY			
	2008	2007	2008	2007
	NUMBER OF SHARES		RM	RM
Authorised:				
Ordinary shares of RM0.10 each:-				
At 1 January	25,000,000	25,000,000	2,500,000	2,500,000
Increase during the financial year	225,000,000	-	22,500,000	-
At 31 December	250,000,000	25,000,000	25,000,000	2,500,000
Issued And Fully Paid:				
Ordinary shares of RM0.10 each:-				
At 1 January	200	200	20	20
Shares issued pursuant to:				
- settlement of advances	20,414,820	-	2,041,482	-
- acquisition of subsidiaries	103,975,480	-	10,397,548	-
- public issue	25,000,000	-	2,500,000	-
	149,390,300	-	14,939,030	-
At 31 December	149,390,500	200	14,939,050	20

During the financial year,

(a) the Company increased its authorised share capital from RM2,500,000 to RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each by the creation of 225,000,000 new ordinary shares of RM0.10 each;

(b) the Company increased its issued and paid-up share capital from RM20 to RM14,939,050 comprising 149,390,500 ordinary shares of RM0.10 each by the allotment of 149,390,300 new ordinary shares of RM0.10 each pursuant to the Company's listing on the Mesdaq Market of Bursa Malaysia Securities Berhad, as detailed below:-

   (i) allotment of 20,414,820 new ordinary shares of RM0.10 each at par for the settlement of advances amounting to RM2,041,482 owed by Sunzen Corporation Sdn. Bhd. to its directors and shareholders; and

   (ii) allotment of 103,975,480 new ordinary shares of RM0.10 each at par for the acquisition of a 100% equity interest in Sunzen Corporation Sdn. Bhd;

   (iii) public issue of 25,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.32 per share for cash.

The new ordinary shares issued rank pari passu in all respect with the existing shares of the Company.

17. SHARE PREMIUM

	THE GROUP AND THE COMPANY	
	AUDITED	PROFORMA
	2008	2007
	RM	RM
Premium arising from public issue	5,500,000	-
Less: Listing expenses	(1,979,655)	-
At 31 December	3,520,345	-

The share premium account is not distributable by way of cash dividends but may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

18. MERGER DEFICIT

The merger deficit relates to the difference between the nominal value of shares issued for the purchase of subsidiaries and the nominal value of the shares acquired.

19. RETAINED PROFITS

Based on estimated tax credits under Section 108 of the Income Tax Act, 1967 and tax-exempt income account available and subject to agreement with the tax authorities, the retained profits are wholly distributable by way of dividends without the Company incurring further tax liabilities.

At the balance sheet date, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends to the shareholders will be exempted from tax.

20. HIRE PURCHASE PAYABLES

	THE GROUP	
	AUDITED 2008 RM	PROFORMA 2007 RM
Minimum hire purchase payments:		
- not later than one year	135,972	27,648
- later than one year and not later than five years	438,851	48,376
	574,823	76,024
Less: Future finance charges	74,426	5,057
Present value of hire purchase payables	500,397	70,967
Current:		
- not later than one year	107,796	24,677
Non-current:		
- later than one year and not later than five years	392,601	46,290
	500,397	70,967

The hire purchase payables bore effective interest rates ranging from 4.94% to 6.16% (2007 - 4.94% to 5.1%) per annum at the balance sheet date.

21. BILLS PAYABLE AND TERM LOANS

The effective interest rates at the balance sheet date are as follows:-

	THE GROUP AND THE COMPANY	
	AUDITED 2008 % per annum	PROFORMA 2007 % per annum
Bills payable	3.72	3.65
Term loans	7.56	6.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

21. BILLS PAYABLE AND TERM LOANS (CONT'D)

The bills payable and term loans are secured as follows:-

(a) by a pledge of the fixed deposits belonging to one of the subsidiaries of the Company;
(b) by a subordination of loans from the directors of the Company of not less than RM600,000;
(c) by the joint and several guarantees executed by all the directors of the Company;
(d) by a legal charge over the properties belonging to one of the subsidiaries of the Company; and
(e) by a negative pledge.

	THE GROUP	
	AUDITED 2008 RM	PROFORMA 2007 RM
Details of the term loans outstanding are as follows:-		
Current portion:		
- repayable within one year	431,738	285,846
Non-current portion:		
- repayable between one to two years	462,799	433,974
- repayable between two to five years	1,282,691	1,406,948
- repayable after five years	2,468,566	2,792,350
Total non-current portion	4,214,056	4,633,272
	4,645,794	4,919,118

Details of the repayment terms of the term loans outstanding are as follows:-

	Number of Monthly Instalments	Monthly Instalment Amount RM	Date of Commencement of Repayment	Amount Outstanding at the Balance Sheet Date AUDITED 2008 RM	Amount Outstanding at the Balance Sheet Date PROFORMA 2007 RM
Term loan 1	120	11,819	August 2002	406,401	512,236
Term loan 2	180	9,117	February 2007	857,008	921,894
Term loan 3	120	17,050	July 2007	1,203,015	1,324,628
Term loan 4	120	23,568	April 2008	2,179,370	2,160,360
				4,645,794	4,919,118

22. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	AUDITED 2008 RM	PROFORMA 2007 RM	AUDITED 2008 RM	AUDITED 2007 RM
At 1 January	224,000	223,000	6,000	7,000
Transfer from/(to) income statement (Note 28)	200,000	1,000	5,000	(1,000)
At 31 December	424,000	224,000	11,000	6,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

22. DEFERRED TAXATION (CONT'D)

The components of the deferred tax liabilities are as follows:-

	THE GROUP		THE COMPANY	
	AUDITED	PROFORMA	AUDITED	
	2008	2007	2008	2007
	RM	RM	RM	RM
Product development expenditure	274,000	215,000	-	-
Accelerated capital allowances	150,000	9,000	11,000	6,000
	424,000	224,000	11,000	6,000

23. TRADE PAYABLES

The normal credit terms granted to the Group range from 30 days to 90 days.

The foreign currency profile of trade payables is as follows:-

	THE GROUP	
	AUDITED	PROFORMA
	2008	2007
	RM	RM
United States Dollar	2,736,047	3,070,191

24. AMOUNT OWING TO DIRECTORS

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand.

25. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets value of RM24,067,634 (2007 - RM14,111,085) divided by the number of ordinary shares in issue at the balance sheet date of 149,390,500 (2007 - 103,975,680).

26. REVENUE

Revenue represents the invoiced value of goods sold less returns and discounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

27. PROFIT BEFORE TAXATION

This is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	AUDITED	PROFORMA	AUDITED	
	2008	2007	2008	2007
	RM	RM	RM	RM
Amortisation of product development expenditure	25,496	243,149	-	-
Audit fee:				
- current financial year	27,600	26,800	12,000	12,000
- overprovision in previous financial year	(600)	-	-	-
Depreciation of property, plant and equipment	417,422	251,738	35,055	16,261
Directors' remuneration:				
- fee	18,750	3,000	15,750	-
- other emoluments	1,113,342	1,042,043	-	-
Interest expense:				
- bank overdraft	80	-	-	-
- bills payable	135,196	93,085	36,282	-
- hire purchase	7,123	4,866	-	-
- term loans	263,011	191,059	-	-
- overdue	24,610	-	24,610	-
Rental of office equipment	6,780	6,729	-	-
Rental of premises	-	-	45,600	45,600
Staff costs	2,291,743	2,064,141	428,845	344,968
Gain on disposal of plant and equipment	-	(5,739)	-	-
(Gain)/Loss on foreign exchange	(31,900)	122,756	(30,257)	116,913
Interest income	(95,040)	(72,696)	(26,469)	-

28. TAXATION

	THE GROUP		THE COMPANY	
	AUDITED	PROFORMA	AUDITED	
	2008	2007	2008	2007
	RM	RM	RM	RM
Income tax expense				
Current financial year	216,114	409,000	153,114	145,000
(Over)/Underprovision in previous financial year	(157,633)	39,700	8,686	(650)
	58,481	448,700	161,800	144,350
Deferred taxation expense (Note 22)				
Current financial year	36,000	35,000	5,000	-
Under/(Over)provision in previous financial year	164,000	(34,000)	-	(1,000)
	200,000	1,000	5,000	(1,000)
Tax expense for the financial year	258,481	449,700	166,800	143,350

The Company was awarded the pioneer status incentive under the Promotion of Investments Act 1986 by the Minister of International Trade and Industry on 3 November 2007. Accordingly, the Company is granted exemption from taxation in respect of 70% of its statutory income derived from the production of animal feed supplement for a period of 5 years from 1 January 2006. The balance of the 30% of the statutory income is subjected to tax at the prevailing tax rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

28. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	AUDITED	PROFORMA	AUDITED	
	2008	2007	2008	2007
	RM	RM	RM	RM
Profit before taxation	2,153,203	3,213,000	1,974,590	2,204,403
Tax at the statutory tax rate of 26% (2007 - 27%)	559,833	868,000	513,000	595,000
Tax effects of:-				
Non-deductible expenses	49,281	65,000	2,114	4,000
Tax exemption arising from pioneer status	(357,000)	(419,000)	(357,000)	(419,000)
(Over)/Underprovision in previous financial year:				
- income tax	(157,633)	39,700	8,686	(650)
- deferred taxation	164,000	(34,000)	-	(1,000)
Differential in tax rates	-	(70,000)	-	(35,000)
Tax expense for the financial year	258,481	449,700	166,800	143,350

During the current financial year, the statutory tax rate was reduced from 27% to 26%.

29. EARNINGS PER SHARE

The basic earnings per share for the financial year has been calculated by dividing the consolidated profit attributable to the shareholders of RM1,894,722 (2007 - RM2,763,300) over the weighted average number of ordinary shares in issue during the financial year of 130,691,870 (2007 - 124,390,500).

There is no diluted earnings per share for the current financial year as there are no potential dilutive ordinary shares.

30. DIVIDENDS

	THE GROUP		THE COMPANY	
	AUDITED	PROFORMA	AUDITED	
	2008	2007	2008	2007
	RM	RM	RM	RM
Interim tax-exempt dividend of RM10,305.265 per ordinary share	-	2,061,053	-	2,061,053
Interim dividend of RM0.49623 per ordinary share less 26% tax (i)	-	734,419	-	-
	-	2,795,472	-	2,061,053

(i) The dividend was declared by a subsidiary which was accounted for using the merger method of accounting and which was paid to the previous shareholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM	THE COMPANY AUDITED 2008 RM	THE COMPANY AUDITED 2007 RM
Cost of property, plant and equipment acquired	832,584	497,316	106,726	-
Amount financed through hire purchase	(465,000)	-	-	-
Cash disbursed for purchase of property, plant and equipment	367,584	497,316	106,726	-

32. SUMMARY OF EFFECTS OF ACQUISITION OF A SUBSIDIARY

The details of net assets acquired and cash flow arising from the acquisition of a subsidiary during the financial year are as follows:-

	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM
Current assets	4	-
Current liabilities	(57,958)	-
Net assets in a subsidiary acquired	(57,954)	-
Goodwill on consolidation	57,958	-
Purchase consideration satisfied by cash	4	-
Cash and cash equivalents acquired	(4)	-
Net cash inflow on acquisition of a subsidiary	-	-

The effects of the acquisition of a subsidiary on the financial results of the Group during the financial year are as follows:-

	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM
Decrease in the Group's profit attributable to shareholders	(57,958)	-

The effects of the acquisition of a subsidiary on the financial results of the Group at the end of the financial year are as follows:-

	THE GROUP AUDITED 2008 RM	THE GROUP PROFORMA 2007 RM
Cash and bank balances	4	-
Other payables and accruals	(57,958)	-
Decrease in the Group's net assets	(57,954)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

33. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	AUDITED	PROFORMA	AUDITED	
	2008	2007	2008	2007
	RM	RM	RM	RM
Fixed and short term deposits with licensed banks	5,159,192	2,094,177	3,001,640	-
Cash and bank balances with licensed bank and other financial institution	3,827,842	2,363,533	2,468,327	199,981
	8,987,034	4,457,710	5,469,967	199,981

34. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year was as follows:-

THE GROUP 2008 (AUDITED)	NO. OF DIRECTORS	SALARIES AND BONUS RM	EPF & SOCSO RM	FEES RM	TOTAL RM
Executive					
- Between RM250,001 and RM300,000	3	686,903	103,463	2,000	792,366
- Between RM300,001 and RM350,000	1	280,665	42,311	1,000	323,976
	4	967,568	145,774	3,000	1,116,342
Non-Executive					
- Less than or equal to RM50,000	3	-	-	15,750	15,750
	7	967,568	145,774	18,750	1,132,092
2007 (PROFORMA)					
Executive					
- Between RM250,001 and RM300,000	3	640,750	96,537	2,000	739,287
- Between RM300,001 and RM350,000	1	264,825	39,931	1,000	305,756
	4	905,575	136,468	3,000	1,045,043
THE COMPANY 2008					
Non-Executive					
- Less than or equal to RM50,000	3	-	-	15,750	15,750

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

35. RELATED PARTY DISCLOSURES

For the purpose of these financial statements, the Group and the Company have related party relationships with its directors, key management personnel, entities of which the directors and/or key management have significant financial interests and entities within the same group of companies disclosed in Note 6 to the financial statements.

In addition to the balances detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions of balances with related parties during the financial year:-

	THE COMPANY	
	2008	2007
	RM	RM
Sales to a subsidiary:		
- Sunzen Corporation Sdn. Bhd.	6,133,217	8,734,157
Handling income charged by a susidiary:		
- Sunzen Corporation Sdn. Bhd.	1,085,601	349,366
Rental income charged by a subsidiary:		
- Sunzen Corporation Sdn. Bhd.	45,600	45,600
Purchases paid/payable to a subsidiary:		
- Sunzen Corporation Sdn. Bhd.	194,127	-

Key management personnel

	THE GROUP		THE COMPANY	
	AUDITED	PROFORMA	AUDITED	
	2008	2007	2008	2007
	RM	RM	RM	RM
Short-term employee benefits paid to the directors of the Company	1,132,092	1,045,043	15,750	-

Information regarding outstanding balances arising from related party transactions as at 31 December 2008 are disclosed in Notes 13 and 24 to the financial statements.

The outstanding amounts of the related parties will be settled in cash. No guarantees have been given or received. No expenses have been recognised during the financial year as bad and doubtful debts in respect of the amounts owing by the related parties.

36. FOREIGN CURRENCY RATES

The applicable foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date were as follows:-

	THE GROUP AND THE COMPANY	
	AUDITED	PROFORMA
	2008	2007
	RM	RM
Singapore Dollar	2.41	2.32
United States Dollar	3.47	3.33

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

37. SEGMENTAL INFORMATION

As the principal activity of the Group is manufacturing and trading in animal health products and its operations are principally located in Malaysia, no segmental analysis is provided.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year,

(i) the Company completed the following corporate exercises:

(a) Acquisition of a 100% equity interest in Sunzen Corporation Sdn. Bhd. for a total consideration of RM10,397,548 satisfied by the allotment of 103,975,480 new ordinary shares of RM0.10 each;

(b) Assumption and settlement of advances amounting to RM2,041,482 owed by Sunzen Corporation Sdn. Bhd. to its directors and shareholders by the allotment of 20,414,820 new ordinary shares of RM0.10 each;

The above transactions were completed on 18 April 2008.

(c) Public issue of 25,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.32 per share for cash. The public issue was completed on 26 September 2008; and

(d) the Company was officially listed on the Mesdaq Market of Bursa Malaysia Securities Berhad on 8 October 2008.

(ii) the Company acquired 4 ordinary shares of RM1 each representing a 100% equity interest of Sunzen Feedtech Sdn. Bhd, for a total consideration of RM4.

39. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Hire Purchase Obligations

The carrying amounts approximated the fair values of the instruments. The fair values of hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar types of instruments.

(b) Cash And Cash Equivalents, Receivables And Payables

The carrying amounts approximated their fair values due to the relatively short term nature of these financial instruments.

(c) Non-Current Liabilities

The carrying amounts of the Group's borrowings, which are mainly variable rate borrowings, are considered to be a reasonable estimate of the fair values as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

(d) Short Term Borrowings And Other Current Liabilities

The carrying amounts approximate their fair values due to the relatively short term nature of these financial instruments.

40. COMPARATIVE FIGURES

The comparative amounts in the financial statements of the Group are presented as if the entities or businesses had been combined at the previous balance sheet date under the merger method of accounting. The proforma financial statements of the Group are prepared based on the audited financial statements for the financial year ended 31 December 2007.

LIST OF PROPERTIES

Location	Description	Date of Acquisition / Date of Valuation	Gross Floor Area (square feet)	Tenure	Age of Buildings (years)	Net Carrying Amount As At 31.12.2008 (RM)
No. 11, Jalan Anggerik Mokara 31/47, Kota Kemuning, 40460 Shah Alam Selangor	A 3 storey – office cum factory building, held under H.S.(D) 54897, P.T No. 56300, Mukim & Daerah Klang, Negeri Selangor	17 January, 2002	47,000	Freehold	2 years	4,916,378
No. 16, Jalan Anggerik Mokara 31/61, Kota Kemuning, 40460 Shah Alam Selangor	A 1½ semi-detached storey factory, held under H.S.(D) 55014, P.T No. 56433, Mukim & Daerah Klang, Negeri Selangor	27 September, 2005	15,839	Freehold	10 years	1,331,211
No. 13, Jalan Anggerik Mokara 31/47, Kota Kemuning, 40460 Shah Alam Selangor	An industrial land, held under H.S.(D) 54898 P.T No. 56301, Mukim & Daerah Klang, Negeri Selangor	3 April, 2006	46,000	Freehold	Not Applicable (vacant land)	2,058,661

ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2009

SHAREHOLDINGS STRUCTURE

Authorised Capital : RM25,000,000.00 divided into 250,000,000 Ordinary Shares of RM0.10 each

Issued and fully paid up capital : RM14,939,050.00 divided into 149,390,500 Ordinary Shares of RM0.10 each

Class of shares : Ordinary Shares of RM0.10 each

Voting Rights : Every member of the Company, present in person or by proxy or attorney or authorised representative, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held

Size of shareholdings	No. of shareholders	%	No. of shareholdings	%
1 - 99	2	0.16	100	0.00
100 -1,000	923	72.91	237,800	0.16
1,001 -10,000	157	12.40	890,700	0.60
10,001 - 100,000	146	11.53	7,367,200	4.93
100,001 – 7,469,524	32	2.53	37,241,715	24.93
7,469,525* and above	6	0.47	103,652,985	69.38
TOTAL	1,266	100.00	149,390,500	100.00

Note:
* 5% of issued shares

THIRTY LARGEST SHAREHOLDERS FOR ORDINARY SHARES OF RM0.10 EACH

No.	Name	No. of Shares Held	%
1	Tan Kim Sing	41,046,510	27.48
2	Kok Poe Chu	16,905,895	11.32
3	Fong Chan Seng	16,436,860	11.00
4	Teo Kim Lai	13,636,860	9.13
5	Heng Teik Teow	7,818,430	5.23
6	Tan Choon Shong	7,808,430	5.23
7	Ha Chan Kuan	3,909,090	2.62
8	Tan Sok Ing	3,909,090	2.62
9	Cheong Yit Cheng	3,909,090	2.62
10	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Kok Poe Chu (CCTS)	3,086,615	2.07
11	Public Invest Nominees (Tempatan) Sdn Bhd Public Investment Bank Berhad	2,757,400	1.85
12	MIDF Amanah Investment Bank Berhad IVT (CO1) for MIDF Amanah Investment Bank Berhad (Underwriting)	2,068,400	1.38
13	Wong Choi Lian	2,052,780	1.37
14	Business Harvest Sdn Bhd	1,954,400	1.31
15	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kim Lai	1,950,000	1.31
16	Tan Siew Gek	1,500,500	1.00
17	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Poe Chu	1,500,000	1.00

ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2009 (CONT'D)

THIRTY LARGEST SHAREHOLDERS FOR ORDINARY SHARES OF RM0.10 EACH (CONT'D)

No.	Name	No. of Shares Held	%
18	Choi Heng Lam	1,197,750	0.80
19	Lim Peng Hong	1,000,000	0.67
20	Hew Su Bih	750,000	0.50
21	Fong Chan Looi	750,000	0.50
22	Cheah Chee Leng	710,000	0.48
23	Low Lee Yong	700,000	0.47
24	Chin Kok Tian	500,000	0.33
25	Cheong Chui Kam	500,000	0.33
26	Gan Ah Ee	300,000	0.20
27	Ngeam Chong Kwai	300,000	0.20
28	Chang Ying Kang	300,000	0.20
29	Kit Ka Seng	245,000	0.16
30	Gan Ah Juan	200,000	0.13

LIST OF SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the ordinary shares of RM0.10 each as per the Register of Substantial Shareholders:

	Direct		Indirect	
Name	Shares Held	No. of %	Shares Held	No. of %
Dr Tan Kim Sing	41,046,510	27.48	-	-
Dr Kok Poe Chu	21,492,510	14.39	-	-
Dr Teo Kim Lai	15,586,860	10.43	-	-
Dr Fong Chan Seng	16,436,860	11.00	-	-
Tan Choon Shong	7,808,430	5.23	-	-
Heng Teik Teow	7,818,430	5.23	-	-

LIST OF DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings of the ordinary shares of RM0.10 each as per the Register of Directors' Shareholdings:

	Direct		Indirect	
Name	No. of Shares Held	%	No. of Shares Held	%
Dr Tan Kim Sing	41,046,510	27.48	-	-
Dr Kok Poe Chu	21,492,510	14.39	-	-
Dr Teo Kim Lai	15,586,860	10.43	-	-
Dr Fong Chan Seng	16,436,860	11.00	-	-
S. Gunaseharan A/L P. Subramaniam	80,000	0.05	-	-
Professor Dato' Dr Omar @ S. Omar Bin Abdul Rahman	80,000	0.05	-	-
Dato' Dr Mhd Nordin Bin Mohd Nor	80,000	0.05	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of Sunzen Biotech Berhad ("Sunzen Biotech" or "Company") will be held at Holiday Villa, Ivory 12, No. 9, Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 June 2009 at 10.00 a.m., for the purpose of considering the following businesses:

AGENDA

Ordinary Business

1. To lay the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon.

2. To declare a final tax-exempt dividend of 1.2 sen per ordinary share of RM0.10 each in Sunzen Biotech ("Ordinary Share") for the financial year ended 31 December 2008. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees of RM15,750.00 for the financial year ended 31 December 2008. **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring pursuant to the Company's Articles of Association, and being eligible, offering themselves for re-election:

   (i) Mr S. Gunaseharan A/L P. Subramaniam, retiring pursuant to Article 125 of the Articles of Association; and **Ordinary Resolution 3**

   (ii) Dr Kok Poe Chu, retiring pursuant to Article 125 of the Articles of Association. **Ordinary Resolution 4**

5. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

Special Business

To consider and if thought fit, pass the following resolution:

6. **Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

   "THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act"), the Directors be and are hereby empowered to issue and allot shares in the Company, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten percent (10%) of the issued capital of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued, subject to the Act, the Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary."

   Ordinary Resolution 6

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Fourth Annual General Meeting of the Company, a final tax-exempt dividend of 1.2 sen per Ordinary Share for the financial year ended 31 December 2008 will be paid on 24 July 2009 to Depositors whose names appear in the Record of Depositors on 30 June 2009.

A Depositor shall qualify for entitlement to the dividends only in respect of:

(a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2009 in respect of transfers; and

(b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)
LEE WAI KIM (MAICSA 7036446)
Company Secretaries

Kuala Lumpur
Dated this 3rd day of June 2009

Notes:

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him / her but his / her attendance will automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2. A member may appoint up to two (2) proxies to attend and vote at the meeting. If a member appoints more than one (1) proxy, the appointments shall be invalid unless he / she specifies the proportions of his holding to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

5. Explanatory Note on Special Business

   (a) Authority to Issue and Allot Shares pursuant to Section 132D of the Act

   The proposed Ordinary Resolution 6, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of ten percent (10%) of the issued share capital of the Company at the time of such allotment and issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Fourth Annual General Meeting of the Company to be held at Holiday Villa, Ivory 12, No. 9, Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 June 2009 at 10.00 a.m. are as follows:

   (i) Mr S. Gunaseharan A/L P. Subramaniam
   (ii) Dr Kok Poe Chu

   Further details of the Directors standing for re-election are set out in the Directors' Profiles appearing on pages 3 and 5 of this Annual Report.

2. During the financial year ended 31 December 2008, two (2) Board meetings were held. Details of attendance of each Director are set out in the Corporate Governance Statement appearing on page 12 of the Annual Report.

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FORM OF PROXY

Sunzen Biotech Berhad
(Company No. 680889-W)
(Incorporated in Malaysia)

I/We ....

of ....
being a member(s) of **SUNZEN BIOTECH BERHAD (680889-W)** hereby appoints

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
***And/or (delete as appropriate)**			

or failing him / her, *THE CHAIRMAN OF THE MEETING, as my / our proxy / proxies, to vote for me / us on my / our behalf at the Fourth Annual General Meeting of the Company to be held at Holiday Villa, Ivory 12, No. 9, Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 June 2009 at 10.00 a.m. and at any adjournment thereof.

* *If you wish to appoint other person / persons to be your proxy / proxies, kindly delete the words "or failing him / her, *THE CHAIRMAN OF THE MEETING" and insert the name / names of the person / persons desired.*

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two (2) proxies and wish them to vote differently this should be specified.

My / our proxy / proxies is / are to vote as indicated below:

Ordinary Resolutions		For	Against
	Ordinary Business		
1.	Declaration of a final tax-exempt dividend of 1.2 sen per ordinary share		
2.	Approval of Directors' Fees		
3.	Re-election of Mr S. Gunaseharan A/L P. Subramaniam as Director		
4.	Re-election of Dr Kok Poe Chu as Director		
5.	Re-appointment of Messrs Horwath as Auditors		
	Special Business		
6.	Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965		

* Delete if not applicable.

…………….……..……….………...........…….
Signature/Common Seal of Shareholder

Signed this ………….. day of ……………………………….. 2009

Notes:

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him / her but his / her attendance will automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2. A member may appoint up to two (2) proxies to attend and vote at the meeting. If a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportions of his holding to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

FOLD THIS FLAP FOR SEALING

FOLD HERE

Affix
stamp

The Company Secretaries

Sunzen Biotech Berhad
10th Floor, Menara Hap Seng
No. 1 & 3 Jalan P.Ramlee
50250 Kuala Lumpur

FOLD HERE