

IMPIANA HOTELS BERHAD
(Formerly known as Bio Osmo Berhad)
(740838-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND PERIOD-TO-DATE ENDED 31 MARCH 2019

RM'000	3 months ended		3 months ended	
	31.03.19	31.03.18 Restated	31.03.19	31.03.18 Restated
Revenue	2,771	836	2,771	836
Other income	2	287	2	287
Operating expenses	(2,210)	(738)	(2,210)	(738)
Finance costs	(223)	-	(223)	-
Share of results of associated company	129	-	129	-
Operating profit before tax	469	385	469	385
Taxation	(254)	(242)	(254)	(242)
Net profit/(loss) after tax				
- From continuing operations	215	143	215	143
- From discontinued operations	-	(1,048)	-	(1,048)
Profit/(Loss) for the period	215	(905)	215	(905)
Total comprehensive profit/(loss) for the period	215	(905)	215	(905)
Profit/(Loss) attributable to:				
Owners of the Company				
- From continuing operations	117	10	117	10
- From discontinued operations	-	(738)	-	(738)
	117	(728)	117	(728)
Non-controlling interest				
- From continuing operations	98	133	98	133
- From discontinued operations	-	(310)	-	(310)
	98	(177)	98	(177)
	215	(905)	215	(905)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	117	(728)	215	(728)
Non-controlling interest	98	(177)	-	(177)
	215	(905)	215	(905)

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2019 (CONT'D)

RM'000	3 months ended		3 months ended	
	31.03.19	31.03.18 Restated	31.03.19	31.03.18 Restated
Profit/(Loss) per share attributable to Owners of the Company (sen):-				
Basic				
- From continuing operations	0.015	0.001	0.015	0.001
- From discontinued operations	-	(0.093)	-	(0.093)
	0.015	(0.092)	0.015	(0.092)
Fully diluted				
- From continuing operations	0.015	0.001	0.015	0.001
- From discontinued operations	-	(0.093)	-	(0.093)
	0.015	(0.092)	0.015	(0.092)

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IMPIANA HOTELS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

RM'000	As at 31.03.19 Restated (Unaudited)	As at 31.12.18 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	60,351	19
Land held for development	3,030	-
Investment in associate	37,924	-
Intangible assets	11,815	12,030
Goodwill	48,934	-
Amount due from related companies	15,622	12,500
Trade receivables	344	748
Total non-current assets	<u>178,020</u>	<u>25,297</u>
Current assets		
Inventories	144	-
Property development cost	43,852	-
Trade receivables	4,000	3,577
Other receivables, deposits and prepayments	5,283	2,050
Amount due from related companies	-	16
Fixed deposits with a licensed bank	604	-
Cash in hand and at bank	1,930	125
Total current assets	<u>55,813</u>	<u>5,768</u>
TOTAL ASSETS	<u><u>233,833</u></u>	<u><u>31,065</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	80,245	42,299
Accumulated profit / (losses)	(38,351)	(25,656)
Revaluation Reserve	24,519	-
Capital contribution from shareholder	21,783	-
Equity attributable to Owners of the Company	<u>88,196</u>	<u>16,643</u>
Non-controlling interest	-	6,347
Total equity	<u>88,196</u>	<u>22,990</u>
Non-current liabilities		
Deferred tax liability	3,710	527
Borrowings	34,897	-
Trade and other payables	130	100
Amount due to related companies	39,035	-
Total non-current liabilities	<u>77,772</u>	<u>627</u>

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019
(CONT'D)

RM'000	As at 31.03.19 Restated (Unaudited)	As at 31.12.18 (Audited)
Current liabilities		
Trade payables	2,513	-
Other payables and accruals [^]	40,707	5,475
Amounts due to Directors	54	-
Tax payable	3,192	1,973
Amount due to related companies	12,060	-
Borrowings	1,739	-
Bank overdraft	7,600	-
Total current liabilities	<u>67,865</u>	<u>7,448</u>
Total liabilities	<u>145,637</u>	<u>8,075</u>
TOTAL EQUITY AND LIABILITIES	<u>233,833</u>	<u>31,065</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.111</u>	<u>0.021</u>

[^] Included in other payables and accruals is the fair value consideration on the legal acquisition of subsidiaries amounting RM425.90 million to be satisfied by the allotment and issuance new shares and also the cash portion. The share allotment, issuance and listing have been completed on 11 April 2019

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD-TO-DATE ENDED 31 MARCH 2019

	<----- Attributable to Owners of the Company ----->				Total	Non-controlling Interest	Total Equity
	Share Capital	Capital Contribution From Shareholder	Revaluation Reserve	Accumulated Losses			
Unaudited	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
3 months period							
Balance as of 1 January 2019	42,299	-	-	(25,656)	16,643	6,347	22,990
Issuance of shares	-	-	-	-	-	-	-
Share Conversion	-	-	-	-	-	-	-
Reverse Accounting Acquisition	37,946	21,783	-	(19,985)	39,744	-	39,744
Realisation of Revaluation Reserve	-	-	24,519	728	25,247	-	25,247
Total comprehensive profit/(loss) for the period	-	-	-	117	117	98	215
Acquired shares in a subsidiary from the non-controlling interest	-	-	-	6,445	6,445	(6,445)	-
Balance as of 31 March 2019	80,245	21,783	24,519	(38,351)	88,196	-	88,196
<hr/>							
Audited							
18 months ended 31 December 2018							
Balance as of 1 July 2017	42,299	-	-	(12,682)	29,617	5,415	35,032
Total comprehensive profit/(loss) for the period	-	-	-	(12,974)	(12,974)	(642)	(13,616)
Dividends	-	-	-	-	-	(563)	(563)
Disposal of a subsidiary	-	-	-	-	-	2,137	2,137
Balance as of 31 March 2018	42,299	-	-	(25,656)	16,643	6,347	22,990

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD-TO-DATE ENDED 31 MARCH 2019

RM'000	3 months ended	
	31.03.19 Restated	31.03.18
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- From continuing operations	469	385
- From discontinued operations	-	(1,048)
	469	(663)
Adjustments for:		
Amortisation of intangible assets	215	257
Amortisation of leasehold land	-	14
Depreciation of property, plant and equipment	108	504
Impairment loss on property, plant and equipment	-	860
Gain on disposal of property, plant and equipment	-	(20)
Interest expense	223	-
Interest income	(2)	(4)
Share of results of associated company	(129)	-
Unrealised gain on foreign currency exchange	-	(159)
	884	789
Operating profit/(loss) before working capital changes	884	789
Increase in property development cost	(1,293)	-
(Increase)/Decrease in inventories	(7)	691
Increase in receivables	-	2,591
Increase in amount due from related companies	29,806	-
Increase/(Decrease) in amount due to Directors	54	(239)
Decrease in payables	9,149	(1,746)
	38,593	2,086
Cash generated from operations	38,593	2,086
Interest received	2	4
Interest paid	(223)	-
Income tax paid	(35)	(108)
	38,337	1,982
Net cash from operating activities	38,337	1,982
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net cash outflow	(43,960)	-
Acquisition of property, plant and equipment	-	25
	(43,960)	25
Net cash (used in)/from investing activities	(43,960)	25
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(172)	-
	(172)	-
Net cash used in financing activities	(172)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,795)	2,007
EFFECT OF EXCHANGE RATE CHANGES	-	159
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	125	875
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(5,670)	3,041

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD-TO-DATE ENDED 31 MARCH 2019 (CONT'D)

RM'000	3 months ended	
	31.03.19 Restated	31.03.18
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE:		
- From continuing operations		
Cash and bank balances	1,930	2,822
Fixed deposit with licensed banks	604	-
	2,534	2,822
Less : Fixed deposit pledged to licensed banks	(604)	-
Less : Bank overdraft	(7,600)	-
	(5,670)	2,822
- From discontinued operations		
Cash and bank balances	-	219
Fixed deposit with licensed banks	-	306
	-	525
Less : Fixed deposit pledged to licensed banks	-	(306)
Less : Bank overdraft	-	-
	-	219
	(5,670)	3,041

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The acquisitions had the following effect on the financial position of the Group:

(i) Fair value of identifiable assets acquired and liabilities recognised:

Assets	RM'000
Property, plant and equipment	16
Intangible assets	11,887
Receivables and other receivables	17,441
Amount due from related company	241
Cash in hands and at bank	838
Total assets	30,423
Liabilities	
Payables and other payables	(1,449)
Tax payable	(2,345)
Deferred tax liability	(527)
Amt due to related company	(3,140)
Total liabilities	(7,461)
Total identifiable net assets acquired	22,962
Acquired shares in a subsidiary from the non-controlling interest	(6,228)
Share of net assets acquired	16,734
Total purchase consideration	65,668
Goodwill	48,934
Fair value consideration *	25,900

* The fair value consideration on the acquisition of have been satisfied via cash consideration of RM25.9 million.

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NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULT FOR THE QUARTER AND 3 MONTHS ENDED 31 MARCH 2019

A1. BASIS OF PREPARATION

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

This condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2018.

A2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's unaudited financial statements for the financial period ended 30 June 2020, except the following:

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 11	Joint Arrangements
Amendments to MFRS 112	Income Taxes
Amendments to MFRS 119	Employee Benefits - Plan Amendments, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs
Amendments to MFRS 128	Investment in Associates and Joint Ventures - Long-term Interest in Associates and Joint Ventures
Amendments to IC Interpretation 23	Uncertainty over Income Tax Treatments

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferred Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretations 12	Service Concession Arrangements
Amendments to IC Interpretations 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretations 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretations 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretations 132	Intangible Assets - Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 107	Statements of Cash Flows
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 136	Impairment of Assets
Amendments to MFRS 140	Investment Property

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statements on the above pronouncements.

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A3. COMPARATIVES

On 30 May 2018, the Company announced the change of its financial year end from 30 June to 31 December. Therefore, the cumulative financial period of the financial statements presented for this quarter results is the same as the financial statement presented for year-to-date. The financial results for the 3-month financial period ended 31 March 2018 has been prepared as its comparative financial statements.

On 13 November 2018, the Company entered into a share sale agreement with Start Sphere Sdn Bhd (Company No. 1231209-V) to dispose 100% equity interest in Amshore Holdings Sdn Bhd comprising 59,388,602 ordinary shares for a total cash consideration of RM2,500,000. The share sale has been completed on 31 December 2018. In accordance with MFRS 5 : Non-Current Assets Held For Sale and Discontinued Operations, Amshore Holdings Sdn Bhd together with its subsidiary company, Amshore KL Sdn Bhd are classified as discontinued operations. Therefore the comparative of the discontinued operation in the corresponding preceding quarter have been reclassified and restated as follow:

<u>Corresponding preceding quarter</u>	3 months ended 31.03.18		
	As previously stated	Discontinued Operations MFRS 5	As restated
<i>RM '000</i>			
Revenue	1,457	621	836
Other income	569	282	287
Operating expenses	(2,689)	(1,951)	(738)
Operating loss before tax	(663)	(1,048)	385
Taxation	(242)	-	(242)
Net loss after tax	(905)	(1,048)	143

A4. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A5. SEASONAL AND CYCLICAL FACTORS

The business operations of the Group are subject to the forces of supply and demand, and thus could display cyclical trends.

A6. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material items of an unusual nature and amount for the current quarter and period-to-date ended 31 March 2019 other than stated in note A11: Fair Value of Net Identifiable Assets.

A7. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current quarter and period-to-date ended 31 March 2019.

A8. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares for the current quarter and period-to-date ended 31 March 2019.

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A9. DIVIDEND PAID

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

A10. SEGMENTAL INFORMATION

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

The segmental analysis for the current quarter and period-to-date ended 31 March 2019 is as follows:

<u>Segment Revenue and Results</u> RM '000	3 months ended		3 months ended	
	31.03.19	31.03.18	31.03.19	31.03.18
Revenue from continuing operations				
- Hotel investment	1,408	-	1,408	-
- Hotel management	1,363	835	1,363	835
- Property sales	-	-	-	-
	<u>2,771</u>	<u>835</u>	<u>2,771</u>	<u>835</u>
Revenue from discontinued operations				
- Bottled water	-	622	-	622
	<u>-</u>	<u>622</u>	<u>-</u>	<u>622</u>
Total revenue	<u>2,771</u>	<u>1,457</u>	<u>2,771</u>	<u>1,457</u>

<u>Segment Revenue and Results (Cont'd)</u> RM '000	3 months ended		3 months ended	
	31.03.19	31.03.18	31.03.19	31.03.18
Net profit/(loss) after tax from continuing operations				
- Hotel investment	289	-	289	-
- Hotel management	503	497	503	497
- Property sales	(115)	-	(115)	-
- Other unallocated expenses	(462)	(354)	(462)	(354)
	<u>215</u>	<u>143</u>	<u>215</u>	<u>143</u>
Net loss after tax from discontinued operations				
- Bottled water	-	(1,048)	-	(1,048)
	<u>-</u>	<u>(1,048)</u>	<u>-</u>	<u>(1,048)</u>
Total net profit/(loss) after tax	<u>215</u>	<u>(905)</u>	<u>215</u>	<u>(905)</u>

The resulting contribution from the newly acquired subsidiary companies is further explained under note B7. However, the consolidated results of the newly acquired companies were for only one month of March 2019.

Therefore, during the current quarter, the hotel investment contributed RM1.408 million in revenue accounting for 51.0% of group revenue, the hotel management contributed RM1.363 million in revenue accounting for 49.0% of group revenue, while the property sales under Impiana Cherating Sdn Bhd did not contribute any revenue yet for the month of March 2019 as the project is under construction and is only expected to recognise the sale of units in the second quarter of 2019. Overall group revenue during the quarter was RM2.771 million, more than 100% higher than the corresponding period in FY2018.

In the hotel investment, the revenue of RM1.408 million was generated from hotel operation of Impiana Hotel Ipoh ("hotel"). For the month of March itself, the hotel was showing positive occupancy rate of 67.53% and stronger food and beverage business.

In the hotel management segment, the group registered a revenue of RM1.363 million in the current quarter as compared to previous year corresponding quarter of RM0.836 million. The increase in revenue was mainly due to the recognition of new hotel management contracts by Impiana Hotels & Resort Management Sdn Bhd ("IHRM"), as result of the completion of the

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A11. FAIR VALUE OF NET IDENTIFIABLE ASSETS

On 21 February 2019, the Company via an Extraordinary General Meeting obtained the shareholders' approval on the following acquisitions:

- I. 100.0% equity interest in Impiana Hotels & Resorts Management Sdn Bhd for a purchase consideration of RM70,840,458;
- II. 100.0% equity interest in Impiana Pangkor Sdn Bhd for a purchase consideration of RM79,000,664;
- III. 100.0% equity interest in Astaka Mekar Sdn Bhd for a purchase consideration of RM15,830,878;
- IV. Remaining 25.0% equity interest in Intra Magnum Sdn Bhd, the 75%-owned subsidiary of Bio Osmo for a purchase consideration of RM12,674,767;
- V. 100.0% equity interest in Impiana Cherating Sdn Bhd for a purchase consideration of RM207,144,359; and
- VI. Assets and liabilities include the ownership of Impiana Hotel Ipoh for a purchase consideration of RM40,408,874 by Intra Magnum Sdn Bhd

The business combination arising from the completed acquisitions was previously accounted for using the direct acquisition method wherein the Company was identified as both the legal and accounting acquirer. During the review of purchase price allocation, the Company has identified that the legal acquirer may not necessarily be the accounting acquirer for accounting purposes. This was confirmed by an independent expert who concluded that the Company should be identified as the accounting acquiree instead of the accounting acquirer.

Therefore the legal acquirer (ie Impiana Hotels Berhad) is to be distinguished from the accounting acquirer (ie the legal subsidiaries) as the substance of the completed acquisitions reflects a reverse acquisition within the scope of MFRS 3 Business Combinations.

Summary of the effects of acquisitions of Impiana Hotels Berhad by the above companies is illustrated as follows:

Identifiable net assets as at acquisition date:

Assets	
Property, plant and equipment	16
Intangible assets	11,887
Receivables	17,441
Amount due from related company	241
Cash and bank balances	838
Total assets	<u>30,423</u>
Liabilities	
Payables	(1,449)
Tax payable	(2,345)
Deferred tax liability	(527)
Amt due to related company	(3,140)
Total liabilities	<u>(7,461)</u>
Total identifiable net assets acquired	22,962
Acquired shares in a subsidiary from the non-controlling interest	<u>(6,228)</u>
Share of net assets acquired	16,734
Total purchase consideration	<u>65,668</u>
Goodwill *	<u><u>48,934</u></u>

* Goodwill is measured as the excess of the cost of business combination (Deemed Cost of Investment) over the fair value of Impiana Hotels Berhad's identifiable assets and liabilities. However, the goodwill is impaired as it relates to the premium paid for the listing status.

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A12. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluation of property, plant and equipment during the quarter and period-to-date ended 31 March 2019.

A13. EVENTS AFTER THE REPORTING PERIOD

There was no material event subsequent to the end of the reporting period for the quarter and period-to-date ended 31 March 2019, other than as mentioned in note B7: Corporate Proposals.

On 12 April 2019, the Company changed its name from Bio Osmo Berhad to Impiana Hotels Berhad.

A14. CHANGES IN THE COMPOSITION OF THE GROUP

The composition of the Group during the quarter and period-to-date ended 31 March 2019 is illustrated as follows:

Name of Company	Proportion of Ownership	
	31.03.2019	31.12.2018
Intra Magnum Sdn Bhd	100%	75%
Astaka Mekar Sdn Bhd	100%	-
Impiana Cherating Sdn Bhd	100%	-
Impiana Pangkor Sdn Bhd	100%	-
Impiana Hotels & Resorts Management Sdn Bhd	100%	-
Morning Valley Sdn Bhd ^	-	100%
Amshore Vista Sdn Bhd ^	-	100%
Amshore Holdings Sdn Bhd *	-	100%
Amshore KL Sdn Bhd *	-	100%

^ Morning Valley Sdn Bhd and Amshore Vista Sdn Bhd had received notification from CCM for the striking off applications on 26 February 2019 and 14 March 2019 respectively.

* The disposal of Amshore Holdings Sdn Bhd and Amshore KL Sdn Bhd was completed on 31 December 2018.

A15. RELATED PARTY TRANSACTION

Significant transaction between the Group with the related parties during the quarter and period-to-date ended 31 March 2019.

RM '000	3 months ended		3 months ended	
	31.03.19	31.03.18	31.03.19	31.03.18
Hotel management and technical fees received from:				
- Impiana Hotel Ipoh Sdn. Bhd. ^	47	407	47	407
- Impiana Cherating Sdn. Bhd. ^	750	428	750	428
- Impiana Seminyak (Labuan) Co. Ltd.	139	-	139	-
- Impiana Resort Patong	86	-	86	-
- Impiana Resort Villas Kata Noi	38	-	38	-
- Impiana Resort Chaweng Noi	66	-	66	-
- Impiana Private Villas Seminyak	35	-	35	-
- Impiana Private Villas Cemagi	2	-	2	-

^ Transacted during pre-acquisition period.

The transactions were entered in the normal course of business and have been established under normal commercial terms that are no less favourable than those arranged with independent third parties.

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A16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A17. CAPITAL COMMITMENT

There were no capital commitment by the Group during the financial period under review.

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. FINANCIAL REVIEW FOR CURRENT QUARTER AND CULMULATIVE QUARTER

RM'000	3 months ended		3 months ended	
	31.03.19 (Restated)	31.03.18 (Restated)	31.03.19 (Restated)	31.03.18 (Restated)
Revenue	2,771	836	2,771	836
Operating profit before tax	469	385	469	385
Taxation	(254)	(242)	(254)	(242)
Net profit/(loss) after tax				
- From continuing operations	215	143	215	143
- From discontinued operations	-	(1,048)	-	(1,048)
Profit/(Loss) attributable to Owners of the Company				
- From continuing operations	117	10	117	10
- From discontinued operations	-	(738)	-	(738)

For purpose of comparison, the financial period ended 2018 ("FPE2018") financial statement has been restated to reflect the discontinued operations of the Bottled Drinking Water Division which was disposed during the immediate preceding quarter under review.

For the first quarter of FPE2019, the Group registered a revenue of RM2.771 million compared to RM0.836 million recorded in the same quarter of the previous financial year. The increase was mainly due to additional revenue contribution from the Group's new Hotel Investment segment of RM1.408 million, alongside a higher revenue contribution from the Hotel Management segment of RM1.363 million. The Hotel Management segment witnessed an 63.0% increase in revenue contribution due to new hotel management contracts as a result of the consolidation of its new subsidiary IHRM. In line with the marked increase in revenue, the Company registered a higher operating profit before tax of RM0.469 million compared to RM0.385 million recorded in the corresponding period in FPE2018.

Net profit after tax from continuing operations to owners of the Company during the quarter under review was RM0.117 million, compared to RM0.010 million during the corresponding period in FPE2018.

B2. FINANCIAL REVIEW FOR CURRENT QUARTER AND IMMEDIATE PRECEDING QUARTER

RM'000	Current	Immediate
	Quarter 31.03.19	Preceding Quarter 30.12.18
Revenue	2,771	826
Profit/(Loss) before tax	469	(2,526)
Profit/(Loss) after tax		
- From continuing operations	215	(3,264)
- From discontinued operations	-	(198)
Profit/(Loss) attributable to owners of the Company		
- From continuing operations	117	(2,837)
- From discontinued operations	-	(336)

The Group revenue in the current quarter was RM2.711 million in comparison to RM0.826 million recorded in the immediate preceding quarter, which was for the period from October to December 2018. The increase was due to the maiden one month revenue contribution from the Group's new Hotel Investment segment of RM1.408 million coupled with a higher revenue contribution from the Hotel Management segment of RM1.363 million.

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B2. FINANCIAL REVIEW FOR CURRENT QUARTER AND IMMEDIATE PRECEDING QUARTER (CONT'D)

The Group recorded a profit after tax of RM0.117 million from Continuing Operations to Owners of the Company during the current quarter compared with a RM2.837 million loss after tax from continuing operations incurred during the immediate preceding quarter. The loss was mainly due to a one-off loss on deemed disposal of property, plant and equipment of RM0.88 million arising from the reclassification of lands owned by Intra Magnum which were surrendered and novated to Impiana Cherating Sdn Bhd (“Land Novation”) for the purpose of the redevelopment of Impiana Resort & Residences Cherating (“Cherating Redevelopment”). In addition, there was a RM0.94 million tax liability incurred from this Land Novation exercise.

B3. CURRENT PROSPECTS

The Group had completed the disposal of its bottled drinking water business on 31 December 2018. As a result, the Group’s financial performance will no longer be weighed down by the continued losses incurred by that previous segment. Moving forward, the Company expect the acquisition of these hospitality assets to contribute positively to the earnings of the Group in the long term.

In addition, the Company had vide an Extraordinary General Meeting held on 21 February 2019 obtained its shareholders approval for the Company’s corporate exercise relating to the acquisitions of several hospitality assets in Malaysia as well as hotel management operations in the region. Details of the acquisitions are outlined in Note B7 below. The acquisitions exercise have been completed on 11 April 2019 and the change of name from Bio Osmo Berhad to Impiana Hotels Berhad was effected on 12 April 2019. These new acquisitions will form a solid platform for the Group and widening its existing

As our Company is a new entrant into the hospitality sector, we have mainly relied on the Impiana Group for business. Nonetheless, after the corporate exercises completed in April 2019, our Group has expanded and is now positioned further downstream of the hospitality sector where it is now involved in providing services directly to the end customers. As such the Group anticipates that the hospitality business will continue to be the main revenue contributor to the Group. The Group expects that the expansion of its hospitality business after the Acquisitions will allow the Group to benefit further from the profitability of the Acquisition Targets.

In addition to its existing operations, the 7 parcels of Lands held under Impiana Cherating/Intra Magnum will be redeveloped into a new resort known as “Impiana Resort & Residences Cherating” in Cherating, Pahang and is expected to comprise of 486 units of service suites, 18 units of semi-detached villas and 42 units of private villas together with other amenities upon completion. The Enlarged Group shall adopt a sale and leaseback model for all the service suites, which will allow the Enlarged Group to derive revenue from both the sale of the units as well as the management and operations of the units upon completion. Impiana Resort & Residences Cherating redevelopment is expected to have an estimated gross development value of RM413.08 million. The Phase 1 of redevelopment has commenced in the fourth quarter of 2018 and is expected to complete

Upon completion of the redevelopment, Impiana Resorts Cherating shall be provided the hospitality to travellers and to the locality of Impiana Resort & Residences Cherating as well as banquet and/or function facilities for events.

Further thereto, it is also envisaged that the hospitality business of the Enlarged Group will continue to expand via an expected development of 100 units of villas by Impiana Pangkor on Impiana Pangkor Land which is presently vacant, with gross development costs of RM61.34 million. The development of Impiana Pangkor is expected to commence in the second half of 2019.

In addition to the above, the management is actively identifying hospitality assets for potential acquisitions as well as hotel management opportunities for third-party owned hotel and resort assets to further expand the reach of the Impiana brand.

B4. PROFIT FORECAST

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

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B5. PROFIT BEFORE TAXATION

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

RM '000	3 months ended		3 months ended	
	31.03.19	31.03.18	31.03.19	31.03.18
Amortisation of intangible assets	-	257	-	257
Amortisation of leasehold land	-	14	-	14
Depreciation of property, plant and equipment	-	504	-	504
Impairment loss on property, plant and equipment	-	860	-	860
Interest expense	-	-	-	-
Loss on foreign currency exchange:				
- unrealised	884	(159)	884	(159)
- realised	-	(2)	-	(2)
Gain on disposal of property, plant and equipment	-	(20)	-	(20)
Share of profit from an associate	-	-	-	-
Interest income	(129)	(4)	(129)	(4)

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

B6. TAXATION

RM '000	3 months ended		3 months ended	
	31.03.19	31.03.18	31.03.19	31.03.18
Income Tax				
- current period expense	254	242	254	242

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

B7. CORPORATE PROPOSAL

The Proposed Corporate Exercise that had been announced to Bursa Malaysia Securities Berhad on 12 April 2018 pertaining to the acquisition of a number of hospitality assets and the private placement of new shares ("Proposed Corporate Exercise") has been approved by shareholders at the Extraordinary General Meeting held on 21 February 2019 pertaining to the following proposals:

1. Proposed acquisition of the following
 - I. 100.0% equity interest in Impiana Hotels & Resorts Management Sdn Bhd for a purchase consideration of RM70,840,458;
 - II. 100.0% equity interest in Impiana Pangkor Sdn Bhd for a purchase consideration of RM79,000,664;
 - III. 100.0% equity interest in Astake Mekar Sdn Bhd for a purchase consideration of RM15,830,878;
 - IV. Remaining 25.0% equity interest in Intra Magnum Sdn Bhd, the 75.0%-owned subsidiary of Bio Osmo Berhad for a purchase consideration of RM12,674,767;
 - V. 100.0% equity interest in Impiana Cherating Sdn Bhd for a purchase consideration of RM 207,144,359; and
 - VI. Assets and liabilities by Intra Magnum which include the ownership of Impiana Hotel Ipoh for a purchase consideration of RM40,408,874

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B7. CORPORATE PROPOSAL (CONT'D)

2. Proposed private placement of up to 2,000,000,000 new Bio Osmo Shares to independent third parties to be identified.
3. Proposed offer for sale of up to 1,000,000,000 Bio Osmo Shares to be held by Dato' Seri Ismail @ Farouk Bin Abdullah ("Dato' Seri Farouk") upon completion of the propose acquisitions to independent third party investors to be indentified.
4. Proposed amendments to the constitution of the company to facilitate issuance of Irredeemable Convertible Preference Shares ("ICPS").
5. Proposed change of company name from Bio Osmo Berhad to Impiana Hotels Berhad.

The total purchase consideration of items 1 above of RM425,900,000 has been satisfied and completed by the allotment and issuance of 4,800,000,000 new Impiana Hotels Bhd Shares and 3,200,000,000 new ICPS at an issue price of RM0.05 per Share/ICPS on 11 April 2019.

The Company had changed its name name from Bio Osmo Berhad to Impiana Hotels Berhad on 12 April 2019 .

Upon issuance of the Consideration Shares in item 1 and item 3, Dato' Seri Farouk and Impiana Sdn Bhd collective shareholdings in the Company has increased to 70.27%.

B8. GROUP BORROWINGS

The Group 's total borrowing as at 31 March 2019 were RM44.236 million came from the acquisition of subsidiaries.

RM '000	31.03.19			31.03.18		
	Short term	Long term	Total	Short term	Long term	Total
Secured						
- Term loan	1,732	34,897	36,629	-	-	-
- Hire purchase	7	-	7	-	-	-
- Bank overdraft	7,600	-	7,600	-	-	-
	9,339	34,897	44,236	-	-	-

B9. TRADE RECEIVABLES

The Group's normal credit terms ranges from 30 to 180 days (2018: 30 to 180 days). Other credit terms 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.

	As at 31.03.19	As at 31.03.18
Neither past due nor impaired	712	1,614
1 to 90 days past due but not impaired	567	969
91 to 180 days past due but not impaired	276	406
181 to 365 days past due but not impaired	648	451
> 365 days past due but not impaired	2,141	-
	3,632	1,826
	4,344	3,440

These amounts are subject to normal trade term.

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B10. MATERIAL LITIGATION

The Group did not have any material litigation as at the end of the reporting period other than a suit filed by the Impiana Pangkor Sdn Bhd ("Impiana Pangkor") a wholly owned subsidiary of the Company. On 2 May 2018, Impiana Pangkor filed an originating summons against 4 separate entities defendants ("Defendants") for occupying Impiana Pangkor's land ("Pangkor Land") unlawfully without any licence or consent of Impiana Pangkor ("Action"). The Action is a summary proceeding for possession of land filed under Order 89 of the Rules of Court 2012 and Section 8 of the Specific Relief Act 1950 for, inter alia, the orders that Impiana Pangkor to recover possession of the land from the Defendants who are in occupation without licence or consent of Impiana Pangkor and/or for damages.

On 18 September 2018, the Action was converted into a writ action. In the Defendants' statement of defence dated 15 October 2018, the first and second Defendants filed a counterclaim against Impiana Pangkor and sought for the following orders:

- (i) compensation for the Defendants' effort in building the resort on the Pangkor Land and the cost of shifting totalling RM884,341.50; and
- (ii) a period of at least 6 months from the date of the court order/judgment to shift from the Pangkor Land.

Impiana Pangkor has further filed a 'Notis Permohonan' dated 19 October 2018 under Order 14A Rules 1(1) and 1(2) and/or Order 92 Rule 4 of the Rules of Court 2012 and/or the inherent jurisdiction of the court to decide/ determine as to whether the Defendant's present occupation and/or possession of the Pangkor Land is lawful ("Notis Permohonan").

The Court directed the Defendants to file their Affidavit in Reply, if any, on or before 12 November 2018, Impiana Pangkor to file Affidavit in Reply to the Defendants' affidavit, if any, on or before 26 November 2018. All the affidavits are to be exhausted before 1 February 2019. Parties are to prepare written submissions and file the same in Court on or before 7 February 2019. The Court has fixed the hearing of the Notis Permohonan on 13 February 2019. The damages sought in the Action are general damages subject to the Court's assessment.

On the hearing date held on 13 February 2019, after hearing submission from both parties, the Court adjourned the matter and fixed 1 April 2019 for the decision to be delivered. As the 3rd and 4th Defendants have not filed their appearance in Court, a judgment in default has been filed against them.

On 1 April 2019, the Court delivered its decision in favour of Impiana Pangkor and granted the following orders:-

- (i) Impiana Pangkor is entitled to the possession of the Pangkor Land as all the Defendants are occupying the same without
- (ii) that all the Defendants shall vacate the Pangkor Land and deliver vacant possession of the Pangkor Land to Impiana
- (iii) General Damages be paid by all the Defendants to Impiana Pangkor to be assessed; and
- (iv) Costs.

The counsel representing Impiana Pangkor has proceeded to prepare and/or filed the draft orders in Court. In respect of the 1st and 2nd Defendant's counterclaim, the Court directed that further submissions be made by the counsels' representing the parties and had fixed 10 July 2019 for the further submission on the 1st and 2nd Defendant's counterclaim.

B11. DERIVATIVE FINANCIAL INSTRUMENT

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

B12. OFF BALANCE SHEET FINANCIAL INSTRUMENT

As at the end of the financial period and up to the date of this announcement, there is no off balance sheet financial instrument which has a material impact to the financial statement under review.

B13. DIVIDEND PAYABLE

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

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B14. EARNINGS/(LOSS) PER SHARE ("EPS")/("LPS")

	3 months ended		3 months ended	
	31.03.19	31.03.18	31.03.19	31.03.18
Net profit/(loss) attributable to Owners of the Company (RM '000)				
- From continuing operations	117	10	117	10
- From discontinued operations	-	(738)	-	(738)
	<u>117</u>	<u>(728)</u>	<u>117</u>	<u>(728)</u>
Weighted average number of ordinary shares in issue ('000)	795,363	795,363	795,363	795,363
Basic EPS/(LPS) (sen)				
- From continuing operations	0.015	0.001	0.015	0.001
- From discontinued operations	-	(0.093)	-	(0.093)
	<u>0.015</u>	<u>(0.092)</u>	<u>0.015</u>	<u>(0.092)</u>
Diluted EPS/(LPS) (sen)				
- From continuing operations	0.015	0.001	0.015	0.001
- From discontinued operations	-	(0.093)	-	(0.093)
	<u>0.015</u>	<u>(0.092)</u>	<u>0.015</u>	<u>(0.092)</u>

B15. AUTHORISED FOR ISSUE

The revised interim financial statements were reviewed by the Audit Committee ("AC") and duly authorised for issue by the Board of Directors ("BOD") in accordance with a resolution of the Directors dated 2 September 2020.