



## **BIOALPHA HOLDINGS BERHAD**

(Registration No: 201101021398 (949536-X))

**("BHB" OR THE "COMPANY")**

### **INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023**

	<--- Individual Quarter ---->		<---- Cumulative Quarter ---->	
	Unaudited 31 Mar 2023	Unaudited 31 Mar 2022	Unaudited 31 Mar 2023	Unaudited 31 Mar 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	8,531	9,666	8,531	9,666
Cost of sales	(10,307)	(9,936)	(10,307)	(9,936)
Gross loss	(1,776)	(270)	(1,776)	(270)
Other incomes	820	166	820	166
Administrative expenses	(5,503)	(3,929)	(5,503)	(3,929)
Net loss on impairment of financial assets	(10,661)	-	(10,661)	-
Loss from operations	(17,120)	(4,033)	(17,120)	(4,033)
Finance costs	(192)	(96)	(192)	(96)
Loss before taxation	(17,312)	(4,129)	(17,312)	(4,129)
Taxation	-	(100)	-	(100)
Loss for the financial period	(17,312)	(4,229)	(17,312)	(4,229)
Loss for the financial period attributable to:				
- Owners of the parent	(17,109)	(4,000)	(17,109)	(4,000)
- Non-controlling interests	(203)	(229)	(203)	(229)
	(17,312)	(4,229)	(17,312)	(4,229)
Earnings per share attributable to owners of the parent (sen):				
- Basic	(1.357)	(0.331)	(1.357)	(0.331)
- Diluted	(1.221)	(0.296)	(1.221)	(0.296)

**Notes:**

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements of BHB for the financial year ended ("FYE") 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

	Unaudited As at 31 Mar 2023 RM'000	Audited As at 31 Dec 2022 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	56,663	59,427
Intangible assets	51,569	51,811
Investments in quoted shares	13,979	-
Goodwill on consolidation	5,334	5,334
	<u>127,545</u>	<u>116,572</u>
<b>CURRENT ASSETS</b>		
Biological assets	175	175
Inventories	7,456	8,498
Trade receivables	7,945	8,945
Other receivables	15,590	16,668
Tax recoverable	603	1,002
Other investments	13	9,027
Fixed deposits with licensed banks	6,408	22,791
Cash and bank balances	15,184	16,972
	<u>53,374</u>	<u>84,078</u>
<b>TOTAL ASSETS</b>	<u><b>180,919</b></u>	<u><b>200,650</b></u>
<b>EQUITY</b>		
Share capital	179,939	179,939
Reserves	(29,252)	(12,081)
<b>Equity attributable to owners of the parent</b>	<u>150,687</u>	<u>167,858</u>
Non-controlling interests	3,716	129
<b>TOTAL EQUITY</b>	<u>154,403</u>	<u>167,987</u>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	2,701	4,171
Bank borrowings	2,559	2,966
Deferred tax liabilities	7,310	7,310
	<u>12,570</u>	<u>14,447</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)**

	Unaudited As at 31 Mar 2023 RM'000	Audited As at 31 Dec 2022 RM'000
<b>CURRENT LIABILITIES</b>		
Trade payables	3,712	4,790
Other payables	3,373	7,258
Contract liabilities	1,439	1,190
Lease liabilities	1,996	553
Bank borrowings	3,426	3,986
Tax payable	-	439
	13,946	18,216
<b>TOTAL LIABILITIES</b>	<b>26,516</b>	<b>32,663</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>180,919</b>	<b>200,650</b>
<b>NET ASSETS PER SHARE (sen)</b>	12.25 <sup>(1)</sup>	13.32 <sup>(2)</sup>

*Notes:*

(1) Based on 1,260,849,697 ordinary shares in BHB as at 31 March 2023.

(2) Based on 1,260,849,697 ordinary shares in BHB as at 31 December 2022.

*The unaudited condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of BHB for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.*

BIOALPHA HOLDINGS BERHAD (Registration No: 201101021398 (949536-X))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023

	<-----Attributable to owners of the Company----->								<----- Non-Distributable ----->		
	Share Capital	ICPS	Warrant Reserve	SIS Option Reserve	Merger Deficits	Foreign Currency Translation Reserve	Other Reserve	(Accumulated losses)/ Retained Earnings	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	153,233	9,142	15,517	635	(4,569)	276	(15,517)	27,957	186,674	(336)	186,338
Loss for the financial year	-	-	-	-	-	-	-	(47,831)	(47,831)	(963)	(48,794)
Foreign currency translation reserves	-	-	-	-	-	2,141	-	-	2,141	(12)	2,129
<b>Total comprehensive loss</b>	-	-	-	-	-	2,141	-	(47,831)	(45,690)	(975)	(46,665)
<b>Transactions with owners</b>											
Dilution in a subsidiary	-	-	-	-	-	-	-	-	-	1,440	1,440
Expiry of warrant	-	-	(13,882)	-	-	-	13,882	-	-	-	-
Exercise of warrant	2,845	-	(1,635)	-	-	-	1,635	-	2,845	-	2,845
Share option granted under SIS	-	-	-	1,100	-	-	-	-	1,100	-	1,100
Exercise of SIS	23,861	-	-	(340)	-	-	-	-	23,521	-	23,521
Cancellation of SIS	-	-	-	(592)	-	-	-	-	(592)	-	(592)
	26,706	-	(15,517)	168	-	-	15,517	-	26,874	1,440	28,314
<b>Balance as at 31 December 2022</b>	<b>179,939</b>	<b>9,142</b>	<b>-</b>	<b>803</b>	<b>(4,569)</b>	<b>2,417</b>	<b>-</b>	<b>(19,874)</b>	<b>167,858</b>	<b>129</b>	<b>167,987</b>

BIOALPHA HOLDINGS BERHAD (Registration No: 201101021398 (949536-X))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

	<-----Attributable to owners of the Company----->							<----- Non-Distributable ----->	
	Share Capital	ICPS	SIS Option Reserve	Merger Deficits	Foreign Currency Translation Reserve	Accumulated losses	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023	179,939	9,142	803	(4,569)	2,417	(19,874)	167,858	129	167,987
Loss for the financial year	-	-	-	-	-	(17,109)	(17,109)	(203)	(17,312)
Foreign currency translation reserves	-	-	-	-	(241)	179	(62)	16	(46)
<b>Total comprehensive loss</b>	-	-	-	-	(241)	(16,930)	(17,171)	(187)	(17,358)
<b>Transactions with owners</b>									
Dilution in a subsidiary	-	-	-	-	-	-	-	3,774	3,774
	-	-	-	-	-	-	-	3,774	3,774
<b>Balance as at 31 March 2023</b>	<b>179,939</b>	<b>9,142</b>	<b>803</b>	<b>(4,569)</b>	<b>2,176</b>	<b>(36,804)</b>	<b>150,687</b>	<b>3,716</b>	<b>154,403</b>

*Note:*

*The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of BHB for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023**

	Unaudited Current Period to date 31 Mar 2023 RM'000	Unaudited Preceding Corresponding Period to date 31 Mar 2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(17,312)	(4,129)
<b>Adjustments for:</b>		
Amortisation of intangible assets	587	572
Amortisation of deferred capital grant	(10)	(59)
Amortisation of right-of-use assets	268	487
Depreciation of property, plant and equipment	1,824	1,993
Gain on dilution of shares in a subsidiary	(66)	-
Fair value loss on biological assets	-	252
Fair value loss/(gain) on plantation expenditure	6	(152)
Fair value gain on short term investments	(2)	-
Fair value loss on quoted shares investments	10,663	-
Interest expense	192	96
Interest income	(156)	(58)
Rental income	(7)	(7)
Unrealised gain on foreign exchange	(519)	(136)
Operating loss before working capital changes	(4,532)	(1,141)
<b>Changes in working capital:</b>		
Bill payables	52	-
Contract liabilities	257	-
Inventories	1,041	1,109
Trade receivables	1,179	115
Other receivables	2,138	(1,335)
Trade payables	(1,077)	(35)
Other payables	(3,871)	(760)
Cash used in operations	(4,813)	(2,047)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

	Unaudited Current Period to date 31 Mar 2023 RM'000	Unaudited Preceding Corresponding Period to date 31 Mar 2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)</b>		
Interest paid	(14)	(96)
Interest received	-	58
Rental received	7	7
Tax paid	(40)	(37)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(4,860)</b>	<b>(2,115)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in quoted shares investment	(24,642)	-
Decrease in short term placement	9,015	-
Net placement of fixed deposits	3,998	1,000
Purchase of property, plant and equipment	(519)	(1,769)
Proceeds from disposal of property, plant and equipment	13	47
Proceeds from issuance of shares in a subsidiary through NCI	3,856	-
Interest received	156	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(8,123)</b>	<b>(722)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in fixed deposit pledged and maturity more than 3 months	-	(6)
Net change of bankers' acceptance	-	17
Proceed from issue of share capital	-	2,845
Repayment of lease liabilities	(300)	(400)
Repayment of term loans	(1,019)	(412)
Interest paid	(178)	-
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(1,497)</b>	<b>2,044</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

	Unaudited Current Period to date 31 Mar 2023 RM'000	Unaudited Preceding Corresponding Period to date 31 Mar 2022 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,480)	(793)
EFFECT OF EXCHANGE TRANSLATION		
DIFFERENCES	307	348
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	31,118	26,305
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	16,945	25,860
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISES:		
Cash and bank balances	15,184	23,858
Fixed deposits with licensed banks	6,408	10,633
	21,592	34,491
Less: Fixed deposits pledged with licensed banks	(1,147)	(1,131)
Less: Fixed deposits maturity more than 3 months	(3,500)	(7,500)
	16,945	25,860

*Note:*

*The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements of BHB for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.*

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023**

**A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023**

**A1. Accounting policies and methods of computation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the FYE 31 December 2022 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the FYE 31 December 2022 except as disclosed below:

**Standard and amendments to published standards that are effective**

On 1 January 2023, the Group applied the following new published standard and amendments to published standards:

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Estimates
- Amendments to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above amendments to published standards did not have any significant impact on the current period or any prior period and is not likely to affect future periods.

**Standards issued but not yet effective:**

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standard Board (“**MASB**”) where the effective has been deferred to a date to be determined by MASB and have not been applied by the Group:

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**A1. Accounting policies and methods of computation (Cont'd)**

**Standards issued but not yet effective (Cont'd):**

		<b>Effective dates for financial periods beginning on or after</b>
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 101 Presentation of Financial Statements	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16 Leases	Lease Liability in a Sale and Leaseback	1 January 2024

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

There was no qualification to the audited consolidated financial statements of the Company for the FYE 31 December 2022.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**A3. Seasonal or cyclical factors**

The Group's operations are not subject to any significant seasonal or cyclical factors.

**A4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period-to-date.

**A5. Material changes in estimates**

There were no material changes in estimates of amounts reported in prior interim periods or prior year that would have a material effect on the current quarter's results.

**A6. Debt and equity securities**

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period-to-date.

**A7. Segmental information**

The Group's revenue based on the geographical location of its customers is presented as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Mar	31 Mar	31 Mar	31 Mar
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	4,862	7,502	4,862	7,502
Indonesia	-	131	-	131
China	3,473	1,454	3,473	1,454
Others	196	579	196	579
<b>Total</b>	<b>8,531</b>	<b>9,666</b>	<b>8,531</b>	<b>9,666</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**A7. Segmental information (Cont'd)**

The Group's revenue based on the activities is presented as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Mar	31 Mar	31 Mar	31 Mar
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Manufacturing	2,280	4,304	2,280	4,304
Supply of health foods	3,473	1,454	3,473	1,454
Retail pharmacies	2,778	3,908	2,778	3,908
<b>Total</b>	<b>8,531</b>	<b>9,666</b>	<b>8,531</b>	<b>9,666</b>

**A8. Valuation of property, plant and equipment**

The Group has not carried out any valuation of its property, plant and equipment in the current quarter.

**A9. Capital commitments**

	Unaudited Current quarter ended 31 Mar 2023 RM'000	Audited Financial year-to- date 31 Dec 2022 RM'000
<b>Authorised and contracted for:</b>		
Purchase of property, plant and equipment	4,500	4,500

**A10. Changes in the composition of the Group**

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**A11. Contingent liabilities**

	Unaudited Current quarter ended 31 Mar 2023 RM'000	Audited Financial year-to- date 31 Dec 2022 RM'000
<b>Unsecured:</b>		
Performance bonds in relation to the management of Herbal Integrated Cluster Development	200	200

**A12. Material events subsequent to the end of the quarter**

There were no other material events subsequent to the end of the current quarter and financial period-to-date that have not been reflected in this interim financial report.

**A13. Related party transactions**

There was no additional related party transaction entered into with related parties during the current financial quarter.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**B1. Analysis of performance**

The Group's current quarter revenue for the financial period ended 31 March 2023 ("1QFY23") amounted to RM8.5 million, as compared to RM9.7 million in the preceding year's corresponding quarter ("1QFY22"). The softer performance was on the back of lower contributions from the Group's manufacturing of nutritional products and retail pharmacy divisions, partially offset by improved performance of our supply of health foods operations in China.

Further analyses of the performance of the Group's operating segments are as follows:

(i) Manufacturing of nutritional products

In 1QFY23, our manufacturing operations recorded a revenue of RM2.3 million (1QFY22: RM4.3 million). Domestic manufacturing turnover amounted to RM2.1 million (1QFY22: RM3.6 million) attributed to lower order volume by customers, reflecting the overall weaker customer demand arising from challenging macroeconomic conditions that included the inflationary pressures and interest rate hikes.

(ii) Supply of health foods

In 1QFY23, revenue for the Group's supply of health foods business to China increased 2.4x to RM3.5 million, against RM1.5 million in 1QFY22, following China's easing of zero-COVID restrictions in December 2022.

(iii) Retail pharmacies

The retail pharmacy division posted a revenue of RM2.8 million in 1QFY23, as compared to RM3.9 million in 1QFY22. The slower performance was mainly a result of reduced purchasing power arising from demanding economic factors which resulted in higher cost of living.

During the quarter under review, the Group incurred a gross loss of RM1.8 million, as compared to a gross loss of RM0.3 million in 1QFY22, chiefly arising from depreciation and amortisation charges, both of which are non-cash in nature. Our gross profit margin for manufacturing, supply of health foods, and retail pharmacies remained broadly similar. The Group also recognised a net loss on impairment of financial assets of RM10.7 million in 1QFY23. Consequently, net loss attributable to the owners of the parent ("net loss") stood at RM17.1 million. (1QFY22: net loss of RM4.0 million).

**Comparison with immediate preceding quarter's results**

The Group's revenue for the 1QFY23 amounted to RM8.5 million, as compared to RM11.1 million in the fourth (4<sup>th</sup>) quarter ended 31 December 2022.

In 1QFY23, the Group's manufacturing of nutritional products segment generated revenue of RM2.3 million, against RM2.6 million in 4QFY22, largely owing to seasonality factor.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**B1. Analysis of performance (Cont'd)**

**Comparison with immediate preceding quarter's results (Cont'd)**

Meanwhile, turnover for the Group's supply of health foods to China stood at RM3.5 million in 1QFY23 (4QFY22: RM5.5 million), as our operations were affected by the Chinese New Year festive season in China, which resulted in temporary slowdown in businesses across the country. For our retail pharmacy business, revenue came in broadly stable at RM2.8 million, against RM3.0 million in 4QFY22.

Net loss for 1QFY23 narrowed to RM17.1 million, from RM27.7 million in 4QFY22, as we incurred lower administrative expenses of RM5.5 million (4QFY22: RM26.6 million) during the quarter under review.

**B2. Prospects for the financial year ending 31 December 2023**

The global economy is undergoing a period of uncertainties, with inflationary pressures and threat of recession. This is exacerbated by ongoing geopolitical tensions, which resulted in prolonged supply chain disruptions and shortage of raw materials, leading to rising input costs.

For our domestic manufacturing operations, we are focused on fulfilling the orders of our Original Design Manufacturing ("ODM") customers, while working to secure new ones. At the same time, we are also expanding our product offerings with more in-demand immunity-related products.

In China, we expect our supply of health food to customers to gradually increase over the remaining quarters of 2023. At the same time, we are working on developing a 21-acre Malaysian Agricultural Hub in the Hainan province, which will focus on the upstream and downstream activities such as formulation, manufacturing and commercialization of functional food products.

As for our retail pharmacy operations, we are broadening our physical presence under the Constant Pharmacy brand. Our focus remains on establishing community pharmacies to serve customers in neighbourhoods. In 1QFY23, we have three new Constant pharmacy outlets in Bukit Raja, Puncak Alam, and Rimbayu, Selangor, bringing the total number of outlets to 13. Three more outlets are slated to open in Paramount PJ, Sri Serdang, and Cyberjaya, Selangor in 2QFY23. Our plan is to operate up to 20 outlets in 2023.

As we navigate through the external headwinds, we remain agile and committed in executing our strategic plans while keeping our costs in check. All in all, we believe that FY2023 performance to be driven by expected contributions from all our segments, barring unforeseen circumstances.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**B3. Profit forecast or profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any public documents.

**B4. Foreign Exchange Exposure / Hedging policy**

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are United States Dollar (“USD”), Chinese Renminbi (“CNY”), Hong Kong Dollar (“HKD”), Indonesian Rupiah (“IDR”) and Singapore Dollar (“SGD”).

The Group have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

**B5. Taxation**

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Mar	31 Mar	31 Mar	31 Mar
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000

Tax expense recognised in  
profit or loss:

- Current tax provision	-	100	-	100
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Effective tax rate (%)	-	-	-	-
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Bioalpha East Coast Agro Sdn Bhd (“**BECASB**”), another wholly-owned subsidiary of the Group, was awarded tax incentive by the Malaysian Investment Development Authority, which allows BECASB to enjoy 100% tax exemption on income after commercial production date is determined by the relevant authorities for a period of ten (10) years.

Bioalpha R&D Sdn Bhd (“**BRDSB**”), a wholly-owned subsidiary of the Group, was awarded BioNexus Status by the Malaysian Bioeconomy Development Corporation Sdn Bhd, which allows BRDSB to enjoy 100% tax exemption on income from qualifying activities for a period of ten (10) years ended 30 June 2018 and 20% concessionary tax rate on statutory income (10) years, upon expiry of the tax exemption period. BRDSB had on 28 November 2017 submitted an application to Malaysian Bioeconomy Development Corporation Sdn Bhd (“Bioeconomy Corp”) for the concessionary tax rate of 20% on statutory income for 10 years. The application is currently under review by Bioeconomy Corp, subject to the Ministry of Finance’s decision on the concessionary tax rate for BioNexus-status companies.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**B5. Taxation (Cont'd)**

Bioalpha (Johor Herbal) Sdn Bhd (“**BJHSB**”), another subsidiary of the Group, was awarded an incentive by Ministry of Agriculture and Agro-Based Industry Malaysia, which allows BJHSB to enjoy 100% tax exemption on income for a period of ten (10) years commencing from 1 January 2018.

Bioalpha Hainan, another subsidiary of the Group which incorporated at China are taxed at the statutory rate of 15% on their chargeable incomes.

Meanwhile, the Group’s other subsidiaries are taxed at the statutory rate of 24% on their chargeable incomes.

**B6. Status of corporate proposals and utilisation of proceeds**

- (a) Pursuant to the July 2020 Placement completed on 17 July 2020, the Company has issued a total of 94,309,700 new Bioalpha Shares at RM0.105 each and raised approximately RM9.90 million.

The status of the usage of the proceeds from the July 2020 Placement as at the LPD are as follows:

No.	Purpose	Proposed Usage RM'000	Actual Utilisation RM'000	Balance as at 31 Mar 2023 RM'000	Intended time Frame for Utilisation
(a)	Digitalisation expenses	3,000	(2,000)	1,000	Within 24 months
(b)	Development expenditure	3,762	(3,762)	-	Within 24 months
(c)	Marketing and advertising expenses	3,037	(2,549)	488	Within 24 months
(d)	Expenses for the private placement	104	(104)	-	Within 1 month
<b>Total</b>		<u>9,903</u>	<u>(8,415)</u>	<u>1,488</u>	

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**B7. Trade receivables**

	<b>Unaudited 31 Mar 2023 RM'000</b>
Trade receivables	24,168
Less: Accumulated impairment losses	(16,223)
	<u>7,945</u>

The Group's normal trade credit terms ranged from 30 to 180 days. Other credit terms are assessed and approved on a case-to-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

**B8. Borrowings**

The Group's borrowings as at 31 March 2023 are as follows:

	<b>Short term RM'000</b>	<b>Long term RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Bankers' acceptance	1,025	-	1,025
Revolving credit	1,000	-	1,000
Term loans	1,401	2,559	3,960
<b>Total bank borrowings</b>	<u>3,426</u>	<u>2,559</u>	<u>5,985</u>

	<b>Unaudited 31 Mar 2023 RM'000</b>	<b>Audited 31 Dec 2022 RM'000</b>
Total bank borrowings	5,985	6,952
Less: Deposit, bank and cash balances	(21,592)	(39,763)
	<u>(15,607)</u>	<u>(32,811)</u>
Total equity	150,687	167,858
Gearing ratio (times)	*	*

Weighted average interest rate of term loans, bankers' acceptance and revolving credit are 4.6% p.a., 3.5% p.a. and 5.7% p.a., and are subject to the floating interest rate and fixed interest rate, respectively.

\* Gearing ratio not applicable for financial period ended 31 March 2023 and financial year ended 31 December 2022 as the cash and cash equivalent of the Group and of the Company are sufficient to settle the outstanding debts.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**B9. Material litigation**

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any other proceedings pending or threatened or of any fact likely to give rise to any other proceedings.

**B10. Dividends**

The Board did not recommend any dividend during the financial period ended ("FPE") 31 March 2023 (FYE 31 December 2022: Nil).

**B11. Earnings per share**

The basic earnings per share is calculated as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Mar	31 Mar	31 Mar	31 Mar
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to owners of the parent	(17,109)	(4,000)	(17,109)	(4,000)
Weighted average number of ordinary shares in issue ('000)	1,260,850	1,210,072	1,260,850	1,210,072
Basic earnings per share (sen)	<u>(1.357)</u>	<u>(0.331)</u>	<u>(1.357)</u>	<u>(0.331)</u>

The diluted earnings per share is calculated as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Mar	31 Mar	31 Mar	31 Mar
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to owners of the parent	(17,109)	(4,000)	(17,109)	(4,000)
Weighted average number of ordinary shares in issue ('000)	1,401,259	1,350,481	1,401,259	1,350,481
Diluted earnings per share (sen)	<u>(1.221)</u>	<u>(0.296)</u>	<u>(1.221)</u>	<u>(0.296)</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

**B12. Disclosure on selected expense/(income) items as required by the Listing Requirements**

Included in profit before taxation are the following expense/(income) items:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Mar	31 Mar	31 Mar	31 Mar
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation expenses	2,669	2,993	2,669	2,993
Gain on foreign exchange				
- Realised	(1)	(3)	(1)	(3)
- Unrealised	(519)	(136)	(519)	(136)
Fair value loss / (gain)				
- Biological assets	-	252	-	252
- Plantation expenditure	6	(152)	6	(152)
- Quoted shares investments	10,663	-	10,663	-
- Short term investments	(2)	-	(2)	-
Gain on dilution of shares in a subsidiary	(66)	-	(66)	-
Interest expenses	192	96	192	96
Interest income	(156)	(58)	(156)	(58)
Rental income	(7)	(7)	(7)	(7)

There was no provision for gain or loss on disposal of properties and exceptional items for the current quarter and financial period-to-date.

**BIOALPHA HOLDINGS BERHAD** (Registration No: 201101021398 (949536-X))

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1<sup>st</sup>) QUARTER  
ENDED 31 MARCH 2023 (CONT'D)**

**C. AUTHORISATION FOR ISSUE**

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 29 May 2023

By Order of the Board,

**Tan Tong Lang (MAICSA 7045482)**

**Thien Lee Mee (LS0010621)**

Company Secretaries

Kuala Lumpur

Dated: 29 May 2023