

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2015

RM'000	3 months ended		9 months ended	
	30.09.15 (Unaudited)	30.09.14 (Unaudited)	30.09.15 (Unaudited)	30.09.14 (Unaudited)
Revenue	1,521	497	5,986	1,532
Other income	1,791	(19)	2,428	-
Operating expenses	(3,517)	(1,907)	(10,437)	(7,764)
Operating loss before tax	(205)	(1,429)	(2,023)	(6,232)
Taxation	-	-	-	-
Net loss after tax	(205)	(1,429)	(2,023)	(6,232)
Total comprehensive expense for the period	(205)	(1,429)	(2,023)	(6,232)
Loss attributable to:				
Owners of the Company	(111)	(1,371)	(1,860)	(6,046)
Non-controlling interest	(94)	(58)	(163)	(186)
	(205)	(1,429)	(2,023)	(6,232)
Total comprehensive expense attributable to:				
Owners of the Company	(111)	(1,371)	(1,860)	(6,046)
Non-controlling interest	(94)	(58)	(163)	(186)
	(205)	(1,429)	(2,023)	(6,232)
Loss per share attributable to Owners of the Company (sen):-				
Basic	(0.02)	(0.29)	(0.37)	(1.38)
Fully diluted*	(0.02)	(0.29)	(0.37)	(1.38)

* The diluted loss per share of the Group is equivalent to the basic loss per share as the diluted loss per share has anti-dilutive effect.

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and 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 SEPTEMBER 2015

RM'000	As at 30.09.15 (Unaudited)	As at 31.12.14 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	26,998	28,540
	<u>26,998</u>	<u>28,540</u>
Current assets		
Inventories	495	799
Trade receivables	1,537	3,267
Other receivables, deposits and prepayments	1,661	1,310
Tax recoverable	55	55
Fixed deposits with licensed bank	365	357
Cash on hand and at banks	2,264	1,261
Asset classified as held for sale	-	1,491
	<u>6,377</u>	<u>8,540</u>
TOTAL ASSETS	<u><u>33,375</u></u>	<u><u>37,080</u></u>
EQUITY AND LIABILITIES		
Share capital	99,732	99,732
Accumulated losses	(72,883)	(71,023)
Other reserves	2,381	2,381
Equity attributable to Owners of the Company	<u>29,230</u>	<u>31,090</u>
Non-controlling interest	(880)	(717)
TOTAL EQUITY	<u><u>28,350</u></u>	<u><u>30,373</u></u>
Current liabilities		
Trade payables	654	2,976
Other payables and accruals	4,371	3,731
TOTAL LIABILITIES	<u><u>5,025</u></u>	<u><u>6,707</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>33,375</u></u>	<u><u>37,080</u></u>
Net assets per share attributable to owners of the Company (RM)	<u><u>0.0586</u></u>	<u><u>0.0623</u></u>

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015

	<----- Attributable to Owners of the Company ----->					Total	Non- controlling Interest	Total Equity
	Share Capital	Distributable Accumulated losses	<----- Non-Distributable ----->		Warrants Reserve			
	RM '000	RM '000	Share Premium	ICPS		RM '000	RM '000	RM '000
Balance as of 1 Jan 2015	99,732	(71,023)	288	-	2,093	31,090	(717)	30,373
Total comprehensive expense for the period	-	(1,860)	-	-	-	(1,860)	(163)	(2,023)
Balance as of 30 September 2015	<u>99,732</u>	<u>(72,883)</u>	288	-	2,093	<u>29,230</u>	<u>(880)</u>	<u>28,350</u>
Balance as of 1 Jan 2014	71,072	(50,896)	2,853	19,613	2,093	44,735	(316)	44,419
Conversion of ICPS	20,000	-	-	(19,613)	-	387	-	387
Issuance of shares	5,360	-	-	-	-	5,360	-	5,360
Shares issuance expenses	-	-	(2,205)	-	-	(2,205)	-	(2,205)
Total comprehensive expense for the period	-	(6,046)	-	-	-	(6,046)	(186)	(6,232)
Balance as of 30 September 2014	<u>96,432</u>	<u>(56,942)</u>	648	-	2,093	<u>42,231</u>	<u>(502)</u>	<u>41,729</u>

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015

RM'000	9 months ended	
	30.09.15	30.09.14
	(Unaudited)	(Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss before taxation	(2,023)	(6,232)
Adjustments for:		
Deposits written off	28	-
Depreciation of property, plant and equipment	1,721	2,527
Gain on disposal of property, plant and equipment	(1,516)	-
Write back impairment on trade receivables	(460)	-
Interest income	(9)	(11)
Unrealised (gain)/loss on foreign currency exchange	(259)	54
Operating loss before working capital changes	(2,518)	(3,662)
Decrease in inventories	304	153
Decrease/(increase) in receivables	1,811	(646)
Decrease in payables	(1,682)	(480)
Cash absorbed by from operations	(2,085)	(4,635)
Interest received	1	2
Net cash used in operating activities	(2,084)	(4,633)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(184)	(122)
Proceeds from disposal of property, plant and equipment	3,012	6
Net cash from investing activities	2,828	(116)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	5,360
Shares issuance expenses paid	-	(2,205)
Net cash from financing activities	-	3,155
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	744	(1,594)
EFFECT OF EXCHANGE RATE CHANGES	259	(54)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,261	2,277
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,264	629
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE:		
Cash and bank balances	2,264	629
Fixed deposit with licensed banks	365	354
	2,629	983
Less : Fixed deposit pledged to licensed banks	(365)	(354)
	2,264	629

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

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NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE PERIOD ENDED 30 SEPTEMBER 2015.

A1. BASIS OF PREPARATION

This condensed consolidated interim financial statements (Condensed Report), other than for financial instruments, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance to Malaysian Financial Reporting Standard (MFRS) 139 Financial Instruments: Recognition and Measurement.

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 should be read in conjunction with the audited financial statements for the financial period ended 31 December 2014. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

A2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial period ended 31 December 2014, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2015.

Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2015.

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle	
Annual Improvements to MFRSs 2011 - 2013 Cycle	

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards, Amendments and Annual Improvements to Standards were 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 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure Initiative
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Standards issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 January 2016 (cont'd)

Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Property, plant and equipment - Agriculture: Bearer Plants
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Annual Improvements to MFRSs 2012 - 2014 Cycle	

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in July 2014)
MFRS 15	Revenue from Contracts with Customers

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statements on the above pronouncements other than for the two Standards described below, for which the effects are still being assessed:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and establishes a new five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

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A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding financial period's 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 9 months ended 30 June 2015 under review.

A6. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current quarter and 9 months ended 30 September 2015.

A7. 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 9 months ended 30 September 2015.

A8. DIVIDEND PAID

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

A9. SEGMENTAL INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segment separately for the purpose of making decision about resource allocation and performance assessment.

(a) Business segment

The principal activities of the Group are those engaged in business of processing, manufacturing and selling drinking water which are substantially within a single business segment. As such, segmental reporting by business segment is deemed not necessary.

(b) Other segment

No other segmental information such as geographical segment, segment assets, segment liabilities and segment results is presented as the Group is principally involved in the manufacturing industry and operates from Malaysia only.

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A9. SEGMENTAL INFORMATION (CONT'D)

(c) Major customers

Revenue from major customers with revenue equal or more than 10% of the Group revenue are as follows:

	3 months ended		9 months ended	
	30.09.15	30.09.14	30.09.15	30.09.14
Major customers				
- Customer A	-	-	1,187	-
- Customer B	-	-	953	-
- Customer C	-	-	504	-
- Customer D	486	16	1,062	81
- Customer E	-	154	66	499
- Customer F	-	52	-	117
- Customer G	158	-	158	-

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluation of property, plant and equipment during the quarter and 9 months ended 30 September 2015.

A11. EVENTS AFTER THE REPORTING PERIOD

There was no material event subsequent to the end of the reporting period.

A12. RELATED PARTY TRANSACTION

There were no material related party transaction during the quarter and 9 months ended 30 September 2015.

A13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter and 9 months ended 30 September 2015.

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 RM1.521 million compared with RM0.497 million during the corresponding period last year. The improvement in Group's revenue was primary due to the recovery of sales of the bottled drinking water.

Nonetheless, the production level was still below the optimum level to achieve profitability. As such, the Group still incurred an operating loss during the current quarter. After taking into consideration of the RM1.504 million gain on disposal of a property, the Group recorded a loss after tax of RM0.205 million.

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

For the current quarter under review, the Group reported 61% increase in revenue to RM1.521 million, compared with RM0.947 million recorded during the immediate preceding quarter. Higher revenue was a result of improvement in sales volume of the bottled drinking water, as well as trading activities of other beverage products. Nonetheless, the Group continued with a loss after tax of RM0.205 million during the quarter, against loss after taxation of RM0.842 million during the immediate preceding quarter.

B3. CURRENT PROSPECTS

Since the last quarter of 2014, the Group has seen a gradual recovery in the sales activities. The management is confident that the trend will prevail in the current financial year. With continued efforts from all parties, the management is hopeful to see positive contributions in the foreseeable future. However, the Board remains cautious of the Malaysian economic conditions, as well as competitions amongst the major bottled drinking water players in the country. The Group will continue to focus on its sales to Singapore and to explore other new overseas markets to mitigate these factors.

In order to reduce the Group's dependence on its existing business, the Board has recently announced its intention to venture into hospitality and hotel management business. The proposal has been submitted to Bursa Malaysia for approval. It is hoped that once the exercise completes, the Group will see additional contributions from this new business operation.

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		9 months ended	
	30.09.15	30.09.14	30.09.15	30.09.14
Deposits written off	-	-	28	-
Depreciation of property, plant and equipment	574	845	1,721	2,527
(Gain)/loss on foreign currency exchange:				
- unrealised	(138)	26	(259)	54
- realised	(65)	2	(91)	2
Gain on disposal of property, plant and equipment	(1,504)	-	(1,516)	-
Interest income	(3)	(3)	(9)	(11)
Write back impairment on trade receivables	-	-	(460)	-

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

There is no tax expense as the Group is in a tax loss position.

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% of the estimated assessable profit for the financial period. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current financial period's rate of 25% with effect from year of assessment of 2016.

B7. ACCUMULATED LOSSES

RM '000	As at	As at
	30.09.15	31.12.14
Realised	(109,707)	(107,469)
Unrealised	(1,834)	(2,046)
	(111,541)	(109,515)
Consolidation adjustments	38,658	38,492
Total accumulated losses	(72,883)	(71,023)

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B8. CORPORATE PROPOSAL

The Company has on 15 September 2015 announced to undertake the following proposals:

- (i) Proposed reduction of the Company's issued and paid-up share capital via cancellation of RM0.15 from the par value of each existing ordinary share of RM0.20 each in the Company pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction");
- (ii) Proposed subscription by the Company of new ordinary shares in Intra Magnum Sdn. Bhd. ("IMSB") representing 75% of the enlarged issued and paid-up share capital in IMSB ("Proposed Subscription");
- (iii) Proposed placement of new shares representing up to 45% of the issued and paid-up share capital of the Company ("Proposed Placement");
- (iv) Proposed diversification of the existing core business of the Group to include the business of Management and Operation of Hotels and Resorts, Property Investment and Hotel Development ("Proposed Diversifications"); and
- (v) Proposed amendments to the Memorandum and Articles of Association ("M&A") of the Company to amend the par value of the existing ordinary shares ("Proposed Amendments")

AmInvestment Bank Berhad, on behalf of the Company, has on 13 November 2015 submitted the above-mentioned proposals to Bursa Securities to seek for approval.

The Proposed Disposal of Properties by Amshore Holdings Sdn Bhd (Amshore), a wholly owned subsidiary of the Company (the Proposed Disposal) which was initially announced on 2 September 2014, has been completed upon the presentation of the registration of titles to Pejabat Tanah and Galian Johor by the Purchaser, BTL Element Sdn. Bhd. on 13 September 2015.

B9. GROUP BORROWINGS

The Group did not have any borrowings as at the end of the reporting period.

B10. STATUS OF UTILISATION OF PROCEEDS

The proceeds from the Private Placement issue of RM8.66 million (43,300,000 ordinary shares of RM0.20 each), completed on 14 October 2014, are to be utilised as follows:

Purpose	Proposed utilisation as per announcement dated 4 March 2014	Actual utilisation as at 30/09/15	Intended timeframe for utilisation	Balance unutilised	
	RM'000	RM'000		RM'000	%
Working capital					
- purchase of raw material	4,600	4,600	Within 12 months	-	0
- Salary and administrative expenses	2,000	2,000	Within 12 months	-	0
- Maintenance of existing plant and machinery	2,000	970	Within 24 months	1,030	51.5
- Estimated expenses in relation to proposed private placement	60	60	Within 1 month	-	0
TOTAL	8,660	7,630		1,030	11.89

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B11. MATERIAL LITIGATION

The Group did not have any material litigation as at the end of the reporting period.

B12. DERIVATIVE FINANCIAL INSTRUMENT

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

B13. 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 a material impact to the financial statement under review.

B14. DIVIDEND PAYABLE

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

B15. LOSS PER SHARE ("LPS")

	3 months ended		9 months ended	
	30.09.15	30.09.14	30.09.15	30.09.14
Net loss attributable to Owners of the Company (RM '000)	(111)	(1,371)	(1,860)	(6,046)
Number of ordinary shares in issue ('000)	498,660	477,867	498,660	436,741
Basic LPS (sen)	(0.02)	(0.29)	(0.37)	(1.38)
Diluted LPS (sen)	(0.02)	(0.29)	(0.37)	(1.38)

B16. 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 24 November 2015.