



BIOALPHA HOLDINGS BERHAD

(Registration No: 201101021398 (949536-X))

("BHB" OR THE "COMPANY")

INTERIM FINANCIAL REPORT FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023

Contents	Page
Unaudited Condensed Consolidated Statement of Comprehensive Income	1
Unaudited Condensed Consolidated Statement of Financial Position	2
Unaudited Condensed Consolidated Statement of Changes in Equity	4
Unaudited Condensed Consolidated Statement of Cash Flows	6
Notes to the Unaudited Condensed Consolidated Financial Statements	9

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023

	<--- Individual Quarter ---->		<---- Cumulative Quarter ---->	
	Unaudited 31 Dec 2023 RM'000	Unaudited 31 Dec 2022 RM'000	Unaudited 31 Dec 2023 RM'000	Unaudited 31 Dec 2022 RM'000
Revenue	17,320	11,083	46,084	35,755
Cost of sales	(16,794)	(13,075)	(46,315)	(41,693)
Gross profit/(loss)	526	(1,992)	(231)	(5,938)
Other incomes	1,937	628	5,991	1,284
Administrative expenses	(10,861)	(26,623)	(27,286)	(41,702)
Net loss on impairment of financial assets	(8,334)	-	(17,719)	-
Loss from operations	(16,732)	(27,987)	(39,245)	(46,356)
Finance costs	(114)	(484)	(687)	(770)
Loss before taxation	(16,846)	(28,471)	(39,932)	(47,126)
Taxation	-	(150)	(150)	(502)
Share of profit/(loss) equity-accounted associates	41	-	(6)	-
Loss for the financial period	(16,805)	(28,621)	(40,088)	(47,628)
Loss for the financial period attributable to:				
- Owners of the parent	(15,264)	(27,658)	(38,547)	(46,665)
- Non-controlling interests	(1,541)	(963)	(1,541)	(963)
	(16,805)	(28,621)	(40,088)	(47,628)
Earnings per share attributable to owners of the parent (sen):				
- Basic	(1.085)	(2.007)	(2.779)	(3.578)
- Diluted	(0.987)	(1.821)	(2.523)	(3.230)

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 DECEMBER 2023

	Unaudited As at 31 Dec 2023 RM'000	Audited As at 31 Dec 2022 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	56,823	59,427
Intangible assets	48,562	51,811
Investments in quoted shares	21,464	-
Goodwill on consolidation	5,334	5,334
	<u>132,183</u>	<u>116,572</u>
CURRENT ASSETS		
Biological assets	175	175
Inventories	6,441	8,498
Trade receivables	7,757	8,945
Other receivables	7,989	16,668
Tax recoverable	395	1,002
Other investments	3,307	9,027
Fixed deposits with licensed banks	1,018	22,791
Cash and bank balances	11,756	16,972
	<u>38,838</u>	<u>84,078</u>
TOTAL ASSETS	<u>171,021</u>	<u>200,650</u>
EQUITY		
Share capital	186,191	179,939
Reserves	(54,876)	(12,081)
Equity attributable to owners of the parent	<u>131,315</u>	<u>167,858</u>
Non-controlling interests	2,378	129
TOTAL EQUITY	<u>133,693</u>	<u>167,987</u>
NON-CURRENT LIABILITIES		
Lease liabilities	2,331	4,171
Bank borrowings	2,041	2,966
Deferred tax liabilities	7,310	7,310
	<u>11,682</u>	<u>14,447</u>

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

	Unaudited As at 31 Dec 2023 RM'000	Audited As at 31 Dec 2022 RM'000
CURRENT LIABILITIES		
Trade payables	4,107	4,790
Other payables	10,535	7,258
Contract liabilities	1,360	1,190
Lease liabilities	5,587	553
Bank borrowings	4,057	3,986
Tax payable	-	439
	<u>25,646</u>	<u>18,216</u>
TOTAL LIABILITIES	<u>37,328</u>	<u>32,663</u>
TOTAL EQUITY AND LIABILITIES	<u>171,021</u>	<u>200,650</u>
NET ASSETS PER SHARE (sen)	9.7 ⁽¹⁾	13.3 ⁽²⁾

Notes:

(1) Based on 1,406,491,096 ordinary shares in BHB as at 31 December 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 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
Total comprehensive loss	-	-	-	-	-	2,141	-	(47,831)	(45,690)	(975)	(46,665)
Transactions with owners											
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
Balance as at 31 December 2022	179,939	9,142	-	803	(4,569)	2,417	-	(19,874)	167,858	129	167,987

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	(38,547)	(38,547)	(1,541)	(40,088)
Foreign currency translation reserves	-	-	-	-	1,784	220	2,004	54	2,058
Total comprehensive loss	-	-	-	-	1,784	(38,327)	(36,543)	(1,487)	(38,030)
Transactions with owners									
Issuance of ordinary shares	6,252	(6,252)	-	-	-	-	-	-	-
Dilution in a subsidiary	-	-	-	-	-	-	-	3,736	3,736
Balance as at 31 December 2023	186,191	2,890	803	(4,569)	4,201	(58,201)	131,315	2,378	133,693

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 FORTH (4th) QUARTER ENDED 31 DECEMBER 2023

	Unaudited Current Period to date 31 Dec 2023 RM'000	Unaudited Preceding Corresponding Period to date 31 Dec 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(39,932)	(47,126)
Adjustments for:		
Amortisation of intangible assets	2,615	2,417
Amortisation of deferred capital grant	(37)	(405)
Amortisation of right-of-use assets	1,328	945
Bad debts written off	12	357
Depreciation of property, plant and equipment	7,500	8,600
Fair value loss on biological assets	-	517
Fair value (gain)/loss on plantation expenditure	(105)	2,115
Share-based payment	-	948
Share of loss equity-accounted associates	6	-
Fair value loss on quoted shares investments	13,553	-
Gain on dilution of shares in a subsidiary	(66)	-
Grant income	(540)	-
Impairment losses on trade receivables	-	10,614
Impairment losses on other receivables	5,234	-
Impairment losses on research and development	-	621
Interest expense	687	770
Interest income	(257)	(527)
Inventories written off	-	759
(Gain)/Loss on disposal of property, plant and equipment	(131)	2
Gain on modification of lease contract	-	(84)
Property, plant and equipment written off	42	3,279
Provision of slow-moving inventories	-	582
Rental income	(40)	(28)
Reversal of impairment losses on trade receivables	(1,069)	-
Unrealised (gain)/loss on foreign exchange	(729)	270
Operating loss before working capital changes	(11,929)	(15,374)
Changes in working capital:		
Bill payables	669	-
Contract liabilities	(125)	(327)
Inventories	2,057	968
Trade receivables	2,500	5,153
Other receivables	4,527	2,645
Trade payables	(683)	(1,507)
Other payables	3,609	3,295
Cash from/(used in) operations	625	(5,147)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

	Unaudited Current Period to date 31 Dec 2023 RM'000	Unaudited Preceding Corresponding Period to date 31 Dec 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)		
Grant received	540	(27)
Interest paid	(52)	(27)
Interest received	-	-
Rental received	40	28
Tax paid	(278)	-
Tax refund	296	(219)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	1,171	(5,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in intangible assets	894	(507)
Addition investment in associate companies	(3,306)	-
Additional in right-of-use assets	-	(736)
Placement of other investment	-	(9,015)
Increase in quoted shares investment	(35,018)	-
Decrease in short term placement	9,014	-
Net placement of fixed deposits	7,282	-
Purchase of property, plant and equipment	(2,046)	(4,121)
Proceeds from disposal of property, plant and equipment	592	46
Proceeds from issuance of shares in a subsidiary through NCI	3,856	-
Interest received	257	527
NET CASH USED IN INVESTING ACTIVITIES	(18,475)	(13,806)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in fixed deposit pledged and maturity more than 3 months	345	2,994
Proceeds from exercise of employee share options	-	23,520
Proceed from issue of shares upon exercise of warrants	-	2,845
Repayment of lease liabilities	(2,403)	(283)
Repayment of term loans	(1,522)	(2,327)
Interest paid	(635)	(743)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(4,215)	26,006

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

	Unaudited Current Period to date 31 Dec 2023 RM'000	Unaudited Preceding Corresponding Period to date 31 Dec 2022 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(21,519)	6,835
EFFECT OF EXCHANGE TRANSLATION DIFFERENCES	2,157	(7)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>31,118</u>	<u>24,304</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>11,756</u></u>	<u><u>31,132</u></u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISES:		
Cash and bank balances	11,756	16,972
Fixed deposits with licensed banks	<u>1,018</u>	<u>22,791</u>
	12,774	39,763
Less: Fixed deposits pledged with licensed banks	-	(1,131)
Less: Fixed deposits maturity more than 3 months	<u>(1,018)</u>	<u>(7,500)</u>
	<u><u>11,756</u></u>	<u><u>31,132</u></u>

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 FORTH (4th) QUARTER ENDED 31 DECEMBER 2023

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 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 FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

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

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

		Effective dates for financial periods beginning on or after
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 FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 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 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	8,643	5,232	28,859	22,846
China	8,617	5,520	16,536	10,869
Others	60	331	689	2,040
Total	17,320	11,083	46,084	35,755

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 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 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Manufacturing	4,507	2,555	14,119	12,287
Supply of health foods	8,670	5,520	16,553	10,869
Retail pharmacies	4,143	3,008	15,412	12,599
Total	17,320	11,083	46,084	35,755

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 Dec 2023 RM'000	Audited Financial year-to- date 31 Dec 2022 RM'000
Authorised and contracted for:		
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 FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

A11. Contingent liabilities

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

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 FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

B1. Analysis of performance

The Group's current quarter revenue for the financial period ended 31 December 2023 ("4QFY23") grew by 55.9% year-on-year ("YoY") to RM17.3 million, as compared to RM11.1 million in the preceding year's corresponding quarter ("4QFY22"). The growth was driven by improved performance across all the Group's segments.

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

(i) Manufacturing of nutritional products

In 4QFY23, our manufacturing operations' revenue increased by 73.1% YoY to RM4.5 million (4QFY22: RM2.6 million). Within this segment, domestic manufacturing turnover climbed 104.5% YoY to RM4.5 million (4QFY22: RM2.2 million) attributed to higher order volume by customers.

For FY2023, revenue for our manufacturing segment rose by 14.6% YoY to RM14.1 million (FY2022: RM12.3 million), with domestic manufacturing sales improving by 31.1% YoY to RM13.5 million (FY2022: RM10.3 million).

(ii) Supply of health foods

In 4QFY23, revenue for the Group's supply of health foods business to China grew by 58.2% to RM8.7 million, against RM5.5 million in 4QFY22, mainly driven by higher deliveries of nutritional meals to customers following the loosening of COVID-19 restrictions in China from December 2022.

For FY2023, the Group also registered an improved performance as turnover came in 52.3% higher at RM16.6 million (FY2022: RM10.9 million).

(iii) Retail pharmacies

Revenue for the retail pharmacy division rose by 36.7% YoY to RM4.1 million in 4QFY23, as compared to RM3.0 million in 4QFY22, on the back of new store sales contribution.

Meanwhile, turnover for our retail pharmacy business increased by 22.2% YoY to RM15.4 million (FY2022: RM12.6 million).

During the quarter under review, the Group recorded a gross profit of RM0.5 million, as compared to a gross loss of RM2.0 million in 4QFY22. The Group also recognised an impairment of financial assets amounting to RM8.3 million in 4QFY23. Net loss attributable to the owners of the parent ("net loss") narrowed to RM15.3 million during the quarter under review (4QFY22: net loss of RM27.7 million).

For the full year, net loss stood at RM38.6 million, as compared to a net loss of RM46.7 million in FY2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

B1. Analysis of performance (Cont'd)

Comparison with immediate preceding quarter's results

The Group's revenue for the 4QFY23 increased by 47.9% quarter-on-quarter ("QoQ") to RM17.3 million, against RM11.7 million in the third (3rd) quarter ended 30 September 2023.

In 4QFY23, turnover for our manufacturing segment grew by 37.9% QoQ to RM4.5 million (3QFY23: RM3.3 million), with domestic manufacturing sales amounting to RM4.5 million. Meanwhile, revenue for the Group's supply of health foods to China more than doubled to RM8.7 million in 4QFY23 (3QFY23: RM3.0 million) as deliveries to customers picked up. For our retail pharmacy business, turnover amounted to RM4.1 million in 4QFY23 (3QFY23: RM5.4 million).

Notwithstanding this, Bioalpha posted a net loss for 4QFY23 amounting to RM15.3 million (3QFY23: net loss of RM2.2 million), in part affected by the impairment of financial assets of RM8.3 million during the quarter.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

B2. Prospects for the financial year ending 31 December 2023

The global economic climate for 2024 remains complex, with heightened geopolitical tensions and lingering economic uncertainties. Nonetheless, the gradual easing of inflationary pressures suggests a potential path towards recovery.

At Bioalpha, we continue to focus on our business strategies, and optimising costs to ensure we could navigate external headwinds and capture arising opportunities.

For our domestic manufacturing operations, we remain steadfast in expanding our offerings with more in-demand immunity-related products, allowing us to better serve the evolving health priorities of consumers. At the same time, we are working to secure more Original Design Manufacturing (“ODM”) customers.

In China, we expect our health food supply venture to continue gaining momentum in 2024 as we emphasize on lean operations.

Meanwhile, the Group’s retail pharmacy division, under the Constant Pharmacy brand, carries on its network expansion with additional outlets planned for 2024.

Bioalpha is also working on a project to develop an 8-acre agro park in Langkawi, Kedah (“Langkawi Agro Park”). This venture is expected to boost agro-tourism activities in Langkawi, while providing new revenue streams to Bioalpha through the commercialisation of high-value herbal products. Development of the park has commenced, with the park opening targeted in three years’ time.

Entering 2024, we continue to stay adaptable and resolute in carrying out our strategic initiatives, while maintaining cost efficiency. All in all, we believe that FY2024 performance to be supported by positive contributions from all our segments, barring unforeseen circumstances.

B3. Profit forecast or profit guarantee

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)**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 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Tax expense recognised in profit or loss:				
- Current tax provision	-	150	150	502
Deferred tax:				
- Origination and reversal of temporary differences	-	-	-	-
	-	150	150	502
Effective tax rate (%)	-	-	-	-

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, start from year ended 2023 to 2032.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)**B5. Taxation (Cont'd)**

Bioalpha (Hainan) Health Biotechnology Ltd ("BHHBL"), 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. Trade receivables

	Unaudited 31 Dec 2023 RM'000
Trade receivables	21,767
Less: Accumulated impairment losses	(14,010)
	<u>7,757</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.

B7. Borrowings

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

	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Bankers' acceptance	2,575	-	2,575
Revolving credit	1,000	-	1,000
Term loans	482	2,041	2,523
Total bank borrowings	<u>4,057</u>	<u>2,041</u>	<u>6,098</u>

	Unaudited 31 Dec 2023 RM'000	Audited 31 Dec 2022 RM'000
Total bank borrowings	6,098	6,952
Less: Deposit, bank and cash balances	(12,774)	(39,763)
	<u>(6,676)</u>	<u>(32,811)</u>
Total equity	133,693	167,987
Gearing ratio (times)	*	*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)

B7. Borrowings (Cont'd)

Weighted average interest rate of term loans, bankers' acceptance and revolving credit are 4.53% p.a., 4.07% 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 December 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.

B8. 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.

B9. Dividends

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

B10. Earnings per share

The basic earnings per share is calculated as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to owners of the parent	(15,264)	(27,658)	(38,547)	(46,665)
Weighted average number of ordinary shares in issue ('000)	1,406,504	1,378,072	1,387,286	1,304,357
Basic earnings per share (sen)	<u>(1.085)</u>	<u>(2.007)</u>	<u>(2.779)</u>	<u>(3.578)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)**B10. Earnings per share (Cont'd)**

The diluted earnings per share is calculated as follows:

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to owners of the parent	(15,264)	(27,658)	(38,547)	(46,665)
Weighted average number of ordinary shares in issue ('000)	1,549,913	1,518,481	1,527,695	1,444,766
Diluted earnings per share (sen)	<u>(0.985)</u>	<u>(1.821)</u>	<u>(2.523)</u>	<u>(3.230)</u>

B11. Disclosure on selected expense/(income) items as required by the Listing Requirements

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

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	357	12	357
Deposit written off	3	-	3	-
Depreciation and amortisation expenses	2,864	2,647	11,406	11,557
Fair value (gain)/loss	-	-	-	-
- Biological assets	-	15	-	517
- Plantation expenditure	(48)	2,394	(105)	2,115
- Equity settled share-based payment	-	455	-	948
- Quoted shares investments	2,068	-	13,553	-
(Gain)/Loss on disposal of property, plant and equipment	-	-	(131)	2
Grant income	(540)	-	(540)	-
Interest expenses	114	484	687	770
Interest income	(19)	(144)	(257)	(527)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FORTH (4th) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)**B11. Disclosure on selected expense/(income) items as required by the Listing Requirements (Cont'd)**

Included in loss before taxation are the following expense/(income) items (Cont'd):

	Current quarter ended		Financial period-to-date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Inventories written off	-	-	-	759
Impairment losses on trade and other receivables	6,266	9,720	4,165	10,614
Impairment losses on research and development expenditure	-	621	-	621
(Gain)/Loss on foreign exchange		-		-
- Realised	-	(1)	1	5
- Unrealised	(188)	122	(729)	270
Property, plant and equipment written off	42	3,209	42	3,279
Provision for slow moving inventories	(10)	564	(10)	582
Rental income	(19)	(9)	(40)	(28)

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 FORTH (4th)
QUARTER ENDED 31 DECEMBER 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 27 February 2024.

By Order of the Board,

Tan Tong Lang (MAICSA 7045482)

Thien Lee Mee (LS0010621)

Company Secretaries

Kuala Lumpur

Dated: 27 February 2024