

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 30 JUNE 2019

RM'000	3 months ended		6 months ended	
	30.06.19	30.06.18 Restated	30.06.19	30.06.18 Restated
Revenue	13,006	973	15,778	1,810
Other income	8	5	9	291
Operating expenses	(10,018)	(690)	(12,255)	(1,428)
Finance costs	(663)	-	(886)	-
Share of results of associated company	(71)	-	58	-
Operating profit before tax	<u>2,262</u>	<u>288</u>	<u>2,704</u>	<u>673</u>
Taxation	(182)	(91)	(410)	(333)
Net profit/(loss) after tax				
- From continuing operations	2,080	197	2,294	340
- From discontinued operations	-	(5,136)	-	(6,184)
Profit/(Loss) for the period	<u>2,080</u>	<u>(4,939)</u>	<u>2,294</u>	<u>(5,844)</u>
Total comprehensive profit/(loss) for the period	<u>2,080</u>	<u>(4,939)</u>	<u>2,294</u>	<u>(5,844)</u>
Profit/(Loss) attributable to:				
Owners of the Company				
- From continuing operations	2,080	596	2,196	606
- From discontinued operations	-	(5,528)	-	(6,266)
	<u>2,080</u>	<u>(4,932)</u>	<u>2,196</u>	<u>(5,660)</u>
Non-controlling interest				
- From continuing operations	-	(399)	98	(266)
- From discontinued operations	-	392	-	82
	<u>-</u>	<u>(7)</u>	<u>98</u>	<u>(184)</u>
	<u>2,080</u>	<u>(4,939)</u>	<u>2,294</u>	<u>(5,844)</u>
Total comprehensive income/(expense) attributable to:				
Owners of the Company	2,080	(4,932)	2,196	(5,660)
Non-controlling interest	-	(7)	98	(184)
	<u>2,080</u>	<u>(4,939)</u>	<u>2,294</u>	<u>(5,844)</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 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2019 (CONT'D)

RM'000	3 months ended		6 months ended	
	30.06.19	30.06.18 Restated	30.06.19	30.06.18 Restated
Profit/(Loss) per share attributable to Owners of the Company (sen):-				
Basic				
- From continuing operations	0.071	0.075	0.075	0.076
- From discontinued operations	-	(0.695)	-	(0.788)
	<u>0.071</u>	<u>(0.620)</u>	<u>0.075</u>	<u>(0.712)</u>
Diluted				
- From continuing operations	0.048	0.075	0.050	0.076
- From discontinued operations	-	(0.695)	-	(0.788)
	<u>0.048</u>	<u>(0.620)</u>	<u>0.050</u>	<u>(0.712)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

RM'000	As at 30.06.19 Restated (Unaudited)	As at 31.12.18 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	60,189	19
Land held for development	3,030	-
Investment in associate	37,853	-
Intangible assets	11,601	12,030
Goodwill	48,934	-
Amount due from related companies	-	12,500
Trade receivables	489	748
Total non-current assets	<u>162,096</u>	<u>25,297</u>
Current assets		
Inventories	132	-
Contract assets	4,029	-
Property development cost	42,119	-
Trade receivables	4,996	3,577
Other receivables, deposits and prepayments	3,261	2,050
Amount due from related companies	-	16
Fixed deposits with a licensed bank	617	-
Cash in hand and at bank	85	125
Total current assets	<u>55,239</u>	<u>5,768</u>
TOTAL ASSETS	<u><u>217,335</u></u>	<u><u>31,065</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	80,245	42,299
Accumulated profit / (losses)	(36,272)	(25,656)
Revaluation reserve	24,519	-
Capital contributions from shareholders	21,783	-
Equity attributable to Owners of the Company	<u>90,275</u>	<u>16,643</u>
Non-controlling interest	-	6,347
Total equity	<u>90,275</u>	<u>22,990</u>
Non-current liabilities		
Deferred tax liability	3,710	527
Borrowings	34,537	-
Trade and other payables	100	100
Amount due to related companies	31,419	-
Total non-current liabilities	<u>69,766</u>	<u>627</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019
(CONT'D)

RM'000	As at 30.06.19 Restated (Unaudited)	As at 31.12.18 (Audited)
Current liabilities		
Trade payables	5,093	-
Other payables and accruals ^	36,464	5,475
Amounts due to related companies	59	-
Tax payable	6,239	1,973
Borrowings	1,496	-
Bank overdraft	7,942	-
Total current liabilities	<u>57,294</u>	<u>7,448</u>
Total liabilities	<u>127,060</u>	<u>8,075</u>
TOTAL EQUITY AND LIABILITIES	<u>217,335</u>	<u>31,065</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.031</u>	<u>0.021</u>

^ Included in other payables and accruals is the fair value consideration on the legal acquisition of subsidiaries amounting RM25.90 million to be satisfied by the cash consideration. 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 30 JUNE 2019

	<----- Attributable to Owners of the Company ----->						
	<---- Non-Distributable ---->			Distributable			
	Share Capital	Capital Contributions From Shareholders	Revaluation Reserve	Accumulated losses	Total	Non-controlling Interest	Total Equity
Unaudited	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
6 months period							
Balance as of 1 Jan 2019	42,299	-	-	(25,656)	16,643	6,347	22,990
Issuance of shares	-	-	-	-	-	-	-
Share Conversion	-	-	-	-	-	-	-
Reverse Accounting Acquisition	37,946	21,783	-	(19,257)	40,472	-	40,472
Realisation of Revaluation Reserve	-	-	24,519	(306)	24,519	-	24,519
Total comprehensive profit/(loss) for the period	-	-	-	2,196	2,196	98	2,294
Acquired shares in a subsidiary from the non-controlling interest	-	-	-	6,445	6,445	(6,445)	-
Balance as of 30 June 2019	<u>80,245</u>	<u>21,783</u>	<u>24,519</u>	<u>(36,578)</u>	<u>90,275</u>	<u>-</u>	<u>90,275</u>
<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 December 2018	<u>42,299</u>	<u>-</u>	<u>-</u>	<u>(25,656)</u>	<u>16,643</u>	<u>6,347</u>	<u>22,990</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD-TO-DATE ENDED 30 JUNE 2019

RM'000	6 months ended	
	30.06.19	30.06.18
	Restated	
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- From continuing operations	2,704	673
- From discontinued operations	-	(6,183)
	2,704	(5,510)
Adjustments for:		
Amortisation of intangible assets	429	513
Amortisation of leasehold land	188	28
Depreciation of property, plant and equipment	256	932
Impairment loss on property, plant and equipment	-	4,634
Gain on disposal of property, plant and equipment	-	(20)
Interest expense	886	-
Reversal of impairment loss on trade receivables	-	15
Interest income	(9)	(19)
Share of results of associated company	(58)	-
Unrealised (gain)/loss on foreign currency exchange	(1)	135
Operating profit/(loss) before working capital changes	4,395	708
Increase in property development cost	440	-
Decrease in inventories	5	690
Increase in contract assets	(4,029)	-
Decrease in receivables	24,939	2,702
Decrease in amount due from related companies	25,750	-
Increase/(Decrease) in amount due to Directors	59	(239)
Decrease in payables	(13,714)	(3,747)
Cash generated from operations	37,845	114
Interest received	9	4
Interest paid	(886)	-
Dividend paid	-	(563)
Income tax paid	(179)	(137)
Net cash from operating activities	36,789	(582)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(37)	-
Acquisition of subsidiaries, net cash outflow	(43,960)	-
Proceeds from disposal of property, plant and equipment	-	26
Proceed from issuance of shares	-	-
Net cash (used in)/from investing activities	(43,997)	26

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD-TO-DATE ENDED 30 JUNE 2019 (CONT'D)

RM'000	6 months ended	
	30.06.19	30.06.18
	Restated	
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(775)	-
Net cash used in financing activities	(775)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,983)	(556)
EFFECT OF EXCHANGE RATE CHANGES	1	(135)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	125	875
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(7,857)	184

CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE:

- From continuing operations

Cash and bank balances	85	(126)
Fixed deposit with licensed banks	616	-
	701	(126)
Less : Fixed deposit pledged to licensed banks	(616)	-
Less : Bank overdraft	(7,942)	-
	(7,857)	(126)

- From discontinued operations

Cash and bank balances	-	310
Fixed deposit with licensed banks	-	306
	-	616
Less : Fixed deposit pledged to licensed banks	-	(306)
Less : Bank overdraft	-	-
	-	310
	(7,857)	184

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD-TO-DATE ENDED 30 JUNE 2019 (CONT'D)

Acquisition of acquiree company

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

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

	RM'000
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	30,423
Liabilities	
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 6 MONTHS ENDED 30 JUNE 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:

Adoption of Standards Amendments to Standards and IC Interpretations

The Group has adopted the following Standards Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2019.

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 3	Business Combinations
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 3	Business Combinations
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

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A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

A3. COMPARATIVES

The Company changed its financial year end from 30 June to 31 December.

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 30.06.18		
	As previously stated	Discontinued Operations MFRS 5	As restated
RM '000			
Revenue	1,508	535	973
Other income	(189)	(194)	5
Operating expenses	(6,166)	(5,476)	(690)
Operating loss before tax	(4,847)	(5,135)	288
Taxation	(92)	(1)	(91)
Net loss after tax	(4,939)	(5,136)	197

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 30 June 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 30 June 2019.

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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 30 June 2019.

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 30 June 2019 is as follows:

A10. SEGMENTAL INFORMATION (CONT'D)

<u>Segment Revenue and Results</u>	3 months ended		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
<i>RM '000</i>				
Revenue from continuing operations				
- Hotel investment	2,054	-	3,463	-
- Hotel management	1,038	973	2,401	1,810
- Property sales	9,914	-	9,914	-
	<u>13,006</u>	<u>973</u>	<u>15,778</u>	<u>1,810</u>
Revenue from discontinued operations				
- Bottled water	-	535	-	1,157
	<u>-</u>	<u>535</u>	<u>-</u>	<u>1,157</u>
Total revenue	<u>13,006</u>	<u>1,508</u>	<u>15,778</u>	<u>2,967</u>
<u>Segment Revenue and Results (Cont'd)</u>	3 months ended		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
<i>RM '000</i>				
Net profit/(loss) after tax from continuing operations				
- Hotel investment	(1,308)	-	(1,019)	-
- Hotel management	199	45	700	532
- Property sales	4,090	-	3,976	-
- Other unallocated expenses	(901)	(473)	(1,363)	(621)
	<u>2,080</u>	<u>(428)</u>	<u>2,294</u>	<u>(89)</u>
Net loss after tax from discontinued operations				
- Bottled water	-	(4,511)	-	(5,755)
	<u>-</u>	<u>(4,511)</u>	<u>-</u>	<u>(5,755)</u>
Total net profit/(loss) after tax	<u>2,080</u>	<u>(4,939)</u>	<u>2,294</u>	<u>(5,844)</u>

The year to date consolidated results of the newly acquired companies were for only four month from March until June 2019 based on the acquisition date of 1st March 2019.

During the current quarter, the hotel investment segment contributed RM2.054 million in revenue accounting for 16.00% of group revenue, the hotel management segment contributed RM1.038 million in revenue accounting for 8.00% of group revenue, while the property sales segment under Impiana Cherating Sdn Bhd contributed 76.00% of group revenue amounting RM9.914 million as the project started to recognise the sale of units based on progress billing. Overall group revenue during the quarter was RM13.006 million, more than 100% higher than the corresponding financial period ended 2018 ("FPE2018").

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A10. SEGMENTAL INFORMATION (CONT'D)

In the hotel investment segment, the revenue of RM2.054 million was generated from hotel operation of Impiana Hotel Ipoh ("hotel"). The hotel was showing positive average occupancy rate of 41.00% and stronger food and beverage business.

In the hotel management segment, the group registered a revenue of RM1.038 million in the current quarter as compared to previous year corresponding quarter of RM0.973 million. The increase in revenue was mainly due to the recognition of hotel management contracts by Impiana Hotels & Resort Management Sdn Bhd ("IHRM"), as result of the completion of the acquisition.

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:

	RM'000
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	30,423
Liabilities	
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

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A11. FAIR VALUE OF NET IDENTIFIABLE ASSETS (CONT'D)

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>48,934</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.

A12. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluation of property, plant and equipment during the quarter and period-to-date ended 30 June 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 30 June 2019.

On 11 July 2019, the Company announced the proposed consolidation of every 10 existing ordinary shares in Impiana into 1 ordinary share on an entitlement date to be determined later ("Proposed Share Consolidation")

A14. CHANGES IN THE COMPOSITION OF THE GROUP

The composition of the Group during the quarter and period-to-date ended 30 June 2019 is illustrated as follows:

Name of Company	Proportion of Ownership interest	
	30.06.2019	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.

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A15. RELATED PARTY TRANSACTION

Significant transaction between the Group with the related parties during the quarter and period-to-date ended 30 June 2019.

RM '000	3 months ended		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
Hotel management and technical fees received from:				
- Impiana Hotel Ipoh Sdn. Bhd. ^	-	76	47	483
- Impiana Cherating Sdn. Bhd. ^	-	550	750	978
- Impiana Tioman Sdn. Bhd. ^	-	-	87	-
- Impiana Pangkor Sdn. Bhd. ^	-	300	-	300
- Impiana Seminyak (Labuan) Co. Ltd.	-	-	52	-
- Impiana Resort Patong	174	-	260	-
- Impiana Resort Villas Kata Noi	87	-	125	-
- Impiana Resort Chaweng Noi	121	-	187	-
- Impiana Private Villas Seminyak	193	-	228	-
- Impiana Private Villas Cemagi	6	-	8	-
- Impiana Private Villas & Resorts Ubud, Bali	-	47	-	47

A15. RELATED PARTY TRANSACTION (CONT'D)

^ 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. The transactions were also transacted within the threshold as per the approved Recurrent Related Party Transactions ("RRPT") mandate.

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		6 months ended	
	30.06.19	30.06.18 (Restated)	30.06.19	30.06.18 (Restated)
Revenue	13,006	973	15,778	1,810
Operating profit before tax	2,262	288	2,704	673
Taxation	(182)	(91)	(410)	(333)
Net profit/(loss) after tax				
- From continuing operations	2,080	197	2,294	340
- From discontinued operations	-	(5,136)	-	(6,184)
Profit/(Loss) attributable to Owners of the Company				
- From continuing operations	2,080	596	2,196	606
- From discontinued operations	-	(5,528)	-	(6,266)

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 FPE2018.

For the second quarter of FPE2019, the Group registered a revenue of RM13.006 million compared to RM0.973 million recorded in the same quarter of the previous financial year. In line with the marked increase in revenue, the Company registered a higher operating profit before tax of RM2.266 million compared to RM0.288 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 RM2.084 million, compared to RM0.596 million during the corresponding period in FPE2018.

B2. FINANCIAL REVIEW FOR CURRENT QUARTER AND IMMEDIATE PRECEDING QUARTER

RM'000	Current	Immediate
	Quarter 30.06.19	Preceding Quarter 31.03.19
Revenue	13,006	2,771
Profit/(Loss) before tax	2,262	469
Profit/(Loss) after tax		
- From continuing operations	2,080	215
- From discontinued operations	-	-
Profit/(Loss) attributable to owners of the Company		
- From continuing operations	2,080	117
- From discontinued operations	-	-

The Group revenue in the second quarter ended 30 June 2019 was RM13.006 million in comparison to RM2.771 million recorded which was for only one month of March in the immediate preceding quarter. The increase was due to the revenue contribution from the property sales segment of RM9.914 million and the Group's hotel investment segment of RM2.054 million coupled with a higher revenue contribution from the hotel management segment of RM1.038 million.

The Group achieved a profit after tax of RM2.084 million during the current quarter, more than 100% increase compared with a RM0.215 million profit after tax incurred during the immediate preceding quarter.

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B3. CURRENT PROSPECTS

With the disposal by the Group of its bottled drinking water business on 31 December 2018, 2019 will only contain revenues from the hospitality segment only. Thus far the Group's new acquisitions have contributed positively to financial performance with this second quarter of profits, which has exceeded the first quarter profits. This bodes well for further improvements in the coming quarters that will hopefully deliver a satisfactory performance full year for the Group.

The Group anticipates that the hospitality business will continue to be the main revenue contributor to the Group moving forward. This quarter also saw the start of revenue contributions from Impiana Cherating Sdn. Bhd. The Group is confident that the strong maiden contribution will be followed by further enhanced performance in the coming quarters.

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 Pangkor Island which is expected to commence development in the first half of 2020.

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 to further expand the reach of the Impiana Brand.

B4. PROFIT FORECAST

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

B5. PROFIT BEFORE TAXATION

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

RM '000	3 months ended		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
Amortisation of intangible assets	(27)	256	188	513
Amortisation of leasehold land	-	14	-	14
Depreciation of property, plant and equipment	(108)	428	-	428
Impairment loss on property, plant and equipment	-	3,774	-	3,774
Interest expense	(223)	-	-	-
(Gain)/Loss on foreign currency exchange:				
- unrealised	4,395	294	4,395	294
- realised	-	2	-	2
Reversal of impairment loss on trade receivables	-	15	-	15
Share of profit from an associate	128	-	(1)	-
Interest income	(56)	(15)	(58)	(15)

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		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
Income Tax				
- current period expense	182	91	410	333
	182	91	410	333

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

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B7. CORPORATE PROPOSAL

The Proposed Corporate Exercise that had been announced to Bursa Malaysia Securities Bhd on 12 April 2018 pertaining to the acquisition of a number of hospitality assets and 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 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 by Intra Magnum which include the ownership of Impiana Hotel Ipoh for a purchase consideration of RM40,408,874
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 identified.
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 30 June 2019 was RM43.975 million arising from the acquisition of subsidiaries.

RM '000	30.06.19			30.06.18		
	Short term	Long term	Total	Short term	Long term	Total
Secured						
- Term loan	1,495	34,537	36,032	-	-	-
- Hire purchase	1	-	1	-	-	-
- Bank overdraft	7,942	-	7,942	-	-	-
	<u>9,438</u>	<u>34,537</u>	<u>43,975</u>	<u>-</u>	<u>-</u>	<u>-</u>

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B9. TRADE RECEIVABLES

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

RM '000	As at 30.06.19	As at 30.06.18
Neither past due nor impaired	3,705	1,078
1 to 90 days past due but not impaired	1,008	1,045
91 to 180 days past due but not impaired	283	969
181 to 365 days past due but not impaired	-	1,244
> 365 days past due but not impaired *	489	-
	1,780	3,258
	5,485	4,336

* This amount is retention sums on contracts.

Trade receivables are non-interest bearing and normal credit terms offered by the Group is 30 days from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

B10. MATERIAL LITIGATION

Further updates on the litigation matter on the Company's wholly owned subsidiary, Impiana Pangkor Sdn Bhd ("Impiana Pangkor") are as reported in the Company's quarterly report on consolidated results for the financial period ended 31 March 2019 as announced on 2 May 2019, 19 June 2019 and 17 July 2019 respectively.

In summary, following Impiana Pangkor's writ action to recover possession of its Pangkor Land against the occupants ("Defendants") for unlawful occupation and the counterclaim action by the Defendants for compensation in the amount of RM884,341.50 and a 6 months period to vacate from the Court's order/judgment, the Court delivered its decision in favour of Impiana Pangkor and granted order for the Defendants to vacate and return vacant possession of the Pangkor Land within 7 days from the Court's order/judgment to Impiana Pangkor and struck out the Defendant's counterclaim. As Defendants failed to evict, Counsel for Impiana Pangkor subsequently filed an ex parte application to the Court for the Writ of Possession to recover the Pangkor Land. The Court has set case management on 20 August 2019 to hear the application of the Counsel for Impiana Pangkor and thereafter set a hearing date on this matter.

B11. DERIVATIVE FINANCIAL INSTRUMENT

The Group does not have any derivative financial instrument is 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")

RM '000	3 months ended		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
Net profit/(loss) attributable to Owners of the Company (RM '000)				
- From continuing operations	2,080	596	2,196	606
- From discontinued operations	-	(5,528)	-	(6,266)
	<u>2,080</u>	<u>(4,932)</u>	<u>2,196</u>	<u>(5,660)</u>
Basic:				
Weighted average number of ordinary shares in issue ('000)	2,943,429	795,363	2,943,429	795,363
Basic EPS/(LPS) (sen)				
- From continuing operations	0.071	0.075	0.075	0.076
- From discontinued operations	-	(0.695)	-	(0.788)
	<u>0.071</u>	<u>(0.620)</u>	<u>0.075</u>	<u>(0.712)</u>
Diluted:				
Weighted average number of ordinary shares in issue ('000)	4,375,473	795,363	4,375,473	795,363
Diluted EPS/(LPS) (sen)				
- From continuing operations	0.048	0.075	0.050	0.076
- From discontinued operations	-	(0.695)	-	(0.788)
	<u>0.048</u>	<u>(0.620)</u>	<u>0.050</u>	<u>(0.712)</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.