

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND 3 MONTHS ENDED 30 SEPT 2016

RM'000	3 months ended		3 months ended	
	30.09.16 (Unaudited)	30.09.15 (Unaudited)	30.09.16 (Unaudited)	30.09.15 (Unaudited)
Revenue	1,246	1,521	1,246	1,521
Other income	18	1,791	18	1,791
Operating expenses	(2,285)	(3,517)	(2,285)	(3,517)
Operating loss before tax	<u>(1,021)</u>	<u>(205)</u>	<u>(1,021)</u>	<u>(205)</u>
Taxation	-	-	-	-
Net loss after tax	<u>(1,021)</u>	<u>(205)</u>	<u>(1,021)</u>	<u>(205)</u>
Total comprehensive expense for the period	<u>(1,021)</u>	<u>(205)</u>	<u>(1,021)</u>	<u>(205)</u>
Loss attributable to:				
Owners of the Company	(972)	(111)	(972)	(111)
Non-controlling interest	(49)	(94)	(49)	(94)
	<u>(1,021)</u>	<u>(205)</u>	<u>(1,021)</u>	<u>(205)</u>
Total comprehensive expense attributable to:				
Owners of the Company	(972)	(111)	(972)	(111)
Non-controlling interest	(49)	(94)	(49)	(94)
	<u>(1,021)</u>	<u>(205)</u>	<u>(1,021)</u>	<u>(205)</u>
Loss per share attributable to Owners of the Company (sen):-				
Basic	(0.19)	(0.02)	(0.19)	(0.02)
Fully diluted*	<u>(0.19)</u>	<u>(0.02)</u>	<u>(0.19)</u>	<u>(0.02)</u>

* 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 period ended 30 June 2016 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 SEPT 2016

RM'000	As at 30.09.16 (Unaudited)	As at 30.06.16 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	12,811	13,903
	<u>12,811</u>	<u>13,903</u>
Current assets		
Inventories	457	411
Trade receivables	705	848
Other receivables, deposits and prepayments	983	962
Tax recoverable	-	55
Fixed deposits with licensed bank	306	368
Cash on hand and at banks	137	625
Asset classified as held for sale	11,540	10,702
	<u>14,128</u>	<u>13,971</u>
TOTAL ASSETS	<u>26,939</u>	<u>27,874</u>
EQUITY AND LIABILITIES		
Share capital	24,933	24,933
Accumulated losses	(3,995)	(3,242)
Other reserves	2,381	2,381
Equity attributable to Owners of the Company	<u>23,319</u>	<u>24,072</u>
Non-controlling interest	(1,152)	(1,103)
TOTAL EQUITY	<u>22,167</u>	<u>22,969</u>
Current liabilities		
Trade payables	252	509
Other payables and accruals	4,520	4,396
TOTAL LIABILITIES	<u>4,772</u>	<u>4,905</u>
TOTAL EQUITY AND LIABILITIES	<u>26,939</u>	<u>27,874</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.0468</u>	<u>0.0483</u>

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2016 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 3 MONTHS ENDED 30 SEPT 2016

	----- 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	Warrants Reserve RM '000			
Balance as of 1 July 2016	24,933	(3,023)	288	2,093	24,291	(1,103)	23,188
Total comprehensive expense for the period	-	(972)	-	-	(972)	(49)	(1,021)
Balance as of 30 Sept 2016	<u>24,933</u>	<u>(3,995)</u>	<u>288</u>	<u>2,093</u>	<u>23,319</u>	<u>(1,152)</u>	<u>22,167</u>
<hr/>							
Balance as of 1 July 2015	99,732	(72,772)	288	2,093	29,341	(786)	28,555
Total comprehensive expense for the period	-	(111)	-	-	(111)	(94)	(205)
Balance as of 30 Sept 2015	<u>99,732</u>	<u>(72,883)</u>	<u>288</u>	<u>2,093</u>	<u>29,230</u>	<u>(880)</u>	<u>28,350</u>

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2016 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 3 MONTHS ENDED 30 SEPT 2016

RM'000	3 months ended	
	30.09.16	30.09.15
	(Unaudited)	(Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss before taxation	(1,021)	(205)
Adjustments for:		
Depreciation of property, plant and equipment	559	573
Gain on disposal of property, plant and equipment	-	(1,509)
Interest income	-	(3)
Unrealised gain on foreign currency exchange	(7)	(138)
Operating loss before working capital changes	(469)	(1,282)
(Increase)/Decrease in inventories	(46)	85
Decrease in receivables	175	1,092
(Decrease) in payables	(131)	(1,545)
Cash absorbed by from operations	(471)	(1,650)
Interest received	-	1
Net cash used in operating activities	(471)	(1,649)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23)	(35)
Proceeds from disposal of property, plant and equipment	-	3,000
Net cash (used in)/from investing activities	(23)	2,965
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash from financing activities	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(494)	1,316
EFFECT OF EXCHANGE RATE CHANGES	7	138
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	625	810
CASH AND CASH EQUIVALENTS AT END OF PERIOD	138	2,264
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE:		
Cash and bank balances	137	2,264
Fixed deposit with licensed banks	306	365
	443	2,629
Less : Fixed deposit pledged to licensed banks	(306)	(365)
	137	2,264

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial period ended 30 June 2016 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 QUARTER AND 3 MONTHS ENDED 30 SEPT 2016.

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 Berthed.

This Condensed Report should be read in conjunction with the audited financial statements for the financial period ended 30 June 2016. 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 period ended 30 June 2016.

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 30 June 2016.

Adoption of Amendments to Standards and IC Interpretations

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 3 months ended 30 September 2016 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 30 September 2016.

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 ended 30 September 2016.

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		3 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
Major customers				
- Customer A	303	486	303	486
- Customer B	280	-	280	-
- Customer C	138	111	138	111
- Customer D	100	-	100	-
- Customer E	65	158	65	158
- Customer F	54	-	54	-
- Customer G	47	-	47	-
- Customer H	40	-	40	-

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluation of property, plant and equipment during the quarter and 3 months ended 30 Sept 2016.

A11. EVENTS AFTER THE REPORTING PERIOD

There was no material event subsequent to the end of the reporting period, other than as disclosed in Note B8 of the Notes to the Quarterly Report.

A12. RELATED PARTY TRANSACTION

There were no material related party transaction during the quarter and 3 months ended 30 September 2016.

A13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter ended 30 September 2016.

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 RM1.246 million compared with RM1.521 million during the corresponding period last year, the 18.1% decrease in revenue was due primarily to some slowdown in the sales of bottled drinking water. As a result, net loss after tax declined further to RM1.021 million versus RM0.205 million previously.

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

The revenue recorded during the current quarter under review of RM1.246 million was 32.0% lower than the immediate preceding quarter of RM1.832 million. Nonetheless, the net loss after tax of RM1.021 million was significantly less than the RM2.811 million recorded earlier. We attributed mainly to the absence of impairments which occurred during the previous quarter.

B3. CURRENT PROSPECTS

The Group has completed the acquisition of a 75% equity stake in Intra Magnum SD Bud in October 2016, hence we are anticipating healthy contributions in both revenue and earnings starting from the Second Quarter of the current financial year. This augurs well for the imminent transformation of the Group's earnings base into the hospitality industry.

Nonetheless, we still remain focused on our bottled drinking water business, where we will continue to nurture the growth potential via aggressively marketing our products to existing and new customers, in particular in the southern region and Singapore. At the same time, we will gradually begin to supply our products to the hotel network managed by Intra Magnum. This cross-selling effort will further boost the Group's profitability in the 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		3 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
Deposits written off	-	28	-	28
Depreciation of property, plant and equipment	555	573	559	573
(Gain)/loss on foreign currency exchange:				
- unrealised	(7)	(138)	(7)	(138)
- realised	-	-	-	-
plant and equipment	-	-	-	(12)
Interest income	-	(3)	-	(3)

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

B6. TAXATION

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

B7. ACCUMULATED LOSSES

RM '000	As at	As at
	30.09.16	31.06.16
Realised	(80,699)	(41,417)
Unrealised	(2,086)	(1,966)
	(82,785)	(43,383)
Consolidation adjustments	78,790	40,141
Total accumulated losses	(3,995)	(3,242)

B8. CORPORATE PROPOSAL

On 26 October 2016, Am Investment Bank had, on behalf of the Board announced that the proposed placements has been completed following the listing of an quotation 224,397,000 placement shares at RM0.05 per share.

B9. GROUP BORROWINGS

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

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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 30/09/16	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	2,000	Within 24 months	-	0
- Estimated expenses in relation to proposed private placement	60	60	Within 1 month	-	0
TOTAL	8,660	8,660		-	0.00

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.

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B15. LOSS PER SHARE ("LPS")

	3 months ended		3 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
Net loss attributable to Owners of the Company (RM '000)	(972)	(111)	(972)	(111)
Number of ordinary shares in issue ('000)	498,660	498,660	498,660	498,660
Basic LPS (sen)	(0.19)	(0.02)	(0.19)	(0.02)
Diluted LPS (sen)	(0.19)	(0.02)	(0.19)	(0.02)

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 30 November 2016.