

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER
AND 18 MONTHS ENDED 31 DECEMBER 2013**

RM'000	3 months ended		18 months ended	
	31.12.13 (Unaudited)	31.12.12 (Unaudited)	31.12.13 (Unaudited)	31.12.12 (Unaudited)
Revenue	564	3,879	15,863	15,981
Other income	1	29	2,746	310
Operating expenses	(13,947)	(5,390)	(36,323)	(26,102)
Finance costs	(1)	350	1,628	(1,545)
Operating loss before tax	<u>(13,383)</u>	<u>(1,132)</u>	<u>(16,086)</u>	<u>(11,356)</u>
Taxation	(3,395)	-	(3,394)	(1,019)
Net loss after tax	<u><u>(16,778)</u></u>	<u><u>(1,132)</u></u>	<u><u>(19,480)</u></u>	<u><u>(12,375)</u></u>
Total comprehensive expense for the period	<u><u>(16,778)</u></u>	<u><u>(1,132)</u></u>	<u><u>(19,480)</u></u>	<u><u>(12,375)</u></u>
Loss attributable to:				
Owners of the Company	(16,623)	(1,132)	(19,164)	(12,375)
Non-controlling interest	<u>(155)</u>	<u>-</u>	<u>(316)</u>	<u>-</u>
	<u><u>(16,778)</u></u>	<u><u>(1,132)</u></u>	<u><u>(19,480)</u></u>	<u><u>(12,375)</u></u>
Total comprehensive expense attributable to:				
Owners of the Company	(16,623)	(1,132)	(19,164)	(12,375)
Non-controlling interest	<u>(155)</u>	<u>-</u>	<u>(316)</u>	<u>-</u>
	<u><u>(16,778)</u></u>	<u><u>(1,132)</u></u>	<u><u>(19,480)</u></u>	<u><u>(12,375)</u></u>
Loss per share attributable to Owners of the Company (sen):-				
Basic	(6.46)	(0.57)	(9.14)	(6.19)
Fully diluted*	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

* The fully diluted loss per ordinary share for the Group for the financial period is not presented as the warrants would be anti-dilutive as the exercise price is higher than the fair value of the Company's shares.

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 31 DECEMBER 2013

RM'000	As at 31.12.13 (Unaudited)	(Restated) As at 30.06.12 (Unaudited)	(Restated) As at 01.07.11 (Unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	43,129	43,952	47,101
Deferred tax asset	128	3,395	4,414
	<u>43,257</u>	<u>47,347</u>	<u>51,515</u>
Current assets			
Inventories	1,149	2,098	1,671
Trade receivables	2,272	3,411	2,733
Other receivables, deposits and prepayments	393	9,825	9,819
Tax recoverable	55	56	53
Fixed deposits with licensed bank	345	328	428
Cash on hand and at banks	2,277	153	118
	<u>6,491</u>	<u>15,871</u>	<u>14,822</u>
TOTAL ASSETS	<u><u>49,748</u></u>	<u><u>63,218</u></u>	<u><u>66,337</u></u>
EQUITY AND LIABILITIES			
Share capital	71,072	40,000	40,000
ICPS	19,613	-	-
Accumulated Losses	(50,999)	(30,860)	(20,400)
Other reserves	5,071	4,096	2,853
Equity attributable to Owners of the Company	<u>44,757</u>	<u>13,236</u>	<u>22,453</u>
Non-controlling interest	(316)	-	(4)
TOTAL EQUITY	<u><u>44,441</u></u>	<u><u>13,236</u></u>	<u><u>22,449</u></u>
Non-current liabilities			
ICPS	515	-	-
Long term borrowings	-	-	14,729
	<u>515</u>	<u>-</u>	<u>14,729</u>
Current liabilities			
Trade payables	903	4,748	1,713
Other payables and accruals	3,889	4,693	1,617
Hire Purchase Payable	-	4	112
Short term borrowings	-	40,537	25,717
	<u>4,792</u>	<u>49,982</u>	<u>29,159</u>
TOTAL LIABILITIES	<u><u>5,307</u></u>	<u><u>49,982</u></u>	<u><u>43,888</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>49,748</u></u>	<u><u>63,218</u></u>	<u><u>66,337</u></u>
Net assets per share attributable to owners of the Company (RM)	<u><u>0.1259</u></u>	<u><u>0.0662</u></u>	<u><u>0.1123</u></u>

The above condensed consolidated statements of financial position 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 CHANGES IN EQUITY FOR THE 18 MONTHS ENDED 31 DECEMBER 2013

	<----- Attributable to Owners of the Company ----->						Total	Non- controlling Interest	Total Equity
	Distributable			Non-Distributable					
	Share Capital RM '000	Accumulated losses RM '000	Share Premium RM '000	ICPS RM '000	Warrants Reserve RM '000	Revaluation Reserve RM '000			
Balance as of 1 July 2012	40,000	(29,617)	2,853	-	-	-	13,236	-	13,236
Issuance of shares and ICPS with warrants	31,072	(2,218)	-	19,613	2,218	-	50,685	-	50,685
Total comprehensive expense for the period	-	(19,164)	-	-	-	-	(19,164)	(316)	(19,480)
Balance as of 31 December 2013	<u>71,072</u>	<u>(50,999)</u>	<u>2,853</u>	<u>19,613</u>	<u>2,218</u>	<u>-</u>	<u>44,757</u>	<u>(316)</u>	<u>44,441</u>
Balance as of 1 July 2011	40,000	(21,643)	2,853	-	-	1,243	22,453	(4)	22,449
Effect of adoption MFRS 1	-	1,243	-	-	-	(1,243)	-	-	-
Balance as of 1 July 2011 (restated)	<u>40,000</u>	<u>(20,400)</u>	<u>2,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,453</u>	<u>(4)</u>	<u>22,449</u>
Total comprehensive expense for the period	-	(12,375)	-	-	-	-	(12,375)	-	(12,375)
Changes in non-controlling interest	-	(4)	-	-	-	-	(4)	4	-
Balance as of 31 December 2012	<u>40,000</u>	<u>(32,779)</u>	<u>2,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,074</u>	<u>-</u>	<u>10,074</u>

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 18 MONTHS ENDED 31 DECEMBER 2013

RM'000	18 months ended	
	31.12.13 (Unaudited)	31.12.12 (Unaudited)
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Loss before taxation	(16,086)	(11,356)
Adjustments for:		
Impairment on trade receivables	1,290	-
Deposits written off	8,890	-
Depreciation of property, plant and equipment	4,608	4,648
Interest expense	25	1,545
Loss on disposal of a subsidiary company	-	12
Unrealised loss on foreign currency exchange	(43)	55
Bad debts recovered	(69)	-
Gain on disposal of property, plant and equipment	(43)	(166)
Waiver of debts	(2,537)	-
Incorporation fees	2	-
Interest income	(17)	(16)
Operating loss before working capital changes	<u>(3,980)</u>	<u>(5,278)</u>
Decrease/(increase) in inventories	949	(814)
Decrease/(increase) in receivables	460	(1,834)
(Decrease)/increase in payables	(8,149)	12,847
Cash (absorbed by)/generated from operations	<u>(10,720)</u>	<u>4,921</u>
Interest received	-	16
Interest paid	(25)	(1,545)
Incorporation fees paid	(2)	-
Income tax refunded/(paid)	2	(2)
Net cash (used in)/from operating activities	<u>(10,745)</u>	<u>3,390</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(285)	(3,575)
Proceeds from disposal of property, plant and equipment	43	230
Cash outflow on disposal of a subsidiary company	-	(1)
Net cash used in investing activities	<u>(242)</u>	<u>(3,346)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/drawdown of term loan	(38,000)	91
Proceeds from issuance of ordinary shares	31,072	-
Proceeds from issuance of ICPS	20,000	-
Repayment of hire purchase payable	(4)	(112)
Withdrawal of fixed deposit pledged	-	94
Net cash from financing activities	<u>13,068</u>	<u>73</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,081	117
EFFECT OF EXCHANGE RATE CHANGES	43	(55)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>153</u>	<u>118</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>2,277</u></u>	<u><u>180</u></u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE:		
Cash and bank balances	2,277	180
Fixed deposit with licensed banks	345	334
	<u>2,622</u>	<u>514</u>
Less : Fixed deposit pledged to licensed banks	(345)	(334)
	<u><u>2,277</u></u>	<u><u>180</u></u>

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 6TH QUARTER ENDED 31 DECEMBER 2013.

A1. BASIS OF PREPARATION

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 which have been completed during the financial period. 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.

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 year 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 2012. The Group has adopted the MFRS framework issued by the MASB effective for annual periods commencing on or after 1 July 2012. This MFRS framework was introduced by the MASB in order to converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standard Board.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2012 except for the adoption of the new MFRS framework.

The Group has applied MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in preparing the first MFRS framework interim financial report. In preparing its opening MFRS Statements of Financial Position as at 1st July 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRSs. An explanation of the effect on transition from FRSs to MFRSs is set out in Note A2. These notes include reconciliations of financial positions, total comprehensive income and equity for comparative periods and of financial positions at the date of transition under MFRSs. The transition from FRSs to MFRSs has no impact on the Statements of Other Comprehensive Income, Cash Flows of the Group.

Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group.

Effective for financial periods beginning on or after 1 January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)

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A1. BASIS OF PREPARATION (CONT'D)

Standards issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 January 2013 (cont'd)

MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments : Disclosure - Offsetting Financial Asset and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

Effective for financial periods beginning on or after 1 January 2014

MFRS 10	Consolidated Financial Statements - Investment Entities
MFRS 12	Disclosure of Interests in Other Entities - Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements (revised) - Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Effective for financial periods beginning on or after 1 July 2014

MFRS 119	Employee Benefits (revised)
Annual Improvements to MFRSs 2010 - 2012 Cycle	
Annual Improvements to MFRSs 2011 - 2013 Cycle	

Effective date to be announced by MASB

MFRS 9	Financial Instruments
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The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

A2. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

The audited financial statements of the Group for the year ended 30 June 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2012 except as discussed below:

Property, plant and equipment

Upon transition of MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 *Property, Plant and Equipment*. At the date of transition to MFRS, the Group elected to regard the revalued amounts of land and building as at 1 July 2011 as deemed cost. The revaluation surplus of RM 1,243 thousand was transferred to retained earnings on the date of transition to MFRS.

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A2. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1 (CONT'D)

Property, plant and equipment (cont'd)

The reconciliation of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 1 July 2011

	FRS as at 1 July 2011 RM'000	Reclassification RM'000	MFRS as at 1 July 2011 RM'000
Revaluation reserve	1,243	(1,243)	-
Accumulated losses	(21,643)	1,243	(20,400)
	<u> </u>	<u> </u>	<u> </u>

Reconciliation of equity as at 1 July 2012

	FRS as at 1 July 2012 RM'000	Reclassification RM'000	MFRS as at 1 July 2012 RM'000
Revaluation reserve	1,243	(1,243)	-
Accumulated losses	(30,860)	1,243	(29,617)
	<u> </u>	<u> </u>	<u> </u>

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A4. 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.

A5. 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 18 months ended 31 December 2013 under review.

A6. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current quarter and 18 months ended 31 December 2013.

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A7. ISSUANCES, CANCELLATIONS, REPURCHASES, RESELL 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 18 months ended 31 December 2013.

A8. DIVIDEND PAID

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

A9. 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.

18 months ended 31 December 2013

Geographical segments	Malaysia RM '000	Singapore RM '000	Group RM '000
Revenue			
Revenues from external customers	4,816	11,047	15,863
Segmental Results			
Results from operating activities	(13,275)	(4,439)	(17,714)
Finance costs	494	1,134	1,628
Loss before tax	(12,781)	(3,305)	(16,086)
Taxation	(3,394)	-	(3,394)
Loss for the period	<u>(16,175)</u>	<u>(3,305)</u>	<u>(19,480)</u>

18 months ended 31 December 2012

Geographical segments	Malaysia RM '000	Singapore RM '000	Group RM '000
Revenue			
Revenues from external customers	5,520	10,461	15,981
Segmental Results			
Results from operating activities	(5,589)	(4,222)	(9,811)
Finance costs	(711)	(834)	(1,545)
Loss before tax	(6,300)	(5,056)	(11,356)
Taxation	(1,019)	-	(1,019)
Loss for the period	<u>(7,319)</u>	<u>(5,056)</u>	<u>(12,375)</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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A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A11. EVENTS AFTER THE REPORTING PERIOD

- (a) The Company had on 13 January 2014 announced the completion of conversion of 100.0 million Irredeemable Convertible Preference Shares ("ICPS") of RM 0.20 each to 100,000,000 ordinary shares of RM 0.20 each. The new ordinary shares were listed on Bursa Malaysia Securities on 15 January 2014 and hence, it results in an increase of issued and paid-up capital of the Company from 355,360,000 to 455,360,000.

- (b) The Company had on 19 February 2014 announced the acquisition of 100% equity interest in Sinaran Strategik Sdn. Bhd. ("Sinaran") (Co. No. 1043077-V) for a total cash consideration of RM 2.00, and hence, Sinaran became a wholly-owned subsidiary company of Bio Osmo Berhad.

A12. RELATED PARTY TRANSACTION

There were no material related party transaction during the quarter and 18 months ended 31 December 2013.

A13. 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 18 months ended 31 December 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.

A14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A15. 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 RM 0.564 million and loss after tax of RM 16.778 million as compared with a revenue of RM 3.879 million and loss after tax of RM 1.132 million during the corresponding quarter of the previous financial period ended 31 December 2012. The losses incurred by the Group during the current quarter was predominantly due to the impact of the RM13.575 million one-off non-cash adjustments, deriving from deposits written offs (RM8.890 million), impairment of trade receivables (RM 1.290 million) and reversal of deferred tax asset (RM3.395 million).

On a cumulative basis, the revenue for the 18-month ended 31 December 2013 was RM 15.863 million vis-à-vis RM 15.981 million recorded during the preceding 18 months ended 31 December 2012. Correspondently, the loss after taxation has increased to RM 19.480 million, from RM 12.375 million earlier. Although the sales volume and value for the 18 months ended 31 December 2013 and 2012 remained flattish, the results of operations was affected by the non-recurring adjustments incurred by the Group during the current quarter as mentioned in the preceding paragraph.

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

For the current quarter under review, the Group reported a 54.81% decrease in revenue to RM 0.564 million, compared to RM 1.029 million recorded during the immediate preceding quarter. The Group reported a loss after taxation of RM 16.778 million against loss after taxation of RM 1.132 million during the corresponding periods. This is due to the corporate exercise being completed to rejuvenate the operations as further explained in Note B3 below.

B3. CURRENT PROSPECTS

The Group has on 28 November 2013 completed its corporate exercise pertaining to the full settlement of debt owing to Bank Kerjasama Rakyat Malaysia Bhd, Idaman Capital Bhd, and certain trade and non-trade creditors via the issuance of new ordinary shares and convertible preference shares. With the completion of the corporate exercise, the Group is now debt free and is in an excellent position to rejuvenate its operations. The management envisages a strong recovery in its sales of beverage in the medium to long term. It will also be able to embark on its aggressive marketing efforts to boost its sales, in particular for the overseas markets.

While domestic drinking water market continues to experience stiff competition and margin erosion due to rising operating costs, the Group will gradually turn its focus onto the export markets, as well as to widen its product mix to spearhead the sales growth and income stream. Taking advantage of a more solid financial platform, coupled with the efforts to improve its operational efficiencies, the management is upbeat to see a strong recovery of the Group's production levels and financial performances in the medium to longer term.

B4. PROFIT FORECAST

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

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B5. LOSS BEFORE TAXATION

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

RM '000	3 months ended		18 months ended	
	31.12.13	31.12.12	31.12.13	31.12.12
Deposits written off	8,890	-	8,890	-
Depreciation of property, plant and equipment	844	770	4,608	4,648
Bad debts recovered	-	-	(69)	-
Gain on disposal of property, plant and equipment	(13)	(10)	(43)	(166)
Impairment on trade receivables	1,290	-	1,290	-
Loss on foreign currency exchange:				
- unrealised	16	(7)	(43)	55
- realised	-	24	85	37
Waiver of debts	-	-	(2,537)	-
Interest Income	(3)	(3)	(17)	(16)

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		18 months ended	
	31.12.13	31.12.12	31.12.13	31.12.12
Income Tax				
- current	-	-	1	-
Deferred tax assets	(3,395)	-	(3,395)	(1,019)
	(3,395)	-	(3,394)	(1,019)

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

B7. ACCUMULATED LOSSES

RM '000	As at	As at
	31.12.13	30.06.12
Realised	(62,756)	(46,592)
Unrealised	43	1
	(62,713)	(46,591)
Consolidation adjustments	11,714	11,714
Total accumulated losses	(50,999)	(34,877)

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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) issuance of 40,360,000 new ordinary shares for settlement of debt owing to creditors of the Company and its subsidiaries, namely Idaman Capital Berhad, Bank Kerjasama Rakyat Malaysia Berhad and identified 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;
- (iii) Proposed issuance of 100.0 million Irredeemable Convertible Preference Shares ("ICPS") with 25.0 million detachable Warrants to the Unsecured Lender; and
- (iv) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate (i), (ii) and (iii) above.

The above-mentioned proposed corporate exercise was completed during the current quarter.

B9. GROUP BORROWINGS

The Group's borrowings as at 31 December 2013 are as follows:-

		RM '000
Short term borrowings		
- Unsecured	<i>Note 1</i>	-
- Secured	<i>Note 2</i>	-
Total		- *

All borrowings are denominated in Ringgit Malaysia.

* The Group's borrowings were fully settled during the current quarter.

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.

Note 2 : Bio Osmo Bhd has secured the consent from Messrs Bank Kerjasama Rakyat Malaysia Bhd, its secure lender, to a reduced final settlement sum of RM 18,000,000 secured loan by way of proceeds from private placement exercise. The secured loan has been written down to RM 18,000,000 after recognising the differential sum of approximately RM 2,537,000 arising from the settlement amount of secured loan as waiver of debt.

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B10. MATERIAL LITIGATION

(a) **Amshore Holdings Sdn. Bhd. (“AHSB”) vs Ong Chong Yong (trading under the name and style of “Century Machinery”); and**

(b) **Morning Valley Sdn. Bhd. vs AQRS The Building Company Sdn. Bhd.**

The legal counsels of both cases have advised the Group that in view of the lengthy legal proceedings and the apparent complexity of the cases, it is to the best interest for the Group to stop pursuing the suits against the parties. After due considerations, the Group has decided to terminate all legal works with immediate effect.

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.

B14. EARNING/(LOSS) PER SHARE (“EPS/(LPS)“)

	3 months ended		18 months ended	
	31.12.13	31.12.12	31.12.13	31.12.12
Net loss attributable to Owners of the Company (RM '000)	(16,623)	(1,132)	(19,164)	(12,375)
Number of ordinary shares in issue ('000)	257,416	200,000	209,622	200,000
Basic EPS/(LPS) (sen)	(6.46)	(0.57)	(9.14)	(6.19)
Diluted EPS/(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 a resolution of the Directors on 28 February 2014.