BIO OSMO BERHAD

ANNUAL REPORT 2014

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Corporate Information

Board Of Directors

- En Shahrizal Hisham bin Abdul Halim[1]
  Executive Director
- Mr Yang Chin Kar[2]
  Executive Director/Deputy Chief Executive Officer
- Mr Wong Kok Seong
  Independent Non-Executive Director
- En Auzir Bin Mohd Yaacob
  Independent Non-Executive Director
- Prof. Dr. Mohd Amy Azhar bin Hj. Mohd Harif[3]
  Independent Non-Executive Director
- Mr Lee Choong Choy[4]
  Alternate Director to Yang Chin Kar/Deputy Chief Operating Officer

Note:-

[1] *Appointed as Executive Director on 1 March 2014.*

[2] *Resigned as Executive Director and Deputy Chief Executive Officer on 28 February 2014.*

[3] *Re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 12 February 2014.*

[4] *Resigned as Alternate Director to Executive Director and Deputy Chief Operating Officer on 28 February 2014*

Audit Committee

Chairman
Mr Wong Kok Seong

Member
En Auzir Bin Mohd Yaacob
Prof. Dr. Mohd Amy Azhar bin Hj. Mohd Harif

Nomination Committee

Chairman
Mr Wong Kok Seong

Member
En Auzir Bin Mohd Yaacob

Remuneration Committee

Chairman
Mr Wong Kok Seong

Member
En Auzir Bin Mohd Yaacob

Company Secretary

Ms Siew Suet Wei
MAICSA No. 7011254

Ms Khoo Wei Lee
MAICSA No. 7063165

Registered Office

5-9A The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Federal Territory
Tel: +603 2282 6331
Fax: +603 2201 9331

Auditor

Baker Tilly Monteiro Heng (AF 0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: +603-2297 1000
Fax: +603-2282 9980

Share Registrar

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor.
Tel: +603 7841 8000
Fax: +603 7841 8151

Principal Bankers

CIMB Bank Berhad
Malayan Banking Berhad

Solicitors

Mathews Hun Lachimanan
Advocates & Solicitors
10-3, 3rd Mile Square
151, 3rd Mile, Jalan Kelang Lama
58100 Kuala Lumpur
Tel: +603 7988 1000
Fax: +603 7984 1000

Stock Exchange Listing

Main Market of the Bursa Malaysia Securities Berhad
Stock Code: 7243

Website

www.bioosmobhd.com

BIO OSMO BERHAD

Morning Valley Sdn Bhd
Investment holding Company
100%

Amshore Vista Sdn Bhd
Trading and distribution of beverages and related consumer products
100%

Al Maurid Oil & Gas Sdn Bhd
Dormant
100%

Amshore Holdings Sdn Bhd
Process, manufacture and distribute of drinking water and other beverages
100%

Amshore KL Sdn Bhd
Process, manufacture and distribute of drinking bottled water
66%

Board of Directors' Profile

Shahrizal Hisham Bin Abdul Halim

• Malaysian, aged 47 • Executive Director

En Shahrizal Hisham was appointed to the Board of Bio Osmo Bhd on 1 March 2014. He graduated with a Bachelor of Law (Honours) from The University of Wolverhampton in United Kingdom. He began his legal practise with Messrs Sri Ram, Advocate & Solicitors. Subsequently he joint another legal firm, Lawrence Hisham & Co., Advocates & Solicitors as a partner. He specialises in company and corporate matters and was actively involved in legal advice and corporate consulting works with several large companies with businesses in the oil and gas and telecommunication industries, some of which are listed on Bursa Malaysia.

Prior to embarking on legal practice, he was attached to D & C Sakura Merchant Bankers Berhad as an officer in the Corporate Banking Department from year 1993 to 1995.

En Shahrizal has attended all six (6) Board Meetings held since his appointment from 1 March 2014 to the financial year ended 31 December 2014. He is a director and shareholder of Al Maurid Resources Sdn Bhd, a substantial shareholder of the Company. He has no conflict of interest with the Company or any conviction for any offences within the past 10 years.

Wong Kok Seong

Malaysian, aged 46 • Independent Non-Executive Director
Chairman of Audit Committee
Chairman of Remuneration Committee
Chairman of Nomination Committee

Mr. Wong was appointed to the Board of Bio Osmo Bhd on 16 July 2007. He is a Chartered Accountant and holds a Masters of Business Administration from Open University, United Kingdom. He is a member of the Malaysian Institute of accountants (MIA) and also a Fellow Member of the Association of Chartered Certified Accountants (ACCA).

Having spent 15 years in the United Kingdom, Mr. Wong has gained extensive exposure with a United Kingdom accounting firm, Appleby & Wood, where he was a Partner from 1999 to 2005. His experience extended to multinational companies where he was appointed as Finance Director for a few of the companies. During his tenure there, he was responsible for the preparation of business plans, budgets and organisational financial statements. On his return to Malaysia in 2006 and upon obtaining his audit license, Mr. Wong joined an audit firm Messrs Hasnan THL Wong & Partners, and is currently its Managing Partner. He brings with him experience in external and internal auditing, financial accounting, management consultancy, taxation, due diligence and project financing and implementation.

Mr. Wong was also appointed as a director of Eti Tech Corporation Berhad, PNE PCB Berhad and MNC Wireless Berhad on 18 June 2014, 10 October 2014 and 8 April 2015 respectively.

Mr. Wong has attended all eight (8) Board Meetings held during the financial period ended 31 December 2014. He has no family relationship with any other Director and/or any other major shareholder of the Company and has no conflict of interest with the Company or any conviction for any offences within the past 10 years.

Auzir bin Mohd Yaacob
Malaysian, aged 63 • Independent Non-Executive Director
Member of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee

Prof. Dr.
Mohd Amy Azhar bin Haji Mohd Harif
Malaysian, aged 42 • Independent Non-Executive Director
Member of Audit Committee

En. Auzir was appointed to the Board of Bio Osmo Bhd on 16 July 2007. He holds a Diploma from the Chartered Institute of Marketing, United Kingdom, and a Masters of Business Administration from Universiti Utara Malaysia.

He began his career as an officer with the Federal Land Consolidation and Rehabilitation Authority Bhd (FELCRA) in 1972. During his tenure at FELCRA, he participated in numerous large-scale projects to improve the development of rural areas to assist rural communities. He was also involved in the implementation of marketing assistance activities of rubber products for the rural community in Slim River, Perak, and strategising of development and poverty reduction plans for the State of Perak. He left FELCRA in 1989 to join Perbadanan Nasional Bhd (PNS) until his resignation in September 2011.

En. Auzir has attended all eight (8) Board Meetings held during the financial year ended 31 December 2014. He has no family relationship with any other Director and/or any other major shareholder of the Company and has no conflict of interest with the Company or any conviction for any offences within the past 10 years.

Prof. Dr. Amy was appointed to the Board on 18 August 2011 as representative of Perbadanan National Berhad ("PNS"), a former substantial shareholder of the Company. He was re-designated as Independent Non-executive Director on 12 March 2014 upon PNS's cessation as a substantial shareholder of the Company.

He is a chartered Accountant and a member of the Malaysia Institute of Accountants. He is currently attached to the Faculty School of Economic, Finance and Banking, College of Business, University Utara Malaysia ("UUM") as Professor and he is the holder of Ph.D in Franchising and Financial Planning, Master in Business Administration (Management) and Bachelor in Accounting (Hons.).

Prof. Dr. Amy is highly regarded as franchise industry expert and Franchise Consultant. His extensive exposure in franchise industry involved research, consultation and presentation of papers relating to franchise, finance and entrepreneur locally and abroad. Prof. Dr. Amy was appointed by MECD as Committee member of National Franchise Master Plan, Master Franchise Product Development and Malaysia Franchise Advisory Board.

He has attended seven (7) out of eight (8) Board Meetings held during the financial year ended 31 December 2014. He has no family relationship with any directors or major shareholders of the Company, and has no conflict of interest with the Company. Within the last 10 years, he has not been convicted for any offence other than traffic offence.

Executive Director's Letter To The Shareholders

My fellow shareholders,

Once again, it gives me great pleasure to speak with you and to update you on the state of your Company during the last financial year.

For the financial year ended 31 December 2014, Bio Osmo Berhad registered a revenue of RM5.07 million, against RM15.86 million achieved during the preceding 18-month period. Although it is not an apples-to-apples comparison due to the extended 18 month financial year previously, we do not make any excuse for the drop of revenue. Nonetheless, I am pleased to inform you that for the fourth quarter, i.e. for the period from October to December 2014, the Company's revenue has shown significant improvements and achieved total revenue of RM3.54 million vis-à-vis the preceding previous three quarters, which only managed RM1.53 million in revenue. The surge towards the last quarter was primarily due to the Company's effort to regain customers' support, albeit coming a bit late. Taking a cue from this positive development, your Company is confident of maintaining the momentum going forward and strive for further improvements in the coming year.

Net loss for the year was RM20.53 million, after accounting for RM11.80 million in one-off non-cash adjustments. It consisted of property, plant and equipment impairment and impairment loss on certain trade receivables. Your Company took yet another bold decision to nurse the old wound, which was largely the legacy issue created long ago. Together with RM3.43 million of depreciation charges, total non-cash items contributing to the losses was RM15.21 million for the financial year.

During the financial year ended 31 December 2014, your Company issued a total of 43.30 million new ordinary shares through a private placement exercise at RM0.20 each, which raised a gross proceed of RM8.66 million. Coupled with the conversion of the 100.00 million Convertible Preference Shares (CPS) into 100.00 million new ordinary shares, the share capital of your Company has increased to RM99.73 million, represented by 498.66 million ordinary shares. To recap, the CPS was created in late-2013 to redeem all the outstanding Collateralised Loans Obligations issued in 2006. It was an integral part of the corporate exercise which saw your Company retiring the debt with Bank Kerjasama Rakyat Malaysia Berhad and various other trade and non-trade creditors.

In my previous year's letter to you, I mentioned to you that we were proposing a RM17.15 million purchase of a 49% stake in Kelantan-based F&B catering and hospitality services company, called Bayam Enterprise Sdn Bhd. Unfortunately, the deal was subsequently aborted on mutual consent. My fellow board members and I had to make that tough call, weighing the pros and cons, and taking into consideration the prevailing economic environment. Similarly, I believe our counterpart at Bayam had to also make the difficult decision. We would like to record our appreciation to them for being cordial and understanding throughout the process.

The termination of the Bayam deal has resulted in us re-examining our core competence. We will continue our quest to seek business prospects to complement our existing business. We should navigate the Company into areas where we can maximise the returns to shareholders. On that score, the board of directors and the management team have been working tirelessly and diligently to explore new opportunities which can create new income stream for your Company. Notwithstanding, in the tough business and economic climate now, one can never be too careful in making major corporate decision. But we believe the time will come when a good deal emerges.

Meanwhile, we will continue to stand firmly on our grounds to expand our reverse osmosis bottled drinking water business. We will capitalise our existing customer base and market reach to add new variety to our existing product range, such as value-added beverages. Singapore remains our key market for our products, which will continue to account for the lion share of our revenue base. This is also a good counter measure against the imposition of GST as our export sales will be exempted from this additional cost element.

I wish to highlight to you that, whilst your Company may not have an outstanding balance sheet, we remain debt free. We will continue to be vigilant in our cash management, and would not succumb to unnecessary exposure to borrowings – which some may take as a convenient route to resolve cashflow issues.

In keeping our strategy of not incurring debt, we will look from within to raise new sources of funds for our working capital requirement. We will unload some non-essential assets in keeping a light balance sheet. I am pleased to inform you that we have recently disposed two units of semi-detached factories in Batu Pahat for RM3.0 million in cash. These properties have been left unused after we consolidated our manufacturing facilities at the main premise. We recorded an accounting gain of RM1.51 million from this disposal, which will be reflected in the current financial year's accounts. We will continue to adopt a similar approach to improve our return on assets ("ROA") ratio. By the same token, we would be able to build up a cash hoard to prepare for any strategic investment, if the opportunity arises.

During the year, we continued to retain the service of the Internal Auditor firm to carry out audit works on the sales and collection procedure of the bottled drinking water operations. They also conducted risk analysis of the various departments. The findings were subsequently reported to the Audit Committee and to the Board. Based on the assessment and recommendation from the Internal Auditor, the management took necessary action plans to rectify the shortcomings. Efforts have also been put in to improve the system of internal controls so as to adhere to a high standard of corporate governance and integrity within the Group. This will be an on-going practice to constantly keep our employees on their toes. We believe it is always better to identify and mitigate potential risks, rather than to only eliminate them after they surface.

A strong corporate governance practice has been an important focus for the Board. We strongly advocate establishing a healthy and ethical environment in our workplace. This has served us well and served the interests of the shareholders. We hold firm our stance in adhering to and complying with the principles and guidelines spelt out in the Corporate Governance Code 2012.

As always, I wish to end my letter with a special appreciation to our customers, business partners and professional advisors for their steadfast support in the past year. To my fellow shareholders, my utmost and deepest gratitude towards your continued trust in us. And to my fellow board members and colleagues, many thanks for your invaluable counsel and contribution as we take Bio Osmo to the next level of growth together, *Insha Allah*.

Thank you.

Shahrizal Hisham bin Abdul Halim
Executive Director

Statement on Corporate Governance

The Board of Directors of Bio Osmo Berhad is committed to maintain a high standard of corporate governance by implementing the principles and best practices set out in Part 1 and 2 of the Malaysian Code of Corporate Governance 2012 ("the Code"). The Board recognises the paramount importance of good corporate governance to the success of the Group. Steps have been taken to ensure and evaluate the status of the Group's corporate governance procedures and to implement the Code's best practices.

This Statement summarises the efforts taken by the Board based on the principles and recommendations set out in the Code and the extent of its compliance during the financial year ended 31 December 2014.

(A) BOARD OF DIRECTORS

The Board has the overall responsibility to lead and control the Group and assumes responsibility for the strategic direction, corporate governance, business conduct and risk management of the Group.

Board Charter

The Board Charter ("the Charter") sets out the roles, responsibilities, composition, operation and processes of the Board of Directors, and serves to guide the Board members in discharging their duties and responsibilities diligently and effectively at all times. The Board will periodically review and update its Charter in accordance with the needs of the Company and to comply with any new regulations that may have an impact in the way the Directors and the Board as a whole discharges its duties.

Board Composition and Balance

The Board currently comprises four (4) members of whom one (1) is the Executive Director and three (3) are Independent Non-Executive Directors. The composition of Independent Non-Executive Directors is in compliance with Paragraph 15.02 of Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements on the Board composition.

Although this is a relatively small Board, it provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, legal and technical areas of the industries the Group is involved in. A key strength of this structure has been the speed of decision-making and greater interaction amongst the board members.

The Board believes that it has the right mix of skills, knowledge and experience to ensure that all matters tabled to the Board for consideration are well reviewed and deliberated.

The Executive Director is primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies. The Independent Non-Executive Directors provide unbiased and independent views, advice and judgment in the decision making process of the Board and thus ensuring that the interests of shareholders and stakeholders are well safeguarded at all times.

The Board has a well-defined framework on the various categories of matters which require its approval, endorsement or notations. The Board is thus ensured that it fairly reflects the investment of minority shareholders and possesses the required mix of skills and experience required to effective discharging its duties and responsibilities.

The Board has been constantly looking into the issue of workplace diversity, with a particular focus on supporting the representation of lady employees at the senior level of the Company and as well as on the Company's board. At present, approximately 42% of the Group's staff force are ladies. At the Board level, whilst it is still an all-male team currently, the Board hopes to gradually invite suitable lady candidates to join the Board, with a target to reach at least 30% by 2016 as spelt out in the Corporate Governance Code 2012.

Profile of each of the Directors is presented on the earlier pages of this Annual Report.

Statement on Corporate Governance

Principal Responsibilities

The Board is primarily responsible for :

- Charting and setting the direction and objectives of the Group, as well as each individual business unit within the Group;

- Planning, adopting and implementing strategic plans for the Group in line with the pre-determined directions and objectives;

- Overseeing the conduct of the Group's businesses to determine whether these businesses are properly managed and meet their respective objectives, and to recommend and implement changes when necessary;

- Reviewing and approving any new ventures, major acquisitions and disposals;

- Identifying principal risks and ensuring the implementation of appropriate and adequate control measures to monitor and manage these risks; and

- Reviewing of performances, appointments, training and succession plan in each business division within the Group.

Code of Ethics and Conduct

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group at all times. The core areas of the Code are:

- To comply with the Code of Ethics and Conduct and the Board Charter at all times;

- To discharge fiduciary duties with utmost care, diligence, good faith and accountability, and in the best interests of the Group;

- To ensure the protection of the Group's legitimate business interests, including existing and new potential businesses;

- To observe high standards of corporate governance at all times;

- Not to misuse information and/or to undertake any acts which may result in conflicts of interests;

- To ensure full, true, fair, and timely disclosure and declaration of personal or business interests which may result in conflicts of interests.

Sustainability

The Board of Directors regularly reviews the strategies and direction of the Group and each business unit within the Group. The Board takes into account the business, industry, and regulatory environment in which the Group's businesses operate in, and to ensure that each of these business units are in compliance with statutory regulations on safety and occupational health, and to promote environmentally friendly policies throughout the Group.

Board Meetings and Supply of Information to the Board

The Board meets at regular intervals during the financial year. The agendas for the Board meetings are circulated in advance to the Directors. The Directors are usually also supplied with the detailed reports and relevant supporting

Statement on Corporate Governance

documents pertaining to the financial performance, investments and strategic direction for their perusal and consideration prior to the meetings to assist them in making well-informed decisions. All rationales of proposals, issues discussed and decisions made at the Board meetings are properly recorded to provide clear historical records and references.

In addition to the Board papers, the Board is notified of any corporate announcements released to Bursa Securities and is also kept informed of the requirements and updates issued by the various regulatory authorities.

The Board is supported by various Board Committees as recommended by the Malaysian Code on Corporate Governance. These committees are Audit Committee, Nomination Committee and Remuneration Committee. All Board Committees discharge their respective duties within their terms of reference and make recommendations and report to the Board.

The Board members are given unrestricted access to all information pertaining to the Group to assist them in discharging their duties. Should it be deemed necessary, the Board members shall engage independent professionals at the Company's expense on specific issues in order to equip the Board members with adequate knowledge on matters being deliberated.

During the financial year ended 31 December 2014, the attendance of the Directors are as follows:-

Director	**No. of meetings attended**
En Shahrizal Hisham bin Abdul Halim[1]	7/7
Mr Wong Kok Seong	9/9
En Auzir bin Mohd Yaacob	9/9
Assoc Prof Dr Mohd Amy Azhar bin Haji Mohd Harif	7/9
Mr Yang Chin Kar[2]	2/2
Mr Lee Choong Choy (Alternate Director)[2]	2/2

[1] *Appointed with effect from 1 March 2014*

[2] *Resigned with effect from 28 February 2014*

Every Board members has attended more than fifty percent (50%) of the total Board meetings held during the financial year ended 31 December 2014, thus fulfilling the requirements of the Listing Requirements.

Company Secretaries

Aside from discharging their duties on the book keeping of the Companies, the Company Secretaries are also responsible to advise the Board from time to time on issues pertaining to compliance with Bursa Malaysia Listing Requirements, laws, rules, procedure and regulations affecting the Group, as well as principles of best corporate governance practices. The Company Secretaries also make efforts to remind the directors of their obligations and adherence to matters pertaining to disclosure of any conflict of interest in transactions involving the Company, we well as to alert the directors on dealing in Securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries attend all Board and Committee Meetings, and to ensure that proceedings of the Board Meetings and decisions made are accurately and sufficiently recorded. The records are properly kept for the purposes of meeting statutory obligations, as well as obligations arising from the listing requirements and other regulatory requirements. All appointments and resignation of directors are also conformed to the relevant legislations. The Company Secretaries also assist in communicating the Board decisions to the Management, and for their further actions.

Statement on Corporate Governance

Directors' Training and Development programmes

En Shahrizal Hisham bin Abdul Halim was appointed a Director on 1 March 2014. He has successfully completed the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn. Bhd. on 7 and 8 May 2014. All other Directors have also attended MAP previously. New Director was briefed on the Company's history, operations and financial control system and plant visit to enable him to have in-depth understanding of the Company's operation.

En Shahrizal has also participated in the Nominating Committee Programme (Part 2): Effective Board Evaluations organised by Bursa Malaysia and The Iclif Leadership and Governance Centre. The Board acknowledges the importance of constantly updating itself on the general economic, industry development and technical developments by attending appropriate conferences, seminars, workshops and briefings. The Directors will continue to attend relevant training programmes from time to time to further enhance their skills and knowledge, so as to equip themselves to effectively discharge their duties.

Appointments to the Board

The Articles of Association of the Company sets out the process for which its members are appointed to the Board. The Nomination Committee is responsible for evaluating any proposed candidate before recommending the candidate to the Board for appointment.

Annual Assessment

The Nomination Committee is also tasked to conduct an annual appraisal of each Director, as well as the Board as a whole, and to review the effectiveness of the independence of its directors and contribution of each Board member and the entire Board. The Nomination Committee met once during the financial year ended 31 December 2014. Based on the review of the Nomination Committee, the Board is satisfied with the level of independence demonstrated by all the Non-Executive Directors and their ability to act in the best interest of the company and each Board members have performed satisfactorily, and that the composition of the Board is effective.

Re-election

One third of the Board shall retire from office and eligible for re-election at each Annual General Meeting. All directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act, 1965.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

Directors' Remuneration

The principal objective of the Company's framework for directors' remuneration is to attract, retain and motivate Directors of the calibre needed to successfully manage the Group's business.

The Executive Director's remunerations consists of basic salary, contribution to the national pension fund and benefits-in-kind such as medical care, car allowance whilst the Non-executive Directors' package primarily consists of director fees only.

Statement on Corporate Governance

Number of Directors whose remuneration falls into the following bands:

Range of Remuneration	Executive	Non-executive
Below RM 50,000	-	3
RM 100,001 to RM 150,000	1	-

Details of the Directors' remuneration are also disclosed in Note 6 to the financial statements of this Annual Report. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration is adequately served by the "band disclosure" in accordance with the Listing Requirements.

BOARD COMMITTEES

The Board is assisted by a number of Board Committees to discharge its duties effectively. All Board Committees are responsible to carry out their duties and responsibilities in accordance with the terms of reference defined by the Board. Each Board Committee is entrusted to report its views and recommendations to the Board for further deliberation and approvals.

Presently, the Board Committees are :

- Audit Committee
- Remuneration Committee
- Nomination Committee

Audit Committee

The composition, terms of reference, attendance of meetings and a summary of activities of the Audit Committee during the financial year are summarised in this Annual Report under the Audit Committee Report.

Remuneration Committee

The Remuneration Committee was established on 23 October 2007. The composition of the Committee and the attendance of the Members at the Remuneration Committee for the financial year ended 31 December 2014 is as follows :

Members	No. of meetings attended
Mr. Wong Kok Seong (Chairman)	1/1
En. Auzir bin Mohd Yaacob (member)	1/1

The Remuneration Committee reviews, assesses and recommends to the Board the remuneration packages of the executive director and the chief operating officer. The executive director did not participate in any way in determining his remuneration. The Board as a whole determines the remuneration of the independent non-executive directors with individual directors abstaining from decisions in respect of their individual remuneration.

In carrying out its duties and responsibilities, the Remuneration Committee has full, free and unrestricted access to any information, record, properties and personnel of the Company. The Remuneration Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions if required.

Statement on Corporate Governance

For financial year ended 31 December 2014, none of the Directors were offered any form of share option.

Nomination Committee

The Nomination Committee was established on 23 October 2007. Members of the Nomination Committee consists of independent non-executive directors of the Company. The composition of the Committee and the attendance of the Members at the Nomination Committee for the financial year ended 31 December 2014 is as follows:-

Members	No. of meetings attended
Mr. Wong Kok Seong (Chairman)	1/1
En. Auzir bin Mohd Yaacob (member)	1/1

The Nomination Committee ensures that the Company recruits, retains, trains and develops the best available executive and non-executive directors. The Nomination Committee is also responsible for making independent recommendations on the appointments to the Board. In making these recommendations, the Nominations Committee will consider the skills, knowledge, expertise, experience, professionalism, integrity and other qualities of the candidate. Any new nomination received is put to the full Board for assessment and endorsement.

The Board through the Nomination Committee also reviews annually its required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board. The Board has also implemented an annual process for continuous assessment and feedback to the Board, on the effectiveness of the Board, the Board Committees and contributions of each individual director.

The Company does not have a formal process for the orientation of newly appointed Board members as orientation is conducted on an informal basis by the Executive Directors. The Board is of the opinion that the activities of the Group are not complex as to require formal training.

(B) SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS

Relationship with Shareholders and Investors

The Board of Directors holds with utmost importance the act of keeping all shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated through the Group's Quarterly Results reports and through various disclosures via Bursa Malaysia Securities Berhad's website.

The forthcoming Annual General Meeting is the avenue of meeting between the Board of Directors, shareholders and investors.

The Code recommends that the Board should encourage poll voting for substantive resolutions. Based on the current level of shareholders' attendance at the AGM, the Board is of the view that it is still feasible and efficient to carry out voting by way of show of hands. The Board will consider and evaluate the feasibility of adopting electronic polling at its future general meetings when the number of shareholders' attendance increases.

Besides these traditional channels of communication, the Company's corporate, financial and non-financial information could also be found in its corporate website at www.bioosmobhd.com.

The Company strives to maintain an open and transparent channel of communications with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete a picture of the Group's performance and position as possible. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing the value for its shareholders. However, whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information to external parties.

Annual General Meeting

The Annual General Meeting (AGM) is the primary forum for dialogue between the Company and its shareholders. Shareholders are encourage to raise questions or to inquire more information on the Company's development and financial performance. Notice of the AGM is released to shareholders at least 21 days before the date of the meeting. The Members of the Board, Senior Management and External Auditors of Company are present to address all shareholders' queries on issues relevant to the Company. Notice of AGM provides separate resolutions to be proposed at the AGM for each distinct issue, where necessary.

(C) ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board of Directors is responsible for the preparation and fair presentation of the financial statements for each financial year in accordance with applicable Financial Reporting Standards and requirements of the Companies Act, 1965 in Malaysia. The Board is satisfied that appropriate accounting policies have been consistently applied and supported by reasonable judgements and estimates.

A balanced and understandable assessment of the Company's position and prospects is released through annual financial statements and quarterly financial results. Quarterly financial results are initially reviewed by the Audit Committee and subsequently deliberated by the Board of Directors. Upon approval from the Board, the financial results will be released to Bursa Malaysia Securities Berhad.

The Statement of Directors' Responsibility in relation to the financial statements is presented on page 25 of this Annual Report.

Risk Management and Internal Control

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in the Group. Since the public listing of the Company, the Board has continuously placed emphasis on the need for maintaining a sound risk management and system of internal control.

The Board has also established its internal audit function. This function is presently outsourced to an independent internal audit firm. The Audit Committee reviews and approves the internal audit plan, which has been developed based on the key risk areas of each major operating unit within the Group. Each year, the Board and the management discuss at length the scope of audit works to be undertaken by the Internal Auditor. The Internal Audit are then invited to conduct the audit based on the agreed scope of work.

For the financial year ended 31 December 2014, the Internal Auditor was commissioned to conduct the audit on the sales and collection procedure of the bottled drinking business. The scope of works comprises, among others, the examinations of the sales and marketing procedures, credit evaluation process of customers, and the collection process. The audit work has also extended to the overall risks analysis of the sales and collection procedures.

The audit findings were subsequently reported to the Audit Committee. Important issues and recommendations were in turn highlighted to the Board and the management. Thereafter, the management team took necessary action plans based on the audit recommendations and provide follow ups and feedback to the Board.

The Statement of Risk Management and Internal Control set out in this Annual Report provides further elaboration of the Group's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets.

Relationship with the External Auditors

The Board, through the Audit Committee, maintains a formal and transparent relationship with the Company's External Auditors. The External Auditors are invited to discuss with the Audit Committee the annual financial statements, audit findings and other special matters which require the Board's attention. The External Auditors report to the Audit Committee and the Board on their findings in the statutory financial statements.

The oversight role of the Audit Committee in relation to the external auditors is detailed in the Audit Committee Report in the Annual Report.

(D) ADDITIONAL COMPLIANCE INFORMATION

Recurrent Related Party Transaction of a Revenue or Trading Nature

There were no recurrent related party transactions involved in the financial year ended 31 December 2014.

Share Buy-back

There were no share buyback transactions involved in the financial year ended 31 December 2014.

Exercise of Options, Warrants or Convertible Securities

The Company has issued 100,000,000 three-year 1% Irredeemable Convertible Preference Shares ("ICPS") of RM0.20 each with 25,000,000 detachable Warrants on the basis on one (1) Warrant for four ICPS at no cost on 3 December 2013. The details of the ICPS and Warrants are disclosed in Note 19 and 20 to the financial statements of this Annual Report.

All the 100,000,000 ICPS of RM0.20 have since been converted into ordinary shares on 15 January 2014.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Group and its subsidiaries have not sponsored any Depository Receipt Programme for the financial year ended 31 December 2014.

Sanctions and/or Penalties

The Group and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by regulatory bodies.

Statement on Corporate Governance

Material Contracts

There were no material contracts by the Group and its subsidiaries involving Directors' and substantial shareholders' interest.

Revaluation of Landed Properties

The Group and its subsidiaries do not have a revaluation policy on landed properties.

Non-Audit Fees

There were no non-statutory audit fees paid to the external auditors of the Group and its subsidiaries during the financial period under review.

Corporate Social Responsibilities

The Group and its subsidiaries did not undertake any corporate social responsibilities activities during the financial year but is anticipating to do so in the coming financial year.

Profit Guarantee, Profit Estimates, Forecast or Projection

No profit guarantee was given by the Group and/or its subsidiaries in respect of the financial year.

Variation in results

There is no major variance between the results for the financial year and the unaudited results previously announced. The Group and its subsidiaries did not make any release on the profit estimate, forecast or projections for the financial year.

Utilisation of proceeds

During the financial year, the Company has issued 43,300,000 new ordinary shares of RM0.20 each for cash at an issue price of RM0.20 per ordinary share through private placement exercise.

The proceeds arising from the Private Placement were mainly utilised for working capital, such as for the purchases of raw materials, maintenance and upgrading of existing plant & machinery, as well as for salary and administrative expenses.

This Statement has been reviewed and approved by the Board of Directors at the meeting held on 29 April 2015.

Audit Committee Report

COMPOSITION AND MEMBERSHIP

The Audit Committee consists of three (3) directors, all of whom were Independent Non-Executive Directors. They are :

Mr. Wong Kok Seong
Chairman/Independent Non-Executive Director

En Auzir Bin Mohd Yaacob
Member/Independent Non-Executive Director

Asso Prof Dr. Mohd Amy Azhar bin Haji Mohd Harif
Member/Independent Non-Executive Director

TERMS OF REFERENCE

The Audit Committee carries out its duties as set out in the Terms of Reference. The Board of Directors reviews the Terms of Reference from time to time to ensure its continuous compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

Objective

The primary objective of the Audit Committee is to assist the Board of Directors to effectively discharge its fiduciary responsibilities as to corporate governance, financial reporting, auditing and internal control.

Composition

The Audit Committee is appointed by the Board of Directors from amongst its members who fulfils the following requirements :

i. the Audit Committee consists of no fewer than three (3) members;

ii. all the members of the Audit Committee shall be non-executive directors, with a majority of them being independent directors;

iii. at least one (1) member of the Audit Committee :

  a. must be a member of the Malaysian Institute of Accountants; or

  b. if he /she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience; and

    1) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

    2) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

    3) fulfills such other requirements as prescribed or approved by Bursa Securities.

iv. no alternate director is appointed as a member of the Audit Committee.

Audit Committee Report

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three years.

Chairman

The members of the Audit Committee must elect a Chairman among themselves who shall be an independent director.

Secretary

The Company Secretary(ies) of the Company shall be the Secretary of the Audit Committee.

Meetings and Minutes

The Audit Committee shall meet at least four (4) times a year or more frequently as it considers necessary. A quorum shall be two (2) members present, a majority of whom must be independent directors.

The Audit Committee may invite the Executive Director, Group Chief Operating Officer, Head of Finance, the Head of Internal Auditor (where such a function exists) and External Auditor to attend the meeting. Other Board members and/or employees may attend any particular meeting upon invitation of the Audit Committee. The External Auditor may request for a meeting if it considers necessary.

The minutes of Audit Committee meeting shall be signed by the Chairman of the meeting and distributed to each member of the Audit Committee and the Board of Directors. The Chairman of the Audit Committee shall report to the Board of Directors on each meeting.

Authority

The Audit Committee shall in accordance with a procedure determined by the Board of Directors:

i. have authority to investigate any matter within its terms of reference;

ii. have the resources which are required to perform its duties;

iii. have full and unrestricted access to any information pertaining to the Company and the Group;

iv. have direct communications channels with the Internal Auditor and External Auditor, and with senior management of the Company;

v. be able to obtain independent professional or other advice;

vi. be able to convene meeting with External Auditor, Internal Auditor or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary; and

vii. report promptly to the Bursa Securities of matters which results in a breach of the Listing Requirements.

Audit Committee Report

Functions and Duties

The functions and duties of the Audit Committee are:-

i. to consider and report the same to the Board of Directors of the Company the appointment, nomination, resignation and dismissal of External Auditor and its audit fees;

ii. To discuss with the External Auditor before the audit commences, the nature and scope of the audit, competency and resources of the External Audit and to ensure co-ordination where more than one audit firm is involved;

iii. To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management staff);

iv. to review the following and report the same to the Board of Directors of the Company:

   a. with the External Auditor, the audit plan;

   b. with the External Auditor, its evaluation of the system of internal controls;

   c. with the External Auditor, its audit report;

   d. the assistance given by the employees of the Company to the External Auditor;

   e. the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

   f. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

   g. review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees;

   h. approve any appointment or termination of senior staff responsible for the internal audit function;

   i. take cognisance of resignations of internal audit staff and provide the resigning staff an opportunity to submit his/her reason(s) for resigning.

   j. the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:

      - changes in or implementation of major accounting policy changes;

      - significant and unusual events;

      - compliance with accounting standards and other legal requirements;

      - significant adjustment arising from the audit; and

      - the going concern assumption.

h. any related party transaction and conflict of interest situation that may arise within the Company or Group, including transactions, procedures or course of conduct that raise questions of management integrity;

i. any letter of resignation from the External Auditor of the Company; and

j. whether there is reason (supported by grounds) to believe that the Company's External Auditor is not suitable for reappointment.

v. to review and discuss any management letter sent by the External Auditor to the Company and the management's response to such letter;

vi. to consider the report, findings and management's response thereto on any internal investigations carried out by the Internal Auditor;

vii. to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptance levels; and

viii. to carry out such other functions as may be agreed to by the Audit Committee and the Board of Directors.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Executive Director, Head of Finance, the Head of Internal Audit (where such a function exists) and External Auditors in order to be kept informed of matters affecting the Company.

MEETINGS

i. Meetings of the Audit Committee shall be held no less than four (4) times a year.

ii. The Chairman shall convene a meeting of the Audit Committee if requested to do so in writing by any member, the management, the Internal Auditor or External Auditor to consider any matters within the scope and responsibilities of the Audit Committee.

iii. A meeting may be convened using telephone and/or the contemporaneous linking together by telephone or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Audit Committee wherever in the world they are, as long as:

a. the quorum of Audit Committee is met;

b. at the commencement of the meeting each committee member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;

c. each of the committee member taking part is able to be heard and hear each of the other members subject as hereinafter mentioned throughout the meeting; and

d. the committee members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that the telephone or electronic communications media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of matters by the members during the disconnection and that if the telephone or electronic communications media cannot be re-connected at all, the meeting shall then be adjourned.

Audit Committee Report

iv. The External Auditors may request a meeting if it considers necessary and shall have the right to appear and be heard at any meeting of the Audit Committee.

v. Written notice of the meeting together with the agenda shall be given to the members of the Audit Committee, External Auditor and any other person invited to attend the meeting, where applicable.

vi. The Executive Director, Head of Finance, the Head of Internal Audit (where such a function exists) shall normally attend meetings. Other Board members, employees, any professionals or outsiders and a representative of the external auditors with relevant experience or expertise may attend any particular meeting only at the Audit Committee's invitation.

vii. At least twice a year, the Audit Committee shall meet with the external auditors without the presence of the Executive Director or employees of the Company.

viii. The quorum for a meeting of the Committee shall be two (2), provided always that the majority of members present must be independent directors.

ix. Any decision of the Audit Committee shall be by simple majority.

x. The Audit Committee shall record its conclusions in discharging its duties and responsibilities.

xi. The Company Secretary shall be the Secretary of the Committee.

xii. The Secretary is responsible for sending out notices of the meetings and preparing and keeping minutes of meetings.

The Audit Committee held five (5) meetings during the financial year ended 31 December 2014 and the attendance of each Audit Committee member are as follows:

Members	**No. of meetings attended**
Mr. Wong Kok Seong (Chairman)	5/5
En. Auzir bin Mohd Yaacob	5/5
Assoc. Prof. Dr. Mohd Amy Azhar bin Haji Mohd Harif	4/5

SUMMARY OF ACTIVITIES

During the financial period under review, the activities of the Audit Committee included:

i. review Internal Audit's reports and memorandums;

ii. review quarterly unaudited financial result prior to submission to the Board of Directors for their consideration and approval;

iii. review the External Auditors' reports in relation to audit and accounting issues arising from audit, and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board;

iv. review any significant issues and concerns arising from internal and external audit;

Audit Committee Report

v. review the Company's compliance with the amendments to Bursa Securities Main Market Listing Requirements and other relevant rules and regulations;

vi. reviewed the related party transactions entered into by the Company and the Group (if any);

viii. discussed and reviewed the Statement of Directors' Responsibility for the financial year ended 31 December 2014;

ix. discussed and reviewed the Statement on Risk Management and Internal Control for the financial year ended 31 December 2014;

x. discussed and reviewed the Audit Committee Report for the financial year ended 31 December 2014;

xi. discussed and reviewed the statement on Corporate Governance for the financial year ended 31 December 2014;

xii. discussed and reviewed the statement on Risk Management and Internal Audit Function for the financial year ended 31 December 2014;

xiii. meeting and discussion with the External Auditor of the Company without the presence of the Executive Directors and employees of the Company;

xiv. discussed and reviewed the External Auditor's scope of work and the Audit Planning Memorandum for the financial year ended 31 December 2014, and recommend its appointment and fees to the Board of Directors for approval; and

xv. discussed and reviewed the staffing requirements, the skills, the core competencies and the independence of the Internal Auditor and External Auditor, and made recommendations to the Board of Directors on the appointment of the Internal Auditor and External Auditor of the Company.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an external firm specialising in internal audit work. For the financial year ended 31 December 2014, the cost incurred for internal audit function was approximately RM12,000. The Internal Auditor reported to the Audit Committee and carried out the audit reviews in accordance with the internal audit plan. The audit findings and recommendations were forwarded to the management concerned for attention and necessary actions. The Audit Committee reviewed and deliberated the internal audit reports and relevant issued presented during the regular Audit Committee meetings.

During the financial period under review, the outsourced Internal Audit firm carried out the following activities:-

i. Conduct independent reviews on pre-sales process, sales order processing and after sales process involving recording, reporting and monitoring processes; and

ii. Review on collection cycle covering accounts receivables ageing monitoring, collection and remittance processes.

A number of internal control weaknesses were identified, whereby all of which have been or being addressed. None of the weakness has resulted in any material losses or uncertainties that would require disclosure in this Annual Report.

Statement on Risk Management and Internal Control

The Board of Directors is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR") and formulated in accordance with Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers.

The External Auditors have performed a limited assurance engagement on the Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2014 pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised) : Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysian Institute of Accountants in accordance with the disclosures required by paragraphs 41 and 42 of the "Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers" as required under Paragraph 15.23 of the MMLR.

BOARD RESPONSIBILITY

The Board of Directors is aware of the importance of a comprehensive internal control policy as well as an effective risk management framework, in particular in the areas of finance and operations. The compliance and risk management efforts which were put in place is to achieve the objectives of :

- safeguarding the assets of the Group and the interests of its shareholders;
- identifying the risks affecting the Group, and take immediate steps to rectify the issues; and
- ensuring compliance with regulatory requirements at all times.

The Board understands that it is crucial to manage and mitigate the occurrence of risks, rather than to eliminate risks when they surface. Whilst internal controls may not fully insulate against material misstatement or loss and fraud, the Board takes a concerted and continuing efforts to review and improve the Group's system of internal controls in order to adhere to a high standard of corporate governance and integrity. In striving for continuous improvement, the Board has put in place appropriate action plans - when necessary - to further enhance the system of internal control.

RISK MANAGEMENT FRAMEWORK

For long-term viability of the Group, it is crucial to achieve a critical balance between risks incurred and potential returns. The Board is mandated to drive the risk management process whilst focuses on the various business agendas of the Group.

The Board strives to implement internal controls at all levels of the organisation. Through the involvement of the Executive Director of the Company, significant risks faced by the Group are identified, evaluated and managed during the year under review and up to the date of approval of this statement for inclusion in the annual report.

Statement on Risk Management and Internal Control

INTERNAL CONTROL FRAMEWORK

The key elements of the Group's internal control system are as follows :

- The preparation of quarterly and annual financial results together with the state of affairs of the Group which are reviewed and approved by the Board of Directors before they are released to the regulators. Annual financial statements are audited by the reputable external auditors before they are submitted to the regulators and shareholders.

- Active participation and involvement by the Executive Director and senior management staff in the day-to-day operation of the Group.

INTERNAL AUDIT

The Group has engaged an independent professional services firm to carry out its internal audit functions. During the financial year ended 31 December 2014, the Internal Auditor had carried out an audit on the operating subsidiary at the Group's main operating plant in Batu Pahat.

Arising from this assessment and review, the Internal Auditor highlighted to the Management on areas for improvement. The Internal Auditor had also presented its report to the Audit Committee for further deliberation. In turn, the Audit Committee had also reported to the Board of Directors on the Internal Auditors' findings and their recommendations for improvements and the response from Management thereto.

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal controls of the Group that may cause any material loss by the Group for the financial year ended 31 December 2014. Nonetheless, the Group continues to take necessary measures to ensure that the system of internal controls is in place and functional.

CONCLUSION

Based on the processes set out above, the Board, having received assurance from the Executive Director and Chief Operating Officer that the Company's risk management and internal control system is operating adequately and effectively, is of the view that the Group's system of internal control and risk management in place for the year under review are generally adequate and effective to safeguard the assets of the Group and interest of the shareholders and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. Moving forward, the Group will continue to improve and enhance the existing system of internal control and risk management.

This Statement was approved by the Board of Directors on 29 April 2015.

Statement of Directors' Responsibilities in Respect of the Audited Financial Statements

The Board of Directors is required under Paragraph 15.26 (a) of the Bursa Malaysia Securities Berhad Main Market Listing Requirement ("MMLR") to issue a statement on its responsibility in the preparation of the Annual Audited Financial Statements.

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the financial positions of the Group at the end of the financial year and of the results and cash flows of the Group for the financial year.

In preparing the financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual financial statements in accordance with applicable Financial Reporting Standards in Malaysia, the provision of the Act and the MMLR.

The Directors are responsible for ensuring that the Company and its subsidiaries keep accounting records which disclose, with reasonable accuracy at any time, the financial position of each company and which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors date 29 April 2015.

Financial Statement Contents

Directors' Report

The directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss net of tax	(20,528,059)	(18,703,628)
Loss attributable to:		
Owners of the Company	(20,126,602)	(18,703,628)
Non-controlling interest	(401,457)	-
	(20,528,059)	(18,703,628)

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial period and the directors do not recommend any dividend payment for the current financial year.

RESERVES AND PROVISIONS

There were no material transfer to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

Directors' Report

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liabilities of any companies within the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 5 to the financial statements; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report was made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the following issue of shares was made by the Company:

(i) conversion of 100,000,000 Irredeemable Convertible Preference Shares ("ICPS") of RM0.20 each to 100,000,000 ordinary shares of RM0.20 each; and

(ii) 43,300,000 new ordinary shares of RM0.20 each for cash at an issue price of RM0.20 per ordinary share through private placement to identified investors.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company.

There were no changes in the authorised share capital of the Company during the financial year. The Company did not issue any debentures during the financial year.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:-

AUZIR BIN MOHD YAACOB
WONG KOK SEONG
ASSOC. PROF. DR. MOHD AMY AZHAR BIN HAJI MOHD HARIF
SHAHRIZAL HISHAM BIN ABDUL HALIM

Directors' Report

DIRECTORS' INTERESTS

The interests of the directors in office as at the end of the financial year in the shares of the Company during the financial year are as follows:

	Number of Ordinary Shares of RM0.20 Each			
	At 1.1.2014	**Bought**	**Sold**	**At 31.12.2014**
Name of Directors:				
Auzir Bin Mohd Yaacob	10,000	-	-	10,000
Wong Kok Seong	10,000	-	-	10,000

None of the other directors in office at the end of the financial year has any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors of the Company as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2015.

SHAHRIZAL HISHAM BIN ABDUL HALIM

WONG KOK SEONG

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Shahrizal Hisham Bin Abdul Halim and Wong Kok Seong, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 34 to 88, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act,

1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance, and cash flows for the financial year then ended.

The supplementary information set out on page 89 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution dated 29 April 2015.

SHAHRIZAL HISHAM BIN ABDUL HALIM

WONG KOK SEONG

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chang How Weng, being the officer primarily responsible for the financial management of Bio Osmo Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 34 to 88 and the supplementary information set out on page 89 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 29 April 2015.

Before me

CHANG HOW WENG

ZULKIFLA MOHD DAHLIM (W 541)

Independent Auditors' Report

TO THE MEMBERS OF BIO OSMO BERHAD (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Bio Osmo Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 88.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report

TO THE MEMBERS OF BIO OSMO BERHAD (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the requirements of the Companies Act, 1965 in Malaysia.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 89 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

BAKER TILLY MONTEIRO HENG	HENG FU JOE
AF 0117	2966/11/16(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur
29 April 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Revenue	4	5,073,920	15,863,388
Cost of sales		(9,152,135)	(20,011,073)
Gross loss		(4,078,215)	(4,147,685)
Other income		142,073	4,380,120
Selling and distribution costs		(485,490)	(2,559,285)
Administrative costs		(4,171,638)	(1,542,944)
Other costs		(11,934,789)	(11,825,362)
		(16,591,917)	(15,927,591)
Loss from operations		(20,528,059)	(15,695,156)
Finance costs		-	(412,416)
Loss before tax	5	(20,528,059)	(16,107,572)
Income tax expense	7	-	(3,394,527)
Loss net of tax, representing total comprehensive loss for the financial year/period		(20,528,059)	(19,502,099)
Total comprehensive loss attributable to:			
Owners of the Company		(20,126,602)	(19,186,517)
Non-controlling interests		(401,457)	(315,582)
		(20,528,059)	(19,502,099)
Loss per share attributable to owners of the Company (sen per share)			
Basic	8	(4.29)	(9.15)
Diluted	8	(4.29)	(9.15)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	28,540,005	43,101,153
Deferred tax assets	11	-	128,855
		28,540,005	43,230,008
Current assets			
Inventories	12	799,437	1,149,495
Trade receivables	13	3,266,713	2,272,205
Other receivables, deposits and prepayments	14	1,309,694	393,276
Tax recoverable		55,264	55,264
Deposits with a licensed bank	16	356,791	345,366
Cash and bank balances		1,260,482	2,276,601
		7,048,381	6,492,207
Non-current assets classified as held for sales	24	1,491,332	-
		8,539,713	6,492,207
TOTAL ASSETS		37,079,718	49,722,215
EQUITY AND LIABILITIES			
Equity			
Share capital	17	99,732,000	71,072,000
Share premium	18	288,339	2,853,305
Irredeemable convertible preference shares ("ICPS") - equity component	19	-	19,613,436
Warrants reserve	20	2,092,500	2,092,500
Accumulated losses		(71,023,090)	(50,896,488)
Equity attributable to owners of the Company		31,089,749	44,734,753
Non-controlling interest		(717,005)	(315,548)
Total equity		30,372,744	44,419,205
Liabilities			
Non-current liability			
ICPS - liability component	19	-	515,419
Current liabilities			
Trade payables	21	2,975,702	903,278
Other payables and accruals	22	3,731,272	3,884,313
		6,706,974	4,787,591
Total liabilities		6,706,974	5,303,010
TOTAL EQUITY AND LIABILITIES		37,079,718	49,722,215

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Attributable to Owners of the Company							
			Non-distributable						
Group	**Note**	**Share Capital RM**	**Share Premium RM**	**Irredeemable Convertible Preference Shares-Equity Component RM**	**Warrants Reserve RM**	**Accumulated Losses RM**	**Equity Attributable to Owners of the Company RM**	**Non-controlling Interest RM**	**Total Equity RM**
Balance as of 1.7.2012		40,000,000	2,853,305	-	-	(29,617,471)	13,235,834	-	13,235,834
Loss net of tax, representing total comprehensive loss for the financial period		-	-	-	-	(19,186,517)	(19,186,517)	(315,582)	(19,502,099)
Transactions with owners									
Subscription of shares by non- controlling interest in a subsidiary		-	-	-	-	-	-	34	34
Issuance of ICPS with free warrants	19	-	-	19,613,436	2,092,500	(2,092,500)	19,613,436	-	19,613,436
Issuance of ordinary shares	17	31,072,000	-	-	-	-	31,072,000	-	31,072,000
Total transactions with owners		31,072,000	-	19,613,436	2,092,500	(2,092,500)	50,685,436	34	50,685,470
Balance at 31.12.2013		71,072,000	2,853,305	19,613,436	2,092,500	(50,896,488)	44,734,753	(315,548)	44,419,205
Balance as at 1.1.2014		71,072,000	2,853,305	19,613,436	2,092,500	(50,896,488)	44,734,753	(315,548)	44,419,205
Loss net of tax, representing total comprehensive loss for the financial year		-	-	-	-	(20,126,602)	(20,126,602)	(401,457)	(20,528,059)
Transactions with owners									
Issuance of ordinary shares	17	8,660,000	-	-	-	-	8,660,000	-	8,660,000
Share issuance expenses	18	-	(2,564,966)	-	-	-	(2,564,966)	-	(2,564,966)
Issuance of shares pursuant to the conversion of ICPS	19	20,000,000	-	(19,613,436)	-	-	386,564	-	386,564
Total transactions with owners		28,660,000	(2,564,966)	(19,613,436)	-	-	6,481,598	-	6,481,598
Balance at 31.12.2014		99,732,000	288,339	-	2,092,500	(71,023,090)	31,089,749	(717,005)	30,372,744

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Cash Flows from Operating Activities			
Loss before tax		(20,528,059)	(16,107,572)
Adjustments for:			
Bad debts written off		51,236	-
Deposits written off		-	8,889,978
Depreciation of property, plant and equipment		3,425,328	4,748,307
Impairment loss on property, plant and equipment		9,868,505	-
Impairment loss on trade receivables		1,936,213	1,290,304
Interest expense		-	412,416
Other investment written off		-	1
Property, plant and equipment written off		5,980	-
Unrealised gain on foreign exchange		(46,489)	(42,597)
Loss/(Gain) on disposal of property, plant and equipment		214	(23,270)
Interest income		(15,859)	(17,137)
Reversal of impairment loss on trade receivables		(25,273)	-
Waiver of debts and interest		-	(4,190,591)
Operating loss before working capital changes		(5,328,204)	(5,040,161)
Changes in working capital:			
Changes in inventories		350,058	948,548
Changes in receivables		(3,826,613)	432,674
Changes in payables		1,353,134	1,830,580
Cash used in operations		(7,451,625)	(1,828,359)
Tax refunded		-	671
Interest paid		-	(412,416)
Interest received		4,434	-
Net cash used in operating activities, balance carried down		(7,447,191)	(2,240,104)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Balance brought down		(7,447,191)	(2,240,104)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	9	(230,611)	(3,897,956)
Proceeds from disposal of property, plant and equipment		400	23,825
Net cash used in investing activities		(230,211)	(3,874,131)
Cash Flows from Financing Activities			
Repayment of bank borrowings		-	(15,462,885)
Proceeds from issuance of ordinary shares	17	8,660,000	23,000,000
Proceeds from issuance of shares to non-controlling interest		-	34
Advances from a shareholder of a subsidiary		566,249	704,951
Payment of finance lease		-	(4,691)
Share issuance expenses paid		(2,564,966)	-
Net cash from financing activities		6,661,283	8,237,409
Net changes in cash and cash equivalents		(1,016,119)	2,123,174
Effect of exchange rate changes on cash and cash equivalents		-	279
Cash and cash equivalents at beginning of the financial year/period		2,276,601	153,148
Cash and cash equivalents at end of the financial year/period		1,260,482	2,276,601
Cash and cash equivalents at end of the financial year/period comprises:			
Cash and bank balances		1,260,482	2,276,601
Deposits with a licensed bank		356,791	345,366
		1,617,273	2,621,967
Less: Deposits with a licensed bank pledged		(356,791)	(345,366)
		1,260,482	2,276,601

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Other income		4,434	-
Selling and distribution costs		(135,868)	(130,486)
Administrative costs		(3,375,080)	(1,759,790)
Other costs		(15,197,114)	(21,675,669)
		(18,708,062)	(23,565,945)
Loss before tax	5	(18,703,628)	(23,565,945)
Income tax credit	7	-	581
Loss net of tax, representing total comprehensive loss for the financial year/period		(18,703,628)	(23,565,364)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	6,208	7,759
Investments in subsidiaries	10	26,379,000	41,280,000
Deferred tax assets	11	-	128,855
		26,385,208	41,416,614
Current assets			
Other receivables, deposits and prepayments	14	870,251	16,694
Amounts due from subsidiaries	15	8,619	-
Cash and bank balances		1,130,728	1,138
		2,009,598	17,832
TOTAL ASSETS		28,394,806	41,434,446
EQUITY AND LIABILITIES			
Equity			
Share capital	17	99,732,000	71,072,000
Share premium	18	288,339	2,853,305
ICPS - equity component	19	-	19,613,436
Warrants reserve	20	2,092,500	2,092,500
Accumulated losses		(73,784,827)	(55,081,199)
Total equity		28,328,012	40,550,042
Liability			
Non-current liability			
ICPS - liability component	19	-	515,419
Current liabilities			
Other payables and accruals	22	66,794	368,982
Amount due to a subsidiary	23	-	3
		66,794	368,985
Total liabilities		66,794	884,404
TOTAL EQUITY AND LIABILITIES		28,394,806	41,434,446

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

			← Non-distributable		→		
Company	**Note**	**Share Capital RM**	**Share Premium RM**	**Irredeemable Convertible Preference Shares- Equity Component RM**	**Warrants Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
Balance at 1.7.2012		40,000,000	2,853,305	-	-	(29,423,335)	13,429,970
Loss net of tax, representing total comprehensive loss for the financial period		-	-	-	-	(23,565,364)	(23,565,364)
Transactions with owners							
Issuance of ordinary shares	17	31,072,000	-	-	-	-	31,072,000
Issuance of ICPS with free warrants	19	-	-	19,613,436	2,092,500	(2,092,500)	19,613,436
Total transactions with owner		31,072,000	-	19,613,436	2,092,500	(2,092,500)	50,685,436
Balance at 31.12.2013		71,072,000	2,853,305	19,613,436	2,092,500	(55,081,199)	40,550,042
Balance as at 1.1.2014		71,072,000	2,853,305	19,613,436	2,092,500	(55,081,199)	40,550,042
Loss net of tax, representing total comprehensive loss for the financial year		-	-	-	-	(18,703,628)	(18,703,628)
Transactions with owners							
Issuance of ordinary shares	17	8,660,000	-	-	-	-	8,660,000
Share issuance expenses	18	-	(2,564,966)	-	-	-	(2,564,966)
Issuance of shares pursuant to the conversion of ICPS	19	20,000,000	-	(19,613,436)	-	-	386,564
Total transactions with owners		28,660,000	(2,564,966)	(19,613,436)	-	-	6,481,598
Balance at 31.12.2014		99,732,000	288,339	-	2,092,500	(73,784,827)	28,328,012

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Cash Flows from Operating Activities			
Loss before tax		(18,703,628)	(23,565,945)
Adjustments for:			
Depreciation of plant and equipment		1,551	1,952
Impairment loss on investment in subsidiaries		15,196,014	18,713,029
Impairment loss on amount due from a subsidiary		-	2,962,640
Interest income		(4,434)	-
Operating loss before working capital changes		(3,510,497)	(1,888,324)
Changes in working capital:			
Changes in receivables		(853,557)	(16,160)
Changes in payables		(302,188)	(316,265)
Cash used in operations		(4,666,242)	(2,220,749)
Tax refunded		-	581
Interest received		4,434	-
Net cash used in operating activities		(4,661,808)	(2,220,168)
Cash Flows from Investing Activities			
Advances to subsidiaries		(303,634)	(20,776,796)
Acquisition of a subsidiary		(2)	
Purchase of plant and equipment	9	-	(2,360)
Net cash used in investing activities		(303,636)	(20,779,156)
Cash Flows from Financing Activities			
Proceeds from issuance of shares		8,660,000	23,000,000
Share issuance expenses paid		(2,564,966)	-
Net cash from financing activities		6,095,034	23,000,000
Net changes in cash and cash equivalents		1,129,590	676
Cash and cash equivalents at beginning of the financial year/period		1,138	462
Cash and cash equivalents at end of the financial year/period		1,130,728	1,138
Cash and cash equivalents at end of the financial year/period comprises:			
Cash and bank balances		1,130,728	1,138

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

– 31 DECEMBER 2014

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 5-9A, The Boulevard Offices, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 1A, Jalan Kampung Sungai Suloh, Mukim Minyak Beku, 83000 Batu Pahat, Johor Darul Takzim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 10. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 29 April 2015.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(d).

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

(i) Adoption of Amendments/Improvements to MFRSs and New IC Int

The Group and the Company had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:-

Amendments/Improvements to MFRSs	
MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement
New IC Int	
IC Int 21	Levies

The adoption of the above amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company.

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:- (cont'd)

		Effective for financial periods beginning on or after
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. **BASIS OF PREPARATION** (cont'd)

(b) **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")** (cont'd)

(ii) **New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted** (cont'd)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or *vice versa*), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements

Significant areas of estimation uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

(i) Depreciation of property, plant and equipment (Note 9) – The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years. These are common life expectation applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The Group and Company anticipate that the residual value of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

(ii) Impairment loss on receivables (Note 13, 14 and 15) – The Group and the Company assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(iii) Income tax expense (Note 7) – Significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which ultimate tax determination of whether additional taxes will be due is uncertain. The Group and the Company recognises liabilities for tax based on estimate of assessment of the tax liability due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

(iv) Impairment of investments in subsidiaries (Note 10) – The Company carries out the impairment test based on a variety of estimation including the value-in-use of the cash generating unit. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flow. Changes in assumptions could significantly affect the result of the Company's tests for impairment of investment in subsidiaries.

(v) Impairment on property, plant and equipment (Note 9) – The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount. The management relies on the professional valuer to determine the fair market value of certain property, plant and equipment. Significant judgement is required in the estimation of fair market value determined by the professional valuer and the management's expected future cash flows from the cash-generating unit and also the application of a suitable discount rate in order to determine the present value of the future cash flows.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

Significant areas of estimation uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows: (cont'd)

(vi) Deferred tax assets (Note 11) - Deferred tax assets are recognised for all deductible temporary differences based on projected future profit to the extent that it is probable that taxable profit will be available against which the deductible temporary differences in respect of expenses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of controls as mentioned above.

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are '*de facto* agents'); and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

(ii) Business Combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisition, the Group measures the cost of goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of Non-controlling Interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transaction between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

(v) Non-controlling Interest

Non-controlling interests at the reporting date, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the other comprehensive income for the financial year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of Goods

Revenue from sale of goods is measured at fair value of the consideration received or receivables, net of returns and allowances, trade discounts and volumn rebates. Revenue is recognised upon delivery of goods and customer acceptance, if any, when the significant risk and rewards of ownership of the goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Interest Income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(d) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as expenses in the financial period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss as incurred.

(e) Leases

(i) Operating Lease – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Borrowing Costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(g) Income Tax Expense

Income tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial period, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for the prior financial years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such part as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to the respective classes of property, plant and equipment.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Plant and machinery	10-15 years
Office equipment, furniture and fittings and renovation	5-10 years
Motor vehicles	5 years

The residual value, useful live and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the financial period the asset is derecognised.

(i) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less costs of disposal and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(i) **Impairment of Non-Financial Assets** (cont'd)

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior financial years. The reversal of impairment loss is recognised in profit or loss.

(j) **Goodwill**

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in profit or loss.

(k) **Financial Assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and have categorised the financial assets in loans and receivables.

(i) **Loans and Receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial Assets (cont'd)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

(l) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Inventories

Inventories are stated at the lower of cost and net realisable value as follows:

- Raw materials: purchase costs including costs incurred in bringing the inventories to their present location and condition on a first in first out basis.

- Finished goods and work-in-progress: includes cost of direct materials, direct labour and appropriate production overhead are assigned on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(o) Share Capital

(i) Ordinary Shares

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(ii) Preferences Shares

Preference shares are classified as equity if they are non-redeemable, or are redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised in equity in the period in which they are declared.

Preference shares are classified as liability if they are redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss.

(p) Warrant reserves

Amount allocated in relation to the issuance of Warrants are credited to a warrant reserve which is non-distributable. Warrant reserve is transferred to the share premium or retained earnings upon the exercise or expiry of warrants respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Irredeemable convertible preference shares ("ICPS")

The ICPS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. The difference between the proceeds of issue of the ICPS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or cancellation, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity components based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense (dividend) on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying amount of the ICPS.

The value of the conversion option is not adjusted in subsequent periods, except in times of ICPS conversion into ordinary shares. Upon conversion of the instrument into ordinary shares, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised in profit or loss.

(r) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(s) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Non-current Assets Held for Sale

Non-current asset classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such assets and its sale must be highly probable.

Immediately before the initial classification as held for sale, the carrying amounts for the non-current assets are measured in accordance with the Group's accounting policies. On initial classification as held for sale, non-current assets measured at the lower of carrying amount immediately before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets held for sale are classified as current assets in the face of the statements of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the assets as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset been classified as held for sale; and

(b) its recoverable amount at the date of subsequent decision not to sell.

(u) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group's and the Company's other financial liabilities include trade payables and other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Financial Liabilities (cont'd)

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(v) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the chief operating decision maker who periodically review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

(w) Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

4. REVENUE

This represents the invoiced value of goods sold net of returns and discounts.

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):-

	Group		Company	
	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Auditors' remuneration				
- Statutory audit:				
- current financial year/period	129,000	107,000	62,400	45,000
- under provision in prior financial year/ period	7,000	-	7,000	-
- Other services	142,000	72,000	142,000	72,000
Bad debts written off	51,236	-	-	-
Corporate exercise expenses	1,632,114	-	1,632,114	-
Deposits written off	-	8,889,978	-	-
Depreciation of property, plant and equipment	3,425,328	4,748,307	1,551	1,952
Directors' fee	102,000	108,000	102,000	108,000
Employee benefits expense (including key management personnel):				
- Contribution to defined contribution plan	128,428	284,018	48,415	109,138
- Salaries, bonus and others	1,822,997	2,623,162	817,514	342,037
Impairment loss on amount due from a subsidiary	-	-	-	2,962,640
Impairment loss on investment in subsidiaries	-	-	15,196,014	18,713,029
Impairment of property, plant and equipment	9,868,505	-	-	-
Impairment loss on trade receivables	1,936,213	1,290,304	-	-
Interest expense on:				
- Finance lease	-	496	-	-
Loss/(Gain) on foreign currency exchange				
- realised	10,406	85,048	-	-
- unrealised	(46,489)	(42,597)	-	-
Property, plant and equipment written off	5,980	-	-	-
Rental of factory	252,600	45,000	-	-
Rental of hostel	16,200	45,825	-	-
Rental of office	36,300	26,400	36,300	26,400
Bad debts recovered	-	(69,066)	-	-
Loss/(Gain) on disposal of property, plant and equipment	214	(23,270)	-	-
Interest income	(15,859)	(17,137)	(4,434)	-
Interest waiver by a financial institution	(5,784)	(1,653,476)	-	-
Other investment written off	-	1	-	-
Reversal of impairment loss on trade receivables	(25,273)	-	-	-
Waiver of debts	-	(2,537,115)	-	-

6. DIRECTORS' REMUNERATION

	Group		Company	
	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Fees	102,000	108,000	102,000	108,000
Other emoluments	517,132	263,749	517,132	263,749
Contribution to defined contribution plan	12,000	61,200	12,000	61,200
Total directors' remuneration	631,132	432,949	631,132	432,949

7. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Current tax:				
Malaysian income tax:				
Over provision in prior financial period	-	(581)	-	(581)
Deferred tax (Note 11):				
Derecognition of deferred tax assets recognised previously	-	3,395,108	-	-
Income tax expense/(credit)	-	3,394,527	-	(581)

7. INCOME TAX EXPENSE/(CREDIT) (cont'd)

The reconciliations of the tax amount at statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:-

	Group		Company	
	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Loss before tax	(20,528,059)	(16,107,572)	(18,703,628)	(23,565,945)
Tax at the Malaysian statutory income tax rate of 25%	(5,132,015)	(4,026,893)	(4,675,907)	(5,891,486)
Tax effect on non-deductible expenses	650,205	2,264,641	4,675,907	5,891,486
Derecognition of deferred tax assets recognised previously	-	3,395,108	-	-
Tax effect on non-taxable income	-	(870,248)	-	-
Deferred tax asset not recognised during the financial year/period	4,302,538	2,632,500	-	-
Effect of changes in income tax rate	179,272	-	-	-
Over provision in prior financial period - current tax	-	(581)	-	(581)
Income tax expense/(credit)	-	3,394,527	-	(581)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year/period. The domestic corporate tax rate would be reduced to 24% from the current financial year's rate of 25% with effect from year of assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected these changes.

The Group has estimated tax loss carry-forwards of RM24,785,978 (2013: RM23,094,876), capital allowances carry-forward of RM19,942,542 (2013: RM18,216,784) and reinvestment allowances carry-forward of RM27,923,487 (2013: RM27,923,487), available for set-off against future taxable profit.

8. LOSS PER SHARE

Basic

The basic loss per share of the Group is calculated by dividing the Group's loss for the financial year/period attributable to ordinary equity holders of the Company of RM20,126,602 (2013: RM19,186,517) by the weighted average number of ordinary share in issue during the financial year/period of 469,097,260 (2013: 209,621,566) ordinary shares of RM0.20 each.

Diluted

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.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Factory buildings RM	Plant and machineries RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost						
At 1 July 2012	4,465,799	13,090,568	51,764,464	1,579,599	563,336	71,463,766
Additions	-	-	3,740,996	134,960	22,000	3,897,956
Disposals	-	-	-	(3,150)	(27,200)	(30,350)
At 31 December 2013	4,465,799	13,090,568	55,505,460	1,711,409	558,136	75,331,372
Accumulated Depreciation						
At 1 July 2012	-	2,291,498	23,618,198	1,038,676	563,335	27,511,707
Charge for the financial year	-	586,333	3,976,917	180,290	4,767	4,748,307
Disposals	-	-	-	(2,595)	(27,200)	(29,795)
At 31 December 2013	-	2,877,831	27,595,115	1,216,371	540,902	32,230,219
Net Carrying Amount						
At 31 December 2013	4,465,799	10,212,737	27,910,345	495,038	17,234	43,101,153

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM	Factory buildings RM	Plant and machineries RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost						
At 1 January 2014	4,465,799	13,090,568	55,505,460	1,711,409	558,136	75,331,372
Additions	-	-	150,363	80,248	-	230,611
Disposals	-	-	-	(1,100)	-	(1,100)
Transfer to non-current assets classified as held for sale (Note 24)	(702,000)	(1,158,455)	-	-	-	(1,860,455)
Written off	-	-	(23,000)	(23,000)	-	(46,000)
Reclassified	-	-	(86,691)	86,691	-	-
At 31 December 2014	3,763,799	11,932,113	55,546,132	1,854,248	558,136	73,654,428
Accumulated Depreciation and Impairment Losses						
At 1 January 2014						
Accumulated depreciation	-	2,877,831	27,595,115	1,216,371	540,902	32,230,219
Charge for the financial year	-	385,097	2,898,807	133,024	8,400	3,425,328
Impairment loss for the financial year	-	1,802,107	8,028,181	38,217	-	9,868,505
Disposals	-	-	-	(486)	-	(486)
Transfer to non-current assets classified as held for sale (Note 24)	-	(369,123)	-	-	-	(369,123)
Written off	-	-	(17,020)	(23,000)	-	(40,020)
Reclassified	-	-	(5,153)	5,153	-	-
At 31 December 2014	-	4,695,912	38,499,930	1,369,279	549,302	45,114,423
Analysed as:						
- Accumulated depreciation	-	2,893,805	30,471,749	1,331,062	549,302	35,245,918
- Accumulated impairment loss	-	1,802,107	8,028,181	38,217	-	9,868,505
Net Carrying Amount						
At 31 December 2014	3,763,799	7,236,201	17,046,202	484,969	8,834	28,540,005

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Office equipment RM
Cost	
At 1 July 2012	10,789
Additions	2,360
At 31 December 2013/1 January 2014/31 December 2014	13,149
Accumulated Depreciation	
At 1 July 2012	3,438
Charge for the financial period	1,952
At 31 December 2013/1 January 2014	5,390
Charge for the financial year	1,551
At 31 December 2014	6,941
Net Carrying Amount	
At 31 December 2013	7,759
At 31 December 2014	6,208

10. INVESTMENTS IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost:		
At the beginning of the financial year/period	32,698,201	32,698,201
Addition	2	-
	32,698,203	32,698,201
Quasi loan	54,069,965	53,774,953
	86,768,168	86,473,154
Less: Allowance for impairment losses	(60,389,168)	(45,193,154)
At the end of the financial year/period	26,379,000	41,280,000

Quasi loan represents advances and payments made on behalf of which the settlement is neither planned nor likely occur in the foreseeable future. This amount is in substance, a part of the Company's net investment in a subsidiary. The quasi loan is stated at cost less accumulated impairment losses, if any.

During the financial year, an impairment loss on investment in a subsidiary amounting to RM15,196,014 (2013: RM18,713,029) has been recognised to write down the carrying value to its expected recoverable amount.

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

Movement in allowance for impairment losses in respect of amounts owing by subsidiaries are as follows:

	Company	
	2014	**2013**
	RM	**RM**
At beginning of the financial year/period	45,193,154	26,480,125
Additions	15,196,014	18,713,029
At end of the financial year/period	60,389,168	45,193,154

Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Proportion of Ownership Interest/ Voting Rights 2014	2013
Held By The Company				
Amshore Holdings Sdn. Bhd.	Processing, manufacturing and selling of drinking water	Malaysia	100%	100%
Morning Valley Sdn. Bhd.	Inactive	Malaysia	100%	100%
Amshore Vista Sdn. Bhd.	Dormant	Malaysia	100%	100%
Al Maurid Oil & Gas Sdn. Bhd. (formerly known as Sinaran Strategik Sdn. Bhd.)	Dormant	Malaysia	100%	-
Held through Amshore Holdings Sdn. Bhd.				
Amshore KL Sdn. Bhd.	Processing, manufacturing and selling bottled drinking water	Malaysia	66%	66%

On 19 February 2014, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in Al Maurid Oil & Gas Sdn. Bhd. (formerly known as Sinaran Strategik Sdn. Bhd.) for a total cash consideration of RM2. The acquisition did not have a material impact on the financial statements of the Group.

The Group's subsidiary which has non-controlling interest is not materially to the financial position, financial performance and cash flows of the Group and therefore it is presented in the financial statements.

There are no restrictions in the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

11. DEFERRED TAX ASSETS

	Group/Company	
	2014	2013
	RM	RM
At the beginning of the financial year/period	128,855	3,395,108
Recognised in equity	(128,855)	128,855
Recognised in profit or loss (Note 7)	-	(3,395,108)
At the end of the financial year/period	-	128,855

Deferred tax liabilities and assets prior to offsetting are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Deferred tax liabilities				
Temporary differences between carrying amounts of property, plant and equipment and their tax bases	(2,635,561)	(5,915,542)	-	-
Deferred tax assets				
Unutilised capital allowance	2,635,561	4,304,776	-	-
Unutilised tax losses	-	1,610,766	-	-
ICPS	-	128,855	-	128,855
	-	128,855	-	128,855

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:-

	Group	
	2014	2013
	RM	RM
Deductible temporary difference in respect of expenses	2,134,099	1,290,304
Unused tax losses	24,785,978	16,383,351
Unutilised capital allowance	8,961,038	280,217
Unutilised reinvestment allowance	27,923,487	27,923,487
	63,804,602	45,877,359
@ 24%	15,313,104	11,010,566

12. INVENTORIES

	Group 2014 RM	Group 2013 RM
At cost,		
Raw materials	323,552	451,144
Work-in-progress	110,828	165,419
Finished goods	365,057	532,932
	799,437	1,149,495

During the financial year/period, the cost of inventories recognised as an expense in cost of sales of the Group is RM9,152,135 (2013: RM20,011,073).

13. TRADE RECEIVABLES

	Group 2014 RM	Group 2013 RM
Trade receivables	5,404,198	3,562,509
Less: Allowance for impairment	(2,137,485)	(1,290,304)
Trade receivables, net	3,266,713	2,272,205

(a) Credit terms of trade receivables

The Group's normal credit term ranges from 30 to 120 days (2013: 30 to 120 days). Other credit term are assessed and approved on a case to case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Ageing analysis of trade receivables

	Group 2014 RM	Group 2013 RM
Neither past due nor impaired	1,310,335	446,260
1 to 90 days past due but not impaired	1,935,062	510,818
91 to 180 days past due but not impaired	21,316	1,018,622
181 days to 365 days past due but not impaired	-	294,590
More than 365 days past due but not impaired	-	1,915
	1,956,378	1,825,945
Impaired	2,137,485	1,290,304
	5,404,198	3,562,509

13. TRADE RECEIVABLES (cont'd)

(b) Ageing analysis of trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

Receivables that are past due but not impaired

The Group's trade receivables amounting to RM1,956,378 (2013: RM1,825,945) which are past due at the reporting date but not impaired are unsecured. These balances relate mainly to customers who have never defaulted on payments but are slow paymasters and hence, are monitored regularly by the management.

Receivables that are impaired

Movement in allowance accounts:-

	Group	
	2014	**2013**
	RM	**RM**
At the beginning of the financial year/period	1,290,304	-
Charge for the financial year/period (Note 5)	1,936,213	1,290,304
Reversal (Note 5)	(25,273)	-
Written off	(1,063,759)	-
At the end of the financial year/period	2,137,485	1,290,304

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other receivables	955,316	17,422	859,820	3
Deposits	172,405	171,405	10,431	10,431
Prepayments	181,973	204,449	-	6,260
	1,309,694	393,276	870,251	16,694

Included in the other receivables of the Group is an amount of RM857,500 (2013: RM nil) being deposit paid for the acquisition of 980,000 ordinary shares of RM1 each in Bayam Enterprise Sdn. Bhd. as mentioned in Note 30(d).

15. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2014	2013
	RM	RM
Amounts due from subsidiaries	2,971,259	2,962,640
Less: Allowance for impairment loss	(2,962,640)	(2,962,640)
	8,619	-

These amount are non-trade in nature, unsecured, interest free, receivable on demand and expected to be settled in cash.

Movement in allowance accounts:-

	Company	
	2014	2013
	RM	RM
At the beginning of the financial year/period	2,962,640	-
Charge for the financial year/period (Note 5)	-	2,962,640
At the end of the financial year/period	2,962,640	2,962,640

16. DEPOSITS WITH A LICENSED BANK

The deposits are pledged to licensed banks as security for bank guarantees. The interest rates and maturities of deposits are at 1.0% - 2.5% (2013: 1.0% - 2.5%) per annum and 365 days (2013: 365 days) respectively.

17. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2014	2013	2014	2013
	Unit	Unit	RM	RM
Ordinary shares of RM0.20 each				
Authorised share capital:-				
Beginning of financial year/period	1,150,000,000	500,000,000	230,000,000	100,000,000
Created during the financial year/period	-	650,000,000	-	130,000,000
End of financial year/period	1,150,000,000	1,150,000,000	230,000,000	230,000,000
Issued and fully paid:-				
Beginning of financial year/period	355,360,000	200,000,000	71,072,000	40,000,000
Issued during the financial year/period				
- settlement of debts	-	40,360,000	-	8,072,000
- private placement	43,300,000	115,000,000	8,660,000	23,000,000
- conversion of ICPS	100,000,000	-	20,000,000	-
End of financial year/period	498,660,000	355,360,000	99,732,000	71,072,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual interests.

The following issue of shares was made by the Company:

(i) Ordinary shares issued pursuant to settlement of debts

In the previous financial period, 40,360,000 new ordinary shares of RM0.20 each were issued pursuant to the settlement of debts owing to certain creditors of the Group.

(ii) Ordinary shares issued pursuant to private placement

During the financial year, 43,300,000 (2013: 115,000,000) new ordinary shares of RM0.20 each for cash at an issue price of RM0.20 per ordinary share through private placement to identified investors.

(iii) Ordinary shares issued pursuant to conversion of ICPS

During the financial year, 100,000,000 (2013: nil) Irredeemable Convertible Preference Shares (“ICPS”) of RM0.20 each were converted into 100,000,000 ordinary shares of RM0.20 each.

The new ordinary shares issued during the financial year/period rank *pari passu* in all respects with the existing ordinary shares of the Company.

18. SHARE PREMIUM

This reserve comprises premium paid on subscription of shares of the Company above par value of the shares.

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

Movement in share premium account:-

	Group/Company	
	2014	**2013**
	RM	**RM**
At the beginning of the financial year/period	2,853,305	2,853,305
Share issuance expenses	(2,564,966)	-
At the end of the financial year/period	288,339	2,853,305

During the financial year, a total of shares issued expenses of RM2,564,966 were written off against share premium.

19. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

	Group/Company			
	Number of shares		Amount	
	2014	**2013**	**2014**	**2013**
	Unit	**Unit**	**RM**	**RM**
ICPS at RM0.20 each				
Authorised share capital:-				
Beginning of financial year/period	100,000,000	-	20,000,000	-
Created during the financial year/period	-	100,000,000	-	20,000,000
End of financial year/period	100,000,000	100,000,000	20,000,000	20,000,000
Issued and fully paid:-				
Beginning of financial year/period	100,000,000	-	20,000,000	-
Issued during the financial year/period	-	100,000,000	-	20,000,000
Conversion into ordinary shares	(100,000,000)	-	(20,000,000)	-
End of financial year/period	-	100,000,000	-	20,000,000

On 2 December 2013, the Company issued 100,000,000 three (3)-year 1% ICPS with 25,000,000 detachable warrants at a nominal value of RM0.20 per ICPS to the unsecured lender pursuant to the completion of the settlement agreement.

19. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (cont'd)

The above ICPS were converted into ordinary shares of RM0.20 each on 15 January 2014. The salient terms of the ICPS are as follows:

(i) the ICPS are transferable upon issuance;

(ii) the holder of the ICPS are entitled to cumulative dividend at the rate of one percent (1%) per annum on the capital paid-up or credited as paid-up on the ICPS;

(iii) the ICPS are convertible at any time on or after its issuance date into new ordinary shares of the Company at the conversion price, which is fixed at RM 0.20;

(iv) any remaining ICPS not converted at the end of the Conversion Period shall be mandatorily converted into new ordinary shares at the Conversion Price on the maturity date; and

(v) the new ordinary shares issued from the conversion of ICPS will be deemed fully paid-up and rank *pari passu* in all respects with all existing ordinary shares of the Company.

The ICPS have been split between the liability component and the equity component as follows:

	Group/Company	
	2014	**2013**
	RM	**RM**
Liability component of ICPS		
At the beginning of the financial year/date of issue	515,419	386,564
Conversion into ordinary shares	(515,419)	-
Deferred tax assets arising in respect of liability component	-	128,855
At end of the financial year/initial recognition	-	515,419
Equity component of ICPS		
At the beginning of the financial year/date of issue	19,613,436	19,613,436
Conversion into ordinary shares	(19,613,436)	-
At end of the financial year/initial recognition	-	19,613,436
	-	20,128,855

20. WARRANTS RESERVE

On 29 November 2013, the Company allotted and issued 25,000,000 warrants which were constituted under the Deed Poll dated 30 May 2013.

Salient features of the above warrants are as follows:

(i) each of the warrant entitles the holder to the right of exercise of one ordinary share in the Company. The number of warrants is subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;

(ii) the close of business on the warrants is three (3) years from the date of issuance of the warrants; thereafter the outstanding warrants will cease to be valid for any purpose;

(iii) the new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank *pari passu* with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company; and

(iv) each warrant entitles its holder the right to subscribe for one ordinary share of RM0.20 each in the Company at any time up to the expiry date of 1 December 2016 at an exercise price of RM0.25 each payable in cash.

The number of warrants remains unexercised at the end of the financial year/period are follows:-

	Group/Company	
	2014	**2013**
	RM	**RM**
Unexercised warrants	25,000,000	25,000,000

The allocated fair values of free warrants are credited to a warrant reserve, which is non-distributable. The warrant reserve will be transferred to the share premium account upon the exercise of warrants.

The warrant reserve is computed based on the fair value per Warrant of RM0.04. The assumptions used to arrive at this fair value are as follows:-

Valuation model	: Black Scholes
Exercise price	: RM0.25
Expiry date	: 3 years
5-day volume weighted average market price of Bio Osmo shares	: RM0.115
Volatility rate	: 76.85%
Risk free rate	: 3.52%

As the above variables are subject to change upon the implementation of the warrants, the actual quantum of the components of the warrant reserve will only be determined upon issuance of the warrants. As such, the actual quantum may differ from the amount computed above.

21. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 120 days (2013: 30 to 120 days).

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other payables	3,124,486	3,147,573	42,314	54,151
Deposit received	300,000	-	-	-
Accruals	306,786	736,740	24,480	314,831
	3,731,272	3,884,313	66,794	368,982

Other payables of the Group included loans from a third party and a shareholder of a subsidiary amounted to RM1,333,299 (2013: RM1,400,000) and RM1,271,200 (2013: RM704,951) respectively. These amounts are unsecured, interest free and with no fixed term of repayment.

Deposit received represents down payment for the properties to be disposed as mentioned in Note 30(e).

Included in the accruals of the Company in the previous financial period was an amount of RM161,605 being accrual for directors' remuneration.

23. AMOUNT DUE TO A SUBSIDIARY

This amount is non-trade in nature, unsecured, interest free, repayable and expected to be settled in cash.

24. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 2 September 2014, Amshore Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into sale and purchase agreement with a third party to dispose two pieces of land together with all the factories and buildings erected thereon as mentioned in Note 30(e). The properties are classified as held for sale as the properties are expected to be recovered primarily through sale rather than continuing use and sale is expected to be completed within the next financial year.

	Group	
	2014	2013
	RM	RM
At lower of carrying amount and fair value less cost to sell:		
At the beginning of the financial year/period	-	-
Transfer from property, plant and equipment (Note 9)	1,491,332	-
At the end of the financial year/period	1,491,332	-

25. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or *vice versa*, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Group and the Company have a related party relationship with its subsidiaries, key management personnel and companies related to directors. Companies related to directors refer to companies in which the directors of the Company have substantial financial interests.

(b) Related party transactions and balances are as follows:-

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year/period:-

	Year ended 31.12.2014 RM	Period from 1.7.2012 to 31.12.2013 RM
Company		
Settlement of liabilities on behalf of a subsidiary		
- Amshore Holdings Sdn. Bhd.	-	48,848,793
Group		
Advances from a shareholder of a subsidiary	566,249	704,951

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 15, 22 and 23.

25. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group.

The remuneration of the key management personnel is as follows:

	Group		Company	
	Year ended 31.12.2014 RM	**Period from 1.7.2012 to 31.12.2013 RM**	**Year ended 31.12.2014 RM**	**Period from 1.7.2012 to 31.12.2013 RM**
Non-executive directors' fees	102,000	108,000	102,000	108,000
Short-term employee benefits	517,132	303,000	517,132	303,000
Post-employment benefits	12,000	104,400	12,000	104,400
	631,132	515,400	631,132	515,400

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial positions by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables RM	**Total RM**
Group		
2014		
Financial assets		
Trade receivables	3,266,713	3,266,713
Other receivables and deposits	1,127,721	1,127,721
Deposits with a licensed bank	356,791	356,791
Cash and bank balances	1,260,482	1,260,482
	6,011,707	6,011,707

26. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial positions by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (cont'd)

	Financial liabilities at amortised cost RM	Total RM
Group		
2014		
Financial liabilities		
Trade payables	2,975,702	2,975,702
Other payables and accruals*	3,431,272	3,431,272
	6,406,974	6,406,974

	Loans and receivables RM	Total RM
Group		
2013		
Financial assets		
Trade receivables	2,272,205	2,272,205
Other receivables and deposits	188,827	188,827
Deposits with a licensed bank	345,366	345,366
Cash and bank balances	2,276,601	2,276,601
	5,082,999	5,082,999

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Trade payables	903,278	903,278
Other payables and accruals	3,884,313	3,884,313
ICPS - liability component	515,419	515,419
	5,303,010	5,303,010

* Exclude deposit received for properties to be disposed

26. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial positions by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (cont'd)

	Loans and receivables RM	Total RM
Company		
2014		
Financial assets		
Other receivables and deposits	870,251	870,251
Amounts due from subsidiaries	8,619	8,619
Cash and bank balances	1,130,728	1,130,728
	2,009,598	2,009,598

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Other payables and accruals	66,794	66,794

	Loans and receivables RM	Total RM
Company		
2013		
Financial assets		
Other receivables and deposits	10,434	10,434
Cash and bank balances	1,138	1,138
	11,572	11,572

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Other payables and accruals	368,982	368,982
Amount due to a subsidiary	3	3
	368,985	368,985

26. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:-

(i) Cash and bank balances, trade and other receivables, trade and other payables

The carrying amounts are reasonable approximation of fair values due to short term nature of these financial instruments.

(ii) ICPS – liability component

The carrying amounts and fair values of financial instruments, other than those with carrying amounts are reasonable approximations of fair values are as follows:-

	Carrying Amount RM	Fair Value RM
Group		
2014		
Nil		
2013		
Financial liabilities		
ICPS - liability component	515,419	515,419

(c) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

26. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

As at reporting date, the Group and the Company held the following liability carried at fair values:

	Carrying Amount RM	Fair value measurement using Level 1 RM	Level 2 RM	Level 3 RM
2014				
Nil				
2013				
ICPS - liability component	515,419	-	515,419	-

During the financial years ended 31 December 2014 and 2013, there was no transfer between Level 1 and 2 of fair value measurement hierarchy.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group operates within clearly defined guidelines that are approved by the directors and the Group's policy is not to engage in speculative transactions. The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Exposure to credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and actions are taken to recover debts when due.

Credit risk concentration profile

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group is the carrying amount of the financial assets as shown in the statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a continuity of funding.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity risk (cont'd)

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

2014
Group/Company

The Group's and the Company's financial liabilities at the reporting date either matures within one year or repayable on demand.

2013	**Carrying amount RM**	**Contractual cash flows RM**	**On demand and within 1 year RM**	**1 to 2 years RM**
Group				
Financial Liabilities:				
Trade payables	903,278	903,278	903,278	-
Other payables and accruals	3,884,313	3,884,313	3,884,313	-
ICPS coupon	-	600,000	200,000	400,000
	4,787,591	5,387,591	4,987,591	400,000
Company				
Financial Liabilities:				
Other payables and accruals	368,982	368,982	368,982	-
Amount due to a subsidiary	3	3	3	-
ICPS coupon	-	600,000	200,000	400,000
	368,985	968,985	568,985	400,000

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD").

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Foreign currency risk (cont'd)

Financial assets denominated in SGD are as follow:-

	Group	
	2014	2013
	RM	RM
SGD		
Trade receivables	514,001	1,927,096
Cash and bank balances	37,922	64,857
	551,923	1,991,953

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the SGD exchange rate against the functional currency of the Group, with all other variables held constant.

	Group	
	2014	2013
	RM	RM
SGD/RM - strengthened 5% (2013: 5%)	20,697	74,698
SGD/RM - weakened 5% (2013: 5%)	(20,697)	(74,698)

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. There is no change in the objectives, policies or procedures during the financial year/period ended 31 December 2014 and 31 December 2013.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within reasonable levels.

There were no bank borrowings for the current and previous financial years. Accordingly, calculation of gross debt equity ratio is not meaningful to the Group.

The Group is not subject to any externally imposed capital requirements.

29. SEGMENT 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 segments

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.

(c) Major customers

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

	Year ended 31.12.2014 RM	**Period from 1.7.2012 to 31.12.2013 RM**
Major customers		
- Customer A	-	3,756,002
- Customer B	-	3,211,656
- Customer C	-	2,601,800
- Customer D	-	1,590,304
- Customer E	1,156,485	-
- Customer F	916,515	-
- Customer G	594,947	-
- Customer H	522,406	-
- Customer I	514,500	-

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Company had on 13 January 2014 announced the completion of conversion of 100 million Irredeemable Convertible Preference Shares ("ICPS") of RM0.20 each to 100,000,000 ordinary shares of RM0.20 each. The new ordinary shares were listed on Bursa Securities on 15 January 2014.

(b) The Company had on 19 February 2014 announced the acquisition of 100% equity interest in Sinaran Strategik Sdn. Bhd. ("Sinaran") for a total cash consideration of RM2, and hence, Sinaran became a wholly-owned subsidiary of the Company and subsequently changed its name to Al Maurid Oil & Gas Sdn. Bhd..

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

(c) The Company had on 4 March 2014 announced the proposed private placement of up to 48,036,000 new ordinary shares of RM0.20 each ("Placement Shares"), representing up to 10% of the issued and paid-up share capital of the Company. The stage of completion were as follows:-

(i) On 9 June 2014, issuance of 10,000,000 new ordinary shares of RM0.20 each;

(ii) On 23 June 2014, issuance of 11,800,000 new ordinary shares of RM0.20 each;

(iii) On 18 September 2014, issuance of 5,000,000 new ordinary shares of RM0.20 each;

(iv) On 2 October 2014, issuance of 5,000,000 new ordinary shares of RM0.20 each; and

(v) On 14 October 2014, issuance of 11,500,000 new ordinary shares of RM0.20 each.

The Company had on 14 October 2014 announced that the Board does not intend to place the remaining Placement Shares of 4,736,000 ordinary shares of RM0.20 each to potential investors. As a result, the Private Placement is deemed completed as of 14 October 2014.

(d) The Company had on 29 May 2014 announced the following corporate proposals:

(i) Proposed acquisition of 980,000 ordinary shares of RM1.00 each in Bayam Enterprise Sdn. Bhd. ("Bayam") for a cash consideration of up to RM17.15 million ("Proposed Acquisition); and

(ii) Proposed diversification of the principal activities of Bio Osmo and its subsidiaries ("Bio Group") to include the provision of catering and hospitality services and other support services to the oil and gas ("O&G") industry pursuant to the proposed acquisition ("Proposed diversification").

However, the Company had on 3 December 2014 announced that the Company and the vendors of Bayam had mutually agreed to terminate the Share Sale Agreement. The Company decided not to pursue any exposure into the oil and gas related service industry at this juncture in view of the declining petroleum products prices worldwide and the Company opines that the prospect of the oil and gas as well as the peripheral industrial going forward may not be as robust as anticipated earlier.

(e) The Company had on 2 September 2014 announced that its wholly-owned subsidiary, Amshore Holdings Sdn. Bhd. has on the same date entered into a Sale and Purchase Agreement ("the SPA") with BTL Element Sdn. Bhd. ("BTL") for the disposal of 2 pieces of properties together with all factories and buildings erected thereon and for a total sale consideration of RM3 million on such terms and conditions set out as stated in the SPA. This transaction has not been completed at the date of authorisation of these financial statements.

31. COMPARATIVE FIGURES

The comparative figures of the preceding financial period covered a period of 18 months from 1 July 2012 to 31 December 2013 whilst the figures of the current financial year's financial statements covered a period of 12 months from 1 January 2014 to 31 December 2014. Accordingly, the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not in respect of comparable periods.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised accumulated losses of the Group and of the Company is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

The accumulated losses of the Group and of the Company as at reporting date are analysed as follows:-

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total accumulated losses of the Company and its subsidiaries				
- realised	(107,468,683)	(83,514,061)	(71,692,327)	(52,988,699)
- unrealised	(2,046,011)	(2,049,903)	(2,092,500)	(2,092,500)
	(109,514,694)	(85,563,964)	(73,784,827)	(55,081,199)
Add: Consolidation adjustments	38,491,604	34,667,476	-	-
Total accumulated losses	(71,023,090)	(50,896,488)	(73,784,827)	(55,081,199)

The disclosure of realised and unrealised profits or loss above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

List of Properties

AS AT 31 DECEMBER 2014

Location	Description	Existing Use	Tenure / Expiry of Lease	Approx age of Building	Unit / Acreage	Major encumberances	Net book value as at 31/12/2014 (RM'000)
Amshore New head office, factory, warehouse *1A, 1A-1, 1A-2, Jalan Kampung Sungai Suloh, Taman Perindustrian Wawasan, 83000 Batu Pahat, Johor Darul Takzim. H.S.(M) 1476 PTD 2138, Mukim Minyak Beku, Daerah Batu Pahat, Johor.	Medium industrial building	Processing & manufacturing full-automated bottled RO water	Freehold	Less than 11 years	256,220 sq ft / 84,550 sq ft	-	11,000
Amshore ^Old factory No. 1, Jalan Budi Tengah, Taman Perindustrian Wawasan,83000 Batu Pahat, Johor Darul Takzim. Geran 119490 Lot 8351, Mukim Minyak Beku, Daerah Batu Pahat, Johor.	Light industrial building	Processing & manufacturing semi-automated bottled RO water	Freehold	Less than 16 years	13,455 sq ft / 5,400 sq ft		1,133
Amshore ^No.3, Jalan Budi Tengah, Taman Perindustrian Wawasan, 83000 Batu Pahat, Johor Darul Takzim. Geran 119491 Lot 8352, Mukim Minyak Beku, Daerah Batu Pahat, Johor.	Light industrial building	Warehouse	Freehold	Less than 16 years	20,139 sq ft / 4,800 sq ft	-	358

Revaluation Policy

Landed Properties were appraised at least every five years by independent professional valuers using the open market value basis and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

* The freehold land were revalued by the Directors based on a valuation carried out by an independent firm of professional valuers in 2015 on market value basis.

^ Classified as non-current assets held for sales.

Analysis of Shareholdings

AS AT 30 APRIL 2015

Authorised Capital	:	RM250,000,000 divided into 1,150,000,000 ordinary shares of RM0.20 each and RM100,000,000 irredeemable convertible preference shares of RM0.20 each
Issued and fully paid-up capital	:	498,660,000 ordinary shares of RM0.20 each
Voting rights	:	One vote for one ordinary share

Distribution of Shareholdings

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	10	0.34	471	0.00
100 - 1,000	259	8.89	201,812	0.04
1,001 - 10,000	700	24.04	4,222,500	0.85
10,001 - 100,000	1,393	47.84	69,484,900	13.93
100,001 to less than 5% of issued shares	548	18.82	299,750,317	60.11
5% and above of issued shares	2	0.07	125,000,000	25.07
TOTAL	**2,912**	**100.00**	**498,660,000**	**100.00**

Thirty (30) largest Shareholders

NOS.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	Al Maurid Resources Sdn Bhd	100,000,000	20.05
2	True Profit Holdings Limited	25,000,000	5.01
3	Sure Talent Holdings Limited	17,857,100	3.58
4	Rahmah binti Abdul Rahim	17,225,000	3.45
5	TA Nominees (Tempatan) Sdn Bhd for Tan Ann Gee	9,596,500	1.92
6	Chong Hong Jong	7,300,000	1.46
7	Maybank Nominees (Tempatan) Sdn Bhd for Chuah Kim Seng	4,076,400	0.82
8	Tan Ai Luang	3,412,400	0.68
9	RHB Capital Nominees (Tempatan) Sdn Bhd for Hamzah bin Mohd Salleh	3,355,317	0.67
10	RHB Capital Nominees (Tempatan) Sdn Bhd for Loo Ting Lian	3,272,500	0.66
11	Toh Tian Hwa	3,250,000	0.65
12	Affin Hwang Nominees (Tempatan) Sdn Bhd for Teo Han Tong	3,000,000	0.60
13	HLB Nominees (Tempatan) Sdn Bhd for Tan Cheng Chai	2,500,000	0.50
14	Y&L Packaging Industries Sdn Bhd	2,394,000	0.48
15	Chuah Kooi Lin @ Lim Kooi Lin	2,300,000	0.46

Analysis of Shareholdings

AS AT 30 APRIL 2015

Thirty (30) largest Shareholders

NOS.	NAME OF SHAREHOLDER	NO. OF SHARES	%
16	Corporate Advisory and Re-Engineering Services Sdn Bhd	2,274,100	0.46
17	Gan Chong Hui @ Henry Gan	2,200,000	0.44
18	CIMSEC Nominees (Tempatan) Sdn Bhd for Lim Tee Heng	2,176,500	0.44
19	Chee Tai Tai	2,150,000	0.43
20	Ismail bin Kadir	2,100,000	0.42
21	Loh Yim Quin	2,097,700	0.42
22	Tan Teck Boo	1,930,300	0.39
23	CIMSEC Nominees (Tempatan) Sdn Bhd for Lee Li See	1,903,800	0.38
24	Public Nominees (Tempatan) Sdn Bhd for Lim Mee Theng	1,750,000	0.35
25	Kong Jung Sing	1,643,800	0.33
26	RHB Nominees (Tempatan) Sdn Bhd for Tham Kok Hoi	1,638,100	0.33
27	Teo Zon San	1,637,600	0.33
28	Hassan Fikri bin Mohamad	1,617,600	0.32
29	Lim Swee Thiam	1,612,700	0.32
30	Chia Kooi Seong	1,600,000	0.32

	NAME OF SUBSTANTIAL SHAREHOLDERS	SHAREHOLDINGS		%
		Direct	Indirect	
1.	AL MAURID RESOURCES SDN BHD	100,000,000	-	20.05
2.	TRUE PROFIT HOLDINGS LIMITED	25,000,000	-	5.01

	NAME OF SUBSTANTIAL DIRECTOR	SHAREHOLDINGS		%
		Direct	Indirect	
1	SHAHRIZAL HISHAM BIN ABDUL HALIM	0	0	0.00
2	WONG KOK SEONG AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD	10,000	0	0.00
3	AUZIR BIN MOHD YAACOB	10,000	0	0.00
4	PROF. DR. MOHD AMY AZHAR BIN HJ. MOHD HARIF	0	0	0.00

Notice to Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of Bio Osmo Berhad will be held at Conference Room, Bukit Banang Golf & Country Club, No. 1, Persiaran Gemilang, Bandar Banang Jaya, 83000 Batu Pahat, Johor Darul Takzim on Tuesday, 16 June 2015 at 11.00 a.m. for the following purposes :

A G E N D A

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial period ended 31 December 2014 together with the Directors' and Auditors' Report thereon.	**(Please refer to Explanatory Note A)**
2.	To approve the payment of Directors' Fees of RM102,000.00 for the financial period ended 31 December 2014.	**RESOLUTION 1**
3.	To re-elect Prof. Dr Mohd Amy Azhar bin Hj Mohd Harif who retire in accordance with Article 127 of the Company's Articles of Association and being eligible, offers himself for re-election.	**RESOLUTION 2**
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as the Auditors of the Company and to authorise the Directors to fix their remuneration.	**RESOLUTION 3**

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following Ordinary Resolution: -

ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act") and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **RESOLUTION 4**

6. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Act.

BY ORDER OF THE BOARD
SIEW SUET WEI (MAICSA NO. 7011254)
KHOO WEI LEE (MAICSA NO. 7063165)
Company Secretaries

Kuala Lumpur
Date: 22 May 2015

Notice to Annual General Meeting

NOTES: -

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. The proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.

2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.

3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer is a corporation under its common seal or the hand of its attorney.

6. The instrument appointing a proxy must be deposited at the Company's Registered Office at 5-9A, The Boulevard Offices, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

7. Depositors whose name appear in the Record of Depositors as at 9 June 2015 shall be regarded as members of the company entitled to attend the AGM or appoint proxy(ies) to attend and vote on his/her behalf.

EXPLANATORY NOTE A

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.

EXPLANATORY NOTE TO SPECIAL BUSINESS

The proposed Ordinary Resolution, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate.

The renewal of the mandate for the issue of shares was approved by its shareholders at the AGM held on 30 June 2014. Pursuant to the mandate, the Company issued a total of 43,300,000 new ordinary shares of RM0.20 each in the share capital of the Company. As at the date of this notice, no new shares have been issued.

This authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF 7TH ANNUAL GENERAL MEETING
(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no individual who is seeking for election as a Director (excluding directors standing for a re-election).

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

FORM OF PROXY

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We ______________________________ of ______________________________

____

being a member/members of **Bio Osmo Berhad**, hereby appoint (1) Mr/Ms ______________________________

______________________ (NRIC No. ______________________) of ______________________

____ or failing whom,

Mr/Ms ______________________ (NRIC No. ______________________) of ______________________

____

(the next name and address should be completed where it is desired to appoint two proxies) *(2) Mr/Ms ______________________

______________________ (NRIC No. ______________________) of ______________________

____ or failing whom,

Mr/Ms ______________________ (NRIC No. ______________________) of ______________________

____

as my/our proxy to vote for *me/us and on *my/our behalf at the **Eighth Annual General Meeting** of the Company to be held at **Conference Room, Bukit Banang Golf & Country Club, No. 1, Persiaran Gemilang, Bandar Banang Jaya, 83000 Batu Pahat, Johor Darul Takzim on Tuesday, 16 June 2015 at 11.00 a.m.** and at every adjournment thereof *for/against the resolutions to be proposed thereat.

The proportion of *my/our proxies are as follows:
(This paragraph should be completed only when two proxies are appointed)

First Proxy (1) __________ %   Second Proxy (2) __________ %

*My/Our proxy is to vote as indicated below: -

Agenda	Resolution	For	Against
To approve the payment of Directors' Fee of RM102,000.00 for the financial period ended 31 December 2014.	1		
To re-elect Prof. Dr Mohd Amy Azhar bin Hj Mohd Harif who retire in accordance with Article 127 of the Company's Articles of Association.	2		
To re-appoint Messrs Baker Tilly Monteiro Heng as Auditor of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	3		
To authorise the allotment of shares pursuant to Section 132D.	4		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit

____
Signature of Member(s)

As witness my hand this __________ day of _____________, 2015

NOTES: -

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. The proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer is a corporation under its common seal or the hand of its attorney.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 5-9A, The Boulevard Offices, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

FOLD THIS SLAP FOR SEALING

AFFIX
STAMP

The Company Secretary

BIO OSMO BERHAD (740838-A)

5-9A The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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1ST FOL D HERE

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