

BIO OSMO BHD
(Company No.740838-A)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE FOURTH QUARTER ENDED 30 JUNE 2008

A1. BASIS OF PREPARATION

The financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134 "Interim Financial Reporting" and Chapter 9 Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2007.

The accounting policies and methods of computation adopted in the preparation of the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 30 June 2007 which includes the adoption of new/revised FRS effective for the financial period beginning on or after 01 Jan 2006 and are relevant to the Group.

A2. AUDIT QUALIFICATION

The preceding year's annual audited financial statements of the Group were not subject to any qualification.

A3. SEASONAL AND CYCLICAL FACTORS

The business operations of the Group are subject to the forces of supply and demand, and thus could display cyclical trends.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material items of an unusual nature and amount for the current quarter and financial year under review.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current quarter and financial year as compared to those used in the previous financial year.

A6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares for the final quarter and financial year ended 30 June 2008.

A7. DIVIDEND PAID

There were no interim dividends paid in respect of the current financial year ended 30 June 2008.

BIO OSMO BHD
(Company No.740838-A)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE FOURTH QUARTER ENDED 30 JUNE 2008

A8. SEGMENTAL INFORMATION

Segmental information for the Group by geographical segment is presented as follows:

	12 Months ended 30/06/2008 RM'000
Geographical segments	
Revenue	
Export - Singapore	9,323
Local	29,307
Total revenue of the Group	<u>38,630</u>

Disclosure on segmental information by the Group business segment is not presented as the Group is engaged in one type of business activity.

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group did not carry out any revaluation of its property, plant and equipment in the current financial year. The values of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

A10. MATERIAL SUBSEQUENT EVENTS

There were no material events between the end of the current quarter and financial year under review and the date of this report, which is likely to substantially affect the current quarter and financial year results under review.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

On 5 June 2008, the group acquired the entire paid up capital of Morning Valley (MVS) at a cash consideration of RM 2 for the purpose of property development. However the company has remained dormant during the current quarter and financial year under review.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and assets as at the date of this report.

A13 CAPITAL COMMITMENT

The material capital commitment for capital expenditure contracted for by the Group is as follow:

	RM'000
Acquisition of Land	17,000
Machinery and equipment for mineral water plant	3,070
	<u>20,070</u>

BIO OSMO BHD
(Company No.740838-A)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE FOURTH QUARTER ENDED 30 JUNE 2008

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

The Group recorded a turnover of RM 38.630 million for the financial year ended 30 June 2008 from the sales of bottled drinking water as compared to RM 46.822 million forecasted. This was mainly due to general slow down in the economic environment and competition from other manufacturers. As a result, the group only managed to record a profit before taxation of RM 2.597 million as compared to RM 9.970 million forecasted.

However, due to recent change in the FRS 112 Income Taxes which allow the company to recognise the unutilised Reinvestment Allowance as deferred tax asset, the group recorded a negative goodwill of RM 8.703 million from the acquisition of Amshore Holdings Sdn Bhd as opposed to RM 3.691 million initially forecasted.

This has resulted in the group's profit before taxation of RM 11.300 million and profit after taxation of RM 12.580 million with the recent changes in FRS 112.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER

The Group recorded a turnover of RM 10.460 million for the final quarter as compared to RM 9.176 million for the previous quarter. The increase is mainly due to slight increased in selling price during the quarter under review in line with the increased in operating cost.

The Group reported a profit before taxation of RM 8.552 million for the fourth quarter as compared to a profit before tax of RM 0.479 million in the third quarter. The increase is mainly due to the negative goodwill generated as explained in Para B1 above.

B3. CURRENT PROSPECTS

The Board of Directors will cautiously monitor the economic environment that we operate in and will work towards achieving improved results in the coming year.

B4. PROFIT FORECAST

The group achieved a turnover of RM 38.630 million as compared to the forecasted RM 46.822 million. Profit before tax was RM 11.300 million in comparison with forecasted RM 9.970 million for the financial year ended 30 June 2008. This was mainly due to other operating income as explained in Para B1 above.

B5. TAXATION

	Current Quarter 30/06/2008 RM'000	Cumulative Current Year To Date 30/06/2008 RM'000
Income Tax		
- current	-	-
Deferred tax assets	1,812	1,280
	<u>1,812</u>	<u>1,280</u>

The deferred tax assets arose from the temporary timing differences between the carrying amount and the tax base of the assets concerned, the unabsorbed capital allowance and unabsorbed reinvestment allowance.

BIO OSMO BHD
(Company No.740838-A)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE FOURTH QUARTER ENDED 30 JUNE 2008

B6. PROFIT/(LOSS) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sale of unquoted investments and properties for the current financial period.

B7. QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the current financial period under review.

B8(i). STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 13 June 2006, the Group announced that Morning Valley Sdn Bhd ("MVSB"), a wholly-owned subsidiary company of Bio Osmo, had on even date entered into a conditional sale and purchase agreement with Damansara Residences Sdn Bhd ("DRSB") to acquire a piece of freehold land held under GM556 for Lot No. 504 in Mukim Ulu Kelang, Place of 8th Mile Ulu Kelang, District of Gombak, State of Selangor measuring approximately 3.111 hectares ("Land") for a cash consideration of RM20,000,000 ("Proposed Acquisition").

The Proposed Acquisition is subject to the following approvals being obtained:

- (i) The Foreign Investment Committee for the Proposed Acquisition;
- (ii) The shareholders of Bio Osmo at an extraordinary general meeting to be convened for the Proposed Acquisition; and
- (iii) The Majlis Perbandaran Ampang Jaya ("MPAJ") for the development of high end residential development by DRSB and compliance by DRSB with all the terms and conditions imposed by MPAJ (including the payment of the conversion premium, administration fees, charges or costs).

As at the Latest Practicable Date, the conditions precedent pertaining to the Proposed Acquisition as set out in the SPA are still pending.

B8(ii). STATUS OF UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

The Company raised a total gross proceeds of RM12,212,970.00 from the Public Issue. The utilisation of proceeds as at 30 June 2008 are as follows:

	Proposed Utilisation RM'000	Utilisation as at 30/06/2008 RM'000	Balance RM'000
Repayment of hire purchase loan	4,000	4,000	0
Expansion of operations	5,000	0	5,000
Working capital	1,213	1,213	0
Defray estimated listing expenses	2,000	2,000	0
	12,213	7,213	5,000

B9. GROUP BORROWINGS

The Group borrowings as at 30 June 2008 are as follows:-

	RM'000
Short term borrowings	
- Unsecured	-
- Secured	5,799
	5,799
Long term borrowings	
- Unsecured	35,000
- Secured	7,799
	42,799
Total	48,598

All borrowings are denominated in Ringgit Malaysia.

BIO OSMO BHD
(Company No.740838-A)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE FOURTH QUARTER ENDED 30 JUNE 2008

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at the date of this report.

B11. MATERIAL LITIGATION

There were no material litigation involving the Group as at the date of this report.

B12. DIVIDEND PAYABLE

(a) (i) The Board is recommending a First and Final tax exempt dividend of 1 sen (5%) per 20 sen share amounting to RM 2 million (2007: Nil) in respect of the financial year ended 30-06-2008. The dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting.

- (ii) Amount per share : 1.0 sen, tax exempt
- (iii) Previous corresponding period : Nil
- (iv) Date payable : To be determined at a later date
- (v) Entitlement date : To be determined at a later date

b) The total dividend for the current financial year to date is 1.0 sen (tax exempt) per share

B13. EARNINGS PER SHARE (EPS)

	Current Year Quarter 30/06/2008	Cumulative Current Year To Date 30/06/2008
Net profit attributable to ordinary shareholders (RM'000)	10,364	12,580
Number of ordinary shares in issue ('000)	200,000	200,000
Basic EPS (sen)	5.18	6.29
Fully diluted EPS (sen)	5.18	6.29

By order of the Board

Chong Kim Chan
Chairman
28 AUGUST 2008