



BIOALPHA HOLDINGS BERHAD
(Company No. 949536-X)
(“BHB” OR THE “COMPANY”)

**INTERIM FINANCIAL REPORT FOR THE
FIRST (1st) QUARTER ENDED 31 MARCH 2015**

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	5
Notes to the Condensed Consolidated Financial Statements	7

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2015

	<----Individual Quarter ---->		<----Cumulative Quarter ---->	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Revenue	3,226	2,569	3,226	2,569
Cost of sales	<u>(1,935)</u>	<u>(1,717)</u>	<u>(1,935)</u>	<u>(1,717)</u>
Gross profit	1,291	852	1,291	852
Other income	629	1,807	629	1,807
Administration expenses	<u>(1,828)</u>	<u>(2,818)</u>	<u>(1,828)</u>	<u>(2,818)</u>
Profit/(Loss) from operations	92	(159)	92	(159)
Finance costs	<u>(78)</u>	<u>(16)</u>	<u>(78)</u>	<u>(16)</u>
Profit/(Loss) before taxation	14	(175)	14	(175)
Taxation	<u>(43)</u>	<u>-</u>	<u>(43)</u>	<u>-</u>
Net loss for the financial period, representing total comprehensive income	<u>(29)</u>	<u>(175)</u>	<u>(29)</u>	<u>(175)</u>
Net profit/(loss) for the financial period attributable to:				
- Owners of the parent	14	(184)	14	(184)
- Non-controlling interests	<u>(43)</u>	<u>9</u>	<u>(43)</u>	<u>9</u>
	<u>(29)</u>	<u>(175)</u>	<u>(29)</u>	<u>(175)</u>
Weighted average number of ordinary shares ('000)	363,413	363,413	363,413	363,413
Earnings/(Loss) per share attributable to owners of the parent (sen):				
- Basic	0.004	(0.050)	0.004	(0.050)
- Diluted	N/A	N/A	N/A	N/A

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 2014 and the accompanying explanatory notes attached to this interim financial report.

N/A Not applicable.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Unaudited As at 31 March 2015 RM'000	Audited As at 31 December 2014 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	24,939	24,303
Development expenditures	8,113	8,076
	33,052	32,379
CURRENT ASSETS		
Inventories	6,417	4,061
Trade receivables	10,726	12,830
Other receivables	9,022	7,274
Tax recoverable	60	68
Fixed deposits with licensed banks	1,716	1,116
Cash and bank balances	7,148	8,706
	35,089	34,055
TOTAL ASSETS	68,141	66,434
EQUITY		
Share capital	18,171	18,171
Share premium	11,557	11,557
Merger deficits	(4,969)	(4,969)
Retained earnings	29,663	29,649
Equity attributable to owners of the parent	54,422	54,408
Non-controlling interests	(171)	(128)
TOTAL EQUITY	54,251	54,280
NON-CURRENT LIABILITIES		
Finance lease payables	315	289
Bank borrowings	2,148	2,253
Deferred tax liabilities	1,937	1,937
	4,400	4,479

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015 (CONT'D)

	Unaudited As at 31 March 2015 RM'000	Audited As at 31 December 2014 RM'000
CURRENT LIABILITIES		
Trade payables	614	392
Other payables	5,383	5,762
Amount owing to a Director	31	22
Finance lease payables	256	274
Bank borrowings	3,200	1,210
Tax payable	6	15
	9,490	7,675
TOTAL LIABILITIES	13,890	12,154
TOTAL EQUITY AND LIABILITIES	68,141	66,434
NET ASSETS PER SHARE (sen)	14.98	14.97

Note:

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 2014 and the accompanying explanatory notes attached to this interim financial report.

BIOALPHA HOLDINGS BERHAD (Company No. 949536-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2015

	<--- Non-Distributable --->			<--Distributable-->		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger Deficits RM'000	Retained Earnings RM'000	Total RM'000		
Balance as at 1 January 2014	18,171	11,557	(4,969)	23,692	48,451	7	48,458
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	6,432	6,432	(135)	6,297
Transaction with owners							
Dividends to owners of the Company	-	-	-	(475)	(475)	-	(475)
Balance as at 31 December 2014	18,171	11,557	(4,969)	29,649	54,408	(128)	54,280
Balance as at 1 January 2015	18,171	11,557	(4,969)	29,649	54,408	(128)	54,280
Net profit/(loss) for the financial period, representing total comprehensive income for the financial period	-	-	-	14	14	(43)	(29)
Balance as at 31 March 2015	18,171	11,557	(4,969)	29,663	54,422	(171)	54,251

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 2014 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2015

	Current period to date 31 March 2015 RM'000	Preceding corresponding period 31 March 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	14	(175)
Adjustments for:		
Amortisation of development expenditures	302	177
Depreciation of property, plant and equipment	800	650
Interest expenses	78	16
Interest income	(1)	(28)
Grant income	(355)	(1,732)
Operating profit/(loss) before working capital changes	838	(1,092)
Changes in working capital:		
Inventories	(2,355)	(401)
Trade receivables	2,104	(490)
Other receivables	(1,748)	44
Trade payables	221	278
Other payables	(60)	(237)
Amount owing to Director	9	(62)
	(1,829)	(868)
Cash generated from operations	(991)	(1,960)
Interest paid	(78)	(21)
Interest received	1	28
Tax paid	(44)	(86)
NET CASH USED IN OPERATING ACTIVITIES	(1,112)	(2,039)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional development expenditures	(339)	(1,890)
Purchase of property, plant and equipment	(1,436)	(637)
NET CASH USED IN INVESTING ACTIVITIES	(1,775)	(2,527)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes in bankers' acceptances	704	(494)
Drawdown of hire purchase	81	-
Dividend paid	(226)	-
Grant received	260	1,732
Repayment of finance lease payables	(72)	(77)
Repayment of term loans	(66)	(83)
NET CASH FROM FINANCING ACTIVITIES	681	1,078

BIOALPHA HOLDINGS BERHAD (Company No. 949536-X)

	Current period to date 31 March 2015 RM'000	Preceding corresponding period 31 March 2014 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,206)	(3,488)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>8,623</u>	<u>10,192</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>6,417</u>	<u>6,704</u>
Cash and bank balances	7,148	1,056
Fixed deposits with licensed banks	<u>1,716</u>	<u>7,256</u>
	8,864	8,312
Less: Fixed deposit pledged with licensed banks	(816)	(729)
Less: Bank overdraft	<u>(1,631)</u>	<u>(879)</u>
	<u>6,417</u>	<u>6,704</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 2014 and the accompanying explanatory notes attached to this interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2015

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2015

A1. Accounting policies and methods of computation

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

The interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the FYE 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies and methods of computation adopted by the Company and its subsidiaries (“Group”) in these unaudited condensed interim financial statements are consistent with those adopted in the preparation of the audited consolidated financial statements of the Company for the FYE 31 December 2014, except for the adoption of the following:

MFRS and IC Interpretations (Including The Consequential Amendments)		Effective dates for financial periods beginning on or after
Amendments to MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016

BIOALPHA HOLDINGS BERHAD (Company No. 949536-X)

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

	Effective dates for financial periods beginning on or after
MFRS and IC Interpretations (Including The Consequential Amendments)	
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	1 January 2016
MFRS 15	1 January 2017
MFRS 9	1 January 2018

A2. Auditors' report of preceding annual financial statements

There was no qualification to the audited financial statements of the Group for the FYE 31 December 2014.

A3. Seasonal or cyclical factors

The Group's business activity typically peaks in the fourth (4th) quarter of the calendar year in conjunction with year-end and festive promotional activities by its customers.

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

Not applicable as there were no estimates reported in the prior financial years.

A6. Debt and equity securities

There were no issuances, 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 geographical location of its customers is presented as follows:

	Current quarter ended		Period-to-date ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Malaysia	2,328	2,045	2,328	2,045
Indonesia	898	512	898	512
Others*	-	12	-	12
Total	3,226	2,569	3,226	2,569

Note:

* Includes Cambodia and Hong Kong.

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in a single business segment, i.e. manufacturing and sales of health supplement products.

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

	Current quarter ended 31 March 2015 RM'000	Financial period- to-date 31 March 2015 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.

A11. Contingent liabilities and contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual reporting period date up to the date of this report.

A12. Material events subsequent to the end of the quarter

Save as disclosed in Note B5, 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 were no related party transactions entered into with related parties during the current quarter.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

The Group's revenue increased by 25.68% to RM3.23 million in the current quarter as compared to RM2.57 million in the preceding corresponding quarter. This was mainly due to an increase in orders resulted from commercialisation and sales of health supplements to existing customers.

The Group was able to turnaround its financial performance in the current quarter to a profit before tax ("**PBT**") of RM0.014 million as compared to a loss before taxation of RM0.18 million in the preceding corresponding quarter mainly due to an increase in our sales to Indonesian customers by 13.84% and higher profit margin arising from the economies of scale therefrom.

Comparison with immediate preceding quarter's results

We recorded a PBT of RM0.014 million for the current quarter as compared to a PBT of RM2.7 million in for the immediate preceding quarter mainly due to the market trend of our revenue as our customers' orders typically peak in the fourth (4th) quarter of the calendar year, whereby our sales for the current quarter is RM3.23 million as compared to RM8.35 million for the immediate preceding quarter. Based on our past historical trend for the last three (3) financial years, contribution of revenue from the first (1st) quarter of the year to our total revenue for the year ranges from 10% to 15%.

B2. Prospects for the financial year ending 2015

We have completed the land clearing of 123.5 acres in Pasir Raja, Dungun and commenced farming of our herbal plants thereon. We expect the first harvest of our herbal plants by end of 2015.

The Group aims to develop 30 new product formulations per year. As at the date of this report, we have developed 29 new health supplement products formulations and successfully commercialised five (5) of these formulations.

We are actively promoting our health supplement products in China through our participation in exhibitions held in China's major provinces as part of our on-going market expansion.

On 14 May 2015, MyAngkasa Holdings Sdn Bhd has invested in the group's subsidiary company, Alphacare Sdn Bhd ("**Alphacare**"). This collaboration enables Alphacare to offer licensing arrangement of our existing "LifeSprings" retail outlet to more than 10,000 registered cooperatives and its products and services to more than 8 million cooperatives' members thereon. We have identified several potential locations for our "LifeSprings" retail outlets in Klang Valley and we are currently in discussions with several potential cooperative licensees on the licensing arrangements.

Further, we have commissioned our fully-automated liquid bottling line with a yearly capacity of approximately 25 million units. The expansion of our production lines will enable the Group to cater large orders from our existing customers which is expected to increase our revenues, particularly from sales of finished health supplement products as an original design manufacturer (ODM).

The Group had, on 5 January 2015, awarded with Good Manufacturing Practice by Ministry of Health for the manufacturing of non-herbal health supplement products.

The prospects for the health supplement manufacturing industry in Malaysia remains positive as the industry is expected to continue to grow mainly due to the following key drivers:

- (i) Increase in income where purchases are increasingly diversifying from staple food products to more expensive and quality purchases, which include herbal and non-herbal supplement products as well as functional foods;
- (ii) The growing chronic lifestyle diseases, infections and obesity concerns which has heightened Malaysia's awareness in preventive healthcare;
- (iii) Rapid urbanisation and an ageing society driving the increase in health awareness and market acceptance of health supplements;

B2. Prospects for the financial year ending 2015 (continued)

- (iv) Health-oriented campaigns and events which promote health awareness; and
- (v) Malaysian Government’s initiatives and incentives in promoting and encouraging herbal cultivation and farming as well as health supplement manufacturing.

Pursuant to the above, the Group’s future growth is expected to be supported by the opportunities arising from the growth in the local and global health supplement markets, as the Group is well-positioned in the markets with its wide range of health supplement products as well as being one of the Anchor company under Entry Point Project 1 to undertake pre-clinical and clinical research studies for health supplements with functional or medium claims and botanical drugs.

(Source: BHB’s Prospectus dated 26 March 2015)

Barring unforeseen circumstances, the Board of Directors of the Company (“**Board**”) is optimistic about the Group’s performance for the financial year ending 31 December 2015.

B3. Profit forecast

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

B4. Taxation

	Current quarter ended		Financial period-to-date	
	31	31	31	31
	March	March	March	March
	2015	2014	2015	2014
	RM’000	RM’000	RM’000	RM’000

Tax expense recognized in profit or loss:

Current tax provision	43	-	43	-
	<u>43</u>	<u>-</u>	<u>43</u>	<u>-</u>

Bioalpha R&D Sdn Bhd (“**BRSB**”), our wholly-owned subsidiary, was awarded a BioNexus Status by Malaysian Biotechnology Corporation Sdn Bhd, which allows BRSB to enjoy 100% tax exemption on income from qualifying activities for a period of ten (10) years from 30 June 2008 to 30 June 2018, whilst our other subsidiaries are taxed at a statutory rate of 25% on their chargeable income.

B5. Status of corporate proposals and utilisation of proceeds

(i) Status of corporate proposal

In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company has undertaken a public issue of 100,000,000 new ordinary shares of RM0.05 each in the Company ("Shares"), representing approximately 21.58% of the Company's enlarged issued and paid-up share capital, at an issue price of RM0.20 per Share.

The Company was successfully admitted to the Official List of Bursa Securities on 14 April 2015 with the listing of and quotation for its entire enlarged issued and paid-up share capital of RM23,170,655.70 comprising 463,413,114 Shares on the ACE Market of Bursa Securities .

There are no other corporate proposals announced and not completed as at the date of this report.

(ii) Utilisation of proceeds

The gross proceeds from the IPO amounting to RM20 million is intended to be utilised in the following manner:

Purpose	Proposed utilisation		Estimated Time Frame for Utilisation (from the date of listing)
	RM'000	%	
Capital expenditure	3,000	15.00	Within 24 months
Research & development expenditure	3,000	15.00	Within 24 months
Repayment of bank borrowings	2,620	13.10	Within 12 months
Working capital	9,080	45.40	Within 24 months
Estimated listing expenses	2,300	11.50	Upon Listing
Total	20,000	100.00	

B6. Borrowings

The Group's borrowings as at 31 March 2015 are as follows:

	RM'000
Secured	
Finance leases	571
Term loans	2,414
Bank overdraft	1,630
	4,615
Unsecured	
Bankers' acceptances	1,304
Total bank borrowings	5,919

B7. 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.

B8. Dividends

The Board did not recommend any dividend during the financial period ended ("FPE") 31 March 2015 (*FPE 31 March 2014: Nil*).

The Board had, on 31 October 2014, declared an interim single tier tax exempt dividend of RM0.0013 per share, amounting to a total dividend of RM475,000 in respect of FYE 31 December 2014 which was paid on 1 November 2014 and 5 January 2015.

B9. Earnings per share

The basic earnings per share are calculated as follows:

	Current quarter ended		Financial period-to-date	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Net profit/(loss) attributable to owners of the parent	14	(184)	14	(184)
Weighted average number of ordinary shares in issue ('000)	363,413	363,413	363,413	363,413
Basic earnings/(loss) per share	0.004 sen	(0.051) sen	0.004 sen	(0.051) sen

B10. Disclosure on selected expense/income items as required by the Listing Requirements

Included in PBT are the following expense/(income) items:

	Current quarter ended 31 March 2015 RM'000	Financial period-to-date 31 March 2015 RM'000
Interest income	(1)	(1)
Other income	(628)	(628)
Interest expenses	78	78
Depreciation and amortisation expenses	1,102	1,102

There were no exceptional items for the current quarter under review.

B11. Disclosure of realised and unrealised profits

The breakdown of the retained earnings of the Group as at 31 March 2015 into realised and unrealised profits is as follows:

	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
Retained earnings of the Group:		
- Realised	23,626	23,560
- Unrealised	5,457	5,552
Total	<u>29,083</u>	<u>29,112</u>
Add: Consolidation adjustments	580	537
Total retained earnings of the Group	<u>29,663</u>	<u>29,649</u>

By Order of the Board

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
 Company Secretaries

Kuala Lumpur
15 May 2015