



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

**INTERIM FINANCIAL REPORT FOR THE
FIRST (1st) QUARTER ENDED 31 MARCH 2016**

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	8

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2016

	<----Individual Quarter ---->		<----Cumulative Quarter ---->	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Revenue	6,908	3,226	6,908	3,226
Cost of sales	<u>(4,744)</u>	<u>(1,935)</u>	<u>(4,744)</u>	<u>(1,935)</u>
Gross profit	2,164	1,291	2,164	1,291
Other income	1,513	629	1,513	629
Administration expenses	<u>(3,588)</u>	<u>(1,828)</u>	<u>(3,588)</u>	<u>(1,828)</u>
Profit from operations	89	92	89	92
Finance costs	<u>(55)</u>	<u>(78)</u>	<u>(55)</u>	<u>(78)</u>
Profit before taxation	34	14	34	14
Taxation	<u>(23)</u>	<u>(43)</u>	<u>(23)</u>	<u>(43)</u>
Net profit/(loss) for the financial period, representing total comprehensive income for the financial period	<u>11</u>	<u>(29)</u>	<u>11</u>	<u>(29)</u>
Net profit /(loss) for the financial period attributable to:				
- Owners of the parent	122	14	122	14
- Non-controlling interests	<u>(111)</u>	<u>(43)</u>	<u>(111)</u>	<u>(43)</u>
	<u>11</u>	<u>(29)</u>	<u>11</u>	<u>(29)</u>
Weighted average number of ordinary shares ('000)	488,479	363,413	488,479	363,413
Earnings per share attributable to owners of the parent (sen):				
- Basic	0.025	0.004	0.025	0.004
- 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 2015 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 2016**

	Unaudited As at 31 March 2016 RM'000	Audited As at 31 December 2015 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	28,350	26,903
Development expenditures	13,873	12,971
Goodwill	5,302	-
	<u>47,525</u>	<u>39,874</u>
CURRENT ASSETS		
Biological assets	239	283
Inventories	9,612	4,664
Trade receivables	16,540	19,250
Other receivables	12,508	10,717
Tax recoverable	396	141
Fixed deposits with licensed banks	8,090	7,965
Cash and bank balances	9,301	5,803
	<u>56,686</u>	<u>48,823</u>
TOTAL ASSETS	104,211	88,697
EQUITY		
Share capital	25,000	23,171
Share premium	33,058	24,362
Merger deficits	(4,969)	(4,969)
Retained earnings	36,562	36,440
Equity attributable to owners of the parent	<u>89,651</u>	<u>79,004</u>
Non-controlling interests	(388)	(277)
TOTAL EQUITY	<u>89,263</u>	<u>78,727</u>
NON-CURRENT LIABILITIES		
Finance lease payables	212	250
Bank borrowings	2,446	692
Deferred tax liabilities	2,668	2,645
	<u>5,326</u>	<u>3,587</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016 (CONT'D)**

	Unaudited As at 31 March 2016 RM'000	Audited As at 31 December 2015 RM'000
CURRENT LIABILITIES		
Trade payables	3,998	178
Other payables	4,985	5,134
Amount owing to a Director	63	22
Finance lease payables	159	144
Bank borrowings	351	846
Tax payable	66	59
	9,622	6,383
TOTAL LIABILITIES	14,948	9,970
TOTAL EQUITY AND LIABILITIES	104,211	88,697
NET ASSETS PER SHARE (sen)	17.93	17.05

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 2015 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 2016

	←----- 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 2015	18,171	11,557	(4,969)	29,650	54,409	(128)	54,281
Net profit/(loss) for the financial year, representing total comprehensive income for the financial year	-	-	-	6,796	6,796	(338)	6,458
Transaction with owners							
Dividends to owners of the Company	-	-	-	(417)	(417)	-	(417)
Issuance of ordinary shares	5,000	12,805	-	-	17,805	-	17,805
Change in ownership interest in a subsidiary company	-	-	-	411	411	189	600
Total transactions with owners	5,000	12,805	-	(6)	17,799	189	17,988
Balance as at 31 December 2015	23,171	24,362	(4,969)	36,440	79,004	(277)	78,727

BIOALPHA HOLDINGS BERHAD (Company No. 949536-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2016 (CONT'D)

	←----- 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 2016	23,171	24,362	(4,969)	36,440	79,004	(277)	78,727
Net profit/(loss) for the financial year, representing total comprehensive income for the financial period	-	-	-	122	122	(111)	11
Transaction with owners							
Acquisition of subsidiary company	-	-	-	-	-	(148)	(148)
Acquisition of non-controlling interest	-	-	-	-	-	148	148
Share issued for acquisition of subsidiary	943	4,057	-	-	5,000	-	5,000
Issuance of ordinary shares	886	4,961	-	-	5,847	-	5,847
Share issued expenses	-	(322)	-	-	(322)	-	(322)
Total transactions with owners	1,829	8,696	-	-	10,525	-	10,525
Balance as at 31 March 2016	25,000	33,058	(4,969)	36,562	89,651	(388)	89,263

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 2015 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 2016**

	Current quarter to date 31 March 2016 RM'000	Preceding corresponding quarter 31 March 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	34	14
Adjustments for:		
Amortisation of development expenditures	465	302
Depreciation of property, plant and equipment	866	800
Interest expenses	55	78
Interest income	(51)	(1)
Grant income	(1,257)	(355)
Gain on disposal of property, plant and equipment	(1)	-
Operating profit before working capital changes	<u>111</u>	<u>838</u>
Changes in working capital:		
Biological assets	44	-
Inventories	(2,067)	(2,355)
Trade receivables	2,909	2,104
Other receivables	(1,231)	(1,748)
Trade payables	(91)	221
Other payables	400	(60)
Amount owing to a Director	41	9
	<u>5</u>	<u>(1,829)</u>
Cash generated from operations	116	(991)
Interest paid	51	(78)
Interest received	(55)	1
Tax paid	(84)	(44)
Tax refund	73	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	<u>101</u>	<u>(1,112)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(296)	(1,436)
Deposit paid for purchase of property, plant and equipment	(48)	-
Proceeds from disposal of property, plant and equipment	2	-
Additional development expenditures	(1,368)	(339)
Net cash inflow on acquisition of a subsidiary	282	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,428)</u>	<u>(1,775)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1ST)
QUARTER ENDED 31 MARCH 2016 (CONT'D)**

	Current quarter to date 31 March 2016 RM'000	Preceding corresponding quarter 31 March 2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes in bankers' acceptances	(464)	704
Drawdown of hire purchase	-	81
Dividend paid	(417)	(226)
Grant received	1,150	260
Increase in fixed deposits pledged	(10)	-
Net proceeds from issuance of shares	5,847	-
Share issuance expenses	(322)	-
Repayment of finance lease payables	(38)	(72)
Repayment of term loans	(31)	(66)
NET CASH FROM FINANCING ACTIVITIES	<u>5,715</u>	<u>681</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,388	(2,206)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>12,116</u>	<u>8,623</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>16,504</u>	<u>6,417</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISES:		
Cash and bank balances	9,301	7,148
Fixed deposits with licensed banks	8,090	1,716
Less: Bank overdraft	(12)	(1,631)
	<u>17,379</u>	<u>7,233</u>
Less: Fixed deposits pledged with licensed banks	(875)	(816)
	<u>16,504</u>	<u>6,417</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 2015 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 2016

A. EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2016

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 condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the FYE 31 December 2015 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 consolidated 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 2015, 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 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 107	Disclosed Initiative	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below (cont'd):

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors of the Company will assess the impact of the application of MFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of MFRS 16 until the Group performs a detailed review.

A2. Auditors' report of preceding annual financial statements

There was no qualification to the preceding audited financial statements of the Group.

A3. Seasonal or cyclical factors

The Group's business activity typically peaks in the third (3rd) and fourth (4th) quarter of the calendar year in conjunction with year-end festive promotional activities by our 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 year-to-date.

A5. Material changes in estimates

There were no significant 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

On 12 February 2016, our Group completed the private placement of 17,718,962 new ordinary shares of RM0.05 each in our Group ("**Placement Shares**") representing 3.67% of our Company's issued and paid-up share capital on the same date, RM0.33 per Placement Share.

There were no other issuance, cancellation, repurchase, resale and repayment of debt 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		Period-to-date ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Malaysia	4,497	2,328	4,497	2,328
Indonesia	1,454	898	1,454	898
China	957	-	957	-
Total	6,908	3,226	6,908	3,226

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

	Current quarter ended		Period-to-date ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Manufacturing & sale of finished health supplement products	3,259	3,136	3,259	3,136
Retail pharmacies	3,649	90	3,649	90
Total	6,908	3,226	6,908	3,226

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 2016 RM'000	Financial period- to-date 31 March 2016 RM'000
Authorised and contracted for:		
Purchase of property, plant and equipment	4,500	4,500

A10. Changes in the composition of the Group

The company via its wholly owned subsidiary Botanical Distribution Sdn Bhd had on 18 December 2015 entered into Sale of Shares Agreement with Ng See Hein and Loh Peng Yeow for the acquisition of the entire equity interest in Mediconstant Holding Sdn Bhd for a purchase consideration of RM5,000,000 which was satisfied *via* the issuance of 18,867,924 ordinary shares of RM0.05 each in the Company, representing approximately 4.07% of the of the then issued and paid-up share capital of the Company at an issue price of RM0.265 ("**Acquisition of Mediconstant**"). The Acquisition of Mediconstant has been completed on 21 January 2016.

A11. Contingent liabilities

	Current quarter ended 31 March 2016 RM'000	Financial period- to-date 31 March 2016 RM'000
Unsecured:		
Corporate guarantees given to the license banks for credit facilities granted to subsidiary companies	3,000	3,000

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 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 for the financial period ended ("FPE") 31 March 2016 was RM6.91 million, an increase of RM3.68 million or 113.93% as compared to RM3.23 million in the preceding corresponding quarter, and FPE 31 March 2015.

Manufacturing & sale of finished health supplement products

The revenue for FPE 31 March 2016 was RM3.26 million with an increase of RM0.12 million or 3.82% as compared to RM3.14 million in the preceding corresponding quarter. The increase in revenue was mainly due to an increase in the house brand sales of our health supplement products in Indonesia.

Retail pharmacies

The revenue for FPE 31 March 2016 was RM3.65 million with an increase of RM3.56 million as compared to RM0.09 million in the preceding corresponding quarter mainly due to the recent acquisition of retail chain pharmacies that has completed in January 2016 contributed to increase in revenue.

The Group's profit before tax ("PBT") for the FPE 31 March 2016 were RM0.034 million with an increase of RM0.02 million or 143% as compared to RM0.014 million and in the preceding corresponding quarter.

Comparison with immediate preceding quarter's results

The revenue for the current quarter has decreased by RM2.80 million or 28.8% from RM9.71 million in the fourth (4th) quarter of 2015 to RM6.91 million. The PBT for the current quarter has decreased by RM3.91 million or 1150% from RM4.25 million in the fourth (4th) quarter of 2015 to RM0.34 million. Based on our past historical trend for the last five (5) financial years, contribution of revenue from the first (1st) quarter of the year to our total revenue for the year increase from 10% to 15%. The Group's business activity typically peaks in the third (3rd) and fourth (4th) quarter and low in first (1st) quarter of the calendar year in conjunction with year-end festive promotional activities by our customers.

B2. Prospects for the financial year ending 31 December 2016

Our Group is setting up a new manufacturing facility in Indonesia to accelerate the growth potential in the country. The facility, which is under our indirect subsidiary, PT Herbal Malindo Makmur (“**PT. HMM**”), serves as part of our plan to further grow and strengthen our presence in Indonesia. A key benefit of having our own facility in the country is the significant reduction in the time-to-market for our new products. It allows us to introduce more products in shorter time and to grow our market share at a quicker pace.

Over in China, our Group’s herbal products have been well-accepted there as a result of our active marketing campaigns in promoting our Group’s health supplement products through participation in various exhibitions held in China. Moving forward, as part of our market expansion strategy, we will channel our marketing focus and efforts towards the Muslim majority provinces in China.

On the farming side, our Group has started with Phase II land clearing of 879.5 acres in Pasir Raja, Dungun. Our planting will include Tongkat Ali, Kacip Fatimah, Betik Sekaki, Lada Hitam, Assam Gelugor and Kunyit, which are highly in demand.

Meanwhile, we have reached a significant milestone in our pre-clinical studies on the reduction of blood glucose and menopause symptoms through the use of botanical drugs, and we have filed several patents based on these studies. The pre-clinical studies are part of our Group’s National Key Economic Area (“**NKEA**”) project to discover the therapeutic effect from the local herbal plants, and with the extraction technology and purification know-how to screen and identify the bio-active ingredient with efficacy effect. We plan to complete the pre-clinical study by Q3/2016 and target to enter clinical trial phase 1 by 2017.

In view of the business potential, the Board of Directors of the Company (“**Board**”) is optimistic on our Group’s performance for the financial year ending 31 December 2016.

B3. Profit forecast or profit guarantee

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

B4. Taxation

	Current quarter ended		Financial period-to-date	
	31	31	31	31
	March	March	March	March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Tax expense recognised in profit or loss:				
Current tax provision	23	43	23	43
	<u>23</u>	<u>43</u>	<u>23</u>	<u>43</u>
Effective tax rate (%)	0.68	3.07	0.68	3.07

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.

Meanwhile, 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 proposals

On 4 May 2016, Bioalpha *via* its wholly-owned subsidiary BISB had subscribe 150,000 share in PT.HMM, representing 60% of the paid up capital of PT.HMM. The injection of investment to be incurred by the Company for the subscriber shares of amounting USD150,000 or equivalent to approximately RM600,000 will be fully satisfied by internally generated funds, expected to be made by second quarter of 2016.

Bioalpha has completed the Acquisition of Mediconstant on 21 January 2016, details of which are set out in Note A10 of this unaudited consolidated interim financial report.

(ii) Utilisation of proceeds

Our Company was listed on the ACE Market of Bursa Securities on 14 April 2015. The status of utilisation of the gross proceeds of RM20 million from the public issue as at 31 December 2015 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Deviation		Balance	Estimated Time Frame for Utilisation (from the date of listing)
	RM'000	RM'000	RM'000	%	RM'000	
Capital expenditure	3,000	3,000	-	-	-	Within 24 months
Research & development expenditure	3,000	3,000	-	-	-	Within 24 months
Repayment of bank borrowings	2,620	2,620	-	-	-	Within 12 months
Working capital	9,080	9,080	-	-	-	Within 24 months
Estimated listing expenses	2,300	2,300	-	-	-	Upon listing
Total	20,000	20,000				

BIOALPHA HOLDINGS BERHAD (Company No. 949536-X)

(ii) Utilisation of proceeds (cont'd)

On 12 February 2016, our Group completed the private placement of 17,718,962 new ordinary shares of RM0.05 each in our Group ("Placement Shares") representing 3.67% of our Company's issued and paid-up share capital on the same date, RM0.33 per Placement Share

The status of utilisation of the resulting proceeds of approximately RM5.85 million as at 31 March 2016 is as follows:-

Purpose	Proposed	Actual	Deviation		Balance	Estimated Time Frame for Utilisation
	Utilisation	Utilisation	RM'000	%	RM'000	
Working capital	5,397	1,835	-	-	3,562	Within 12 months
Expenses in relation to Private Placement	450	450	-	-	-	Within 2 weeks
Total	5,847	2,285				

B6. Borrowings

The Group's borrowings as at 31 March 2016 are as follows:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured			
Finance leases	159	212	371
Bank overdraft	12	-	12
Banker's acceptance	200	-	200
Term loans	139	2,446	2,585
Total bank borrowings	510	2,658	3,168

BIOALPHA HOLDINGS BERHAD (Company No. 949536-X)

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 FPE 31 March 2016 (*FPE 31 March 2015: Nil*).

B9. Earnings per share

The basic earnings per share are calculated as follows:

	Current quarter ended		Financial year-to-date	
	31	31	31	31
	March	March	March	March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to owners of the parent ('000)	122	14	122	14
Weighted average number of ordinary shares in issue ('000)	488,479	363,413	488,479	363,413
Basic earnings per share (sen)	0.025	0.004	0.025	0.004

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

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

	<----Individual Quarter----->		<----Cumulative Quarter---->	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Interest income	(51)	(1)	(51)	(1)
Foreign exchange gain	(93)	(24)	(93)	(24)
Gain on disposal of property, plant and equipment	(1)	-	(1)	-
Grant income	(1,257)	(355)	(1,257)	(355)
Other income	(111)	(249)	(111)	(249)
Interest expenses	55	78	55	78
Grant expenses	1,150	260	1,150	260
Depreciation and amortisation expenses	1,331	1,102	1,331	1,102

There were no exceptional items for the current quarter and financial year-to-date.

B11. Disclosure of realised and unrealised profits

The breakdown of the retained earnings of the Group as at 31 March 2016 into realised and unrealised profits is as follows:

	As at 31 March 2016 RM'000	As at 31 March 2015 RM'000
Retained earnings of the Group:		
- Realised	32,090	23,626
- Unrealised	2,668	5,457
Total	<u>34,758</u>	<u>29,083</u>
Add: Consolidation adjustments	1,804	580
Total retained earnings of the Group	<u>36,562</u>	<u>29,663</u>

C. AUTHORIZATION FOR ISSUE

The interim financial report was authorized for issue by the Board in accordance with a resolution of the Board dated 25 May 2016.

By Order of the Board,

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

Kuala Lumpur
O/S