

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

Quarterly report on consolidated results for the second quarter ended 31 December 2009.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

|                                      | INDIVIDUAL PERIOD                                  |  | CUMULATIVE PERIOD                                  |   |
|--------------------------------------|--|--|--|---|
|                                      | CURRENT<br>YEAR<br>QUARTER<br>31-12-2009<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br>31/12/2008<br>RM'000 | CURRENT<br>YEAR<br>TO DATE<br>31-12-2009<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31/12/2008<br>RM'000 |
| Revenue                              | 3,704  | 5,544  | 7,311  | 11,522  |
| Other income                         | 150  | 85   | 188  | 169   |
| Operating expenses                   | (6,622)  | (8,258)  | (12,048)   | (17,448)  |
| Finance cost                         | (913)  | (825)  | (1,960)  | (1,674)   |
| Operating Profit / (Loss) before tax | <u>(3,681)</u>                                     | <u>(3,454)</u>   | <u>(6,509)</u>                                     | <u>(7,431)</u>  |
| Taxation                             | -  | -  | -  | -   |
| Net Profit / (Loss) after tax        | <u>(3,681)</u>                                     | <u>(3,454)</u>   | <u>(6,509)</u>                                     | <u>(7,431)</u>  |
| Attributable to:                     |  |  |  |   |
| Equity holders of the parent company | <u>(3,681)</u>                                     | <u>(3,454)</u>   | <u>(6,509)</u>                                     | <u>(7,431)</u>  |
| Earnings per share:-                 |  |  |  |   |
| (a) Basic (sen)                      | <u>(1.84)</u>                                      | <u>(1.73)</u>  | <u>(3.25)</u>                                      | <u>(3.72)</u>   |
| (b) Fully diluted (sen)              | <u>(1.84)</u>                                      | <u>(1.73)</u>  | <u>(3.25)</u>                                      | <u>(3.72)</u>   |

**Note:**

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statement for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009**

|   | <b>UNAUDITED<br/>AS AT<br/>31-12-2009<br/>RM'000</b> | <b>AUDITED<br/>AS AT<br/>30-06-2009<br/>RM'000</b> |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>Non-current assets</b>   |  |  |
| Property, plant and equipment   | 50,353   | 53,314   |
| Other investment  | 3,500  | 3,500  |
| Deferred Tax Assets   | -  | -  |
|   | <b>53,853</b>  | <b>56,814</b>                                      |
| <b>Current assets</b>   |  |  |
| Inventories   | 1,442  | 1,562  |
| Trade receivables   | 7,644  | 9,617  |
| Other receivables, deposits and prepayments                                     | 10,361   | 11,025   |
| Cash on hand and at banks   | 1,305  | 1,648  |
| Tax recoverable   | 55   | 55   |
|   | <b>20,807</b>  | <b>23,907</b>                                      |
| <b>TOTAL ASSETS</b>   | <b>74,660</b>  | <b>80,721</b>                                      |
| <b>EQUITY AND LIABILITIES</b>   |  |  |
| <b>Equity attributable to equity holders of the parent</b>                      |  |  |
| Share capital   | 40,000   | 40,000   |
| Reserves  | (22,818)   | (16,309)   |
| <b>TOTAL EQUITY</b>   | <b>17,182</b>  | <b>23,691</b>                                      |
| <b>Non-current liabilities</b>  |  |  |
| Long term borrowings  | 43,373   | 43,312   |
| Deferred taxation   | -  | -  |
|   | <b>43,373</b>  | <b>43,312</b>                                      |
| <b>Current liabilities</b>  |  |  |
| Trade payables  | 1,124  | 1,634  |
| Other payables and accruals   | 2,547  | 1,581  |
| Short term borrowings   | 10,434   | 10,503   |
|   | <b>14,105</b>  | <b>13,718</b>                                      |
| <b>TOTAL LIABILITIES</b>  | <b>57,478</b>  | <b>57,030</b>                                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>74,660</b>  | <b>80,721</b>                                      |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | <b>0.0859</b>  | <b>0.1185</b>                                      |

Note:

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statement for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial report.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31ST DECEMBER 2009**

|                                     | Share<br>Capital<br>RM'000 | Distributable<br>Retained<br>Profit<br>RM'000 | Non-<br>Distributable<br>Share<br>Premium<br>RM'000 | Total<br>Equity<br>RM'000 |
|-------------------------------------|----------------------------|---|---|---------------------------|
| Balance as of 1 July 2009           | 40,000                     | (19,162)                                      | 2,853   | 23,691                    |
| Net profit / (Loss) for the period  | -                          | (6,509)                                       | -   | (6,509)                   |
| Balance as of 31 December 2009      | <u>40,000</u>              | <u>(25,671)</u>                               | <u>2,853</u>  | <u>17,182</u>             |
| <hr/>                               |                            |   |   |                           |
| Balance as of 1st July 2008         | 40,000                     | 12,482  | 2,853   | 55,335                    |
| Net profit / (Loss) for the quarter | -                          | (7,431)                                       | -   | (7,431)                   |
| Balance as of 31st December 2008    | <u>40,000</u>              | <u>5,051</u>                                  | <u>2,853</u>  | <u>47,904</u>             |

**Note:**

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31ST DECEMBER 2009**

|  | CURRENT YEAR<br>TO DATE<br>31-12-2009<br>RM'000 | PRECEEDING YEAR<br>CORRESPONDING PERIOD<br>31/12/2008<br>RM'000 |
|--|---|---|
| <b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>                |   |   |
| (Loss) / Profit before tax   | (6,509)   | (7,431)   |
| Adjustments for:   |   |   |
| Depreciation of property, plant and equipment                          | 2,999   | 3,015   |
| Interest Expense   | 1,959   | 1,663   |
| Interest Income  | 4   | (84)  |
| <b>Operating profit before working capital changes</b>                 | <u>(1,547)</u>                                  | <u>(2,837)</u>  |
| Decrease / (Increase) in inventories                                   | 120   | 875   |
| Decrease / (Increase) in trade receivables                             | 1,973   | 2,355   |
| Decrease / (increase) Increase in other receivables, deposits and prep | 12  | 70  |
| Increase/(Decrease) in trade payables                                  | (510)   | (462)   |
| Increase / (Decrease) in other payables and accruals                   | 965   | (58)  |
| Cash used in operations  | <u>1,013</u>                                    | <u>(57)</u>   |
| Income tax refund  | -   | 1,095   |
| <b>Net cash generated from operating activities</b>                    | <u>1,013</u>                                    | <u>1,038</u>  |
| <b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>                |   |   |
| Interest received  | (4)   | 84  |
| Purchase of property, plant and equipment                              | <u>(38)</u>                                     | <u>(1,290)</u>  |
| <b>Net cash used in investing activities</b>                           | <u>(42)</u>                                     | <u>(1,206)</u>  |
| <b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>                |   |   |
| Net proceeds/(repayment) of borrowings                                 | (48)  | (1,412)   |
| Repayment of finance payables  | (378)   | (323)   |
| Repayment of term loan   | 419   | (511)   |
| Finance costs paid   | <u>(1,959)</u>                                  | <u>(1,663)</u>  |
| <b>Net cash used in financing activities</b>                           | <u>(1,966)</u>                                  | <u>(3,909)</u>  |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>          | <b>(995)</b>                                    | <b>(4,077)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                | <b>2,300</b>                                    | <b>5,078</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                      | <u><u>1,305</u></u>                             | <u><u>1,001</u></u>   |

Note:

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial report.