

**BIO OSMO BHD (740838-A)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER  
AND TWELVE MONTHS ENDED 30 JUNE 2013**

RM'000	3 months ended		12 months ended	
	30.06.13 (Unaudited)	30.06.12 (Unaudited)	30.06.13 (Unaudited)	30.06.12 (Unaudited)
Revenue	2,152	3,904	14,270	7,642
Other income	43	65	174	311
Operating expenses	(3,792)	(5,885)	(19,219)	(14,499)
Finance costs	1,605	(368)	1,593	(1,554)
Operating profit/(loss) before tax	8	(2,284)	(3,182)	(8,100)
Taxation	1	(1,019)	1	(1,019)
Net profit/(loss) after tax	9	(3,303)	(3,181)	(9,119)
Total comprehensive expense for the period	9	(3,303)	(3,181)	(9,119)
Profit/(loss) attributable to:				
Owners of the Company	107	(3,303)	(3,083)	(9,119)
Non-controlling interest	(98)	-	(98)	-
	9	(3,303)	(3,181)	(9,119)
Total comprehensive expense attributable to:				
Owners of the Company	107	(3,303)	(3,083)	(9,119)
Non-controlling interest	(98)	-	(98)	-
	9	(3,303)	(3,181)	(9,119)
Profit/(loss) per share attributable to Owners of the Company (sen):-				
Basic	0.05	(1.65)	(1.54)	(4.56)
Fully diluted	N/A	N/A	N/A	N/A

*The above condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.*

**BIO OSMO BHD (740838-A)**  
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013**

RM'000	As at 30.06.13 (Unaudited)	As at 30.06.12 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	44,789	43,952
Deferred tax asset	3,395	3,395
	48,184	47,347
<b>Current assets</b>		
Inventories	2,016	2,098
Trade receivables	3,692	3,411
Other receivables, deposits and prepayments	10,042	9,825
Fixed deposits with licensed bank	340	328
Cash on hand and at banks	60	153
Tax recoverable	55	56
	16,205	15,871
<b>TOTAL ASSETS</b>	64,389	63,218
<b>EQUITY AND LIABILITIES</b>		
Share capital	40,000	40,000
Accumulated Losses	(33,943)	(30,860)
Reserves	4,096	4,096
Equity attributable to Owners of the Company	10,153	13,236
Non-controlling interest	(98)	-
<b>TOTAL EQUITY</b>	10,055	13,236
<b>Current liabilities</b>		
Trade payables	6,721	4,748
Other payables and accruals	7,076	4,693
HirePurchasePayable	-	4
Short term borrowings	40,537	40,537
<b>TOTAL LIABILITIES</b>	54,334	49,982
<b>TOTAL EQUITY AND LIABILITIES</b>	64,389	63,218
Net assets per share attributable to owners of the Company (RM)	0.0508	0.0662

*The above condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.*

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE TWELVE MONTHS ENDED 30 JUNE 2013**

	<----- Attributable to Owners of the Company ----->					Total Equity
	Share Capital RM '000	Distributable Retained Profit RM '000	Share Premium RM '000	Non-Distributable Revaluation Reserve RM '000	Total	
Balance as of 1 July 2012	40,000	(30,860)	2,853	1,243	13,236	13,236
Total comprehensive expense for the period	-	(3,083)	-	-	(3,083)	(3,181)
Balance as of 31 June 2013	40,000	(33,943)	2,853	1,243	10,153	10,055
Balance as of 1 July 2011	40,000	(21,643)	2,853	1,243	22,453	22,449
Total comprehensive expense for the period	-	(9,213)	-	-	(9,213)	(9,213)
Changes in non-controlling interest	-	(4)	-	-	(4)	-
Balance as of 30 June 2012	40,000	(30,860)	2,853	1,243	13,236	13,236

The above condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE TWELVE MONTHS ENDED  
30 JUNE 2013**

RM'000	12 months ended	
	30.06.13	30.06.12
	(Unaudited)	(Audited)
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Loss before taxation	(3,182)	(8,194)
Adjustments for:		
Depreciation of property, plant and equipment	2,919	3,124
Interest expense	(1,593)	1,533
Loss on disposal of a subsidiary company	-	12
Unrealised loss on foreign currency exchange	42	32
Bad debts recovered	(69)	-
Gain on disposal of property, plant and equipment	(10)	(156)
Interest income	(11)	(10)
<b>Operating loss before working capital changes</b>	<b>(1,904)</b>	<b>(3,659)</b>
(Increase)/Decrease in inventories	83	(427)
(Increase)/decrease in trade receivables	(212)	(678)
Increase in other receivables, deposits and prepayments	(217)	(6)
Increase in trade payables	1,973	3,034
Increase in other payables and accruals	2,383	3,065
Cash generated from/(absorbed by) operations	2,106	1,329
Interest received	11	10
Interest paid	1,593	(1,533)
Income tax paid	1	(2)
<b>Net cash from/(used in) operating activities</b>	<b>3,711</b>	<b>(196)</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,756)	(39)
Proceeds from disposal of property, plant and equipment	10	220
Cash outflow on disposal of a subsidiary company	-	(1)
<b>Net cash (used in)/from investing activities</b>	<b>(3,746)</b>	<b>180</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Drawdown of term loan	-	91
Repayment of hire purchase payable	(4)	(108)
(Placement)/withdrawal of fixed deposit pledged	(12)	100
<b>Net cash (used in)/from financing activities</b>	<b>(16)</b>	<b>83</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(51)</b>	<b>67</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(42)</b>	<b>(32)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>153</b>	<b>118</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>60</b>	<b>153</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE:</b>		
Cash and bank balances	60	153
Fixed deposit with licensed banks	340	328
	400	481
Less : Fixed deposit pledged to licensed banks	(340)	(328)
	60	153

*The above condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.*

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**NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE 4TH QUARTER ENDED 30 JUNE 2013.**

**A1. BASIS OF PREPARATION**

This condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB). For the periods up to and including the period ended 30 June 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRS).

The MFRS are effective for the Group from 1 July 2012 and the date of transition to the MFRS framework for the purpose of the first MFRS compliant Condensed Report is 1 July 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The adoption of these relevant MFRSs are not expected to have any significant financial impact on the financial statements of the Group.

On 30 August 2013, the Group has announced that the Board has approved the change in its financial year end from 30 June to 31 December. This change was made after taking into consideration the material effects of the outcome of the Proposed Debt Settlement and the Proposed Private Placement on the financial position of the Group. We expect to achieve this within the next one to two months. The change of financial year end to 31 December will also facilitate better financial planning for the Group on its future business endeavours. In view of these reason, the financial statements for this financial year will be made up to a period of 18 months from 1 July 2012 to 31 December 2013.

**A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

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 12 months ended 30 June 2013 under review.

**A5. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES**

There were no material changes in the estimates used in the current quarter and 12 months ended 30 June 2013.

**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 current quarter and 12 months ended 30 June 2013.

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**A7. DIVIDEND PAID**

There were no dividends paid during the current and previous corresponding quarter.

**A8. SEGMENTAL INFORMATION**

The company operates mainly in two geographical areas namely Malaysia and Singapore. Therefore segment information is presented in respect of the Group's geographical segments which are based on the Group's management and internal reporting structure. The segmental results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**12 months ended 30 June 2013**

<b>Geographical segments</b>	<b>Malaysia RM '000</b>	<b>Singapore RM '000</b>	<b>Group RM '000</b>
<b>Revenue</b>			
Revenues from external customers	4,501	9,769	14,270
<b>Segmental Results</b>			
Results from operating activities	(1,930)	(2,845)	(4,775)
Finance costs	(40)	1,633	1,593
Loss before tax	(1,970)	(1,212)	(3,182)
Taxation	-	-	-
Loss for the period	<u>(1,970)</u>	<u>(1,212)</u>	<u>(3,182)</u>

**12 months ended 30 June 2012**

<b>Geographical segments</b>	<b>Malaysia RM '000</b>	<b>Singapore RM '000</b>	<b>Group RM '000</b>
<b>Revenue</b>			
Revenues from external customers	2,946	4,696	7,642
<b>Segmental Results</b>			
Results from operating activities	(3,246)	(3,300)	(6,546)
Finance costs	(692)	(862)	(1,554)
Loss before tax	(3,938)	(4,162)	(8,100)
Taxation	(1,019)	-	(1,019)
Loss for the period	<u>(4,957)</u>	<u>(4,162)</u>	<u>(9,119)</u>

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

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**A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There was no valuation of property, plant and equipment in the current and previous corresponding quarter.

**A10. EVENTS AFTER THE REPORTING PERIOD**

There was no material event subsequent to the end of the current quarter under review.

**A11. RELATED PARTY TRANSACTION**

There were no material related party transaction during the quarter and 12 months ended 30 June 2013.

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

Other than disclosed below, there were no changes in the composition of the Group during the quarter and 12 months ended 30 June 2013.

The wholly-owned subsidiary, Amshore Holdings Sdn. Bhd., had on 18 January 2013 acquired 66% of the total equity in Amshore KL Sdn Bhd (*formerly known as Tag RO Sdn. Bhd*) comprising Sixty Six (66) ordinary shares of RM 1.00 each at par value for cash consideration.

**A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**A14. CAPITAL COMMITMENT**

There were no capital commitment by the Group during the financial period under review.

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. REVIEW OF PERFORMANCE**

For the current quarter under review, the Group registered a revenue of RM2.152 million and profit after tax of RM0.01 million as compared with a revenue of RM3.904 million and loss after tax of RM3.303 million in the corresponding quarter of the previous financial year ended 30 June 2012.

However, on a cumulative basis, the revenue for the twelve months ended 30 June 2013 was RM14,270 million vis-à-vis only RM 7.642 million recorded during the preceding twelve months ended 30 June 2012. Correspondantly, the loss after taxation has also reduced by 65.1% to RM3.181 million, from RM9.119 million earlier. The marked improvement was mainly attributable to the improvement in both sales volume and value, in particular the increased sales to Singapore.

**B2. MATERIAL CHANGES IN LOSS BEFORE TAXATION AGAINST THE IMMEDIATE PRECEDING QUARTER**

For the current quarter under review, the Group reported a 44.9% decrease in revenue to RM2.152 million, compared to RM3.904 million recorded during the immediate preceding quarter. Nonetheless, the Group reported net profit after taxation of RM0.01 million against the loss after taxation of RM3.303 million during the corresponding periods. Lower revenue during the quarter was due to the initial teething problem at the new plant in Sungai Buloh, Selangor. However, these issues have since being resolved, and the new plant is poised to achieve full production in the near term.

**B3. CURRENT PROSPECTS**

The Board believes that the business outlook remains challenging. Nonetheless, the Group is now in a much better position to capitalise on its resources to improve sales. It is evident by the continue growth of sales volume of its bottled drinking water by 86.7% during the 12 months ended 30 June 2013 vis-à-vis the 12 months ended 30 June 2012. The Group will soon introduce value-added beverages to complement the existing drinking water products, which will be able to enhance revenue and income stream in the future.

The ongoing corporate exercise is expected to be completed by September 2013 where the Group will be relieved of financial stress. The settlement of the loans will free up substantial financial resources for the Group, with additional working capital raised from the corporate exercise to enable the Group positioning itself for future growth.

**B4. PROFIT FORECAST**

There was no profit forecast for the period under review was required.



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**B5. PROFIT/(LOSS) BEFORE TAXATION**

Profit/(loss) before taxation have been determined after charging/(crediting) amongst other items the following:-

RM '000	3 months ended		12 months ended	
	30.06.13	30.06.12	30.06.13	30.06.12
Depreciation of property, plant and equipment	806	829	2,330	3,124
Bad debts recovered	(69)	-	(69)	-
Gain on disposal of property, plant and equipment	-	-	(10)	(156)
Loss on foreign currency exchange:				
- unrealised	19	(27)	42	32
- realised	23	(5)	40	12
Interest Income	(3)	(2)	(9)	(10)

Other than the above, the items listed under Appendix 9B Note 16 of the listing Requirement of Bursa Malaysia Securities Berhad are not applicable.

**B6. TAXATION**

RM '000	3 months ended		12 months ended	
	30.06.13	30.06.12	30.06.13	30.06.12
Income Tax				
- current	-	-	-	-
Deferred tax assets	-	(1,019)	-	(1,019)

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

There was no tax expenses for the current quarter and 12 months ended 30 June 2013 as the Group was in a tax loss position.

**B7. ACCUMULATED LOSSES**

RM '000	As at	As at
	30.06.13	30.06.12
Realised	(45,615)	(46,592)
Unrealised	(42)	1
	(45,657)	(46,591)
Consolidation adjustments	11,714	11,714
<b>Total accumulated losses</b>	<b>(33,943)</b>	<b>(34,877)</b>

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**B8. CORPORATE PROPOSAL**

Kenanga Investment Bank Berhad, on behalf of the Company, has on 8 February 2013 submitted to Bursa Malaysia Securities Bhd a proposed corporate exercise in relation to:

- (i) Debt settlement owing to creditors of the Company and its subsidiaries, namely Idaman Capital Bhd, Bank Kerjasama Rakyat Malaysia Bhd and certain trade and non-trade creditors;
- (ii) Private placement of 115,000,000 new ordinary shares of RM0.20 each, representing 32.4% of the enlarged issued and paid-up share capital of the Company upon implementation of the proposal; and
- (iii) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate (i) and (ii) above.

The proposal has been approved by Bursa Malaysia Securities Bhd via a letter to Kenanga Investment Bank Bhd dated 16 May 2013. Circular to Shareholders has been approved by shareholders at the Extraordinary General Meeting held on 21 June 2013 .

**B9. GROUP BORROWINGS**

The Group borrowings as at 30 June 2013 are as follows:-

		<b>RM '000</b>
Short term borrowings		
- Unsecured	<i>Note 1</i>	20,000
- Secured		20,537
Total		<u>40,537</u>

All borrowings are denominated in Ringgit Malaysia.

*Note 1* : Bio Osmo Bhd has earlier concluded negotiations with Messrs Equity Trust (M) Bhd, the trustee for the settlement of RM 35,000,000 unsecured loan (Collateralised Loan Obligation) by way of undertaking an early redemption exercise. The CLO has been written down to RM20,000,000 after recognising the differential sum of RM15,000,000 arising from the settlement amount of Primary CLO as waiver of debt.

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**B10. MATERIAL LITIGATION**

**(a) Morning Valley Sdn. Bhd. (“MVSB”)**

MVSB, a wholly-owned subsidiary of the Company, instituted a civil suit against AQRS on 5 August 2011 for recovery of a deposit amounting to RM3,000,000 which was paid by MVSB to AQRS pursuant to a sale and purchase agreement for an acquisition of land (“SPA”). The SPA was mutually terminated by both parties due to non-fulfilment of conditions precedent of the SPA. To-date, AQRS has failed to refund the said deposit to MVSB.

On 9 September 2011, AQRS filed an application to strike out the suit and the striking out application was dismissed by the Court on 21 March 2012.

The parties involved have agreed to settle the dispute out of court and an amicable solution is poised to be reached soon.

**(b) Amshore Holdings Sdn. Bhd. (“AHSB”)**

The case was filed by AHSB against Century Machine claiming for a sum of USD1,500,000. The said sum was paid by AHSB to Century Machinery under a sale contract dated 1 November 2006 but the sale contract was however subsequently repudiated by Century Machinery. The suit is to claim for refund of the said sum.

AHSB filed an application for summary judgment against Century Machinery and had on 1 April 2011 obtained judgment for a sum of USD860,106 from the Johor Bahru High Court and the balance of the total claim of USD1,500,000 to be ventilated at a full trial (“Judgment”). Century Machinery’s subsequent appeal against the decision of the Johor Bahru High Court was duly dismissed. No application for leave to the Federal Court was filed by Century Machinery thereafter.

AHSB has engaged a Singapore solicitors firm to register the Judgment in the Singapore High Court for the recovery of the balance sum from Century Machinery. The Singapore solicitors are preparing the necessary documentation for the next course of action.

**B11. DERIVATIVE FINANCIAL INSTRUMENT**

The Group did not have any derivative financial instrument as at the end of the reporting period.

**B12. OFF BALANCE SHEET FINANCIAL INSTRUMENT**

As at the end of the financial period and up to the date of this announcement, there is no off balance sheet financial instrument which has material impact to the financial statement under review.

**B13. DIVIDEND PAYABLE**

No interim dividend has been declared for the current financial period to date.

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**B14. PROFIT/(LOSS) PER SHARE (LPS)**

	3 months ended		12 months ended	
	30.06.13	30.06.12	30.06.13	30.06.12
Net profit/(loss) attributable to Owners of the Company (RM '000)	107	(3,303)	(3,083)	(9,119)
Number of ordinary shares in issue ('000)	200,000	200,000	200,000	200,000
Basic LPS (sen)	0.05	(1.65)	(1.54)	(4.56)
Diluted LPS (sen)	N/A	N/A	N/A	N/A

**B15. AUTHORISED FOR ISSUE**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with the decision of a Board of Directors meeting held on 28 August 2013.