

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 31 MARCH 2017

RM'000	3 months ended		9 months ended	
	31.03.17 (Unaudited)	31.03.16 (Unaudited)	31.03.17 (Unaudited)	31.03.16 (Unaudited)
Revenue	2,382	1,322	6,324	4,337
Other income	7	(14)	619	1,710
Operating expenses	(5,662)	(2,119)	(12,433)	(8,822)
Operating loss before tax	<u>(3,273)</u>	<u>(811)</u>	<u>(5,490)</u>	<u>(2,775)</u>
Taxation	(106)	-	(293)	-
Net loss after tax	<u>(3,379)</u>	<u>(811)</u>	<u>(5,783)</u>	<u>(2,775)</u>
Total comprehensive expense for the period	<u>(3,379)</u>	<u>(811)</u>	<u>(5,783)</u>	<u>(2,775)</u>
(Loss)/profit attributable to:				
Owners of the Company	(3,385)	(749)	(5,737)	(2,519)
Non-controlling interest	6	(62)	(46)	(256)
	<u>(3,379)</u>	<u>(811)</u>	<u>(5,783)</u>	<u>(2,775)</u>
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(3,385)	(749)	(5,737)	(2,519)
Non-controlling interest	6	(62)	(46)	(256)
	<u>(3,379)</u>	<u>(811)</u>	<u>(5,783)</u>	<u>(2,775)</u>
Loss per share attributable to Owners of the Company (sen):-				
Basic	(0.47)	(0.15)	(0.91)	(0.51)
Fully diluted*	<u>(0.47)</u>	<u>(0.15)</u>	<u>(0.91)</u>	<u>(0.51)</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 year 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 31 MARCH 2017

RM'000	As at 31.03.17 (Unaudited)	As at 30.06.16 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	27,811	13,346
Intangible assets	12,650	-
	<u>40,461</u>	<u>13,346</u>
Current assets		
Inventories	523	411
Trade receivables	3,281	848
Other receivables, deposits and prepayments	5,269	960
Tax recoverable	55	55
Fixed deposits with licensed bank	306	306
Cash on hand and at banks	142	625
Asset classified as held for sale	-	11,540
	<u>9,576</u>	<u>14,745</u>
TOTAL ASSETS	<u><u>50,037</u></u>	<u><u>28,091</u></u>
EQUITY AND LIABILITIES		
Share capital	36,153	24,933
Accumulated losses	(6,667)	(3,023)
Other reserves	288	2,381
Equity attributable to Owners of the Company	<u>29,774</u>	<u>24,291</u>
Non-controlling interest	5,132	(1,103)
TOTAL EQUITY	<u><u>34,906</u></u>	<u><u>23,188</u></u>
Current liabilities		
Trade payables	1,405	509
Other payables and accruals	13,367	4,394
Tax payable	359	-
TOTAL LIABILITIES	<u><u>15,131</u></u>	<u><u>4,903</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>50,037</u></u>	<u><u>28,091</u></u>
Net assets per share attributable to owners of the Company (RM)	<u><u>0.04</u></u>	<u><u>0.05</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 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 9 MONTHS ENDED 31 MARCH 2017

	<----- Attributable to Owners of the Company ----->				Total	Non- controlling Interest	Total Equity
	Share Capital	Distributable	<----- Non-Distributable ----->				
		Accumulated losses	Share Premium	Warrants Reserve			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as of 1 July 2016	24,933	(3,023)	288	2,093	24,291	(1,103)	23,188
Issuance of shares	11,220	-	-	-	11,220	-	11,220
Acquisition of subsidiary	-	-	-	-	-	6,281	6,281
Warrants expiry	-	2,093	-	(2,093)	-	-	-
Total comprehensive expense for the period	-	(5,737)	-	-	(5,737)	(46)	(5,783)
Balance as of 31 March 2017	36,153	(6,667)	288	-	29,774	5,132	34,906
<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	-	(2,519)	-	-	(2,519)	(256)	(2,775)
Balance as of 31 March 2016	99,732	(75,291)	288	2,093	26,822	(1,042)	25,780

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year 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 9 MONTHS ENDED 31 MARCH 2017

RM'000	9 months ended	
	31.03.17	31.03.16
	(Unaudited)	(Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss before taxation	(5,490)	(2,775)
Adjustments for:		
Deposits written off	-	19
Depreciation of property, plant and equipment	1,431	1,726
Gain on disposal of property, plant and equipment	(460)	(1,504)
Interest income	(21)	(5)
Negative goodwill on consolidation	(93)	-
Unrealised gain on foreign currency exchange	-	(32)
Operating loss before working capital changes	(4,633)	(2,571)
(Increase)/decrease in inventories	(112)	48
(Increase)/decrease in receivables	(5,586)	2,053
Increase/(decrease) in payables	2,880	(2,286)
Cash absorbed by from operations	(7,451)	(2,756)
Income tax paid	(6)	-
Net cash used in operating activities	(7,457)	(2,756)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,396)	(110)
Proceeds from disposal of property, plant and equipment	12,000	3,000
Cash outflow on acquisition of a subsidiary company	(12,850)	-
Net cash (used in)/from investing activities	(4,246)	2,890
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	11,220	-
Net cash from financing activities	11,220	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(483)	134
EFFECT OF EXCHANGE RATE CHANGES	-	32
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	625	810
CASH AND CASH EQUIVALENTS AT END OF PERIOD	142	976
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE:		
Cash and bank balances	142	976
Fixed deposit with licensed banks	306	368
	448	1,344
Less : Fixed deposit pledged to licensed banks	(306)	(368)
	142	976

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year 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 18 MONTHS ENDED 30 JUNE 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 Berhad.

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 year 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

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

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

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A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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:

Standards issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107	Statement of Cash Flows - Disclosure Initiative
Amendments to MFRS 112	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvements to MFRSs 2014 - 2016 Cycle)

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 2	Share-based Payment - Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Investment Property - Transfers of Investment Property
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRSs 2014 - 2016 Cycle)
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRSs 2014 - 2016 Cycle)
IC Interpretations 22	Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
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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 described below, for which the effects are still being assessed:

Amendments to MFRS 107 Statement of Cash Flows - Disclosure Initiative

These amendments to MFRS 107 Statement of Cash Flows require the entity to disclose a reconciliation between the opening and closing balances for liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow changes. The adoption of these amendments affects only the disclosure notes to the financial statements and has no financial impact on the Group's financial statements.

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.

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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 31 March 2017 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 31 March 2017.

A7. ISSUANCES, CANCELLATIONS, REPURCHASES, RE SALE 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 31 March 2017 other than issuance of 224,397,000 new ordinary shares at RM 0.05 each to three individual subscribers under the Private Placement arrangement on 26 October 2016.

A8. DIVIDEND PAID

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

A9. SEGMENTAL INFORMATION

MFRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the top management and the Board of Directors.

The Group is focused in 2 areas of activities, bottled drinking water business and hospitality business. The new hospitality business includes businesses of management and operation of hotels and resorts, property investment and hotel development.

<u>Segment revenue and results</u>	3 months ended		9 months ended	
	31.03.17	31.03.16	31.03.17	31.03.16
RM '000				
Revenue				
- Bottled water	884	1,322	4,267	4,337
- Hospitality (post acquisition result since 28 October 2016)	1,498	-	2,057	-
	<u>2,382</u>	<u>1,322</u>	<u>6,324</u>	<u>4,337</u>
Operating (loss)/profit after tax				
- Bottled water	(2,687)	(811)	(4,753)	(2,775)
- Hospitality (post acquisition result since 28 October 2016)	572	-	937	-
- other unallocated expenses	(1,264)	-	(1,967)	-
	<u>(3,379)</u>	<u>(811)</u>	<u>(5,783)</u>	<u>(2,775)</u>

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A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluation of property, plant and equipment during the quarter and 9 months ended 31 March 2017.

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 9 months ended 31 March 2017.

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 31 March 2017, other than the Group subscribed 75% equity interest in Intra Magnum Sdn Bhd ("IMSB") and hence, IMSB became a subsidiary of the Group.

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 RM2.382 million versus RM1.322 million recorded in the Third Quarter of the previous financial year, an improvement of 80.2%. Net loss during the quarter increased to RM3.379 million, compared to RM0.811 million during the corresponding period last year which was mainly due to payment of professional and consultancy fees for corporate exercise.

The rise in revenue during the quarter was mainly attributable to the contribution from the new investment, Intra Magnum Sdn Bhd ("IMSB"), which recorded a revenue of RM1.498 million during the quarter under review. The balance was contributed from the sales of bottled drinking water.

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

For the current quarter under review, Group revenue decreased by 11.6% to RM2.382 million vis-à-vis RM2.696 million recorded during the preceding quarter, despite contribution from IMSB. The drop in revenue was a consequent to the lower bottled drinking water output due to capacity constraint following some breakdown in certain sections of the plant and machineries. Nonetheless, the situation is being rectified with the on-going upkeeping, services and maintenance efforts. Loss After Taxation was higher at RM3.379 million, compared to RM1.383 million previously due to the payments of professional and consultancy fees pertaining to the corporate exercise.

B3. CURRENT PROSPECTS

The repair and maintenance works on the plant and machineries which was embarked since early 2017 will continue into the rest of the financial year. It will also involve replacement of certain obsolete and unusable equipment. These improvements will ensure the readiness of the bottled drinking water factory to meet higher production volume.

With IMSB's positive contributions in both the revenue and profitability, the Board is confident that the hospitality segment will play a more significant role in the future and support overall growth path of the Group.

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	
	31.03.17	31.03.16	31.03.17	31.03.16
Deposits written off	-	19	-	19
Depreciation of property, plant and equipment	464	575	1,431	1,726
(Gain)/loss on foreign currency exchange:				
- unrealised	(18)	30	-	(32)
- realised	8	(13)	(20)	(78)
Gain on disposal of property, plant and equipment	-	-	(460)	(1,504)
Interest income	(8)	-	(21)	(5)

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		9 months ended	
	31.03.17	31.03.16	31.03.17	31.03.16
Income Tax				
- current period expense	106	-	293	-
	106	-	293	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial period.

B7. ACCUMULATED LOSSES

RM '000	As at	As at
	31.03.17	30.06.16
Realised	(46,828)	(41,198)
Unrealised	0	(1,966)
	(46,828)	(43,164)
Consolidation adjustments	40,161	40,141
Total accumulated losses	(6,667)	(3,023)

B8. CORPORATE PROPOSAL

The Company has on 29 March 2017 announced that the Company proposes to implement a private placement of up to 10% of the share capital of the Company. On 18 May 2017, Bursa has approved the listing of and quotation for up to 72,305,700 new ordinary shares in the Company. The private placement is expected to be completed in the next quarter.

B9. GROUP BORROWINGS

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

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B10. MATERIAL LITIGATION

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

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 a 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. LOSS PER SHARE ("LPS")

	3 months ended		9 months ended	
	31.03.17	31.03.16	31.03.17	31.03.16
Net loss attributable to Owners of the Company (RM '000)	(3,385)	(749)	(5,737)	(2,519)
Number of ordinary shares in issue ('000)	723,057	498,660	627,238	498,660
Basic LPS (sen)	(0.47)	(0.15)	(0.91)	(0.51)
Diluted LPS (sen)	(0.47)	(0.15)	(0.91)	(0.51)

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 31 May 2017.