

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

Quarterly report on consolidated results for the second quarter ended 30 June 2011.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|--|--|--|--|---|
| | CURRENT YEAR QUARTER 30/06/2011 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2010 RM'000 | CURRENT YEAR TO DATE 30/06/2011 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010 RM'000 |
| Revenue | 1,966 | 4,402 | 14,123 | 16,038 |
| Other income | (43) | (98) | 5,992 | 202 |
| Operating expenses | (3,305) | (8,426) | (20,770) | (26,581) |
| Finance cost | (549) | (943) | (3,570) | (3,807) |
| Operating Profit / (Loss) before tax | <u>(1,931)</u> | <u>(5,065)</u> | <u>(4,225)</u> | <u>(14,148)</u> |
| Taxation | (1,547) | 4,414 | (36) | 4,406 |
| Net Profit / (Loss) after tax | <u>(3,478)</u> | <u>(651)</u> | <u>(4,261)</u> | <u>(9,742)</u> |
| Other comprehensive income | | | | |
| Gain arising from revaluation of Property, Plant and Equipment | | | 1,243 | |
| Total comprehensive income/(expense) for the year | <u>(3,478)</u> | <u>(651)</u> | <u>(3,018)</u> | <u>(9,742)</u> |
| Profit attributable to: | | | | |
| Owners of the Parent | (3,478) | (651) | (4,261) | (9,742) |
| Non-controlling interest | - | - | - | - |
| | <u>(3,478)</u> | <u>(651)</u> | <u>(4,261)</u> | <u>(9,742)</u> |
| Total comprehensive income/(expense) attributable to: | | | | |
| Owners of the Parent | (3,478) | (651) | (3,018) | (9,742) |
| Non-controlling interest | - | - | - | - |
| | <u>(3,478)</u> | <u>(651)</u> | <u>(3,018)</u> | <u>(9,742)</u> |
| Earnings per share:- | | | | |
| (a) Basic (sen) | <u>(1.74)</u> | <u>(0.33)</u> | <u>(2.13)</u> | <u>(4.87)</u> |
| (b) Fully diluted (sen) | <u>(1.74)</u> | <u>(0.33)</u> | <u>(2.13)</u> | <u>(4.87)</u> |

Note:

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statement for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

| | UNAUDITED AS AT 30/06/2011 RM'000 | AUDITED AS AT 30/06/2010 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 47,101 | 49,227 |
| Financial asset held to maturity | 3,500 | 3,500 |
| Deferred tax assets | 4,414 | 4,414 |
| | <u>55,015</u> | <u>57,141</u> |
| Current assets | | |
| Inventories | 1,671 | 1,307 |
| Trade receivables | 2,733 | 3,477 |
| Other receivables, deposits and prepayments | 9,838 | 9,961 |
| Fixed deposits with licensed bank | 429 | 348 |
| Cash on hand and at banks | 118 | 305 |
| Tax recoverable | 55 | 55 |
| | <u>14,844</u> | <u>15,453</u> |
| Non-current assets held for sales | - | 920 |
| | <u>14,844</u> | <u>16,373</u> |
| TOTAL ASSETS | <u>69,859</u> | <u>73,514</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 40,000 | 40,000 |
| Retained Profits/(Losses) | (33,165) | (28,904) |
| Reserves | 4,096 | 2,853 |
| | <u>10,931</u> | <u>13,949</u> |
| Non-controlling interest | - | - |
| TOTAL EQUITY | <u>10,931</u> | <u>13,949</u> |
| Non-current liabilities | | |
| Long term borrowings | 14,827 | 50,802 |
| | <u>14,827</u> | <u>50,802</u> |
| Current liabilities | | |
| Trade payables | 1,713 | 1,730 |
| Other payables and accruals | 1,518 | 4,549 |
| Short term borrowings | 40,870 | 2,484 |
| | <u>44,101</u> | <u>8,763</u> |
| TOTAL LIABILITIES | <u>58,928</u> | <u>59,565</u> |
| TOTAL EQUITY AND LIABILITIES | <u>69,859</u> | <u>73,514</u> |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | <u>0.0547</u> | <u>0.0697</u> |

Note:

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statement for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011

| | 2011 | 2010 |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES | | |
| (Loss) / Profit before tax | (4,225) | (14,148) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 3,315 | 3,372 |
| Unrealised (gain)/loss on foreign exchange | (142) | 12 |
| Allowance for doubtful debts | - | 4,506 |
| Interest expense | 3,570 | 3,807 |
| (Gain)/Loss on disposal of property, plant and equipment | (688) | 4 |
| Write-back of CLO interest | (4,962) | - |
| Interest income | (9) | - |
| Operating profit before working capital changes | <u>(3,141)</u> | <u>(2,447)</u> |
| (Increase) / Decrease in inventories | (364) | 256 |
| Decrease / (Increase) in trade receivables | 744 | 1,633 |
| Decrease / (increase) in other receivables, deposits and prepayments | 122 | 412 |
| (Decrease) / Increase in trade payables | (17) | 97 |
| Increase / (Decrease) in other payables and accruals | 84 | 347 |
| Cash used in operations | <u>(2,572)</u> | <u>298</u> |
| Interest paid | (1,724) | (1,187) |
| Income tax refund | - | - |
| Income tax paid | (36) | (8) |
| Net cash generated from operating activities | <u>(4,332)</u> | <u>(897)</u> |
| CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES | | |
| Interest received | 9 | - |
| Proceeds from disposal of property, plant and equipment | 1,740 | 2 |
| Purchase of property, plant and equipment | (78) | (211) |
| Net cash used in investing activities | <u>1,671</u> | <u>(209)</u> |
| CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES | | |
| Drawdown of term loan | 296 | - |
| Drawdown of revolving credit | 6,039 | 921 |
| Repayment of finance payables | (619) | (725) |
| Repayment of term loan | (816) | (725) |
| Repayment of revolving credit | (2,487) | - |
| Placement of fixed deposit pledged | (429) | (348) |
| Net cash used in financing activities | <u>1,984</u> | <u>(877)</u> |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (677) | (1,983) |
| EFFECT OF EXCHANGE RATE CHANGES | 142 | (12) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 653 | 2,300 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>118</u> | <u>305</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR COMPRISE: | | |
| Cash and bank balances | 118 | 305 |
| Fixed deposit with licensed banks | 429 | 348 |
| | <u>547</u> | <u>653</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 2010 and the accompanying explanatory notes attached to the interim financial report.

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CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30TH JUNE 2011

| Share Capital RM'000 | Attributable to equity holders of the Parent Company | | | | Total RM'000 | Non-controlling Interest RM'000 | Total Equity RM'000 |
|----------------------------|--|---|----------------------------------|---------------|-----------------|---------------------------------------|---------------------------|
| | Distributable Retained Profit RM'000 | Non-Distributable Share Premium RM'000 | Revaluation reserve RM'000 | | | | |
| 40,000 | (28,904) | 2,853 | - | 13,949 | - | 13,949 | |
| - | (4,261) | - | 1,243 | (3,018) | - | (3,018) | |
| 40,000 | (33,165) | 2,853 | 1,243 | 10,931 | - | 10,931 | |
| 40,000 | (19,162) | 2,853 | - | 23,691 | - | 23,691 | |
| - | (9,742) | - | - | (9,742) | - | (9,742) | |
| 40,000 | (28,904) | 2,853 | - | 13,949 | - | 13,949 | |

Changes in equity should be read in conjunction with the audited financial statement for the financial year ended 30 June 2010 and the interim financial report.